INSTITUTE FOR APPRENTICESHIPS & TECHNICAL EDUCATION

Audit and risk assurance committee

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| Meeting Title | Institute for Apprenticeships & Technical Education Audit and Risk Assurance Committee |
| Meeting Date | 17 March 2022 |
| Protective marking | Official |
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| Board members present | Jennifer Coupland (JCou); Dame Fiona Kendrick (FK); Toby Peyton-Jones (TPJ) – Chair. |
| Independent committee members present | Professor Martin Doel (MD). |
| Institute officials present | Peter Schild, Chief Financial Officer (PSch); Audit and Assurance Team Lead (CP); Head of PMO (SB); Risk Lead (BA); Financial Accountant (RK) *(Observer)*; Financial Controller (JK) *(Observer).* |
| Other stakeholders present | GIAA representatives (CA, JG); NAO representative (CW); E&Y representatives (for NAO) (NH, CO);; Tika Khan, Deputy Financial Director, ESFA (TK) (From 15.00- 15.30 hrs) |
| Apologies | NAO (JD); ESFA (AG) |

**Welcome, introductions and declarations of interest**

1. Toby Peyton Jones (the Chair) welcomed committee members and participating officials to the meeting.
2. The Chair asked committee members whether they had any declarations of interest to make. All committee members recognised that should a potential or actual conflict arise by virtue of their other interests (outlined in the declaration of interests) then it must be raised at the outset of the relevant meeting which deals with the issue giving rise to the actual or potential conflict.
3. A declaration of interest was raised by CW, who advised ARAC that his Sister-in-law held an advisory member position on one of his subgroups; it was observed that this had no implications on his position as an NAO representative at ARAC meetings.
4. ARAC was informed of an IT issue that affected the DfE’s Outlook; this resulted in some of the Institute’s staff being unable to access items in their mailbox. Reassurance was given that a retrieval exercise was taking place.

**Minutes and actions from the 9 December 2021 meeting**

1. The committee approved the minutes from the meeting held on 9 December 2021, subject to a minor typographical correction in paragraph 22. The committee received an update on actions.

**Follow up of audit actions**

1. ARAC noted the progress that had been made against the GIAA audit recommendations.
2. It was observed that the *2019-20 Apprenticeship Funding Band Strategy* had been moved to the GIAA plan for 2023/4 but would remain on the GIAA Recommendation tracker for transparency.
3. With reference to the *20/21 Year end health check,* it was observed that three of the four audit recommendations were implemented. Resourcing pressures and competing priorities had limited progress on the final recommendation (counter-fraud). A new counter-fraud lead had been identified and some progress had been made, including developing staff resilience to fraud. It was proposed that ARAC would be provided with an update on this matter in September 2022 following completion of an objective Fraud Risk Assessment that could later provide the basis for development of a focused counter-fraud strategy. ARAC requested for this date to be brought forward to the 16 June 2022 meeting.
4. ARAC was informed that a proposed new funding band model had been agreed for piloting; a communication piece around this was released and the Institute were in the process of getting volunteer trailblazer groups to test the mechanics of the model.
5. The committee suggested to include the funding band model in the GIAA audit cycle.

**Risks – strategic overview and update**

1. ARAC was referred to the strategic heat map in the corporate risk report, where it was observed that there were no substantial changes. A proposal was made to reduce the residual risk score for Strategic Risk 3 ‘Institute Products’ from ‘High’ to ’Medium’ and move the risk from mitigation to monitor.
2. ARAC members queried whether IfATE faced an increased level of risk due to the Ukraine/ Russia war and made a request for a short paper to be brought to the IfATE Board meeting which was taking place on 23 March 2022.
3. The Chair raised another risk around the digital enablement of IfATE’S strategy, which would need to be separate from the risks around IT and security. ARAC **agreed** to the proposal of adding the additional risk.

**National Audit Office (NAO)**

1. CW introduced the NAO provisional audit planning report which he invited ARAC to note. ARAC queried if relationships between IfATE’s finance team and colleagues from E&Y had been embedded; it was noted that good working relationships had been established.
2. ARAC was advised that Attila Garamszegi, the new ESFA representative will be taking over from Tika Khan.
3. ARAC **noted** the NAO provisional audit planning report and the NAO VfM supplement paper.

**Government Internal Audit Agency (GIAA)**

1. The GIAA presented ARAC with the draft internal audit plan for 2022/23, inviting ARAC to comment.
2. ARAC observed that there was no mention around people and HR in the report. JCou informed ARAC that internal work had been carried out, which looked at the implementation of the Institute’s 2021 restructure.
3. It was advised that the IfATE ELT had been extended; an appointment was made for a new Director of HR to start in May 2022. A suggestion was made for the new Director of HR to attend every other ARAC meeting to report on people.
4. ARAC was presented with the risk management report which drew on key observations and findings. Recommendations include improvements to the audit trail for actions and decisions.
5. ARAC **noted**: the GIAA progress report; the GIAA risk management report; the GIAA commercial arrangements report; the GIAA internal audit plan for 2022/23; and the GIAA supplement pack and annual opinion analysis.

**Draft Annual Report for ARAC and the Chair’s Statement for the Governance Statement**

1. The Chair presented ARAC with the draft statement and invited the committee to comment.
2. Suggestions were made to include the work which was carried out around people’s wellbeing and the way in which IfATE documented and recorded the risks and actions which were taken at Covid Response Oversight Group (CROG) meetings during the Covid-19 pandemic.

**Institute Assurance Framework- Annual Assurance Report**

1. CP provided ARAC with a verbal update. ARAC was advised that since the 9 December 2021 ARAC meeting, work on the assurance framework had taken place and that the assurance map was now complete. The assurance map outlines key assurance which is then linked to all the assurance the Institute has received and showed appropriate levels of assurance controls. It was advised this work would be complete and submitted to ARAC in line with the GIAA annual report.
2. A recommendation was made to do an overview using one of the topics to illustrate what this work aimed to achieve and the progress that had been made so far.
3. ARAC was advised that the Institute Assurance Framework was a living document, which had a RAG status assigned to some of the items. It was observed that IfATE PMO and Finance teams had not met to discuss the framework, but a meeting would be scheduled in due course.

# **Finance Report**

1. ARAC accepted the finance report. It was suggested to show greater visibility in the capital budget and list what was included in this budget.
2. ARAC was advised that with regards to the 2021/22 annual report and accounts (ARA), the Institute was working towards the 30 June 2022 treasury sign-off. The focus of the ARA was on the strategic plan and three priorities within it. An additional quality assurance layer had been included to help with the robustness of the report.

**Feedback from most recent ALB ARAC chairs’ meeting**

1. The Chair advised ARAC that high up on the risk register, was the Russia/ Ukraine war, with the view that cyber security risk would increase as the conflict continued. Further observations included the environment and green strategy; it was felt that ARAC needed to spend some time on this and have it factored into the forward look.
2. ARAC was advised that work had taken place last year to look at global mega trends; it was suggested to revisit this piece of work and benchmark green practices within IfATE on an international basis.

**ARAC 2021-22 agenda’s forward look**

1. ARAC noted the forward look.

**Any other business**

1. The Chair advised ARAC that this would be his last ARAC meeting, having stepped down from the IfATE Board having served two terms. He noted that it had been a pleasure chairing the ARAC meetings.
2. ARAC were informed that a successor for TPJ had been appointed and would be formally announced in due course.
3. FK thanked TPJ for being a good chair, noting the positive and inclusive culture which he had helped create and for all of the hard work he has put in as Chair, to ensure that ARAC is a well-run committee.

Meeting finished at 13:02

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