MINUTES

IFATE AUDIT AND RISK ASSURANCE COMMITTEE

Meeting title: IfATE Audit and Risk Assurance Committee
Meeting date: 15 September 2022
Protective marking: Official

Board members present: Jennifer Coupland (JCou); Sir Peter Estlin (PE) (Non-Executive Director) (Chair); Dame Fiona Kendrick (FK) (Non-Executive Director).
Professor Martin Doel (MD) (Independent member)

IfATE officials present: Peter Schild, Chief Financial Officer (PSch); Audit and Assurance Team Lead (CP); Finance Lead (MC); Head of PMO (SB); Risk Lead (BA); Avril Cooper, HR Director (AC); Governance Team (RCr)

Observers: Financial Accountant (RK) (Observer); Financial Controller (JK) (Observer);

Other stakeholders present: GIAA representative (CA); NAO representatives (JD, LB, PHy); ESFA Head Finance Business Partner of Apprenticeships Finance (PH)

Apologies: None

Item 1. Welcome, introductions and conflicts of interest

1. PE welcomed committee members and participating officials to the meeting.

2. PE 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 or otherwise) 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. No actual or potential conflict of interests were declared.

Item 2. Minutes and actions from previous meeting

3. The minutes from the meeting held on 16 June 2022 were approved.

4. The committee considered the action log and agreed to close all actions proposed for closure. It was agreed to keep open two actions from the June 2022 committee meeting.

Item 3. Follow up of audit actions

5. CP informed the committee that the actions arising from the Government Internal Audit Agency (GIAA) audit on commercial arrangements had been closed, following the GIAA’s acceptance of evidence supporting the completion of their recommendations.

6. It was noted that actions remain open in relation to the GIAA audits on risk management, and on governance and assurance.
Item 4. **Risks – Strategic Overview and Update**

7. The committee received an update on strategic risks from JCou and BA, and was informed that IfATE’s Monthly Management Board (MMB) had reviewed risks in August and that residual risk positions remained unchanged from the June 2022 committee meeting. The committee was informed that the risk position of Risk 3 Institute Products would be subject to ongoing review in light of economic developments, and that following insights gained from the deep dive into Risk 5 Protection of IT and Data (Cyber), the risk was in the process of being re-cast.

8. The committee was informed that, to date, deep dives have been delivered against Risk 1 (Employer Confidence), Risk 3 (Institute Products) and Risk 5 (Protection of IT and Data). Deep dives against Risk 2 (Loading Risk) and Risk 4 (Budgets) will take place in October-December 2022. Members commented that wider macro-economic risks should be documented separately from employer confidence (Risk 1).

9. The outcomes from the deep dive of Risk 5 were provided to the committee for information, alongside a refreshed mitigation plan. Members commented that many organisations kept cyber risk high on their risk registers and that although much work had been done in this area IfATE should not be complacent, adding that it would be beneficial for board members to receive appropriate training. CP advised that DfE was working on the development of a cyber risk training programme for senior officials, and committed to investigate the possibility of this being made available to board members once the training had been finalised.

10. The committee was provided with an update on horizon risks including on headcount. Members enquired whether the risk associated with a potential reduced headcount would form part of Risk 2 (Loading Risk) and were informed that, due to the nature of this risk, it would be profiled separately. Work was underway to draft a risk for this area for consideration and ratification at the September MMB.

11. JCou informed the committee of an emergent issue related to T Levels. Although the first cohort of T Level students had achieved good results in the summer, the media reported problems with some examination papers for students completing their first year of the Health and Science T Level. An Ofqual review had concluded that errors in the examination papers meant that the assessments did not secure a valid or reliable measure of student performance. Although IfATE does not control all decisions in this area, there remains a reputational risk to the T Level brand and, by extension, IfATE itself. The committee requested that this matter was brought back for further discussion.

12. BA presented the committee with an update on GIAA Audit Management Risk actions. Members noted that work on internal governance arrangements would strengthen this area.

Item 5. **National Audit Office (NAO)**

13. JD informed the committee that IfATE’s Annual Report and Accounts 2021-22 had been laid before Parliament in late June 2022 and outlined some changes in the NAO personnel with whom the committee would interact in future.
14. LB presented a summary of the “Developing workforce skills for a strong economy” NAO report, and explained that it was a strategic review of the government’s approach to workforce skills in light of the Skills for Jobs white paper. The review examined the challenges in this area and made a number of recommendations.

15. The committee welcomed the content of the report, noting that investment in workforce skills was crucial to both economic growth and levelling-up. Members noted that many of the themes of the report had featured in previous reports over a number of years, adding that one of the significant challenges in planning for the development of workforce skills was the impermanence of many policies. Committee members agreed that a cohesive approach was required for workforce skills including on the definition of technical and occupational skills as well as development of the wider skills necessary in employment, and that IfATE and its board members could have a role in influencing policy in this regard. It was agreed to circulate the report to board members.

Item 6. Government Internal Audit Agency (GIAA)

16. CA (GIAA) reported that the report on financial forecasting would soon be finalised, and would be presented to the December meeting of the committee. The report was expected to note that IfATE is generally compliant with the finance global design principles but to recognise that further work could be done in improving efficiency and transparency. The report was expected to give a Moderate opinion in terms of assurance and to recommend the adoption of a single source of data for people-related reporting.

17. It was agreed to reprogram the remaining audit programme for 2022-23, and defer the audit on the Digital Strategy to enable the new Deputy Director for Digital to further develop the project. In addition, the audit of EQA would be completed at a future time to facilitate a potential joint review in conjunction with Ofqual.

Item 7. IfATE shared service provision

18. CP introduced this item and explained that the finance function previously provided by SSCL had been brought in-house by DfE.

19. CP reported that controls testing had found no significant issues, and that a health check of business central IT carried out in May 2021 had found no issues. GIAA had provided a Moderate assurance opinion, and had noted that there had been no fraud but made minor recommendations for improvement.

20. The committee welcomed the reassurance contained within the letter from DfE, but noted that whilst the letter provided strong assurance in relation to finance there was less of a focus on IT and cyber security.

21. JCou noted that there was more to be done on the depth and breadth of assurance from contractors, and reported that work was being done in this regard. This work would be presented at the next meeting of the committee. The committee also noted that work was underway to compile a list of the service level agreements between IfATE and its providers.

Item 8. Deep dive on progress against Government Functional Standard 013 (Counter Fraud)
22. CP introduced the item and reminded the committee of the high-level assurance map provided at the last committee meeting in June. PS and CP were responsible for counter fraud at IfATE. IfATE would roll out compliance with the standard in 2022-23 and report on compliance with the standard in 2023-24.

23. CP outlined the key recommendations and advised that with a new ARAC Chair in post and an imminent change in chief financial officer, future roles and responsibilities would need to be confirmed. The committee thanked CP for the work done in this area, and asked to receive updates on the implementation of the recommendations arising from the deep dive.

Item 9. Finance report

24. PS provided a financial update to the committee, and provided an overview of the factors affecting actual expenditure against budget forecasts. The committee was advised that recruitment had been accelerated to compensate for lower than expected recruitment.

25. The committee asked about current rates of turnover, and were advised that the rate was around 14%, but that this figure was not unusual given the age of IfATE. Some of the most common reasons for departure included career development or promotion.

Item 10. Update on ALB ARAC Chairs meeting

26. There had been no ALB ARAC Chairs’ meeting since the last committee meeting in June 2022.

Item 11. Annual report and accounts 2022-23

27. The Chair introduced the item and invited committee members to comment on the process of writing, approving and publishing IfATE’s Annual Report and Accounts 2021-22 (ARA) and to provide suggestions for themes to be included or emphasised in the 2022-23 report.

28. JCou commented that the process of writing and publishing the ARA had been an improvement on the process used in previous years. Committee members asked whether they could be provided with an indication of the number of hits/clicks through to the ARA.

29. The committee noted that the strategic nature of parts of the ARA enabled IfATE to communicate with a wider audience. Members added that early determination of key data points would facilitate accurate and timely reporting of data, and that highlighting partnership work would help to illustrate IfATE’s key strategic role in the skills sector.

30. JCou advised that IfATE would be launching the Big Conversation in late September, and that senior leadership had set stretching targets for staff on the number of conversations and engagements to be held with employers and stakeholders.

Item 12. ARAC forward look

31. The committee considered its future work programme. Committee members suggested additional topics for inclusion in the forward look as deep dives, and requested that the revised forward look is circulated to the committee.
Item 13. Any other business

32. JCo informed the committee that the recruitment for a new chief financial officer was drawing to a conclusion, and she would keep the committee updated on the recruitment process.

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