Item 1. Welcome, introductions, apologies for absence and declarations 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.

3. Since the last committee meeting, there had been no reported instances of fraud, whistleblowing or data breaches which warranted a declaration to the relevant regulator.

Item 2. Minutes and actions from the last meeting

4. The minutes of the meeting held on 4 December 2023 were agreed without amendment.

5. The committee considered the action log and agreed to close the seven actions proposed to be closed. These related to the format of the HR dashboard; circulation of the National Cyber Security Centre cyber security toolkit to all board members; inclusion of 2024-25 business planning in the March finance report; circulation of a briefing on Awarding Organisation market risk; guidance on the potential effects of a general election upon the ability of IfATE to lay its Annual Report and Accounts (ARA) in a timely manner; provision of the timetable for preparation of the ARA; and extension of future committee self-evaluation surveys to key stakeholders.

Item 3. Finance report

6. DW provided a financial update to the committee and explained that IfATE is forecast to end the financial year within its delegated budget, with a small underspend. DW added that whilst the ambition was to ensure expenditure was as close to IfATE’s delegated budget as
possible without exceeding it, this had to be balanced against preparing for the expected reduced budget in 2024-25.

7. Members questioned whether the planned reduction to IfATE’s headcount was proportionate to the anticipated budget reduction, and asked for further information on the actual expenditure, forecast and budget for 2023-24 in comparison with the anticipated budget for 2024-25.

**Item 4. Annual report and accounts (ARA)**

8. DW introduced the item and explained that ARAC’s feedback would be welcome on the draft statements of the IfATE chair and CEO. Members welcomed the clear messaging within the statements and provided feedback to assist in refining the language used. Members also approved the draft report of ARAC activities and the draft ARAC chair’s statement for inclusion in the ARA.

9. ARAC considered and approved a response to a routine letter from Ernst & Young, in their capacity as the audit firm supporting the NAO on IfATE’s external audit, requesting information on how ARAC exercises oversight of IfATE’s management processes.

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

10. RS introduced the item and advised members that since the indicative audit plan was presented to ARAC in December 2023, Ernst & Young had concluded the interim audit and that there was nothing to bring to ARAC’s attention. RS advised that the final audit had been planned with IfATE officials and that he was satisfied with the progress of the audit so far.

**Item 6. Strategic risk management update**

11. JCou introduced the strategic risk management update and advised members that there was an increased risk position in relation to strategic risk 5 (delivery of the digital strategy) and strategic risk 6 (IfATE’s function and form). JCou advised that in order to mitigate against strategic risk 5, the digital delivery plan had been prioritised as a key programme, and that realising the benefits of the customer relationship management system (CRM) element would have a particular focus as this was expected to facilitate efficiencies elsewhere in the business.

12. The increased risk in relation to strategic risk 6 was driven mainly by the anticipated financial outlook for 2024-25 and the redesign of IfATE’s organisational structure. JCou advised that the executive were taking a proportionate approach to mitigating this risk, and that the response would adapt as factors such as the budget are clarified.

13. JCou informed members that officials had drafted an update to the risk appetite which indicated the strategic risks to which IfATE was more open and those to which it was more averse. Members discussed the draft appetite statement and suggested that within each strategic risk, there may be factors where IfATE would be averse to risk and some where innovation might be more welcome. Members requested that officials explore this and circulate a revised draft risk appetite.

**Item 7. Deep dive: Cyber resilience – results of penetration testing**

14. RB introduced a deep dive into the results of a manual penetration test carried out by a cyber security contractor on IfATE’s website and trailblazer portals. The contractor had been approved by CREST, an international membership body representing the cyber security industry. The tests had identified three issues, for which mitigations had been developed, implemented and tested.
15. Members asked how far a cyber attacker would be able to traverse the network before being detected and stopped. RB advised that there were segregations within the networks which should hinder an attacker’s ability to progress through the system, and undertook to provide a more detailed response by correspondence.

16. PE thanked RB for their presentation and noted that the penetration test and associated work were positive and had been carried out in a proportionate way.

**Item 8. Follow-up of audit actions – GIAA recommendation tracking**

17. CP provided an update on the progress against actions arising from audits carried out by the Government Internal Audit Agency (GIAA).

18. In total, 12 recommendations were on the tracker. Eight had been completed already, one was due for completion by 31 March 2024 and three by 31 August 2024.

**Item 9. Government Internal Audit Agency (GIAA)**

19. BK introduced the item and explained that the final audit report for resource resilience had been issued with a Moderate assurance opinion and two moderate priority recommendations. A draft report from the final audit for 2023-24, on IfATE’s apprenticeships funding band strategy, had just been submitted to officials for feedback.

20. BK presented the proposed audit plan for 2024-25, which included audits on: Levels 2 and 3 approval processes; employer engagement – trailblazers; CRM implementation; and T Level contract management. A member welcomed the consideration of the Levels 2 and 3 approval processes, given the market and provider attention on qualifications at these levels. ARAC endorsed the proposed audit plan, and BK advised that fieldwork would begin in April 2024.

21. Members thanked BK and GIAA for their report.

**Item 10. Assurance of key controls and testing**

22. CP introduced the item, which provided the committee with a summary of key controls within the expenses system and a summary of the end of year position on Government Functional Standards (GovFS).

23. CP had completed a review of IfATE’s expense controls and had found the overall expense control framework and the controls which operate within this framework to be robust, working effectively, and proportionate for an organisation of IfATE’s size. The review concluded that the Finance Global Design Principles with regard to expenses had been applied proportionately and that IfATE’s current Travel and Expenses policy and expense system is fit-for-purpose. No breaches of controls were found and three minor recommendations had been made to ensure all elements of the system were up to date, to investigate the feasibility and cost of providing expense claim trend analysis to line managers, and that staff are reminded on the appropriate use of expense benefit codes.

24. CP presented a summary of the end-of-year position in relation to Government Functional Standards. In relation to the 15 functional standards, one is a scene setting standard which runs throughout all the other standards. IfATE had completed assurance activity, through a combination of self-assessment by operational teams and review by the Assurance and Compliance Senior Manager, against six standards. IfATE will complete assurance activity against a further two standards by 31 March 2024 and three more in 2024/25. The remaining two standards which relate to debt and grants, are not applicable to IfATE.

25. Members welcomed the report and thanked CP for their work in this area.
Item 11. Any other business

26. There was no other business.