

AUDIT AND RISK ASSURANCE COMMITTEE

Meeting Title	Audit and Risk Assurance Committee (13 March 2018)
Date of Issue	20 March 2018
Protective marking	[REDACTED]

Attendance

Toby Peyton-Jones	Committee Chair, IfA Board member
Sir Gerry Berragan	Chief Executive, IfA
Stephanie Darroch	Finance Deputy Director (HEFE and SCME), DfE
Shahryer Hussain	Audit Principal, National Audit Office (NAO)
Howard Grieves	Government Internal Audit Agency (GIAA)
Martin Doel	Independent Committee member, FETL Professor of Leadership in Further Education and Skills, UCL Institute of Education
Beccy Eggleton	Acting Deputy Director for Corporate Effectiveness, IfA
Matt Cooper	Financial Accountant and Interim Head of Finance, IfA
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

Apologies

Paul Holland	Audit Manager, National Audit Office (NAO)
Kristofer McGhee	Head of Legal, IfA
Christina Earls	Head of Finance, IfA

1. Welcome and introductions

1.1. The Chair welcomed participants to the meeting and asked members to introduce themselves in turn.

2. Minutes and actions from the last meeting

2.1. The Committee reviewed the minutes and actions of the last meeting and confirmed that all actions were now complete. The Chair informed the Committee about the recent Freedom of Information (Fol) request that the Institute had received requesting copies of all Committee minutes. The Chair informed the Committee that minutes would be proactively published on the Institute's website in future, emphasising that they would continue to be produced in an open and transparent manner, and that this shouldn't stifle discussion and debate during Committee meetings.

3. Finance update and NAO audit timetable

3.1. The Committee received a paper on the Institute's latest financial position as at Period 10 (end of January 2018) forecast outturn for the financial year 2017/18. The paper outlined that good progress has been made in establishing a more accurate position on the Institute's financial position, due to greater transparency on payroll data coming out of Shared Services Connected Ltd (SSCL). [REDACTED]

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3.3. The Committee were also informed that the Institute's interim audit with NAO has been temporarily postponed due to the sickness absence of the Institute's

Head of Finance, and will be rescheduled shortly. GIAA have recently completed their routine health check of the Institute and early indications show there are no serious issues.

- 3.4. The Committee were pleased to hear that an interim Financial Accountant has now been recruited, in the absence of the Head of Finance, and started work on 12 March 2018. The Financial Accountant will now undertake the work to complete the Accounts and Assurance Framework for year-end and help prepare the Institute's Annual Report and Accounts.
- 3.5. The Committee agreed that the Institute's remaining financial risks were around travel and subsistence costs, IT and SLAs. DfE colleagues confirmed that Financial Accounting are working closely with the Institute to address these.
- 3.6. The Committee also discussed the timeline for the recruitment of a Deputy Director for Corporate Effectiveness. The Committee asked that once the new Deputy Director is appointed that they would like to see a copy of their financial report for the IfA, to ensure that robust financial reporting is being maintained.
- 3.7. The Chair of the Committee also asked the Acting Deputy Director for Corporate Effectiveness to improve the layout of finance papers to include an issue, mitigation and action table to make it easier for the Committee to track and monitor progress against actions, and for this this to be reflected in any guidance for report authors.

Action 1 (3.3) The Institute's Financial Accountant to agree timescales with NAO for the Annual Report and Accounts and to reschedule the interim audit.

Action 2 (3.6) Once the new Deputy Director for Corporate Effectiveness is appointed and operating, the Committee should be provided with a copy of their financial report for the IfA to ensure that robust financial reporting is being maintained.

Action 3 (3.7) The Acting Deputy Director for Corporate Effectiveness to improve the layout of finance papers to include an issue, mitigation and action table to make it easier for the Committee to track and monitor

progress against actions, and for this to be reflected in any guidance for report authors.

4. Annual Report and Accounts outline update

- 4.1. The Committee received a paper outlining the requirements and plan for the publication of the Institute's Annual Report and Accounts (ARA). The Committee were asked to review and comment on the general requirements of the ARA and the three core sections that the report would consist of (the Performance Report, Accountability Report and Financial Statements). The Committee were also asked to comment on the steps currently being undertaken, the current timescale that have drawn up to develop the ARA, and the list of best practice disclosables that will be included in the ARA.
- 4.2. The Committee agreed that this was a perfect opportunity for the Institute to publish its narrative, which is really important, and that examples of best practice can be found in other agency annual reports. The secretariat confirmed that HM Treasury guidance and other agency reports were already being used to inform outline work as examples of good practice, especially with regard the list of disclosables that will be included in the Institute's report.
- 4.3. The Committee asked that the report be made accessible to all, that the report should not be too wordy, and that technical and lengthy detail be captured and made accessible elsewhere in the report so it doesn't confuse or put people off reading it. The Committee asked for the report to clearly capture how the Institute has moved through its setup to transition and delivery phases. The report should outline what the Institute has achieved and what the next set of challenges are for the Institute.
- 4.4. The Committee asked for a skeleton draft/narrative for the ARA to be made available at the next Institute Board meeting in May.

Action 4 (4.4) The IfA Programme Office to produce a skeleton draft/ narrative of the Annual Report and Accounts (ARA) and make this available for the next Institute Board meeting in May.

5. GIAA annual audit health check of IfA

- 5.1. GIAA presented their annual audit health check of the Institute to the Committee and talked through their "Limited" audit opinion, key findings and

three action points they had identified. GIAA acknowledged that since January a number of actions have been taken to address any areas of concern that GIAA saw at the time.

- 5.2. Bearing in mind the actions and progress that has happened since January, the Committee felt that the health check was a fair and accurate report and had no concerns. Action points one and three have moved on and improved, and action point 2 is currently being worked on. The planned action and mitigation table/log for future Committee meetings (outlined at action 2, paragraph 3.7) will help with the monitoring of this.
- 5.3. The Chair concluded this item by summarising that at this stage in the Institute's development the health check is positive on the vast majority of points and that we welcome the feedback given by GIAA. Progress has been made since January on the limited number of actions for the Institute to take forward and work on these continues. The Institute should see the health check as part of our continuous improvement processes and learn and build on this going forward.

6. GIAA audit plan for 2018-19

- 6.1. GIAA presented to the Committee their audit plan for the Institute for 2018-19. Four audit areas have been identified, which will give a good and reasonable look at what the Institute is doing. The audits will take an estimated total of 70 days to complete which is in proportion to the size of the organisation, and will focus mainly around operational activities.
- 6.2. NAO confirmed that they saw the plan as a good way forward.
- 6.3. The Committee agreed that it would be good for the audits to break down the Institute's risks, identifying sub-risks that could also be looked at and monitored going forward.
- 6.4. The Committee also agreed that travel and subsistence and IT would be good areas for the audit to look at as they are big areas of public expenditure. GIAA confirmed that these areas would be reviewed as part of the Institute's health check audit.

7. Institute risks

- 7.1. The Chief Executive talked the Committee through the Institute's Corporate Report and highlighted the main priorities on the Risk Register.
- 7.2. The Committee commended the Institute for the work it had done on the launch of the Faster and Better programme, which provided a balanced point of view and had been well received by stakeholders.
- 7.3. The Committee flagged that resources going forward should be the Institute's main concern. Resources around funding have been addressed, but there needs to be more clarity on the Institute's remit for Technical Education to enable the Institute to plan and prepare resources in this area. The Chief Executive explained that the recruitment process for the Institute's Technical Education (TE) remit is underway, which will be a phased process for recruiting to TE areas. [REDACTED] and TE readiness will be the biggest risk that the Institute will need to manage, but the Institute's role in this work is bounded.
- 7.4. The Chair stated that it would be good to breakdown our risks into clear mitigations in order for actions to be undertaken more simply, particularly around the areas for resources, work placements and engagements, and for these to feed into the risk register.

8. Any other business

- 8.1. The Committee asked that future minutes should include the names and job titles of those that attend Committee meetings.
- 8.2. GIAA talked the Committee through a draft audit report they had prepared for the Education and Skills Funding Agency's (ESFA's) on their Apprenticeship Service Governance and Reform Benefits Realisation project. The report had been shared with partners and actions recommended to ensure more clarity and co-ordination to and correlation between benefit owners.
- 8.3. The Institute's Chief Executive pointed out that with the number of structural changes that have happened at ESFA some of the benefits realisation feeder actions need to be reclassified and realigned. The Chief Executive also highlighted that the Institute works hard with ESFA to ensure both

organisations share information and that benefits/actions correlate, with co-attendance at the Apprenticeships Programme Board.

Next meeting date

8.4. The next Audit and Risk Assurance Committee meeting will take place on Thursday 10 May from 11:00-13.00 in 151 Buckingham Palace Road, London.

Author [REDACTED]
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