

## AUDIT AND RISK ASSURANCE COMMITTEE

<b>Meeting Title</b>	Audit and Risk Assurance Committee (15 June 2017)
<b>Date of Issue</b>	28 June 2017
<b>Protective marking</b>	████████
<b>Agenda Item</b>	Item 2 minutes

### 1. Welcome and introduction

1.1. The Chair, Sir Gerry Berragan welcomed members and executives to the first meeting of the Audit and Risk Assurance Committee. The Chair highlighted that the Committee would be co-chaired, with board member Toby Peyton-Jones.

### 2. Terms of reference and membership

- 2.1. The Committee received a paper on the terms of reference and membership.
- 2.2. The Committee reviewed the paper and noted that the terms of reference are annual and apply for the current financial year.
- 2.3. The Committee discussed and agreed the terms of reference which focus on providing assurance to the Accounting Officer on the Institute's risk processes, the management of risk, related controls and governance. The Audit and Risk Assurance Committee agreed seeking assurance through planned activity and results of internal and external audit.
- 2.4. The Committees asked Executives to list names of members in the terms of reference and mark that the Committee will be co-chaired.
- 2.5. The Committee discussed and agreed to the inclusion of an annual programme to the terms of reference to provide a forward look.

- 2.6. The Committee asked that terms of reference be updated to reflect the role of the Committee in the production of an annual report covering the work of the Committee to support the Annual Report and Accounts.
- 2.7. The Committee discussed and agreed membership and the need to bring in different expertise at different times depending on the nature of its work.

**Action 2.4-2.7 – Helen Knee to update the terms of reference to reflect changes agreed by the Committee**

**3. Finance**

- 3.1. The Committee received a paper providing an overview of the Institute's budget management and finance report.
- 3.2. Executives highlighted that a formal financial delegation had not yet been received by the Institute, from DfE. The Accounting Officer asked Executives to register a concern with DfE, that a formal delegation has not been received.
- 3.3. Executives discussed contracting and explained that commercial procurement required four signatories in the Institute. The Chair asked whether the Institute had a normal AP accounting system and Executives confirmed this.
- 3.4. The Committee reviewed the paper further and advised Executives on the importance of cash flow management; asking the Institute to be transparent with spend and provide realistic forecasts in future budget management and reporting.

**Action 3.2 - Tony Singleton to register a concern with DfE that a formal financial delegation has not been received.**

**4. GIAA IfA audit plan and readiness review report**

- 4.1. The Committee received a paper from the Government Internal Audit Agency (GIAA) about their plans to internally audit the Institute and the outcomes of the first health check of the Institute.
- 4.2. Howard Grieves, from GIAA explained that a Memorandum of Understanding and agreement had been established between the Institute and GIAA and an audit communications plan is in development.

The Committee asked GIAA about the frequency of audit meetings and who would represent at meetings. Executives confirmed they would verify timings of audits with the Institute's Senior Management Team.

- 4.3. The Committee reviewed the outcomes of the first internal audit of the Institute. Howard Grieves described how an initial health check of the Institute's readiness to deliver its core functions had been conducted and thanked Executives for the evidence and assurance provided. The audit focused on the Institute's key areas of governance, internal controls, infrastructure and risk management. GIAA provided a moderate outcome/audit opinion with respect to assurance.
- 4.4. The Committee welcomed the report and discussed that the rating of moderate was in real terms, a good rating for the Institute. GIAA confirmed that a second review would be completed towards the end of the 2017/18 financial year.
- 4.5. The Committee also advised GIAA on the scope of the future/planned internal audits of the Institute. GIAA explained that they would conduct further risk based internal audits, on two key areas for the Institute:
  - (a) **Apprenticeships Standards** - This will focus on the risk that failure to have processes to review, approve or reject apprenticeships standards and assessment plans may lead to insufficient standards being in place to meet the government's new agenda for increasing the number of apprenticeships.
  - (b) **Quality Assurance Regime** - This will focus on the risk that failure to secure high quality external quality assurance regime may lead to the Institute not being able to meet its responsibilities.
- 4.6. The Committee and Executives discussed the risk to the two areas and timing of the internal audits and highlighted that Apprenticeships Standards should be audited first.
- 4.7. GIAA confirmed that the outcomes of the internal audits would be reported back to the Audit and Risk Assurance Committee.
- 4.8. The Committee discussed risk outside the Institute that sit within the ESFA but impact on the Institute's work and agreed that the Institute should forge links with the ESFA and DfE Audit and Risk Committees to ensure there is sharing of insight on related risks.

**Action 4.2 - Helen Knee to verify timings of audits with the Institute's Senior Management Team.**

**Action 4.6- Howard Grieves to plan audit of Apprenticeships Standards prior to External Quality Assurance regime**

**Action 4.8- Helen Knee/Sue Pickerill to invite ESFA risk representatives to a future Audit and Risk Assurance Committee and make links with ESFA/DfE Audit and Risk Committees.**

## **5. Risk Management**

- 5.1. The Committee received a paper on the Institute's approach to risk management and a draft risk appetite for the Institute to use in identifying and reporting risks.
- 5.2. The Committee welcomed the papers and reviewed and agreed the risk management framework and approach to risk in the Institute
- 5.3. The Committee discussed the framework and highlighted the importance of ensuring the right risks are identified and captured by the Institute and that Executives and the Board spend time reviewing strategic risks. The Chair suggested the addition of a heat map to the corporate report to enable the Board to visual the key strategic risks to the organisation.
- 5.4. The Committee reviewed and agreed with the principles of the Institute's risk appetite statement. The Committee endorsed the categorisation of the types as risk as a useful framework for risk managers and asked for the "Policy" category to be changed to "Influencing Policy" to reflect the Institute's role.
- 5.5. The Committee requested that the risk appetite statement be agreed subject to views by the Board and that Executives produce a paper for the Institute's Board in July to cover the outputs of the Committee and the risk approach.
- 5.6. The Committee agreed that subject to the Boards view, that Institute should work with its Senior Management Team and risk owners and managers to

commence the implementation of the risk management framework and appetite and continue to identify/update/report on risks.

**Action 5.3 – Secretariat to deliver the addition of a risk heat map to the Corporate MI report**

**Action 5.4 - Secretariat to change reference to “Policy” to “Influencing Policy” in the risk appetite statement**

**Action 5.5 - Helen Knee/Sue Pickerill to take a paper to IFA Board on the outputs of the Audit and Risk Assurance Committee and the risk management approach.**

#### **Next meeting date**

5.7. The next meeting of the Audit and Risk Assurance Committee will be on Thursday 15 July from 10:00-12.00 in 151 Buckingham Palace Road, London.

**Author** IFA Secretariat  
**Date created** 23 June 2017  
**Version** Subject to clearance by the Chair, Gerry Berragan

#### **Agreed Actions (15 June 2017)**

<b>Action</b>	<b>Owner</b>	<b>Completed (Y/N/ In progress)</b>	<b>Date updated</b>
<b>Action 2.4-2.7 –Update the terms of reference to reflect changes agreed by the Committee</b>	Helen Knee	In progress	23 June
<b>Action 3.2 - To register a concern with DfE that a formal financial delegation has not been received.</b>	Tony Singleton	Y- complete. The Institute has now received its formal delegation.	23 June
<b>Action 4.2 - To verify timings of audits with the Institute’s Senior Management Team.</b>	Helen Knee	In progress	23 June

<b>Action 4.6- To plan audit of Apprenticeships Standards prior to External Quality Assurance regime</b>	Howard Grieves	Y – complete	23 June
<b>Action 4.8- To invite ESFA risk representatives to a future Audit and Risk Assurance Committee and make links with ESFA/DfE Audit and Risk Committees.</b>	Helen Knee/Sue Pickerill	In progress	23 June
<b>Action 5.3 - To develop and deliver the addition of a risk heat map to the Corporate MI report</b>	Secretariat	In progress- discussed with Data Science and in discovery stage	23 June
<b>Action 5.4 - To change reference to “Policy” to “Influencing Policy” in the risk appetite statement</b>	Secretariat	Y – Complete	23 June
<b>Action 5.5 To take a paper to IFA Board on the outputs of the Audit and Risk Assurance Committee and the risk management approach.</b>	Helen Knee/Sue Pickerill	Y- Complete	23 June

### **Attendance and apologies**

<b>Committee member</b>	<b>Executive</b>	<b>Apologies</b>
Sir Gerry Berragan, Chair and Board member	Helen Knee	Carl Creswell, Committee member, Department for Education
Peter Lauener, Chief Executive	Sue Pickerill	
Toby Peyton-Jones, Board member	Tony Singleton	

Paul Holland, NAO/ External Audit	Secretariat	
Howard Grieves, GIAA/ Internal Audit		