

AUDIT AND RISK ASSURANCE COMMITTEE

Meeting Title	Audit and Risk Assurance Committee (10 May 2018)
Date of Issue	06 July 2018
Protective marking	Official

Attendance

Toby Peyton-Jones	Committee Chair, IfA Board member
Sir Gerry Berragan	Chief Executive, IfA
James Eyre	Finance Business Partner – Apprenticeships, DfE
Paul Holland	Audit Manager, National Audit Office (NAO)
Howard Grieves	Audit Manager, 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	Interim Financial Accountant/Head of Finance, IfA
Lorrina Christie	Head of Digital Services: Digital Services and Data Science
Surrinder Bal	Programme Office, IfA
Committee Secretariat	Chief of Staff's Office, IfA

Apologies

Kristofer McGhee	Head of Legal, IfA
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1. Welcome and introductions

1.1. The Chair welcomed participants to the meeting and asked members to introduce themselves in turn for the benefit of new attendees.

2. Minutes and actions from the last meeting

2.1. The Committee reviewed the minutes and actions of the last meeting. Executives confirmed that the ongoing action log was now populated and in place with the DfE. Any concerns will be brought to the Audit and Risk Assurance Committee. The Committee confirmed that all outstanding actions were now complete.

3. Risk Register

3.1. Executives talked the Committee through the Institute's Corporate Risk Register and advised that the register was being updated with a view to make it easier to see the problem / action / mitigation and owners. This register is being tested with staff and will be updated for the next Committee meeting.

3.2. To help manage risks the Committee discussed the importance of developing a strong Institute narrative, managing stakeholder relationships through engagement and where possible consulting with key stakeholders for example trailblazer groups. Martin Doel emphasised the importance of the Institute communicating its commitment to having stable funding band processes that were transparent and fair.

3.3. The Committee also discussed the risks associated with the Institutes remit for delivering Technical Education – noting that the time left to prepare for a potential transfer around September 2018 was tight. Encouragingly, progress has been made with Ofqual on quality assurance and the DfE provided reassurance that they had made progress in negotiating with HM Treasury on resources. The DfE also confirmed that they would provide budget cover for the recent recruitment process.

3.4. The Committee discussed the core apprenticeship budget for 2018/19. The Chief Executive noted he would approach the DfE Director General to gain confirmation of the ongoing financial settlement for the Institute.

3.5. The Committee also discussed the capacity of Route Panels to process standards and assessments at an ever higher rate, in light of the Faster and Better project improvements. Members suggested that the Institute should

take the temperature of how messages were landing with key stakeholders such as Route Panel Chairs and trailblazer groups. The Chief Executive pointed out that work was in hand to improve the information provided to Route Panels, and the Institute was examining how to reduce surges by looking at all the apprenticeships in the pipeline. The Chair confirmed that further work was under consideration to improve the offer to Route Panels by examining their capacity and membership and looking at how far they could farm work out more widely.

Action 1 (3.1) Executives to include reference to risk trends in the risk register.

Action 2 (3.2) Executives to review and update risks and mitigations to reflect Members advice.

4. Annual Report and Accounts

- 4.1. Executives provided the Committee with an update on preparing the Annual Report and Accounts (ARA). The Committee commended Executives on progress in developing the working draft. Executives invited comments on the document's introduction and the sections dealing with the Performance and Accountability Reports.
- 4.2. It was noted that the document would require a number of clearances before publishing and that information was still being gathered from staff across the Institute to input into the report. It was envisaged that the majority of the content would be developed by the end May. Executives explained that the Institute was using a publisher to help visualize and finalise the document, but wanted to encourage Committee members to contribute their comments and ideas at this stage.
- 4.3. Executives informed members that the NAO were planning to audit IFA accounts in the week commencing 4 June. It was expected that the interim Head of Finance would provide input to the ARA prior to this as NAO expect the draft report to be in place before they arrive. The report is subject to financial statements sections being completed by the Finance team and the accounts being tested and certified.

4.4. The Committee were keen that the ARA should properly reflect the achievements of the Institute and acknowledge what it still needs to do. Feedback included:

- Ensuring that the introduction recognises that the Institute is a start up organisation
- The narrative recognises the important role of employers and quality in driving the Institutes work
- Tabulating objectives against how they are achieved
- Ensuring appropriate links are made to the Institute's business plan

Action 3 (4.4) Executives to review and incorporate Members feedback into the development of the Annual Report and Accounts (ARA) narrative.

4b GIAA Final Internal Audit Annual Report 2017-18

4.5. Howard Grieves from the Government Internal Audit Agency (GIAA) tabled a paper on the Final Internal Audit Annual Report 2017-18 for the Committee's information. Howard confirmed that on all eight recommendations to address areas of concern the Institute had taken action. In summary, Howard presented his professional opinion that the Institute had established sound systems for governance, internal control and risk management.

4.6. The detail of this report is also covered in the Annual Report and Accounts.

4.7. The Chair and Committee expressed gratitude to Howard for his work.

5. Update on the Expenses System Replacement Project

5.1. Executive's from the Institute's Data Science and Digital Team provided the Committee with an update on the DfE's Expenses System Replacement Project (ESRP).

5.2. DfE currently provides the Institute with an online system to manage expense claims, but it is unwieldy and slow. They are testing out new software to replace the current system. The Institute is part of the programme team steering group responsible for the selection and implementation of the new software, which includes a requirement for an intuitive system for making claims via a personal mobile app. At this stage it is not possible to confirm costs for the new system.

5.3. A decision on the new software is likely to be taken in late July with a possible roll-out date for piloting the new system with the Institute in late October 2018. The Committee discussed how best to communicate this news to Route Panel Chairs and others and recommended Executives produce a comms plan which also considers how to provide troubleshooting support on any roll out.

Action 4 (5.3) Executives to produce a comms plan to communicate to Institute members an update on the expenses system

6. Finance update

6.1. The interim Head of Finance introduced the Finance Report which set out the Institute's financial position as at Period 12 (end of March 2018) forecast outturn for the financial year 2017/18.

6.2. Highlights of the report included:

- Substantial progress has been made in cleansing the Institute's financial records for 17/18 and re-establishing a more accurate view of the financial position for both internal and external reporting needs.
- Late payment issues have now been resolved and the manual input of journals has been eliminated. The Institute now has strong finance systems in place and is performing all of the finance tasks that DfE had been supporting.
- The Finance SLA with DfE is close to completion for 2018/19.
- Completion of the Accounts and Assurance for year-end is on schedule and work has begun on profiling the 2018/19 budget.
- The NAO audit is booked for June 2018 and the Institute is preparing for this.

6.3 The Chief Executive announced and the Committee were pleased to hear that the new Chief Financial Officer supporting the Institute and the CEO is finance qualified.

7. SLA with DfE on Finance

- 7.1. DfE and IfA representatives introduced the draft service level agreement (SLA) that has been drawn up between the Institute and the DfE for strategic and operational finance services.
- 7.2. The draft SLA sets out the expected service levels for the provision of financial services by the Department to the Institute and the activities the Institute are expected to carry out to meet DfE financial requirements.
- 7.3. The Committee welcomed the SLA in setting out in a clear way the respective responsibilities of the Institute and the DfE. The Committee requested that the SLA should be reviewed regularly, have a clear route for escalating issues to the DfE and Committee and include names and job titles / roles of owners.

Action 5 (7.1) Executives to ensure that the SLA is reviewed regularly and includes a clear route for escalating issues.

8. Any other business

- 8.1. Martin Doel represented the Committee at a meeting of the DfE's Arms Lengths Bodies Audit and Risk Committee chairs and reported that:
 - The Secretary of State's top three priorities included Technical Education and the apprenticeships quality reforms.
 - The Civil Service was moving away from HR competencies for recruitment.
 - The risk managers forum had discussed ways to ensure that shared or interlocking risks were not passed around the system.
 - There was a presentation about GDPR compliance.
 - There will be a tailored review of arms length bodies in the future.

Action 6 (8.1) Executives to provide an update on the Institute's GDPR compliance for the next Audit and Risk Assurance Committee.

Next meeting date

- 1.1. The next Audit and Risk Assurance Committee meeting will take place on 20th September, 11:00-13:00.in 151 Buckingham Palace Road, London.

Author IfA Secretariat

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Version Cleared by the Chair, Toby Peyton Jones