

MINUTES

Meeting Title: Audit and Risk Assurance Committee

Date: 22 September 2020

Protective marking: Official

Attendance

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| • Toby Peyton-Jones | Committee Chair, Board member, the Institute |
| • Jennifer Coupland | Chief Executive, the Institute |
| • Fiona Kendrick | Board Member, the Institute |
| • Stephanie Krogmann | Audit Manager, National Audit Office (NAO) |
| • Catherine Andrews | Head of Internal Audit (GIAA) |
| • Peter Schild | Chief Financial Officer, the Institute |
| • Surrinder Bal | Head of Programme Office, the Institute |
| • Matt Cooper | Head of Finance, IT & Procurement |
| • Tika Khan | Deputy Finance Director (ESFA) |
| • Committee Secretariat | Chief of Staff's Office, the Institute |

Apologies

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| Martin Doel | Independent Committee member, FETL
Professor of Leadership in Further Education
and Skills, UCL Institute of Education |
| Kristofer McGhee | Head of Legal, the Institute |
| Phil Scullion | Acting Chief of Staff, the Institute |

1. Welcome and introductions

The Chair welcomed Tika Khan the Deputy Finance Director, ESFA FinanceBusiness Partner.

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 outstanding actions were now complete/closed.
- 2.2. The Chair requested the Committee to disclose any conflicts of interest. No conflicts of interest were declared.
- 2.3. The Chair acknowledged that Martin Dole had offered his apologies and had emailed his comments and reflections on the agenda items.

3. Risk Register – overview and change update

- 3.1. Jennifer Coupland introduced a discussion on the updated Risk Register and progress on key activities. Jennifer confirmed that during the Covid-19 crisis the Institute's priority continued to be the health and wellbeing of apprentices, employers and everyone involved in the process.
- 3.2. The Committee discussed some of the actions the Institute has taken recently, building on previous work, in regard to mitigating risks brought about by Covid-19. The Institute has:
 - Completed Covid-19 risk register workshop that inform updates to the Corporate risk register.
 - Held webinars with employer groups, communications plan revised and being implemented with pulse surveys.
 - Increased programme support for awarding organisations;
 - Agreed Covid-19 priorities with DfE and Strategic Guidance issued;
 - Published response to External Quality Assurance consultation;
 - Reviewing cross cutting/ strategic risk areas to identify any gaps or areas for improvement.
- 3.3. The Institute Executive introduced the work of the new Risk Mitigation Advisory Group (RMAG). The purpose of the new group is to advise the Institute Executive on risk mitigations and opportunities and to provide ideas and support in addressing complex risk implementation challenges, particularly operational risks.
- 3.4. RMAG will give assurance through the Institute's Audit and Risk Assurance Committee and the Board.

3.5. Tika Khan provided a brief overview of work in the Department for Education to measure the impact of Covid 19 – given that it was very difficult to forecast the length and shape of the disruption.

4. Operational risks / projects in focus: Payroll, HR and Expenses Project update

4.1. The Committee asked what audit activities were planned. Peter confirmed that the team was currently undertaking an in-house payroll audit.

5. a. Institute approach to counter fraud

5.1. The Executive introduced this item. As part of the context for this work the Executive drew the committee's attention to the Counter Fraud Investigator apprenticeship standard which the Institute developed with Cabinet Office and HMRC. The Executive explained the expectations for the management of fraud and outlined some of the Institute work to date:

- Reviewed counter fraud advice for ALBs
- Shared information and initial thinking with GIAA counter fraud investigation team
- Initiated review of the Institute's risk controls and participation in mandatory training requirements
- Added counter fraud to Institute's internal assurance plan

5.2. The Committee discussed counter fraud roles and responsibilities. It was emphasised that accountabilities and responsibilities for managing fraud, bribery and corruption risk should be defined across all levels of the Institute and resources be added to mandatory learning package to all staff.

5.3. The Committee agreed that it should scrutinise counter fraud controls as part of its ToR and also review risk assessments and advise the Executive and the Board.

5.4. Steph Krogmann asked that a cluster of compliance work should be brought together – data protection, counter fraud and whistleblowing.

Action: the secretariat to include compliance procedures in the ARAC forward look document.

Action: Insitute Executive to seek advice from staff / Board members as necessary before reporting progress back to ARAC.

5 b. Government Counter Fraud Functional Statement

5.5. The Committee referred to the Government Counter Fraud Functional Statement during the discussion and agreed that the Institute should be guided in it's counter fraud work by it's principles.

5 c. ARAC: Self Assessment Checklist

5.6. Institute officials introduced this item and asked that Committee members review the Audit and Risk Assurance Committee Effectiveness Checklist and return comments to her.

5.7. Committee members agreed the checklist was good practice and should be an annual exercise, expanded to all committees. Members suggested adapting the document to offer a more nuanced response e.g strongly agree to strongly disagree.

Action – Secretariat take forward and adapt checklist to offer graded responses.

6. GIAA internal audit

6.1. GIAA introduced this item and provided the Committee with an update of activity since the previous Committee in June 2020. GIAA confirmed that GIAA had issued the final internal audit annual report for 2019-20 and started 50% of the agreed plan for 2020-21. The placeholders for the Apprenticeships and T-levels reviews will focus on Trailblazers & Route Panels and Contract Management respectively.

6.2. Committee members discussed the workforce strategy work and future planned assurance work in this space. GIAA committed to share any cross government insights on workforce strategy.

Action: GIAA to share with the Committee insights on any Cross Government Workforce Strategy Review.

7. NAO: Audit Completion Report

- 7.1. Steph Krogmann introduced this item and noted that it had been agreed with management and updated following presentation at the last ARAC.
- 7.2. Steph noted that the focus for the next audit would include the new payroll system and that planning would start before Christmas.
- 7.3. Jennifer confirmed that the Institute recognised the findings in the report.

Action: The Committee wished to formally note the sign off of the accounts and to thank the NAO and Institute staff for working remotely through July and August to prepare the audit.

8. Finance Report

- 8.1. Peter Schild introduced this item and reported that the Institute remains broadly on track for forecast accuracy while acknowledging some uncertainties due to the Covid situation.
- 8.2. There were no reported instances of fraud or whistleblowing in the period.

9. Any other business

- 9.1. None

Next meeting date

- 8.1. The next Audit and Risk Assurance Committee meeting will take place on 10 December 2020, 11:00-13:00 via Microsoft Teams

Author Institute Secretariat