MINUTES

Meeting Title: Audit and Risk Assurance Committee (21 March 2019)

Date of Issue: 19 June 2019

Protective marking: Official

Attendance
- Toby Peyton-Jones - Committee Chair, Institute Board member
- Sir Gerry Berragan - Chief Executive, Institute
- Dame Fiona Kendrick - Institute Board Member
- Peter Huggett - Finance Business Partner – Apprenticeships, DfE
- Paul Holland - Audit Manager, National Audit Office (NAO)
- Russell Broad - Audit Manager, Government Internal Audit Agency (GIAA)
- Martin Doel - Independent Committee member, FETL Professor of Leadership in Further Educationand Skills, UCL Institute of Education
- Peter Schild - Chief Financial Officer, Institute
- Lucy Rigler - Deputy Director, Funding, Institute
- James Matthews - Chief of Staff, Institute
- Surrinder Bal - Head of Programme Office, Institute
- Carmel Grant - Head of T Level Implementation, Institute
- Bolaji Mos-Shogbam - Senior Finance Manager Projects, Institute
- Committee Secretariat - Chief of Staff's Office, Institute

Apologies

Kristofer McGhee: Head of Legal, Institute

1. **Welcome and introductions**

   1.1. The Chair welcomed participants to the meeting.

   1.2. Martin Doel, stated a declaration of interest with his appointment to the Hadlow College Group.

2. **Minutes and actions from the last meeting**

   2.1. The Committee reviewed the minutes and actions of the last meeting. The secretariat agreed to replace references in the minutes to IfATE with 'the Institute'.

   2.2. The Committee confirmed that all outstanding actions were now complete/ closed.

3. **Risk Register**

   3.1. Gerry Berragan introduced a discussion on the updated Risk Register and progress on key activities. Gerry confirmed that the Institute Board also routinely discussed risks. The progress update of recent activity confirmed that the Institute is:

   - working closely with the DfE on the next set of our next Strategic Priorities;

   - carefully analysing feedback from the Pilot Digital Review;

   - delivering a change project to implement improvements to the funding band recommendation process;

   - running robust programme management and governance arrangements which were put in place prior to the transfer of commercial responsibility of T Levels;

   - launching the Quality Strategy; and

   - implementing a change programme to enact an improved External Quality Assurance regime.

   3.2. The Committee briefly discussed procuring a new payroll company and the requirements for the London estate. The Committee urged that the business case for new premises must take account of the relocation risks to the delivery of mission critical programme outcomes. Executives confirmed that a staff survey had already been conducted and was informing the business case.

4. Risk and funding band recommendations

4.1. Lucy Rigler provided a short verbal update on delivery of a two-phase change project to develop and implement improvements to the funding band recommendation process.

4.2. In the short term the plan is to improve communication about the decision making process, engage more with trailblazer groups and replace the initial funding band with information that is more useful for forward planning.

4.3. In the longer term the plan is to improve the evidence base by drawing on research into the drivers of cost of training and assessment of standards, in addition to the experience of both the funding and statutory reviews.

4.4. Lucy emphasised the importance of sharing and getting buy-in to the principles and process with stakeholders as this work develops. The Committee noted the importance of communicating this work to the sector and asked that the work should be shared with a trailblazer group who could act as a critical friend.

Action 1: Funding team to explore how to involve the trailblazer perspective in their work.

5. An item on 'housekeeping': correspondence and FOIs

5.1. James Matthews introduced this item and noted that the Institute currently received over 200 enquiries through its enquiries desk each month from a wide range of stakeholders including, employers, providers and members of the public. This number is likely to increase given that the Institute had formally taken on responsibilities for technical education.

5.2. James reported that the Institute had received 5 FOIs (to February 2919). Some FOIs were very straightforward for example, seeking information that the Institute does not hold. In all cases the Chief of Staff's team had worked closely with the Head of Legal to ensure we comply with procedures for handling requests under the FOI Act 2000 and they were dealt with in a timely, specific and professional manner.

5.3. The Committee noted that correspondence provided a valuable insight into how the Institute was perceived by employer groups and others. Dame Fiona urged the Chief of Staff's team to make better use of customer insight to inform and shape services and improvements as well as linking in with the Institute's

communications strategy to proactively push out information about the Institute's activities. The Committee expressed a wish to see a breakdown of the categories of enquiry the next time this item is discussed.

Action 2: The Chief of Staff's team to develop a system for categorising correspondence enquiries and to liaise with the Communications Team to consider how best to use customer insights.

6. External audit update

6.1. Paul Holland provided a verbal update on the NAO's interim audit following up on their recommendations in last year's management letter. Paul noted that some Institute finance processes were quite labour intensive and there was further scope for streamlining and improving the accuracy of data provided by the DfE to the Institute. The Committee noted that the Institute had made good progress in strengthening its financial and budgetary processes.

6.2. Paul confirmed that the NAO audit focus for 2018-19 would include the development of the financial assurance framework and the Annual report and accounts.

6.3. The year end audit is planned for commencement on 21 May 2019 and the audit is expected to go smoothly.

7. T Levels and risk

7.1. The ARAC on 6 December 2018 discussed the risks associated with the Institute's remit for delivering Technical Education (TE) and requested that Carmel Grant should provide an update.

7.2. Carmel confirmed that DfE TE risk management is aligned with the Institute's risk approach and that the Institute was working closely with DfE to provide and gain assurance that risks attributed to both parties are being effectively managed. Carmel made the following additional points:

- The Technical Education Reform Programme will fundamentally change post-16 education; any such ambitious change programme inevitably involves managing risks of varying complexity.

- Effective risk management has featured heavily in the design of the tender and contractual documents and the Institute's implementation of Wave 1 T Levels.

- Risks are a key feature of the Institute and DfE TE governance process; risks are included on dashboard reports and discussed at each programme board meeting.

- Risks are also reviewed in meetings with the Ofqual / DfE TE programme management offices.

- The Accountability Statement and Strategic Guidance detail the Institute and Departmental roles and responsibilities, clearly denoting the ownership of the associated risks.

- The Institute is developing a joint risk-register with Ofqual to cover management of awarding organisations (AOs).

8. Government Internal Audit Agency (GIAA) progress update and Financial Management engagement

8.1. Russell Broad introduced an update on the Internal Audit Progress Report for 2018-19 and GIAA activity since the 6 December Committee. Russell noted that the actions of Financial Management Processes had been completed and that no errors had been found in the testing. Russell confirmed that the completion of actions would be checked in the year end compliance audit.

9. GIAA 2019-20 audit plan

9.1. Russell Broad outlined the approach to developing the GIAA 2019-20 internal audit plan. The broad areas of risk to be covered included T Level procurement, funding, external quality assurance and a year-end health check. The Committee supported the coverage and approach and asked that plan should be kept under review. Russell agreed and noted that the audit plan also included nine days for customer engagement and management.

10. Finance and Assurance Framework

10.1. Bolaji Mos-Shogbamimu introduced a discussion on the Finance Assurance Framework. Bolaji set out the background to developing the Framework which included drawing on guidance produced by HM Treasury, the Chartered Institute of Auditors, the Department for Education as well as meetings with NAO.

10.2. Bolaji explained that compliance with the Framework would help the Institute assure against its corporate objectives as detailed in the Business Plan and the actions required to mitigate risk identified and articulated in the Risk Register.

Bolaji emphasised that the Framework was a living document and would be updated in-line with business growth.

10.3. Russell Broad welcomed the framework and emphasised the need to expand it to include assurance on areas of control in finance, fraud and HR whilst agreeing the frequency of update. Members agreed the framework once complete, would be a useful tool for Senior Management.

10.4. Paul Holland noted that the document would feed into the NAO audit. The Committee affirmed that the Framework would be an essential management tooland confirmed it was content with the approach and progress to date.

11. Finance Report

11.1. Peter Schild introduced the Finance Report. Members noted that the growth in budget was due to on-boarding T Levels. For 2019-20 the overall budget has some financial challenges that will be managed in-year.

11.2. The Committee discussed the Institute's IT strategy and noted the developmentalwork underway to further digitalise processes. The Committee asked that IT should be included as a 'house keeping' item at a future ARAC meeting.

12. Any other business

12.1. None.

Next meeting date

12.2. The next Audit and Risk Assurance Committee meeting will take place on 19June 11:00-13:00 in Room 1, 151 Buckingham Palace Road, London.

Author

Institute Secretariat

Date created

16 May 2019