

MINUTES

Meeting Title: Audit and Risk Assurance Committee (12 December 2019)

Date of Issue: 2 April 2020

Protective marking: Official

Attendance

- Toby Peyton-Jones - Committee Chair, Board member, the Institute
- Jennifer Coupland - Chief Executive, the Institute
- Stephanie Krogmann - Audit Manager, National Audit Office (NAO)
- Colin Wilcox - Engagement Director (NAO)
- Catherine Andrews - Head of Government Internal Audit Agency (GIAA)
- Martin Doel - Independent Committee member, FETL Professor of Leadership in Further Education and Skills, UCL Institute of Education
- Peter Schild - Chief Financial Officer, the Institute
- Rob Nitsch - Chief Operating Officer, the Institute
- Chris Morgan - Deputy Director - Commercial
- Surrinder Bal - Head of Programme Office, the Institute
- Anna West - Deputy Director Funding, the Institute
- Matt Cooper - Head of Finance, IT & Procurement
- Stuart Proud - Deputy Finance Director (ESFA)
- Committee Secretariat - Chief of Staff's Office, the Institute

Apologies

- Kristofer McGhee - Head of Legal, the Institute
- Dame Fiona Kendrick - Board member, the Institute

1. Welcome and introductions

- 1.1. The Chair welcomed participants to the meeting and welcomed Jennifer Coupland (Institute CEO), Catherine Andrews (GIAA), Colin Wilcox (NAO) and Stuart Proud (ESFA) to the meeting.

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.

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 noted the importance of the Committee expertise in maintaining a high level of scrutiny of the risk management approach.
- 3.2. The Committee acknowledged the work to review and refine the controls within the Risk Register. The Committee agreed that risks should reflect new mitigations to further streamline processes and noted the additional mitigations to engage with stakeholders that had been put in place. In summary, the risks identified had not materialised and no changes were made to risk appetite levels.

Action 1: Corporate Services Team to review wording of the risks on the register to ensure risks remained relevant and manageable.

4. Payroll, HR and Expenses Project update

- 4.1. The Institute's Chief Financial Officer (CFO), Peter Schild, introduced this item by noting that commercial negotiations had progressed well and plans for alignment and bespoke data sharing with the DfE were on track. The Institute had now on-boarded a new Payroll Manager who had previously worked for Midland HR.

5. Quality framework - overview

- 5.1. The Institute's Chief Operating Officer, Rob Nitsch, introduced this item by setting out an overview of audit and compliance with regard to the apprenticeship programme, T Level Technical Qualifications and the Institute's emergent approach to quality assurance and compliance.
- 5.2. The Committee recognised that the apprenticeship quality system was multifaceted and relied on a number of different organisations with variable enforcement measures. While both the Quality Alliance and the Institute had an

acknowledged leading role to play in driving the consistency of quality by promoting best practice there remained a challenge to further strengthen the wider quality assurance framework. The Committee noted that it was important that the Institute should continue to engage on this issue at the Apprenticeship Programme Board level and that the Institute could assist by providing some thought leadership in the area around the concept of Programme Quality Agenda.

- 5.3. The Committee noted the intention to develop an internal Assurance and Compliance capability and that this would be more coherent if aligned with the ARAC rather than the QAC.

Action 2: Jennifer Coupland, supported by Stuart Proud and Toby Peyton-Jones to support the Department in the further development of an apprenticeship quality system.

Action 3: The internal audit and compliance capability to be aligned with ARAC.

6. NAO Audit Planning Report 2019-20

- 6.1. Colin Wilcox introduced this item by outlining the details of the NAO's proposed approach for the audit of 2019-20. Colin noted that the audit would focus on financial related risks and would include a presumed risk of management override controls (this is a requirement under International Standards of Auditing). Colin stated that that the NAO had not registered any significant risks for further action.
- 6.2. Colin suggested that the Committee should consider including a paper review of fraud and report to the Committee if any instances had been identified. Peter Schild confirmed that no instances of fraud or whistleblowing were identified or reported during the previous quarter.

Action 4: The CFO to include in future finance or risk updates any reported instances of fraud or whistleblowing.

7. A) GIAA Institute Progress Report

- 7.1. Catherine Andrews introduced this item by confirming that GIAA had completed their review of Funding Band Strategy and provided a moderate opinion. Catherine noted that they would continue to work closely with the Funding Team on the procedures, monitoring and approval steps that were being reviewed to improve overall transparency of funding band recommendations.

- 7.2. Catherine stated that GIAA had continued to monitor progress on previously agreed audit management actions and that overall good progress continued to be made in addressing agreed actions with a number of these being completed by management. These will be verified by GIAA in the year end health check.
- 7.3. The Committee asked if the planning process for 2020-21 had been commenced and was reassured that GIAA were working closely with Institute colleagues to create a draft plan before the end of the calendar year. Catherine asked that the Committee should provide their views on topics for future audits.

7. B) Final Internal Audit Report

- 7.4. Catherine presented to the Committee the Final internal audit report. She noted that the Institute had received a Moderate opinion which indicated that 'some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.' Catherine also set out the recommendations for the management action plan. Anna West noted that the audit was helpful in providing fresh perspectives and providing an opportunity to revisit internal guidance in order to achieve better consistency across work streams.

Action 5: Anna West to manage the GIAA recommendations on funding improvement.

8. Professionalisation of the commercial function

- 8.1. Chris Morgan introduced this item by summarising the work of the Institute's Commercial Team to introduce a programme of professionalising Commercial activities for the Institute and building a specialist team to undertake the Procurement and Contracting of T Level Awarding Organisations.
- 8.2. The Institute was also developing expertise in two additional areas - Contract Management and Commercial Analysis with an expectation of providing support and intervention across the Institute.
- 8.3. The Committee was keen to understand the levels of professional certification for post holders. Chris confirmed that four post holders would have full MCIPS (Chartered Institute of Procurement and Supply) and there was a requirement for the contract management team to undertake IACCM (International Association for Contract & Commercial Management) training.

8.4. The Committee asked for a further update on progress in 2020.

Action 6: Committee secretariat to include in forward look item on the Institute's commercial skills.

9. Finance Report

8.1. The Committee were invited to note that the Institute is currently forecasting to stay within budget and supplementary estimate.

10. Any other business

8.2. The Committee asked that the Institute's procurement policies should be included in a future discussion.

Action 7: Committee secretariat to include in the 'forward look' an item on the Institute's procurement policies and revise forward look for the next meeting.

Next meeting date

8.3. The next Audit and Risk Assurance Committee meeting will take place on 23 March 2020, 11:30-13:30 in Room 1, 151 Buckingham Palace Road, London.

Author Institute Secretariat

Date created 23/12/2019

Version FINAL