

MINUTES

Meeting Title - Audit and Risk Assurance Committee (6 December 2018)

Date of Issue - 14 March 2019

Protective marking - Official

Attendance

- Toby Peyton-Jones - Committee Chair, IfA Board member
- Sir Gerry Berragan - Chief Executive, IfA
- Kate Barclay - Chair of the Approvals and Funding Committee, IfA Board member
- James Eyre - 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 Education and Skills, UCL Institute of Education
- Peter Schild - Chief Financial Officer, IfA
- Matt Cooper - Interim Financial Accountant/Head of Finance, IfA
- James Matthews - Chief of Staff, IfA
- Lorrina Christie - Head of Digital Services: Digital Services and Data Science, IfA
- Surrinder Bal - Head of Programme Office, IfA
- Kristofer McGhee - Head of Legal, IfA
- Committee Secretariat - Chief of Staff's Office, IfA

Apologies

- Sarah Whitehead - Deputy Director, Financial Management: ESFA, Strategic Finance Directorate

1. Welcome and introductions

- 1.1. The Chair welcomed participants to the meeting including Kate Barclay, Chair of the Approvals and Funding Committee and Institute for Apprenticeships (Institute) Board member.

2. Minutes and actions from the last meeting

- 2.1. The Committee reviewed the minutes and actions of the last meeting. The Committee confirmed that all outstanding actions were now complete/closed.

3. Risk - new approach to managing

- 3.1. Surrinder Bal noted that the Institute's current risk management approach had been developed at an early stage in the life of the organisation. Surrinder outlined the Institute's responsibilities on risk management, and proposed a revised approach to the organisation's risk management approach and risk appetite. These were not comprehensive changes to the risk framework but changes made to the risk approach and appetite in light of; recommendations from the last ARAC meeting, revisions to the Institute's programme governance arrangements, a review by our Senior Management Team and the Institute's preparation/ readiness for Technical Education.
- 3.2. The Committee discussed the key features of risk escalation. The revised process will better enable risk to be elevated directly by Deputy Directors in clear stages with oversight by the ARAC. The Board and the CEO may also direct risks that are to be considered and mitigated. The Committee noted that the original framework proposed six types of risk and that this had been reduced to four to give more definition to the risk areas and enable a simpler and more consistent application of risk appetite judgement.
- 3.3. The Committee expressed strong approval for the proposed approach and suggested that once a year the Board should formally review the entire risk register in addition to the high level strategic risks as part of an annual review.
- 3.4. Surrinder also explained that the Department for Education (DfE) were reviewing alignment of risk management systems across the Department. The Institute Programme Management Office had reviewed the DfE's risk management plan and were engaged with the Department at an operational level and through the Institute's representation on the DfE network of ALBs. The Committee noted it

was important that risks were regularly assessed and consistently recorded, elevated and managed across the different organisations.

- 3.5. The Committee was keen that both the Institute and the DfE Technical Education team must be clear where ownership of risk lay and which risks we need to monitor closely given they could impact T Levels. The Committee asked that the executives should look further at DfE/ESFA Apprenticeships programme dependency risks so that the Institute has a more informed view on risks.

Action 1: Secretariat to ensure the Institute risk register is discussed in the round at Board meetings in addition to being reviewed annually alongside strategic risks.

Action 2: Secretariat to ensure a discussion on the Institute's risk alignment with the DfE through Sponsors and linking with Apprenticeships and T Levels Programme Management Office.

Action 3: Executives to arrange to share and where practicable align risk approach with DfE in relation to Technical Education.

Action 4: James Eyre to share DfE slides of how risk is managed in the DfE.

4. Risk register

- 4.1. Surrinder introduced the risk register, drew attention to the Institute's responsibilities on risk management and proposed a revised approach to the organisation's risk management approach and risk appetite.
- 4.2. The Committee asked that emerging risks should be brought to the next Board meeting.
- 4.3. The Committee discussed the risks associated with the Institutes remit for delivering Technical Education. Surrinder noted that the Institute risk register had been updated in line with DfE risks on T Levels. Carmel Grant should be invited to the next ARAC meeting to discuss T Levels and associated risks.
- 4.4. The CEO informed the Committee that the Institute was working with the Government Property Agency on securing longer term accommodation in London once the lease on the current premises expires.

Action 5: Secretariat to invite Carmel Grant to the next ARAC meeting.

Action 6: Secretariat to ensure that the long term arrangements for the Institute estate is brought before the Board for discussion.

5. Terms of reference

5.1. The Committee discussed the Terms of Reference (TOR) for the Committee which was first written in June 2017. The Committee agreed that the purpose of the Committee was to support the Board in its responsibilities in terms of control, governance and risk management. The Committee confirmed that the remit for its work would include:

- strategic processes for risk, control and governance;
- the oversight and clearance of the Institute's annual report and accounts;
- the planned activity and results of internal and external audit;
- assurances relating to the management of risk and corporate governance requirements for the organisation; and
- anti-fraud and whistleblowing processes.

5.2. The Committee agreed the quorum should be two members of the Committee.

5.3. The Committee also explored how to bring some external challenge to its work and asked that the Institute's Head of Legal should work with the Programme Office on this matter.

5.4. The Committee reviewed the new forward look document which is designed to help the Committee plan its work over the next year. Suggestions for inclusion on the forward look included:

- an item on Institute procedures e.g. Information management, enquiry handling, management of appeals etc at each meeting.

Action 7: Secretariat to ensure the TOR is updated in line with discussions between the Head of Legal and the Programme Office and circulated to members.

6. Internal Audit Progress Report 2018-19

6.1. Russell Broad provided a verbal update on progress on the Internal Audit Progress Report 2018-19. Planned delivery is currently slightly behind where

expected, but the engagement on Financial Management processes, agreed as a change to the audit plan at the previous ARAC, is nearing completion.

- 6.2. The Committee noted assurance that a communications plan had been updated and gone to the Institute's Board.

7. Institute finance management processes

- 7.1. Russell confirmed that good progress had been made with finalising the internal audit and the final actions were with the GIAA before releasing the report to the Institute.
- 7.2. Russell confirmed that a draft report and opinion would be presented to the March ARAC for discussion and approval. The Committee asked that the report should be circulated with any relevant commentary.

Action 8: Russell to circulate internal audit report with commentary prior to discussion at the March ARAC.

8. Governance Framework update paper and Framework document

- 8.1. Chief of Staff, James Matthews, introduced this item and explained that it was timely for the Committee to review the framework to ensure it fully reflected the new structure and responsibilities of the Institute (particularly with regard to Technical Education; T Levels Technical Qualifications).
- 8.2. James reported that the team had engaged with the Institute's Corporate Services team and the DfE throughout the process and had ensured that their views were fed in. James drew the Committee's attention to the following areas where the framework had been updated:
- structural changes, including T Levels;
 - NAO recommendations following the initial audit of Accounts;
 - statutory and legal change; and
 - financial.
- 8.3. The Committee welcomed the clarity of language in the framework and the way it was aligned with the strategic guidance for the Institute and to the Apprenticeships and T Levels Accountability Statements.

8.4. The Committee discussed financial delegation and agreed with the revised delegation limits set in line with DfE and Cabinet Office and the delegated authorities. Paul Holland agreed to confirm with Cabinet Office what the current spend controls are and where approval must be sought. He advised the Chief Financial Officer, Peter Schild to review the Cabinet Office controls. The Committee also asked that the Institute Finance team should review the number of signatories required for expenditures.

8.5. The Committee requested that the Code of Conduct should be moved to the forefront of the document to set the tone. James Matthews agreed to include a summary and diagram of the Institute's Board and Committee structure in the next iteration of the framework and to circulate the framework in time for the next Board meeting.

Action 9: Paul Holland to confirm with Cabinet Office spend controls.

Action 10: Peter Schild and Finance team to review Cabinet Office controls and work with the DfE to confirm new limits/process for the delegated budget.

Action 11: James Matthews to move the Code of Conduct to the forefront of the framework.

9. Finance Report and Finance and Assurance Framework update paper

9.1. The Chief Financial Officer, Peter Schild, confirmed that the 2017/18 Annual Report and Accounts were laid in Parliament in October. The 18/19 forecast has now been finalised with the DfE. Revised internal budgets will be issued once a revised delegation letter has been received from the DfE.

9.2. The Committee discussed recruitment to the Institute and members were keen that the focus should be on quality – recruiting for behaviour and training for skill. The Committee stressed the vital importance of creating a positive internal culture with a strong induction process in place.

9.3. Matt Cooper updated the Committee on the Finance and Assurance Framework. A thorough review of the existing document is taking place and a draft will be circulated in good time for the next ARAC meeting.

Action 12: Finance team to circulate a draft of the Finance and Assurance Framework for the next meeting of the ARAC.

10. AOB

10.1. The Committee asked that the HR dashboard should be included in papers for the Board once a year.

10.2. Martin Doel asked the secretariat to consider collating Committee papers into a single document.

10.3. Kate Barclay extended an invitation for members of the Committee to attend the Approvals and Funding Committee.

10.4. The Committee expressed its warm thanks to James Eyre for his work in the Committee and wished him good luck in his new role.

Action 13: Chief of Staff's team to ensure Board is sighted on HR dashboard from the CFO.

Action 14: Chief of Staff's team to consider collating papers as a single document.

Next meeting date

10.5. The next Audit and Risk Assurance Committee meeting will take place on 21 March 2019, 11:00-13:00 in Room 1, 151 Buckingham Palace Road, London.

Author Institute Secretariat

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Version Cleared by the Chair, Toby Peyton-Jones