

INSTITUTE FOR APPRENTICESHIPS & TECHNICAL EDUCATION AUDIT AND RISK ASSURANCE COMMITTEE

Meeting Title	Institute for Apprenticeships & Technical Education Audit and Risk Assurance Committee
Meeting Date	9 December 2021
Protective marking	Official
Board members present	Jennifer Coupland (JCou); Dame Fiona Kendrick (FK); Toby Peyton-Jones (TPJ) – Chair
Independent committee members present	Professor Martin Doel (MD)
Institute officials present	Peter Schild (PSch), Carl Purkins (CP), Surrinder Bal (SB), Simon Love (SL) (Item 10a)
Other stakeholders present	Catherine Andrews, GIAA (CA); Jennifer Dorrell, NAO (JD), Jayne Graham (GIAA), Tika Khan, ESFA (TK)
Apologies	None

Welcome, introductions and declarations of interest

1. Toby Peyton Jones (the Chair) welcomed committee members and participating officials to the meeting.
2. The Chair asked committee members whether they had any declarations of interest to make. All committee members recognised that should a potential or actual conflict arise by virtue of their other interests (outlined in the declaration of interests) then it must be raised at the outset of the relevant meeting which deals with the issue giving rise to the actual or potential conflict. No actual or potential conflicts were declared for this meeting.

Minutes and actions from the 16 September 2021 meeting

3. The committee approved the minutes from the meeting held on 16 September 2021.
4. The committee were referred to the ARAC record of actions (from December 2020), where ARAC's agreement was sought to close three outstanding actions as they were covered in the 9 December record of actions; ARAC agreed to close the following actions:
 - *11 March 2021- To add cyber security to the ARAC forward look*
 - *11 March 2021- Include assurance framework on the ARAC forward look*
 - *17 June 2021- Include business continuity systems risk*
5. A recommendation to keep an action open -*11 March 2021- ARAC self-evaluation* was made, as the ARAC forward planner allowed for some evaluation work in March 2022

Follow up of audit actions

6. ARAC noted the progress that had been made against the GIAA audit recommendations.
7. With reference to the *19-20 Apprenticeship Funding Band Strategy*, ARAC agreed for this audit action to be moved to the GIAA audit commitment; the GIAA would then identify a date to bring an update of this action back to ARAC.

Action: CA to provide CP with a date to bring back the 19-20 Apprenticeship Funding Band Strategy update to ARAC; CGT to include this date on the forward look for future ARAC meetings.
8. The GIAA informed ARAC that they had not received evidence that the 20-21 Apprenticeships – Trailblazers and Route Panels recommendation had been implemented. The GIAA was advised that the substance of the audit had been completed.

Action: CP to provide CA with evidence of completion.

Risks – strategic overview and update

9. ARAC was advised that since the September ARAC meeting, a management board meeting took place where it was agreed to assign deputy owners to risks; the deputy owners would then do a deep dive into risk assessment, appetite, action, and

tolerance at the level of each strategic risk.

10. The committee was advised that the Institute had a plan in place, (annex a), which would assign deputy risk owners to ensure that risks were being assessed appropriately and had the right risk appetites.
11. The committee welcomed the news that deputy risk owners had been assigned and that there was a methodology in place for driving the risk. The committee noted two areas of uncertainty; business planning and; ALB review, with the uncertainty of the ALB review being around recommendations and not risk.
12. It was noted that key officials had been drawn in to the ALB review which had caused people to consider consequential outcomes; a concern was raised that there were cross cutting issues such as the treatment of the education policy, the risk of how it was governed and the scope of governance on it, which could result in the Institute not being able to maintain its employer lead approach.
13. The committee observed that the impact of changes to the awarding body market was something to consider and was a sensible addition to the process.
14. The committee informed the Institute that it was happy with the running order of risks (annex a).

Governance Review- Review of ARAC Terms of Reference

15. ARAC was presented with the proposed Terms of Reference (ToR) for the committee which adopts the HM Treasury model. A recommendation was made to remove the paragraph within the ToR, which gave committees the right to co-opt and commission work. ARAC was advised that the constitution and effectiveness of committees should be reviewed every 12 months as part of good practice.
16. ARAC agreed to the adoption of the revised ToR.

Governance Review- Scheme of Delegation

17. The committee was informed that the scheme of delegation was set in two parts; delegation from DfE to the accounting officer and; delegation from board committees to the executive. Good progress has been made to update the existing DfE delegations content to match the Framework Agreement recently renewed with ESFA.
18. It was observed that a virtual meeting of the board was scheduled to take place in February; a suggestion was made to bring the Scheme of Delegation back then for approval.

Action: Governance team to coordinate comments on the Scheme of Delegation and tie them in to the framework.

Institute assurance framework

19. The committee was presented with the Institute assurance framework partially based on the DfE framework and [which] included treasury risk indications.
20. The Chair observed the amount of work which had gone into the framework and requested that a focus was given on a risk or area which could then be brought back to the committee as an exemplar.

Action: CP to bring back an exemplar of an area to ARAC

Government Internal Audit Agency (GIAA)

21. The GIAA advised the committee that a draft report for commercial arrangements was issued.
22. ARAC was advised that with regards to the governance and assurance, the GIAA was at the point where they were looking at the assurance function. The GIAA further advised that they would want to see some focus, or some way of showing the linking to strategic risk.
23. The GIAA informed the committee that they were looking at the internal audit plan for 2022-23 and beyond, with a view of developing a three year rolling plan; the GIAA invited ARAC to suggest any areas for inclusion in the plan.
24. The committee was reassured that in terms of the key areas [highlighted in the GIAA report], the Institute's direction of travel was where it needed to be.

National Audit Office (NAO)

25. The NAO introduced Neil Harris and Clement Odeh from Ernst & Young (E&Y) who would now be responsible for delivering the audit.
26. Neil Harris informed the committee that E&Y had recently secured the framework contract with NAO for the ALB's. It was further advised that Clement Odeh, external audit manager, was providing support to Neil Harris who was taking responsibility for the shadow audit report for the NAO.

27. The committee was advised that E&Y had reviewed the Institute's risk register and forward financial position, some of which were driven by professional audit standards. E&Y recommendations included a heightened risk in revenue and fraud.
28. PSch informed the committee that he had received the report from E&Y and had provided feedback.
29. The Chair welcomed E&Y to the ARAC.

Finance report

30. ARAC accepted the financial update. The Chair observed that in terms of the spending review settlement and the administration budget, the institute needed to keep on track with VfM and efficiency.

Deep dive- Business Continuity

31. ARAC received the Business Continuity paper and were drawn to the following key areas:
 - The Institute's direction of travel has not changed since the paper was written
 - Focus would be given to high risk areas: digital strategy, denial of place- office space and failure of a major key supplier.
 - The Institute was following the three activity model: prepare, implement and learn.
32. The committee was advised that with regards to the define line, there had been a pause, but that the Institute was working hard to get back to speed by working with teams in corporate affairs.
33. The committee observed that within other organisations there was a contingency plan and that the plan needed to be made very clear to people. A suggestion was made to deliver live training, using real scenarios as opposed desktop training, to ensure that people were engaged.
34. The committee agreed that this would be brought back to ARAC in six months for review.
35. It was noted that with regard to cyber security, the Institute was reliant on the DfE provisions. ARAC was advised that the DfE was moving to a new provider and that while the Institute had a plan in place here, it would be filled in with the DfE plans going forward which starts in January 2022.

Deep dive- HTQ

36. ARAC noted the HTQ deep dive risk paper. It was observed that the risk process resembled the T Levels process; the committee was advised that the lessons learned and knowledge gained from the T Level experience, would be passed on to the level 3 team. ARAC was informed of the top risks which included the demand of HTQ approval being dampened; mitigations in place included the use of existing data sets to identify large potential applicants by learner numbers, and actively engage with them to see if they were interested in signing up for cycle 3. ARAC noted the HTQ deep dive risk paper.

Feedback from most recent ALB ARAC chairs' meeting

37. The chair advised ARAC that the main thing to note from the ALB chairs meeting was that all ALB's and Government departments were expected to provide documentation of their Covid-19 response. ARAC was informed that a Covid Response Oversight Group (CROG) was set up in response to the pandemic and that records of CROG meetings and the adjustments that were made as a result of the pandemic, were saved.

Action: PSch to provide details of the Institutes response to Covid-19.

38. Further feedback from the Chair's ALB's meeting included discussions around sponsorship arrangements, ESFA review and the spending review.

ARAC 2021-22 agenda's forward look

39. ARAC noted the forward look. It was observed that colleagues from the GIAA and NAO should have an input in to the forward look.

Action: GIAA and NAO colleagues to review the forward look and advise the governance team of any items which should be included.

Next committee meeting

40. The next ARAC meeting is scheduled to take place on 10 March 2022; a request was made to reschedule this date as not all ARAC members could make that date.

Action: Governance team to look for an alternative ARAC meeting date in March 2022.

Any other business

41. Dame Fiona Kendrick made a reference to the Secretary of State letter in response to T Levels and the Skills Bill. It was observed that ARAC should be alert to any possible risks as a result.

Meeting finished at 13:02

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