

## INSTITUTE FOR APPRENTICESHIPS & TECHNICAL EDUCATION AUDIT AND RISK ASSURANCE COMMITTEE

Meeting Title	Institute for Apprenticeships & Technical Education Audit and Risk Assurance Committee
Meeting Date	16 June 2022
Protective marking	Official
Board members present	Jennifer Coupland (JCou); Sir Peter Estlin (PE) (Non-Executive Director) (Chair), Dame Fiona Kendrick (FK) (Non-Executive Director).  Professor Martin Doel (MD) (Independent member)
Institute officials present	Peter Schild, Chief Financial Officer (PSch); Audit and Assurance Team Lead (CP); Finance Lead (MC), Head of PMO (SB); Risk Lead (BA); Financial Accountant (RK) (Observer); Financial Controller (JK) (Observer); Avril Cooper, HR Director (AC); Mohammed Ali (MA) (Governance Team)
Other stakeholders present	GIAA representatives (CA); NAO representative (JD, AR); Ernest & Young representatives (for NAO) (NH, CO) and Deputy Director, Skills & Regional Group Finance Business Partners Division, (DfE) (JM).
Apologies	None

### Welcome, introductions and declarations of interest

1. Sir Peter Estlin (the Chair) introduced himself as the new Chair and welcomed committee members and participating officials to the meeting. The Chair thanked the outgoing Chair Toby Peyton-Jones for his hard work and steering the committee over

the previous years.

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 or otherwise) 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 conflict of interests were declared.

### **Minutes and actions from previous meeting**

3. ARAC approved the minutes from the meeting held on 17 March 2022.
4. ARAC agreed to close all the actions from the previous meeting.

### **Follow up of audit actions**

5. ARAC noted the progress that had been made against the GIAA audit recommendations. ARAC heard that all actions are complete and there is nothing outstanding.
6. At the March ARAC, the committee were informed that one action remained outstanding from the 19-20 audit plan (Counter Fraud). ARAC requested that work against this action was expedited. IfATE has completed the base required actions of this recommendation and development of the IfATE's Counter Fraud culture continues, with steps being taken to ensure it addresses the principles of the GovS013 Counter Fraud Government Functional Standard. ARAC agreed to consider IfATE's progress in a Deep Dive review in September 2022.

### **Update on ALB ARAC Chairs meeting**

7. FK updated ARAC on the meeting she attended in relation to ALB ARAC Chairs. ARAC noted that the key items considered were around organisational issues and timings of submission of annual reports. A further meeting attended by FK was the GIAA ARAC Members event, which took place on 25 May 2022, the theme of the event was "Levelling Up" and included speakers from the Levelling Up Taskforce (Cabinet Office), the National Audit Office, Chartered Institute of Internal Auditors and Deloitte's, followed by a discussion. The areas discussed included exploring risk

changes, cyber/data security, digital disruption, changes in legislation, human capital diversity/talent management and climate change.

## **Risks – Strategic Overview and Update**

8. ARAC received an update on strategic risks. ARAC were appraised on the proposal to adjust the risk rating for the IfATE risk on employer confidence. ARAC discussed and agreed that the 'probability of occurrence' had moved from 'unlikely' to 'likely' following IfATE Board member feedback; noting that the severity of impact remains at 'moderate' therefore the overall residual position remains the same.
9. Progress against Deep-Dives instigated by ARAC; to date, Deep-Dives have been delivered against Risk 3 (Institute Products) and Risk 1 (Employer Confidence). The outcomes from the Deep-Dive of Risk 1 were provided to ARAC for information. Deep-Dives against the remaining portfolio will commence from June – September.
10. ARAC noted the paper on Geopolitical Risks: Russia-Ukraine Conflict - Appraisal of Emerging Risks and next steps (IfATE undertook insights work and the IfATE Board and ARAC have been appraised of emergent risk themes).
11. In relation to risk around headcount discussions, IfATE are looking at position as of 2025. This work will be further developed including producing mitigations and submitted to IfATE Board as part of substantive discussion. FK suggested headcount work needed executive level modelling.
12. The committee received an update from IfATE around embedding the risk framework, this has included the development of the risk toolkit and operational risk register. This work is being shared across IfATE.

## **National Audit Office (NAO)**

13. NH introduced the NAO Audit completion report including management letter on the 2021-2022 financial statements audit. NH thanked the IfATE finance team for their collaboration with the NAO in this regard. Auditors reflected that IfATE had a noteworthy set of accounts, systems, and processes.

14. ARAC were asked to review the findings set out in this report, including the audit certificate and draft letter of representation; and review the internal control findings, including the progress against prior year recommendations.
15. NH signposted ARAC on future developments in auditing standards, notably the International Standard on Auditing (ISA) 315 (Revised), identifying and assessing the risks of material misstatement through understanding the entity and its environments (understanding of business processes).
16. ARAC requested revision to the letter of representation to add further clarity.

### **Government Internal Audit Agency (GIAA)**

17. CA (GIAA) presented two items:
18. Draft internal audit annual opinion report 2021-22 - GIAA have a “Moderate” opinion for the year. This recognises the work being done on the control environment and states next step is around ensuring organisation wide compliance.
19. Final Internal Audit Report – Governance and Assurance. The GIAA report gives a “Moderate” opinion, noting the IfATE governance toolkit is fit for IfATE’s purpose, and the improvements made to assurance mapping. GIAA have recommended embedding governance arrangements. GIAA will continue to work with IfATE where value can be added further.
20. ARAC was also asked to note GIAA’s Audit and Risk Assurance Committee report supplement for information.

### **Institute assurance framework**

21. CP introduced this item and presented to ARAC the progress made on the development of IfATE’s Assurance Framework. The aim of IfATE’s Assurance Framework is to harness the multiple assurances received to provide a transparent, sufficient, continuous, and reliable assurance on IfATE’s systems of internal control, including organisational stewardship and the management of major risks.

22. ARAC noted the Assurance Mapping exercise which indicates that IfATE has an appropriate level of assurance over its internal control framework, satisfying its requirements for effective oversight and accountability.

23. ARAC welcomed the work around assurance and requested that the Audit and Assurance Team highlights what is perceived to be the highest risk areas, correlating this to the level of assurance and the management and second line controls in place and tolerance levels.

### **Finance report**

24. MC provided an update to ARAC on the finance report. Further ARAC endorsed the draft Annual Report and Accounts 2021-22, which will be submitted to the Board for approval. The ARA was previously discussed at the ARAC working group on 7 June 2022.

### **ARAC 2021-22 agenda's forward look**

25. ARAC considered its work programme for the next 3 meetings. ARAC requested the forward look programme to be circulated to members. Further ARAC requested a standing item on people/ linked to finance report with resource / attrition details.

### **Any other business**

26. ARAC agreed to consider at the next meeting the spend trajectory for the coming years, and linkage to any staff reductions as part of the cross-government workforce efficiencies.

27. JCoU updated ARAC on the work IfATE is undertaking regarding an approvals process for the L3 technical qualifications.

Meeting finished at 15:32

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