Audit & Risk Assurance Committee

15 March 2017

Aviation House, Room 802

Minutes

# Present

Linda Farrant – Chair Ofsted Board Member

John Hughes Ofsted Board Member

Venessa Willms Ofsted Board Member

Matthew Coffey Chief Operating Officer

Louise Grainger Director, Finance, Planning & Commercial

Simon Helps External Audit (National Audit Office)

Lucy Abraham External Audit (National Audit Office)

Jane Forbes Internal Audit (PricewaterhouseCoopers)

Chris Monks Internal Audit (PricewaterhouseCoopers)

Saba Pooni Audit and Governance Manager (Secretariat)

# Summary of Action Points

Draft Annual Internal Audit Plan 2017-18

1. Linda Farrant to seek assurance from Paul Snell (non-executive board member) with reference to safer recruitment and self-declaring any criminal or safeguarding records by staff.

# Chairman’s introduction, declarations of interest, minutes and matters arising

* 1. Linda Farrant opened the meeting and welcomed members. Introductions were made and apologies were noted from Amanda Spielman, Her Majesty’s Chief Inspector and Charlotte Hill, National Audit Office.
	2. Members accepted the minutes as an accurate record of the Audit and Risk Assurance Committee meeting held on 18 January 2017.
	3. Members noted all previous actions were complete with the exception of one action on how the risk management policy works in practice, which will be completed by the next meeting., John Hughes will be attending the Chief Operating Officer’s delivery management meeting to gain additional assurance of Ofsted’s approach to risk management.
	4. Linda Farrant has agreed, with the Ofsted Chair, that the risk report will be presented to every other Ofsted Board meeting unless there was substantive changes.

# Report from Chair and Members

* 1. Members noted that Linda Farrant and John Hughes attended a second deep dive session on the Early Years insourcing project, in January. They were encouraged and assured by the amount of planning and preparation that has gone into the insourcing of Early Years. Members noted that the feedback from the session had been considered at the recent EY steering group and will be acted upon. Members also noted an internal assurance review on operational readiness has been conducted.
	2. Members noted that John Hughes had an introductory meeting with the Director, Corporate Strategy, Luke Tryl.

# External Audit update

* 1. Members noted the NAO’s interim audit visit for the 2016-17 financial statement audit took place during January/February 2017. They undertook testing of the following areas: Trial Balance, Journals, Payroll and Starters and Leavers, Expenditure and Income.
	2. In terms of value for money studies, members noted the capital funding for schools report was published in February 2017. Fieldwork has commenced for converting schools to academies (publication planned for autumn 2017) and supporting and improving the teacher workforce (publication planned for June 2017).
	3. Members noted the planned value for money study on the work of Ofsted (due for publication in 2017-18), the scoping for this study will commence imminently. The NAO team have been in touch to arrange meetings. Linda Farrant noted that this work would be overseen by the Executive and the Ofsted Board rather than the Audit and Risk Assurance Committee
	4. Members noted the NAO’s letter of understanding which was duly signed by Her Majesty’s Chief Inspector.

# Internal Audit update

* 1. Jane Forbes presented a high level timetable and summary of the audit activity to date for the delivery of the 2016-17 Internal Audit Plan.
	2. Members noted they have completed the fieldwork on Contracting with Ofsted Inspectors and the final report is scheduled for presentation to the June Audit and Risk Assurance Committee which completes the 2016-17 audit programme.
	3. Members noted the feedback questionnaires which are completed by audit sponsors will be presented to the June Audit and Risk Assurance Committee.
	4. Jane Forbes as Head of Internal Audit concluded informally that to date, there are no high risk findings and in her opinion risks, controls and governance are adequate and effective with no areas of concern.

# Issued Internal Audits reports

* 1. Jane Forbes reported that since the last Audit and Risk Assurance Committee meeting on 18 January 2017, PwC have issued four final reports. They have completed fieldwork and finalised audit reports on the following:
	2. Regional Review – Medium risk. This audit assessed the effectiveness of Ofsted’s controls to manage key responsibilities in the regions, and the quality and clarity of relationships between the central and regional teams. This audit examined five areas, including the delivery of inspection targets, the training of inspectors to deliver the plan and the quality assurance process over reports they produce, as well as regional engagement with external stakeholders and the production of management information both centrally and regionally. The next step in fully embedding the regional approach and model is to ensure the regional teams are clearly specifying their needs to the central teams, and for these central teams to refine their approach to ensure they are delivering to these needs; this is particularly relevant to training and recruitment and quality assurance. Consistent with this PwC have made four findings across the four remits of Schools, Further Education and Skills, Early Years and Social Care.

# Progress against audit recommendations

* 1. Members noted the progress against audit recommendations report for end of February 2017. They were pleased to note that no recommendations had passed their original completion date. The remaining recommendations were on track to be completed by end of March/April 2017.

# Draft Annual Internal Audit Plan 2017-18

* 1. Jane Forbes presented the draft Internal Audit plan for 2017-18. She explained the approach to undertaking the risk assessment and preparing the internal audit plan. The internal audit plan is driven by Ofsted’s organisational objectives and priorities, and the risks that may prevent Ofsted from meeting those objectives. From the planning undertaken, a number of themes have arisen which are reflected in the strategic audit plan.
	2. Members noted the level of agreed resources for the internal audit service for 2017-18 is 215 days, which was agreed by the Executive Board.
	3. Members agreed the Operational Plan for 2017-18, subject to the following changes:
* Utilisation of Inspectors – workload of inspectors to be more explicit in the scope
* Review timing of Learning and Development audit and Performance and Talent Management
* Safer recruitment – this is not part of the operational plan. Simon Helps highlighted discussions from other Audit Committee’s where staff are recruited and disclosure and barring service (DBS) checks are carried out initially, however staff may not self-declare any criminal or safeguarding records throughout their employment. Members were assured that a process is in place for staff to self-declare any issues. A Safeguarding Group has been established which reports to the Executive Board on a range of safeguarding matters. A non-executive board member is on the group. **Action 1: Linda Farrant to seek assurance from Paul Snell (non-executive board member) with reference to safer recruitment and self-declaring any criminal or safeguarding records by staff.**

# Draft Audit & Risk Assurance Committee Annual Report

* 1. Members noted the draft Annual Report of the Audit & Risk Assurance Committee and noted the following amendments:
* Change date of footer;
* Page 2, section on risk committee being disbanded to change page 3;
* Page 3, move penultimate sentence to top of page 4 after bullet points and make more explicit;
* Page 4 penultimate paragraph to read in light of development of the new Strategy;
* Page 5 change internal audit name;
* Paragraph 7.1 remove the word generally;
* Paragraph 6.7 change date from March to June.
	1. Members reviewed the terms of reference and suggested the following changes:
* Remove paragraph 3;
* Change to Director of Finance, Planning & Commercial in Paragraphs 6 and 9;
* Paragraph 12, remove business targets and milestones and add contract monitoring by exception.
	1. Members agreed to update the Annual Report and terms of reference with the above changes and circulate to members for approval. The final version to be presented to Ofsted Board meeting in May, for information.

# Risk Report

* 1. Members noted the strategic risk register was agreed by the Executive Board at its meeting on 28 February 2017, they have reviewed the strategic risks and considered whether further mitigating actions are required to reduce the current probability and impact.
	2. John Hughes suggested that any mitigating actions that have been completed should be deleted.

# Finance Report

* 1. Louise Grainger presented the financial position at the end of period 11 and discussed the risks and opportunities to the reported position.
	2. Members noted the Budget Exchange has been confirmed and agreed as part of our supplementary estimate. The parliamentary controls totals for 2016-17 have been finalised and each individual control total is being closely monitored and managed over the remainder of the financial year.

# 2017-18 Budget

* 1. Louise Grainger confirmed that the Executive Board met on 31 January and agreed a budget of £157.7m this results in a £0.2m funding gap. Members considered the 2017-18 budget compared to the 2016-17 period 11 budget and forecast outturn.

# Any other business

* 1. Members agreed the draft Annual Report and Accounts for 2016-17 to be circulated to members at the same time as the draft annual governance statement on 18 April 2017.
	2. Members agreed that Ofsted Board will consider the Annual Report and Accounts at the Ofsted Board meeting on 16 May 2017.
	3. Members agreed to postpone the committee’s self-assessment to January 2018, this will be reflected in the forward look.
	4. **The next Audit Committee meeting will take place at 10.30 on Wednesday 14 June 2017, in Aviation House room 801.**