Audit and risk assurance committee

1 June 2016

Aviation House, room 802

Minutes

# Present

John Roberts CBE – chair Ofsted Board Member

Linda Farrant Ofsted Board Member

Sir Michael Wilshaw Her Majesty's Chief Inspector

Matthew Coffey Chief Operating Officer

Louise Grainger Deputy Director, Finance

Felicia Wright External Audit (National Audit Office)

Nicola Richards External Audit (National Audit Office)

Jane Forbes Internal Audit (PricewaterhouseCoopers)

Chris Monk Internal Audit (PricewaterhouseCoopers)

Mike Palethorpe Financial Controller (item 4 only)

Amelia Walker Principal Officer, Annual Report and Impact (item 4 only)

John Fegan Senior Knowledge and Information Manager (item 6 only)

Amanda Reid HR Strategy Manager (item 7 only)

Alison MacKenzie Senior HR Officer (item 7 only)

Andrea Kay Head of Projects & Business transformation (item 8 only)

Saba Pooni Audit and Governance Manager (Secretariat)

# Summary of action points

Report from Chair and members

1. Members to develop a plan that includes recommendations made from the NAO’s self-assessment session.

**Whistleblowing policy**

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

* 1. John Roberts opened his last meeting as the chair and welcomed members. Apologies were noted from James Kempton, Ofsted Board member. There were no declarations of interest.
	2. Members accepted the minutes as an accurate record of the audit and risk assurance committee meeting held on 4 May 2016.

# Report from chair and members

* 1. The committee agreed that members would develop a plan that picks up the recommendations made from the National Audit Office (NAO) self-assessment session. **Action 1: Members to develop a plan that includes recommendations made from the NAO’s self-assessment session.**

# Audited ‘Annual report and accounts 2015–16’

* 1. The NAO introduced the audit completion report (including proposed letter of representation) on the 2015–16 financial statement audit. Members noted the majority of the audit work had been completed, with the following areas remaining outstanding:
* accruals and payables
* disclosure notes
* review of final draft ‘Annual report and accounts’
* NAO internal control procedures
* review of events after the reporting period.
	1. The financial statements presented for audit were of a high quality and the NAO confirmed there was sufficient and appropriate evidence to take assurance that Ofsted’s financial statements are free from material misstatement or irregularity resulting from management override of controls.
	2. Members noted that HM Treasury has issued instructions that they expect no government bodies to lay accounts before Parliament until 27June, due to the referendum relating to the UK’s membership of the European Union. Members noted the revised timetable for laying which takes account of the HM Treasury requirements. The committee agreed that subject to Ofsted Board approval, the letter of representation should be signed by the accounting officer.
	3. Members noted that subject to the completion of the outstanding matters above, the NAO will recommend to the Comptroller and Auditor General that he should certify the 2015–16 financial statements with an unqualified audit opinion, without modification, providing any outstanding audit matters are satisfactorily resolved.
	4. The committee thanked the NAO and staff involved in the process for their work in producing the ‘Annual report and accounts’ in accordance with the timetable.
	5. Members noted that the Department of Education intends to publish a report showing the aggregated results of academy trusts. The Department’s intention is that the report will be laid in Parliament before the 2017 summer parliamentary recess. Given that the audit of Ofsted’s financial statements is normally completed at an early stage, there will be minimal impact.

# 2015–16 annual report and accounts

* 1. Members reviewed the ‘Annual report and accounts’ for 2015–16 and noted the core financial tables from HM Treasury are yet to be included. This is likely to be by the end of the day. Furthermore, members suggested some minor amendments to the chair’s commentary.
	2. The committee agreed that subject to the changes above, they endorse the ‘Annual report and accounts 2015–16’ and recommend it to the Ofsted Board for approval.
	3. Members thanked Louise Grainger and her finance team for a high-quality set of accounts and Amelia Walker for her team’s work on the Annual Report.
	4. Sir Michael Wilshaw acknowledged the chair for his sterling work on the committee, in particular the ‘Annual report and accounts’, and wished him well for the future.

# Internal audit update

* 1. Jane Forbes presented the internal audit progress report and advised that a number of planning meetings are underway. The cyber security fieldwork is complete and a draft report will be issued shortly.
	2. Members noted that management have asked for the Conflicts of Interest audit to be deferred to quarter 4. This is to allow the revised policy and procedures to be embedded across the organisation. Members challenged the rationale for change and agreed that internal audit should look at the design framework now and carry out the fieldwork later in the year. Members viewed this as a compromise position as they expect the majority of the audits to be completed by the end of quarter 3.
	3. Members reviewed the management information audit report which was given partial assurance rating, as a result of the audit. Two medium and five low-priority recommendations were made to improve processes and to strengthen the control environment. Members were reassured the timescales to complete the actions will be met.

# Annual information assurance report

* 1. John Fegan presented an update on cyber security. The number of incidents have continued to fall year on year.

# Whistleblowing process

* 1. Alison MacKenzie presented an update on the internal process for whistleblowing in Ofsted. Members noted that Ofsted has not had any whistleblowing cases since the current policy was launched in 2014 and that the policy and procedure was in line with best practice.
	2. Members noted that staff had a clear understanding between the internal grievance process and whistleblowing process.
	3. Members noted that the executive board would receive a report on whistleblowing cases, should any be raised. Members discussed the escalation process in the case of a senior member of staff raising a concern, and agreed the whistleblowing policy should contain a clear route to the non-executive board.

# Lessons learned from FOM/FOEI

* 1. Andrea Kay presented a report on the lesson learnt from the future operating model (FOM) and future of education inspection (FOEI) programmes, to ensure they are embedded within the early years and transforming together change programmes.
	2. Members noted that the integration of different systems and processes was an area for improvement. The focus is to ensure that system requirements are not defined before the processes. In terms of the early years programme there will much greater focus on building interlinked systems and processes. Additionally, rather than focusing on the end product, the programmes will initially look to understanding the processes better.
	3. Members noted that a key lesson is to ensure that inspectors are not just told the answer to problems but are directly involved in co-developing the solution and that training on processes will take place at the same time as training on technology.

# Any other business

* 1. Members noted that Ofsted management has requested an end-to-end review of the processes for allocation, use, return (including disposal), recording and reporting of Ofsted’s IT assets. The intention of the review is to identify any gaps or weaknesses within the current control environment and identify potential improvement opportunities and report by the end of June 2016.
	2. As it was John Roberts’ final meeting, he thanked all members and attendees for their support over the last 10 years.
	3. The next audit committee meeting will take place at 10.30 on Tuesday 13 September 2016, in Aviation House room 702.