

## Report from the Audit and Risk Management Committee

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### Issue

- 1 A report back to the YPLA Board from the first meeting of the YPLA audit and risk management committee held on 28 July 2010. The minutes of that meeting are attached at Annex A.

### Summary and Recommendations

- 2 The committee has suggested some changes to their terms of reference (Minute 2.3). The main changes are to:
  - Highlight the role of the committee in relation to the statement of internal control
  - Highlight the role of the committee in relation to YPLA risks
  - Add the task of receipt of relevant Office of Government Commerce (OGC) reports to ensure that the committee and board are sighted on these
  - Group the committee's responsibilities according to function (i.e. internal audit, external assurance)
  - Update titles and names.

***The YPLA Board is asked to approve the revised terms of reference for the committee at Annex B.***

- 3 On provider funding assurance, the Committee expressed some concern as to the balance between a "light touch" regime and financial accountability, notably in the context of the increasing academy numbers, and the arm's length financial assurance in general further education colleges which the YPLA will secure from the Skills Funding Agency. The Committee felt that

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the Board would wish to be assured that the level of management resource available for the task was appropriate to safeguard public money, and hence the Board in terms of its reputation (Minute 3.6, 3.10).

- 4 The Board's attention is drawn to the NAO study on academies (NB – this is due to be published by mid-September) notably in relation to coverage in the YPLA's remit letter (Minute 4.4).
- 5 The Committee considered in detail the performance reports which the Board has previously seen and asked for some amendments. (Minute 5.2 and 5.5).
- 6 The Committee have a role in advising the YPLA board and Chief Executive on the scope and objectives of the work of internal audit as part of its terms of reference (Minute 6.2). The committee considered the YPLA internal audit charter (see Annex C) which reflects current guidance within the HM Treasury's *Government Internal Audit Standards* (GIAS). The committee have approved this charter which is now recommended for endorsement by the YPLA Board.

***The YPLA Board is asked to endorse the Internal Audit Charter at Annex C.***

- 7 Copies of all the Committee papers are available on request if Board members wish to see them.

## **Clearance**

- 8 This paper has been cleared by the Chief Executive, the head of legal and governance and head of internal audit.

## **Legal implications**

- 9 Legal implications of the committee's terms of reference were set out previously to the YPLA board (YPLA 01/2010). The YPLA framework document requires the establishment of arrangements for internal audit in accordance with the HM Treasury's GIAS.

## **Financial implications**

- 10 There are no direct financial implications arising out of this paper.

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