

Report from the Risk and Audit Committee

Issue

1. The board is kept informed of the work of its Risk and Audit Committee by receiving a report on the outcomes of each meeting. The attached report summarises the outcomes of the Risk and Audit Committee meeting held on 8 September 2020.

Recommendations

2. The board is invited to receive the report of the Risk and Audit Committee.

Further information

3. Available from Kate Lander. Full minutes of the meeting are available to members on request.

Risk and Audit Committee report

September 2020

Section exempt from publication

4. Exempt from publication.
5. Exempt from publication.

Risk management

6. The committee considered an updated register of OfS's strategic and principal risks, noting that the 'regulation' strategic risk and risks relating to legal action would require some updating following the recent Court of Appeal decision, this was in hand. The committee discussed risks relating to the political environment and future pressures around financial resources, and were advised of the mitigations in place from the executive team. We were also advised that the risk management process had identified 2 technical IT-related risks and these had been escalated appropriately, noting that a solution is in hand to resolve the issues. This demonstrated that the risk management process is working effectively and were assured by this.
7. The Committee noted the regular report of recent information security breaches, all of which were minor and had been dealt with appropriately.
8. Given the changed environment in which the OfS is operating, we were pleased that work was under way for a comprehensive review of strategic risks and risk appetite culminating with a full board discussion planned for December. We noted that the timing of this review helpfully dovetails with the launch of the revised business plan and development of the next strategy for OfS.

OfS's approach to market exit

9. We received a comprehensive briefing from the Director of Regulation and the Head of Monitoring and Intervention on the OfS's approach to market exit cases. We were updated on the ongoing work involving several teams across the organisation to identify vulnerable providers, and the plans put in place to manage any future cases that may be realised. In all cases we were advised that the priority for the OfS was to protect the interests of students.
10. We took assurance from the detailed work being carried out by colleagues and the structures in place to inform and manage this activity.

Internal Audit update

11. The committee received an update from the Head of Internal Audit on progress against the internal audit plan for 2020/21, noting the changes that had been made since the last meeting. We were advised that there would be a more comprehensive review of the plan to reflect current risks.

12. We also considered a completed internal audit report on the OfS's Portfolio Management Office (PMO) and were assured that no significant issues had arisen from this work, that effective controls are in place and that recommendations are being followed up satisfactorily by management. We noted the advice from Internal Audit on the opportunities for further improvement of the PMO.
13. We considered a further completed internal audit report on the HESA Data Futures project noting that no significant issues had arisen from this work, that effective controls are in place and that agreed recommendations are being followed up satisfactorily by management. We were advised that one medium priority recommendation relating to formal documentation of decision making and ownership of decisions had not been accepted and we challenged management to think about this issue further.

Deep dive: data risks

14. The committee received an update from the Director of Data, Foresight and Analysis on the corporate and strategic data risks in his area. In response, we carried out a 'deep dive', enabling us to better understand and challenge the process for identifying and reporting on these risks. At this stage we can assure the board that these risks are being managed with appropriate mitigations in place.
15. We derived significant assurance in carrying out this deep dive and will continue this approach at future meetings, looking into other groupings of risks.

Risk and Audit Committee effectiveness review and terms of reference

16. We discussed the outcomes of our own review of effectiveness, noting that the results are largely positive, and received feedback from management on where they see the committee bringing value to its work. We felt there are opportunities to keep us better informed about the OfS and its work between our meetings and asked management to take this forward.
17. We approved some minor amendments to our terms of reference, noting that further changes will be required should the board approve an update to its own scheme of delegation at its next meeting. We will seek board approval to all of these changes at its meeting in December 2020.

Kate Lander
September 2020