

## **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 11 September 2019.

### **Recommendations**

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

### **Further information**

3. Available from Kate Lander, chair of the Risk and Audit Committee. Full minutes of the meeting are available to members on request.

## Risk and Audit Committee report

September 2019

### Risk management

4. The committee considered an updated register of OfS's strategic and principal risks, noting where changes have been made to the risk register, and welcomed the assurance that work is underway to improve the effectiveness and reporting of mitigations. We noted that corporate risks have increased by 10 and were assured that this a reflection of better risk identification within the organisation.
5. Given the role of the committee is to test the robustness of the risk process and to ensure it is operating effectively, we agreed there is value in continuing to focus discussions on the top risks along with any where there has been a significant change in the risk score. This could include doing a deep dive into one particular issue. Our approach to risk reporting will continue to evolve in this way and we will instigate the approach at our next meeting in December.
6. In addition to this we commented on an updated assurance map setting out the level of assurance around risk at the OfS and offered suggestions on how organisational resilience might be tightened. We will consider this further at our next meeting.

### Internal Audit update

7. We received an update on work carried out by internal audit since our last meeting including receiving a completed review of the OfS's registration fee invoicing process. We noted that no significant issues have arisen from this work and that recommendations are being followed up satisfactorily, taking assurance that effective controls are in place in the areas considered by the audit. We commended management on the successful introduction of a totally new organisational process and noted that all registration fees owing have now been paid.
8. In addition, we received the internal audit operational plan for 2019-20 and the audit strategy of work proposed for 2020-21 and 2021-22 provided by the new Head of Internal Audit. The programme of work has been established following an internal audit risk assessment and is intended to give the OfS the most value from internal audit activity. There is flexibility in the plan to enable other work to be undertaken if necessary. Further information on the plan is available at Annex A.

### NAO update on management report

9. We received a paper from the NAO setting out the key observations and recommendations arising from their audit of the OfS's financial statements for 2018-19. These were to:
  - a. Ensuring up to date assurances are in place in respect of Workday and any related services that have been contracted out by OfS.
  - b. Include more information on the impact of the OfS's work as a regulator in the 2019-20 performance report.

- c. Apply additional financial reporting standards as part of the OfS's preparation for its 2019-20 annual report and accounts.

10. We noted that management have accepted these minor recommendations and were assured that actions are already underway in response.

11. The NAO also provided us with an update on other work they are carrying out which may be of interest to the committee. We noted that management will follow up with the DfE to ensure its own work on registration is appropriately linked in to the NAO's proposed value for money study looking at financial sustainability in the 16+ college sector.

#### OfS VfM strategy

12. We received a presentation from the Head of Finance on the development of a value for money strategy for the organisation. This is in respect of internal processes and procedures, not within the wider higher education sector, and will support 3 main outcomes in the OfS business plan.

13. We were largely supportive of the proposals and offered some suggestions on how the strategy could be developed further, including linking in to the OfS's KPI's. Once the strategy is finalised, we agreed that we will receive and approve an annual report on the delivery of VfM at OfS with the ultimate responsibility for VfM resting with the board.

#### Risk and Audit Committee review of effectiveness

14. We discussed the outcomes of our own review of effectiveness, noting that the results are largely positive. 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.

15. We agreed that no changes to our terms of reference are required as a result of this review

Kate Lander  
September 2019