

Report from the Risk and Audit Committee

Board's primary role in relation to this paper:

- ☐ A. Set strategy
- ☒ B. Set risk appetite
- ☐ C. Oversee performance
- ☐ D. Understand context

Purpose

1. The most recent meeting of the Risk and Audit Committee (RAC) was on 19 June 2025.
2. This paper provides the board with a summary of the meeting and the RAC annual report and formal opinion for 2024-25.

Recommendations

3. The board is invited to:
 - a. Receive the report of the Risk and Audit Committee.
 - b. Note the committee's annual report and formal opinion for 2024-25 at Annex A.

Summary of the meeting

Risk report

4. RAC received a detailed update on the strategic risks.
5. Exempt from publication.
6. Exempt from publication.
7. Exempt from publication.
8. Exempt from publication.

Revised strategic risks, risk appetite and tolerance

9. A draft set of revised strategic risks was presented for the committee to consider. The revised strategic risks have been constructed to focus on the key risks to delivery of our proposed strategic goals for 2025-30. **Exempt from publication.**

10. **Exempt from publication.**

11. **Exempt from publication.**

12. **Exempt from publication.**

Cyber security report

13. **Exempt from publication.**

14. **Exempt from publication.**

Counter fraud annual update

15. The counter fraud annual update was shared with the committee.

NAO Value for money and insight work

16. The NAO value for money and insight report was shared with the committee.

17. The NAO welcomed the fact that the OfS has implemented the recommendations of its 2024 investigation into student finance for study at franchised higher education providers.

Annual assurance and Annual report and accounts

Draft Internal audit annual report and Head of internal audit formal opinion

18. The Head of Internal Audit presented his annual report, which included the updated KPMG Internal Audit Charter. The Charter had been revised to ensure alignment with the newly issued Global Internal Audit Standards. The committee can take clear assurance from the overall assurance rating of 'Significant assurance with minor improvement opportunities', based on the programme of internal audit carried out during 2024-25.

Value for money assurance

19. The value for money assurance paper provided the committee with an overview of the value for money controls operated by the OfS in the reporting year.

NAO audit update report

20. The NAO thanked the OfS team for their assistance during the audit. Following the lessons and teach-in sessions last year, there has been a noticeable improvement in the efficiency of the audit. The audit is on track for delivery before the summer recess.

21. The NAO informed the committee of remaining areas to be addressed in the audit. The areas of significant risks were drawn to the attention of the committee. Subject to closing a few outstanding journal tests and samples, there are no concerns. There are no concerns about the lease on 10 South Colonnade.

Draft annual report and accounts

22. The committee received the draft Annual Report and Accounts and agreed to make its recommendation to publish on the conclusion of the outstanding matters outlined in the NAO's draft completion report and the certificate and report of the Comptroller and Auditor General.

RAC annual report and opinion

23. The RAC annual report and formal opinion, which had been updated since the last meeting, was shared with the committee for approval.
24. The committee approved its annual report and formal opinion for 2024-25, and it can be found at Annex A.

Internal audit

Internal audit progress report

25. The internal audit progress report was shared. No concerns were drawn to the attention of the committee.

Internal audit reports

26. KPMG gave an update on its internal audit work. Exempt from publication.

27. Exempt from publication.

28. Exempt from publication.

29. Exempt from publication.

30. Exempt from publication.

31. Exempt from publication.

Paper publication

32. To be published externally along with the board papers (subject to appropriate redactions).

Annex A

Office for Students Risk and Audit Committee Annual report 2024-25 (covering the period 1 April 2024 to 31 March 2025)

Introduction

The Risk and Audit Committee (“the committee”) is a committee of the Office for Students (OfS) board. The remit of the committee is to provide assurance to the board on the comprehensiveness and reliability of the processes relating to corporate governance, risk management and internal control in place at the OfS. This remit does not extend to matters of risk, control and governance at the English higher education providers regulated by the OfS.

The committee’s annual report to the board provides advice on these processes and sets out how we have discharged our duties throughout the year. The report also gives a brief indication of the planned focus for our work in 2025-26.

Throughout the year we continued to draw the board’s attention to areas where greater risks have been identified and which may have a bearing on the ability of the OfS to carry out its work. We monitored the following risks in particular:

- Data quality, in particular the delivery of Data Futures.
- Disorderly market exit, from the perspective of the financial sustainability of the sector.
- OfS delivery and resourcing.
- Cyber security.

Business of the committee

Risk management

The annual review of the OfS’s risk management systems, carried out in December 2024 by the Head of Internal Audit, concluded that the OfS’s risk management processes continue to operate effectively with evidence of continuous improvements and ongoing refinements to the system. We discussed the report at our meeting in March 2025. The review gave assurance that there are good controls for considering corporate-level risks alongside delivery, updating mitigating actions, and governance and reporting structures throughout the OfS. Recommendations included improving communication of risk appetite and cross-directorate risks. The findings provided us with significant assurance of the effectiveness of the overall risk management process at OfS.

The committee has continued to consider the OfS’s risks, risk appetite and tolerance at each of its meetings, and to provide our assurance to the board on the process undertaken to identify them.

At each of our meetings we receive a detailed report on the strategic risk position along with a report on those corporate risks rated as ‘high’, including information on risk mitigations and action plans. Twice a year we review the assurance map, which gives us detailed information about the assurance for each risk. Alongside our own discussions on risk, we remain confident that there is thorough and challenging consideration of the risk register by directors, and regular engagement by the board on the OfS’s high-level strategic risks.

We continued our programme of deep dives, looking at the OfS's monitoring of the financial sustainability of the sector as a whole; the OfS data strategy, including the approach to gathering data and developing insight and the data infrastructure required; and resourcing and affordability. These deep dives give us the opportunity to consider the factors leading to the overall risk assessment for each risk area, the mitigating actions that have been put in place and the targets for reducing or closing the risk. They also enable us to provide the board with more detailed and informed assurance. We will continue with the programme next year, ensuring we look across a range of risk areas.

Based on the comprehensive level of information we received during the year and the opportunities we have had to discuss risk in more detail at our meetings, we are able to assure the board that the OfS has a robust risk management framework in place and that this is operating effectively.

Delivery of Data Futures

In fulfilling our ongoing commitment to the OfS board, we have continued our oversight of Jisc's delivery of Data Futures. We received progress reports at each of our meetings and the Jisc chief executive attended our June 2024 meeting to provide assurances directly to the committee. A group was established to provide close oversight of the 2023-24 student data return during autumn 2024: a member of the committee was in the group, along with the Jisc chief executive.

Jisc's platform was more stable this year and the 2023-24 data collection progressed more smoothly than the previous year's collection, although around half of providers (representing a larger proportion of students) were unable to meet the original deadline. However, by 20 December 2024 all providers had completed either a full or provisional sign off of their data, confirming its fitness for purpose for the immediate priority use cases. Only three providers needed to continue working on the return during January 2025 to ensure its fitness for purpose for wider and longer-term use cases.

Delays to the 2023-24 data collection were predominantly due to provider resourcing and capability issues, with many reporting material issues persisting with the fitness for purpose of their third-party student record systems. The committee will be sighted on the development of regulatory strategy for lateness in data reporting, which will aim to improve understanding of the implications of lateness and to incentivise improved compliance with the 2024-25 data collection deadlines in Autumn 2025.

Representatives from PwC attended our September meeting to present the findings of their independent review into Jisc's delivery of the first phase of Data Futures. The committee will oversee delivery of the actions being taken forward in response to the independent review.

Since October 2022, Jisc has been the designated data body (DDB). Our arrangements for overseeing the DDB's performance of its functions have involved:

- An initial letter from the OfS chief executive setting out our expectations.
- An annual report from Jisc to OfS reporting on its activity and performance against a set of key performance indicators.
- OfS membership on relevant groups that steer and advise Jisc on its UK-wide data collection activities.

- Frequent engagement directly with Jisc at strategic and operational level.
- Communicating any decisions to Jisc that affect their activity (for example changes to data specifications or publication requirements).

Protecting public funding

The OfS's role in protecting public (Student Loans Company (SLC) funding has been under increased scrutiny over the past 18 months. There were external reviews from the Government's Internal Audit Agency (GIAA), the National Audit Office (NAO) and the Public Accounts Committee (PAC) at the end of 2023 and early in 2024 which considered the assurance of SLC funding, particularly in relation to the risks associated with subcontractual business models.

We have sought assurance on the management of the protecting public funding risk regarding the role that the OfS should play in order to support prevention of fraud, noting that primary responsibility for assurance of SLC funding does not rest with the OfS and the mitigations are shared with the SLC and the Department for Education (DfE). We noted the commitment from the OfS executive to address the recommendations in the NAO report and in the report following the inquiry of the Public Accounts Committee.

Exempt from publication. We note that the OfS has made significant progress over the past year in related areas:

- Implementing the recommendations it was assigned in the three external audits that were undertaken.
- Improving its working relationship with DfE and SLC, bringing together data and intelligence from the three organisations to understand better the risks facing the sector.
- Increasing engagement with the sector as a whole, with specific groups of providers with similar risk profiles, and with individual providers where risks are significantly increased.
- Focusing available investigation and audit resource to focus on concerns that link to the potential misuse of public funding.

Internal Audit

At the start of the year, we worked with KPMG, our internal auditors, to agree an internal audit plan for 2024-25. We routinely receive updates from the Head of Internal Audit on progress made against this plan, the recommendations arising from his work, the management response and its progress in implementing the recommendations. In particular, KPMG reviewed and reported on the following:

- Stakeholder management
- Provider fees
- Recruitment, retention and strategic workforce planning
- Finance: budget management
- Risk management

- Cyber security
- Financial assessment of providers
- Funding controls (review, rather than a full audit).

Exempt from publication.

We receive regular updates from the Head of Internal Audit on progress made by the executive in implementing internal audit recommendations.

Exempt from publication.

Exempt from publication.

Internal audit opinion

Based on his work throughout the year, the Head of Internal Audit has provided his formal opinion (below) on the adequacy of risk management, control and governance processes at the OfS. This opinion is intended to give reasonable rather than absolute assurance of effective controls.

Internal audit opinion

Our overall opinion for the period 1 April 2024 to 31 March 2025 is that:

‘Significant assurance with minor improvement opportunities’ can be given on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.’

External Audit

As a public sector body, the OfS is obliged to use the NAO as its external auditor to provide its audit opinion to Parliament, rather than to the OfS board. The NAO operates externally to the OfS and offers the committee an independent view.

Following our discussion of the audit outcomes, the 2023-24 accounts were approved by the OfS chief executive and Accounting Officer and were published in July 2024.

In relation to the OfS’s 2024-25 financial statements, we discussed the NAO’s interim management report at our meeting in March 2025. At our meeting on 19 June 2025, we discussed the draft audited accounts and heard an update from the NAO about the progress of their audit. On 19 June 2025 we received the NAO’s completion report with its unqualified audit opinion, without modification in respect of both regularity and the true and fair view on the financial statements.

Based on this information and our discussions with the NAO, the committee recommends the 2024-25 annual report and accounts to the board and to the chief executive as Accounting Officer.

Assurance processes

At our meetings in September 2024 and March 2025, we received an updated assurance map setting out the OfS’s key risks and the sources of assurance and controls informing the mitigations

for these risks. Gaps identified through the mapping exercise played a part in determining the internal audit programme for 2025-26.

As well as through the work of Internal Audit, we also sought assurance on other aspects of the internal control arrangements in place at the OfS. This included receiving an update on Counter Fraud and the progress made in respect of this activity.

We were alerted to a small number of additional information security incidents which had occurred during the year. We were assured that none of these were significant or indicated any overall material increase in risk to the organisation.

Through a detailed discussion with the Chief Technology Officer, we were able to seek assurance on the effectiveness of the OfS's cyber security arrangements and its ongoing work to mitigate existing and future cyber risks.

We were provided with evidence to demonstrate ways in which the OfS has delivered value for money in its work and is continuing to meet its strategic objective of being an efficient and effective regulator.

The committee values the open and comprehensive update provided by the chief executive at every meeting, and the assurance it provides. The update covers a range of issues relating to the OfS and its work, including regulatory activities, outcomes and recommendations of public inquiries or reviews and developments within the OfS.

Membership and meetings

During the reporting period, the committee met four times. Members of the committee for the period under review were:

Name	Status	Term of office	Meetings attended
Nick Gash	Independent member	Appointed to the Committee until May 2027	4/4
Katja Hall (chair)	OfS board member and committee chair	Appointed to the board until 31 December 2025	4/4
Dirk Kahl	Independent member	Appointed to the Committee until June 2027	3/3
Suzanne McCarthy	Independent member	End of term July 2024	1/1
Margaret Monckton	Independent member	End of term July 2024	1/1
Satish Jeram	Independent member	Appointed to the Committee until October 2027	4/4

Brief biographies of all members, including any declared interests, are available on the OfS website at <https://www.officeforstudents.org.uk/about/who-we-are/our-board-and-committees/>.

The internal and external auditors, the chief executive, the Director of Resources and Finance and the Director of Strategy and Delivery normally attend all meetings to assist the committee in carrying out its duties. Senior managers attend as required.

During the year, the committee met in closed session with the Head of Internal Audit and the NAO to discuss year-end processes.

Risk and Audit Committee effectiveness

In early 2025 we undertook a review of our own effectiveness, also taking into account the views of our external stakeholders and a selection of board members. The results of the review were largely positive and we will use the learning points to strengthen our work in the coming year.

Future work of the committee

In 2025-26, the committee will:

- Support the board in its responsibility for strategic risks and risk appetite.
- Continue our programme of deep dives into specific areas of risk.
- Provide assurance to the board on the processes adopted by the OfS in carrying out its regulatory activities.
- Hold the executive to account in ensuring the recommendations made by Internal Audit are implemented.
- Oversee assurances related to the protecting public funding risk and the OfS's role in working with the SLC and the DfE in this area.
- Take account of the findings of the independent review of the delivery of Data Futures and seek assurance on the delivery of the action plan.
- Induct new board members of the committee, following the appointment of new board members by the Secretary of State for Education.
- Carry out any additional work requested by the board.
- Carry out the annual review into our own effectiveness as a committee.

Risk and Audit Committee formal opinion

Our formal opinion for 2024-25 is provided below. This will be published in the OfS's annual report and accounts for 2024-25.

OfS Risk and Audit Committee formal opinion

Given the opinions of both the Head of Internal Audit and the NAO as expressed in their annual reports, and the other information available to us from our work during the year, the Risk and Audit Committee can provide the OfS Chief Executive, as Accounting Officer, with reasonable assurance that the OfS's processes relating to corporate governance, risk management and internal control are working satisfactorily.

We recognise that the risks facing the OfS continue to be significant, particularly those relating to its finances and resourcing. Through our process of deep dives we obtained a

deeper understanding of the key risks and have a reasonable level of confidence that these are being managed appropriately.

We are satisfied with the quality of the work provided by Internal Audit and with the services of the NAO. Through this work, we are able to take a measured view and receive assurance on the quality and effectiveness of financial reporting and internal control within the OfS.

In respect of our own performance, we consider that the committee has worked effectively with Internal Audit to ensure the focus of our work is relevant to the risks facing the OfS and we have challenged appropriately. We have supported the Chief Executive and the executive in their work and offered constructive challenge where required. In carrying out these activities, we believe we have fully discharged our responsibilities.

This opinion is intended to give reasonable rather than absolute assurance of effective controls. It informs the Chief Executive's governance statement.