



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. This paper provides a report on the work of the Risk and Audit Committee following its meeting on 26 September 2024.
2. No decisions are required from the board.

Summary of the meeting

Membership of the committee

3. Dirk Kahl attended the meeting as a new independent member.
4. Satish Jeram has been appointed to the committee for a second term.

Update from the chief executive

5. The chief executive updated the committee on a number of areas of work:
 - a. The changed context for the OfS since the election of the new government.
 - b. The development of the new OfS strategy.
 - c. The allocation of significant resource to work on financial sustainability and market exit cases.
 - d. A new ongoing condition of registration that will require providers to tackle and address harassment and sexual misconduct on campus.
 - e. The publication of the outcomes of our quality work.

Cyber security report

6. Exempt from publication.

Risk management

7. The committee considered the updated register of the OfS's current strategic and principal risks and the changes to this since the last meeting.
8. The committee received an update on the high strategic risks which had not been covered as separate agenda items.
9. The committee reviewed an update on the Data Transformation Programme (DTP) outstanding actions. The new Chief Data Officer has reconfigured the programme and resourcing, so that it is more achievable. There will be a long-running OfS data strategy that will embody a culture of continuous improvement.

10. Exempt from publication.

Assurance map

11. An updated assurance map was presented to the committee.
12. Details were given about the risks with relatively low assurance. Assurance will be strengthened by implementation of recommendations from recent or upcoming internal audits.

NAO management letter and lessons learnt

13. OfS staff and NAO had held constructive lessons learnt discussions about the challenges with the annual report and accounts and had agreed measures to resolve these issues for the next audit.

Data Futures

14. The chief executive of Jisc joined the meeting to allow the committee to seek assurances directly from Jisc about its delivery of the student data collection for the academic year 2023-24. She reported that Jisc had implemented many changes this year as a result of learning from the previous year. This year, the situation is more positive, with providers engaging at an earlier stage and more robust oversight arrangements in place. However, there are still some risks to delivery and there are some providers that are not yet engaging. She confirmed the following points:
 - a. Jisc is following up directly with accountable officers, to drive completion by the deadline.
 - b. Exempt from publication.
 - c. Most of the bugs in the rules have now been resolved and Jisc would stop fixing bugs on 10 October to stabilise the collection platform for providers.
 - d. Updates to the platform are significantly reducing the processing time.
 - e. Jisc continues to have direct contact with the software providers to inform and support them.

15. Exempt from publication.

Financial sustainability risk monitoring

16. Philippa Pickford, Director of Regulation, and Will Dent, Head of Financial Sustainability, joined the meeting to present an update on work on financial sustainability risk monitoring. The following points were made:
- a. Risks are escalating across the sector, with providers under serious financial pressure.
 - b. There are several mechanisms in place to monitor and quality assure OfS financial monitoring, including a recent review of our financial data, carried out by PwC.
 - c. Data from providers and other sources is triaged to identify providers needing more detailed scrutiny. Prioritisation includes the size of a provider and the number of students potentially affected. Where a risk of course closure seems likely to crystallise, student protection directions are put in place.
 - d. The data we collect continues to evolve to ensure that monitoring is effective. There are data-sharing agreements in place with UCAS and UKVI. This allows the OfS to monitor the exposure of providers to key recruitment risks.
 - e. The team is also increasing engagement with the sector, for example through relationships with finance directors and accountable officers and sharing intelligence. We are also in close communication with lenders, so that we can anticipate their responses, and with government departments and other funding bodies with an interest in or influence on financial sustainability.
 - f. There is limited in house capacity and capability for this activity, so we have put framework agreements with professional service firms in place, to provide additional expertise. The financial assessment team is being bolstered.
 - g. Exempt from publication.
 - h. Sector finances appear to be towards the most pessimistic end of the scenarios we modelled in May 2024, and this increases the risk of sudden market exit of a large provider.
 - i. Exempt from publication.
 - j. Exempt from publication.
 - k. Exempt from publication.
17. The committee agreed to return to this conversation on a regular basis.

Internal audit

18. KPMG updated the committee on its internal audit work.
- a. Exempt from publication.
 - b. Exempt from publication.

NAO Value for money and insight

19. The value for money and insight report, and the report on the Government's general grants schemes were shared with the committee.

Paper publication

To be published externally along with the board papers (shaded sections exempt from publication).