

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 15 May 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

May 2020

Closed session

4. At the start of the meeting the committee met in closed session with colleagues from the NAO to discuss the recent audit of the OfS's annual accounts, and with Internal Audit to discuss their work throughout the year.

COVID-19 response

5. We received an update from the chief executive and other senior colleagues on the actions being taken by OfS in response to the Coronavirus (COVID-19) pandemic. This covered both the OfS response in support of the higher education sector and as an organisation from a business continuity perspective.

Risk management

6. The committee considered an updated register of OfS's strategic and principal risks, including the changes to the risk register arising from coronavirus. Although we acknowledged that the fast-moving nature of the risk environment presents a challenge in keeping the risk register up to date, we felt there was a greater need to review risks on a more regular basis and with a focus on the workstreams linked to the organisational response to coronavirus.
7. We recommended that the OfS board should discuss the risk register at the earliest opportunity and consider if its risk appetite needed to change to reflect the current risk environment which would help support the executive in its day to day decision making during a period of increased volatility.
8. As our next planned meeting is not until September 2020, we asked management to keep us updated regularly on any significant changes to the risk register.

Internal Audit update

9. The committee considered completed internal audit reports on the:
 - a. Data and information used within OfS to assess the financial sustainability of higher education providers
 - b. Overall data quality assurance and validation processes and the audit process followed by OfS to ensure quality in the data submitted by providers.
10. We noted that no significant issues had arisen from this work and that recommendations are being followed up satisfactorily by management, taking assurance that effective controls are in place in the areas considered by the audits.

11. We also received the outcomes of a review of the nine open recommendations in an audit of cyber security carried out by the previous Head of Internal Audit. Although more will need to be done in this continually evolving area, we were assured by the considerable progress made by management since the earlier review.
12. The Head of Internal Audit presented us with his proposed internal audit strategy for the period 2019/22 and the annual operational plan for the period 2020/21. He advised us that the timings in the plan can be revised if the risk level is judged to have increased as a result of coronavirus and that new items can be added during the year if required.

Annual assurance 2019/20

13. The committee received a package of papers designed to provide assurance to inform our own annual report and formal opinion including:
 - a. Performance, corporate governance and Parliamentary accountability reports.
 - b. Internal Audit annual report and formal opinion.
 - c. Value for money assurance.

OfS accounts 2019/20

14. The committee received two papers in relation to OfS's annual report and accounts:
 - a. NAO management report and OfS response – the NAO advised us that there were no significant issues arising from the audit, with a proposed unqualified opinion being given.
 - b. Financial statement – we noted the financial statement which would form part of the accounts.
15. In reviewing this information, we recommended to the chief executive and Accounting Officer that she approve the OfS's annual report and accounts for 2019/20.

Risk and Audit Committee annual report 2019-20

16. We formally approved our own annual report and formal opinion for 2019/20. This was presented to the board at its meeting on 21 May 2020.

OfS general grants (Government grant standards)

17. We noted the outcomes of a self-assessment of the OfS grant management functions against a Cabinet Office framework for functional standards for grant administration, noting that the recommendations arising from this work would be followed up by management.

Kate Lander
May 2020