



## ANNUAL REPORT OF THE AUDIT & RISK COMMITTEE 2023/24

### 1. Introduction

1.1 This report outlines updates on control, risk management, governance, data management and value for money matters during the financial year 1 August 2023 to 31 July 2024; it also includes any significant issues that have arisen up until the date of this annual report (4 November 2024). It has been approved by the Audit & Risk Committee for the purposes of assuring the Board of Trustees and the University's Accountable Officer (the Vice-Chancellor, who is accountable to the OfS (Office for Students) on behalf of the Board of Trustees) as to the adequacy and effectiveness of:

- Risk management, control and governance;
- Value for money (VfM); and
- the management and quality assurance of data.

1.2 In particular, the Audit & Risk Committee has taken reasonable steps to assure itself as to the effectiveness of the University's internal audit function and its external auditors, as well as considering evidence-based assurances from the University's management, throughout the reporting period. Additionally, the Committee reported to the Board of Trustees (of which the Accountable Officer is a member) after each meeting to provide assurances to the Board.

### 2. Risk Management

#### *Internal Audit reporting*

2.1 At its meeting in September 2024, the Committee received a report on Risk Management at the University, by the Internal Auditor. This internal audit reviewed the effectiveness of the institutional risk management framework and surrounding controls, focusing primarily on its operation at executive level and below, but with consideration of upward reporting to the Board of Trustees and Audit and Risk Committee. The review also considered progress made to date on implementing the actions raised in the previous internal audit of risk management from 2021.

2.2 The report found that the risk management framework was not fully embedded, and below the KURR there was a wide degree of variance in terms of the maturity and format of local risk management practices, although there was a general commitment to align with the institutional framework where established processes existed. However, not all divisions currently have a risk register, or were in the process of developing one and as such they were not incorporated into existing management practices.

2.3 For risk management at KURR level, the report found the Risk Management Policy and Procedure to be generally clear, the current tools were felt to be dense with information and not always user friendly. In addition, several of the findings identified in this audit were similar to those in the previous audit in 2021. Progress had been limited in rolling out some of the original actions due to changing appetite for a single system as proposed and capacity limitations within the central resource in Strategic Projects and Transformation division. Despite this, there has been a renewed focus on improving the current risk management framework, and as a result the University's risk culture was now improving.

2.4 The Committee noted that risk information reported to the University Executive Board, Audit and Risk Committee (ARC), and the Board of Trustees (BoT) is robustly managed and regularly updated by management in line with the framework. It is subject to appropriate oversight and challenge from the ARC and BoT, whose responsibilities are clearly defined.

- 2.5 The Committee noted that the internal audit opinion given was reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied.
- 2.6 In conclusion, the audit confirmed that the University had driven forward an overall improvement in risk maturity since the previous audit of risk management, which could be seen through the development of new risk appetite statements, more structured risk discussions at senior and executive level, and heightened visibility of key tools such as the KURR at Operations Board.
- 2.7 The next steps for the University as recommended in the review are to ensure that a consistent language and methodology is applied to assessing and managing risk and that the framework remains a valuable tool for senior leaders and operational management alike. At the time of the audit, some of this work was already underway.

#### *Risk Appetite*

- 2.8 During the course of the 2023/24 academic year, the Committee also considered and endorsed a refreshed University Risk Appetite Statement which was approved by the Board of Trustees in September 2024. The Committee noted that the Board of Trustees' delegation schedule stipulates that, "approving the University's risk framework, policies, processes and culture and its appetite for risk" is reserved for the Board of Trustees. The Board of Trustees held its annual development day in March 2024, and Matthew Humphrey (RSM) was invited to facilitate a session on Risk Appetite. The session was designed to gather the Board's assessment of the type of risks it was willing to take to deliver on the University Strategy 2030. Since then, RSM worked together with the Audit and Risk Committee members to refine a risk appetite statement, alongside feedback and consultation with University Executive Board, Operations Board, and with advice from General Counsel. The new Risk Appetite Statement is now a more practical, applied management tool because it:
- Defines risk appetite in terms of our strategic ambitions i.e. how much risk we should expect, accepting/tolerating or exposing the University, to achieve our objectives.
  - Identifies a number of 'fundamentals' where in each case the University will seek to take reasonable steps to mitigate these risks and in doing so continue to keep their management under review.
  - Expresses risk appetite in a way that clarifies how almost all of our activities and decisions require a balanced assessment of both risk and reward.
- 2.9 In September 2024, as a result of the newly approved Risk Appetite Statement, the Committee discussed two proposed changes to the University's Risk Management processes; how the University reported Key University Risks (KURs), and how it used Risk Appetite to understand and manage risk. The Committee supported the direction of travel, specifically in relation to the review and update of the risk management policy, guidance, and training materials to embed the new risk appetite statements, and in the revisions to be made to the key university risk register template, and the testing of this with the top three University risks.

#### *Key University Risk Register (KURR)*

- 2.10 The Committee considered the Key University Risk Register (KURR) at each of its meetings during 2023/24.
- 2.11 In September 2024 specifically, the Committee approved a reduction in the residual risk score of risk 5C Cyber security / data loss; this change moved the risk from the red to the amber zone of the heatmap. The reason for the reduction was that in the last reporting period, external threat intelligence identified heightened cyber security risk within the sector. The University had undertaken additional activities to manage this risk including recruitment within the Cyber Security Operating Model and the renewal of its cyber security and threat mitigation managed services contract. Policy and technology changes within Student and Education Services in preparation for Confirmation and Clearing directly addressed risk mitigation activity, limiting exposure to the identified threat surface and paving the way for a wider approach to security controls in the future. In line with the 2022 Cyber Audit (due October 2024), continued investment in secure technology and controls has been implemented across the IT estate. This included the introduction of an industry-standard cyber risk management framework, implementation of a more substantive security patch policy, changes to end-user

device estate and on-going iteration of policy and standard to reflect an ever-changing threat landscape. This investment has moved the University's cyber capabilities and threat management posture to one that is recognised externally as 'mature'. And although it is recognised that the threat landscape is continually evolving, advancement in the University's Cyber Security Operating Model, coupled with continuous investments in technology, policy and process automation, supported by a world-leading managed service provider has facilitated a reduction in the overall institutional risk exposure. During the meeting, the Audit and Risk Committee noted that this still needed to be considered within the Modern Network project, and members also agreed that despite the lowering of the cyber risk from red to amber, going forward management would continue to highlight to ARC the cyber risk, the controls that were in place and any key mitigation measures.

*Strategic risks focus/spotlight sessions*

- 2.12 Reports providing focus on strategic risks took place into the following areas during the year:
- Isambard AI in September and October 2023 and again in January and March 2024;
  - Student Wellbeing in October 2023;
  - the affordability of the University's long term financial plan in January 2024 and;
  - Cyber Security and Data Loss in September 2024.
- Marking and Assessment boycott
- 2.13 In September 2023, the Committee received an overview of the key risks linked to the Marking & Assessment Boycott and associated industrial action. It noted that this risk had been highlighted in the KUR and it had the potential to have a deep impact for a small number of students. The Committee noted that the University's Industrial Action task force continued to keep actions and responses under review as new information emerged and the timeline towards graduation progressed. It was agreed that the Committee would continue to receive updates via email on the continued response from the Executive ahead of the next meeting of Audit and Risk Committee in October.
- Isambard AI
- 2.14 In early October 2023, the Committee received a briefing on the Isambard AI project, and how the University was managing the associated risks. At a virtual meeting on 24<sup>th</sup> October 2023, the Committee held a joint meeting with the Finance & Infrastructure Committee (FIC) for ARC to consider the Isambard AI project in more detail with specific attention to matters within ARC's terms of reference (risk, mitigation, assurance elements) and to provide assurance to the Board regarding those matters as they related to the decisions being put to the Board. The Chair of ARC noted the specific role of the ARC to review risks and corresponding mitigations and make recommendation to Board in those areas. The Chair noted that ARC had adequate context around Finance risk based on information that has been provided by the executives to discuss recommendations as required by the paper. The Committee noted that on 23 October, the University Executive Board had recommended for approval to the Finance and Infrastructure Committee and the Board of Trustees (with assurance from Audit and Risk Committee) that the University proceeds with the Project.
- 2.14 In conclusion, from a risk standpoint the Committee agreed that the benefits of progressing outweighed the risks for the University of Bristol, the City of Bristol and the United Kingdom. The Chair of ARC noted that ARC had adequate information in relation to risks: in particular financial and security. The Chair of ARC noted that the Project would continue to evolve and that the ARC should continue to be kept updated and informed. Chair of the ARC confirmed verbally with the two other ARC members present that they were also content (in addition to herself) to assure the Board of Trustees in respect of those matters above as they related to the decisions being put to the Board of Trustees for approval at its meeting on 25 October 2023 and specifically in accordance with Audit and Risk Committee's delegated authority in its terms of reference.
- 2.15 In January 2024, the Committee also discussed and agreed that a 3rd party external programme assurance for Isambard AI should be sought, with a progress update to be provided to the next meeting on 4 March 2024. The Committee discussed whether delays to

the site readiness would cause significant cost increases. Officers advised there were mitigations in place that brought these risks down to an acceptable/ tolerable level and that the University was of the view that the project would be delivered to time. It was noted that terms of the agreements made between the parties minimised the University of Bristol's exposure and that the specific risk of the delay did not carry a penalty. The Committee also held a discussion about the potential impact of a change of Government over the next 12 months.

- 2.16 In March 2024, the Committee discussed the progress being made in relation to the 3rd party external programme assurance for Isambard AI and also an 'early doors' proposal to UKRI for an Isambard AI 2. During the meeting, the Committee scrutinised the risks associated with the Isambard AI 2 proposal and corresponding mitigations, noting that the CFO had committed to expanding the KURR entry to include both Isambard AI and AI2, should the University be successful in the bid and if the Board of Trustees agreed to enter into the contract. It was noted that once the outcome of the bid was known, there would be a more detailed discussion at ARC, FIC and at the Board of Trustees. Post note: The University was not successful in the bidding process and therefore Isambard AI 2 did not go ahead. In relation to progress around Isambard AI, the committee received a further short advisory note from the Internal Auditor at its meeting in June, to help inform next steps and direction of the programme, with a view to developing a longer-term assurance model. It was also agreed at the March meeting that going forward any key emerging risks would be reported to ARC using the KURR agenda item, as Isambard AI was already a key risk on the KURR.
- 2.17 In June 2024, the Committee discussed further the third party external programme assurance for Isambard AI. The Committee noted that the programme appeared closely aligned to the strategic vision of the University. The programme appeared to have started well in several areas, notably pragmatic early negotiations with suppliers, certain legal and compliance considerations, oversight of key risks, confirmation of planning permission and management of delays with electrical supply and other critical components. The Executive provided an update on progress to ARC noting that the project had a very fast cadence when compared to other University projects. In response to a question, the Executive noted that the project remained challenging but that pressure that the project was bringing to bear on the organisation remained at a similar level to that anticipated when approval was agreed. It was noted that additional staff to work solely on Isambard-AI had now been recruited and this would eventually reduce pressure on existing staff. In response to a question, the Executive provided details of Senior Officer oversight and Governance arrangements, noting that the Isambard-AI facility would become part of the Faculty of Science and Engineering with a School equivalent identity created, with the Faculty Pro Vice-Chancellor (Professor Ian Bond) as the Executive lead. The Committee agreed that going forward the Isambard AI updates should become a standing item on ARC meeting agendas until it was appropriate to stand them down.
- 2.18 In November 2024, the Committee received a further more detailed update on Isambard AI. Following RSM's wisdom-led review of the University's Isambard AI project, ARC had requested that the management team issued a formal response. The report was presented to the Committee in the format of a formal internal audit reporting manner, and the Committee discussed the proposed management actions, the key responsible owners and the key target dates. Updates would continue to be brought to each Audit and Risk Committee meeting.
- Affordability of the University's Capital Plan: key risks
- 2.19 In January 2024, the Committee undertook a deep dive into the affordability of the University's capital plan over the next decade, and the options available to it. The Committee noted that the paper sought to provide an initial snapshot of potential big ideas, suggested at the highest level without any business cases, or financial analysis having yet been carried out. The Committee noted that the paper only articulated the issues, solutions and dialog would be sought with the Executive and Board to refine and set parameters over the next few months. The Committee also noted that the prioritisation and sequencing of certain projects, plans and events had been outlined to the Board of Trustees via the Campus Framework Plan. This remained in place and presented the rationale for the University doing things in a

particular order. Additionally, the Board had received a report of Strategic Performance Indicators (SPIs), and these broad ten goals were related to the ideas in the paper.

➤ Risk Appetite

2.20 In April 2024, the Committee held its annual Away Day and this year the focus was on developing a refreshed University Risk Appetite Statement. The session was led by RSM, and a first draft of the Risk Appetite Statement was then developed further, and discussed at University Executive Board, then again at the Audit and Risk Committee in June, before being finalised over the summer of 2024, and approved by the Board of Trustees in September 2024 [see paragraphs 2.8 and 2.9 above for more information].

➤ Procurement Act 2023

2.21 Further, at its meeting in June 2024, the Committee discussed some material changes that were being made to the Procurement Act 2023 particularly in relation to the requirements for public procurement, including a significant increase in administrative burdens and transparency requirements, as well as changes in the definition of a contracting authority. Given how important effective procurement processes are for the provision of world-class teaching and research, particularly where research is funded by public grant income, the Committee discussed the benefits and risks of the University determining that it did not need to comply with the Procurement Act 2023 from 28 October 2024. After detailed scrutiny of those key risks and benefits, the Committee agreed to recommend to the Board of Trustees that it did not need to comply with the Procurement Act 2023 from 28 October 2024 on the basis that the University should take a position that it is not a contracting authority as defined in the Act and therefore is not required to comply (on a blanket basis) with the Act from 28 October 2024. The Board subsequently approved this recommendation at its meeting in July 2024.

➤ Cyber Security and Data Loss

2.22 At its meeting in September 2024, the Committee received a deep dive session on Cyber Security and Data Loss. The session looked at the timeline to maturity, cyber engagement, the reasons why we control for cyber risk and cyber futures i.e. addressing any gaps in controls. The committee was pleased with the way in which the University was taking a holistic approach looking at risk across the entire eco system. The following was specifically discussed:

- The importance of having an overall capability statistic, based on National Cyber Security Centre (NCSC) guidance, rather than simply a number of what cyber issues had been resolved.
- The significant level of investment which had gone into the University's cyber controls and the positive impact that it was having, hence the lower risk score in the Key University Risk Register. It was noted that AI had also assisted with detection capability and provided the team with the ability to respond efficiently. ARC emphasised that the University should continue to be open to a significant cyber threat, but to continue to focus on mitigating that threat. ARC therefore agreed that it would continue to keep a watching brief on the Cyber risk, having also been assured that at an operational level, there were strong management controls in place, with robust teams of people and a greater understanding of cyber security across the organisation's staff.
- On whether Isambard AI had changed the risk profile for the University, the committee noted that Isambard AI had been built in a different way allowing for it to be segmented from the University's main network. This meant that if Isambard were targeted it would not affect the University's network. The University was acting as a service provider to the Isambard solution, which sat on an autonomous network. With Isambard coming on stream, this had also led to increased and more rigorous monitoring of the University's own networks by third parties, who were isolating threats immediately and then reporting those to the University.
- The importance of continuing to work with the NCSC and Government Communications Headquarters (GCHQ).
- The operating effectiveness of cyber controls and whether those had been improved since the internal audit report in June 2022. It was noted that most of the actions had been

implemented with only a few actions outstanding. Internal Audit was planning a more specific follow up on cyber security and disaster recovery as part of its 2024/25 internal audit plan. ARC requested that the follow up review included a sector wide lens i.e. how did the University of Bristol compare with other universities.

- Market pressures and how well the University was doing in terms of attracting and retaining top talent in cyber. It was noted that part of the University's success was that it was doing all the right things in cyber security and first-class individuals wanted to be a part of that. It also helped that the University worked closely with other bodies such as JISC and NCSC, which enhanced the University's reputation. Proactive support from University Executive Board had also allowed the CIO to retain skills so that there was not a need to go out to the marketplace.

➤ Improvements to Risk Management Framework

- 2.23 In September 2024, the Committee received a presentation from the Executive Director of Strategic Planning and Transformation on how to improve the University's Risk Management Framework, particularly as a result of the newly refreshed Risk Appetite Statement. The Executive Director of Strategic Planning & Transformation outlined a comprehensive plan to update the university's risk management policy, guidance, and training, incorporating newly agreed risk appetite statements. The plan included revising the Key University Risk Register and embedding risk management practices across the university, with a timeline set for completion within a year. The Committee discussed the proposed changes to reporting Key University Risks (KURs) and the approach to integrating Risk Appetite within the University's Risk Management Framework, both of which had been endorsed by the University Executive Board. In conclusion, the Committee supported the Executive Director in the direction of travel, specifically in relation to her review and update of the risk management policy, guidance, and training materials to embed the new risk appetite statements, and in her revisions to the key university risk register template and the testing of this with the top three risks. The committee would continue to receive updates.

*Future strategic risk deep dives*

- 2.24 The Audit and Risk Committee has plans for further deep dives into strategic risk for the rest of the 24/25 academic year, and these will be reported in the 24/25 Audit Committee Annual Report to the Board in November 2025. The deep dives which are planned cover IT Disaster Recovery, Temple Quarter Enterprise Campus, Risk Management, Space, University Subsidiary Companies top 5 key risks, and Student Mental Health and Wellbeing.

**Conclusion**

- 2.25 The Audit and Risk Committee is satisfied with the progress made over 2023/24 and up to the date of this report in developing the University's risk management arrangements, which are now in a substantially stronger position, with further improvements to come in the following year, and that controls to manage risk have been in operation and deployed effectively.

**3 Controls**

- 3.1 Key sources of assurance that the University is maintaining a robust system of internal control are outlined below.

*Internal Audit*

- 3.2 The University's internal audit services for 2023/24 were provided by a co-sourced model with RSM acting as the Head of Internal Audit and the University providing the majority of internal audit staff to perform the audit field work.
- 3.3 The University's 2024-2027 Internal Audit Strategy (agreed by the Audit and Risk Committee on 10 June 2024) set out the approach to be taken. The proposed programme of work sought to provide assurance across the following key aspects of the landscape, namely: providing assurance over a range of core business as usual activity; areas that have not previously been subject to independent assurance; represent key strategic risks to the University; identified by management as areas of possible concern; include multi-year considerations of key programmes; providing a broad coverage of the University's activities whilst recognising

the need to build a picture of assurance over a number of years.

- 3.4 Audit & Risk Committee received, challenged and approved a revised version of the Internal Audit Plan 2023/24 Update Report at each meeting in the academic year 2023/24.
- 3.5 On 4 November 2024, Audit & Risk Committee considered the Internal Audit – Report of Annual Opinion 2023/24. At the time of writing, 25 reports had been completed by Risk Assurance between September 2023 and September 2024.
- 3.6 Of the total **141** actions identified through the year six (4%) were High priority. These findings reflect serious internal control or risk management issues within the respective area. These areas were in relation to:

#### *Anti-Bribery and Corruption*

- 3.7 Ownership of bribery: The current processes for operational bribery management are not being actively maintained by Secretary's Office, and whilst the new Anti-Bribery Policy aims to introduce additional measures on top of the existing controls, these have not yet been implemented.
- 3.8 Operationalisation of bribery procedures: Lack of resources in Secretary's Office was the main reason attributed to why the current processes have not been prioritised in recent years. With the move to Finance Services planned, there is a need to ensure that there are sufficient resources going forward to address the previous audit actions, introduce the new measures, and maintain the updated control framework. Ownership of bribery matters and responsible teams in light of these challenges needs to be confirmed so that there is clarity going forward and that there is clean handover of processes and responsibilities from Secretary's Office to Finance Services.
- 3.9 Rollout of training: As noted above, the training module that was in development for anti-bribery was not rolled out to staff because of challenges cited in determining which roles were relevant to undertake it. This needs to be resolved so that training can be made available, and uptake monitored. It is worth noting that no recent bribery incidents have been reported, but it is not clear if this is due to a genuine lack of reportable incidents or if incidents have gone unreported due to lack of staff awareness.
- 3.10 Section 3.24 below refers to the Committees review in September 2024, of the University's revised Anti Bribery and Corruption Policy.

#### *Framework for Compliance with Scientific Requirements*

- 3.11 Dispersed Ownership and Operation of Controls: Ownership or risks and controls for managing the University's compliance with scientific regulations is devolved and the University lacks a clear, collated capture of this. Without a collated capture of ownership, there is a risk that the University has gaps in the control coverage and upward reporting about regulatory compliance. Additionally, whilst certain regulations are directly referenced in policies, these are inconsistent between teams and there is no mechanism to ensure alignment. Consequently, senior leadership has limited visibility of the overall risk and control framework for this area.

#### *Digital Strategy*

- 3.12 Benefits Realisation: The overall benefits of the Digital Strategy were not defined at the point of the original Business case being approved by the Board of Trustees. Instead, it is documented that "On writing this report, the overall benefit case for the Digital Strategy is still to be defined and is evolving with the accelerated requirement for flexible education and remote working." A benefits realisation ways of working document was created in May 2021, which outlined a proposed action plan for benefits realisation, but progress has been slower than anticipated and as such the proposed ways of working have not yet been implemented. As a result, the ongoing tracking and management of benefits has not been performed consistently. This is an area the University had identified already as an issue and are subsequently working to address. At its meeting on 4<sup>th</sup> November 2024, ARC discussed the report, and felt reassured by the substantial progress that was being made since the audit, however, it was concerned that the dual/split opinion by the internal auditor actually made it less clear and that the Internal Auditors opinion should reflect more holistically the efforts that have

been put in place as well as the issues still outstanding and that should be within a one word opinion. ARC emphasised the need for one perspective of the control environment going forward. Following the meeting the Internal Auditor reflected on the assurance opinion provided within the Digital Strategy report and agreed that the split opinion did not help to inform the committee, but rather make the report less clear. In discussion with the executive sponsor for this audit the Internal Auditor therefore agreed to revise the final version of the report to a Partial Assurance opinion. The updated report was then issued by email after the 4<sup>th</sup> November ARC meeting, and was also amended within the Internal Audit Annual Report.

- 3.13 Programme Governance: Where changes to the budget breakdown or allocation of funds across projects were required, the auditor confirmed that there was clear documentation from the Finance Infrastructure Committee (FIC) meetings where this was discussed. However, this was not the case for the £10.2m reduction in the budget envelope. This was a key strategic decision which could have had a major impact on the overall delivery of the Digital Strategy. There was no evidence of a discussion at the FIC that the £10.2m funding would not be retained. Further to this, the 'NextGen' Project required a change in mandate in 2022 and the original business case submitted in January 2021 had not been fully delivered. This led to cost and timescale implications which meant that objectives of the Programme evolved and had to be amended. The Audit and Risk Committee discussed this matter at its meeting on 4th November 2024, and was assured by the Chief Financial Officer that going forward actions were being taken to ensure that programme governance as more clearly articulated and better understood. A paper would be presented to ARC on this particular matter at its meeting in March 2025.
- 3.14 The Committee noted during 2023/24, the work of the internal audit team had continued to challenge the management team due to RSM's focus on end-to-end processes, strategic alignment, and seeking the underlying causes of issues identified in specific areas.
- 3.15 The Committee noted that during 2023/24, the University had continued to use the 4Action system for tracking the completion of internal audit actions. The system allows action owners to update progress, attach evidence of completion and prompt when due dates are imminent; and also provides senior leaders with a University wide view of internal audit actions.

#### *External Audit*

- 3.16 External audit services were provided by PricewaterhouseCoopers LLP (PwC), and the Audit and Risk Committee recommended to the Board of Trustees that they be appointed as the external Auditor of the period 2023/24, this was subsequently agreed by the Board of Trustees.
- 3.17 In the report, PwC reported the significant findings from the 2023/24 Audit. The report set out matters arising from PwC's audit of financial statements, for the University of Bristol and its subsidiary companies, for which reporting is required as part of both the terms and conditions of funding for higher education institutions for the period to 31 July 2024 (OfS 2022.38) issued by Office for Students ("OfS") and Terms and conditions of Research England grant (RE-P-2022-01) issued by Research England (together "the terms and conditions of funding") and International Standard on Auditing (UK) 260 'Communication of audit matters with those charged with governance'.
- 3.18 It was noted that there was a potential reclassification of up to £40m between the Revaluation Reserve and unrestricted I&E reserve that was still being finalised, but as it did not impact the overall net unrestricted reserves (and therefore was not material to the reader of the accounts), the Committee was satisfied that management could make the adjustment without the need for further review by the Committee.
- 3.19 In the report, PwC reported on the University's financial statements, the application of funds by the University, and whether the requirements of the regulator's accounts direction had been met. PwC confirmed that its audit work had been substantially completed and that it expected to issue an unmodified audit opinion on the financial statements for the Board of Trustees meeting on 22 November 2024.



3.20 The Audit and Risk Committee considered and approved PwC's Management Letter for 2023/24 at its meeting on 4 November 2024. No significant control issues were raised by PwC other than what is reflected above. Furthermore, at its November 2024 meeting, the Committee considered the financial statements with the External Auditors, the Vice Chancellor, the Chief Financial Officer and the Registrar & University Secretary. The 2023/24 Management Letter and Letter of Representation will be considered by the Board of Trustees on 22 November 2024.

*Other source of assurance*

3.21 On 4 November 2024, the Audit and Risk Committee received and approved the Annual Fraud Report 2023/24 and noted that there had been no incidents of successful fraud perpetrated against the University over the last academic year. The Committee noted actions undertaken by the University to prevent fraud.

➤ Whistleblowing

3.22 In relation to public interest disclosures, the current Whistleblowing Policy was approved in June 2022 by the Audit and Risk Committee (ARC) and implemented from 1 August 2022. There have been no substantive revisions since but some updates to the contact list have been made to accommodate changes to personnel or job titles during 2023/24. Verbal reports have been made to ARC at each meeting.

3.23 In March 2024, ARC received an annual written report for the period 1 March 2023 – 21 February 2024 which summarised all Whistleblowing Concerns raised, investigations and actions taken in that 12-month period; and also included an outline of all Whistleblowing Concerns received for the previous five years, to facilitate a full overview of any trends or developments. In September 2024, ARC decided to move the date of the annual written whistleblowing report to September for consideration in its first meeting in each academic year with effect from September 2025. Verbal reports will be provided at each meeting until then. The first written report of September 2025 will summarise all Whistleblowing Concerns received and actions taken between February 2024 and September 2025 with a six-year summary, to provide full reporting, and facilitate oversight and assurance of compliance with public interest disclosure obligations.

3.24 The Audit and Risk Committee considered that the regular reports in relation to this Policy, together with other University policies, provided an adequate and robust framework to safeguard the University's interests.

➤ Anti-bribery

3.25 On 24 September 2024, the Committee reviewed and approved amendments to the University's Anti-Bribery Policy, which is now 'owned' operationally by Finance Services, led by the Group Finance Director. The following was noted during the meeting:

- The policy delineated clear responsibilities, ensuring that staff members were aware of their roles in preventing and addressing bribery.
- The policy was designed to be integrated into existing awareness training programs such as Fraud training, promoting a culture of ethical conduct.
- The committee's approval of the policy was being sought to formalise the anti-bribery measures and reinforce the University's commitment to ethical practices.
- A strategy for operationalising the policy was outlined, focusing on embedding the principles into daily operations and decision-making processes.
- The Policy had been reviewed by the Internal Auditor who confirmed that it was satisfied with the Policy in relation to best practice guidance, and that the new approach addressed some of the weaknesses that had been highlighted in the recent internal audit report (discussed by the Committee at its meeting in June 2024).

3.26 The Committee felt assured that the new policy had been developed to ensure that risks were managed in an appropriate way, roles and responsibilities were clear, and that the operational requirements were practical and deliverable. Members were pleased to see that the new policy introduced new centrally driven controls, outlined the response plan for any incidents, and committed to share updates on any areas of concern with the Committee.

➤ Subsidiaries

- 3.27 In November 2024, the Committee approved Annual Statements from the three wholly-owned University Subsidiaries (Science Research Foundation, National Composites Centre, and Langford Veterinary Services), in accordance with its terms of reference and the University's Subsidiary Governance Framework. The University's Audit & Risk Committee acts as the Audit Committee for all Subsidiaries. The Annual Statements provided the Committee with assurances around the following:
- Details of any matters arising in respect of the company that may be relevant for the University and its obligations to the Office for Students (the Higher Education Regulatory Body).
  - Confirmation that: a) the company continues to operate solely for the purpose as approved by the University, remains and continues to remain in full compliance with the terms and conditions of the consent under which it was approved; and b) the company is in compliance with the University's Subsidiary Governance Framework together with the University's Corporate Governance Framework, with full explanations for any derogations clearly explained and identified or the timeline for full compliance indicated.
  - Confirmation that the company has an appropriate system of internal and financial control in place.
  - Details of the number of Subsidiary Board meetings (and its committees) and the attendance of each Board and committee member (including members who are current and those who have stood down during that year), and any key strategic decisions that the Board has made during the course of the year.
  - Confirmation that there has been a review of the effectiveness of the internal control system.
  - Confirmation that the Subsidiary Board has carried out an assessment of the company's principal risks, including a description of these risks, and associated mitigation measures or strategies.
  - Confirmation that disposal procedures have been complied with.
  - Confirmation of the company's compliance with tax laws.
- 3.28 During the course of the 24/25 academic year, there will be further internal audit reports on subsidiaries and a deep dive by the Committee into the top 5 key risks of NCC and SRF.

*Conclusion*

- 3.29 The Audit & Risk Committee considers that an adequate framework for internal control has been in operation for financial year 2023/24 and up to the date of this report. The Committee has been assured by management that appropriate action is being taken to address any weaknesses identified by both the internal and external auditor. Additionally, the Committee noted that no major control failings had been identified by management during the year.

**4. Governance**

- 4.1 The Board of Trustees conducts its business in accordance with legal requirements (The University is subject to Charity Law), and best practice in higher education governance. The University and its Board adheres to the University Charter, Statutes and Ordinances and the following governance codes, principles and regulatory framework:
- Bristol University Charter, Statutes and Ordinances
  - Committee of University Chairs Remuneration Code
  - Office for Students (OfS) Public Interest Governance Principles
  - Office for Students Regulatory Framework for Higher Education in England
  - Committee on Standards in Public Life – 7 Principles of Public Life
- 4.2 During the year ending 31 July 2024 the Audit & Risk Committee and the University has complied, and fully applies with the guidance to universities in particular the CUC (Committee of University Chairs) Governance Code of Practice issued in September 2020 (the "2020 CUC Code"), desktop reviews ensured that this was the case.

- 4.3 The University's Governance Team continually reviews the level of alignment between the Audit & Risk Committee terms of reference, and the CUC HE Audit Committees Code of Practice. In 2023/24, the Committee made a series of readjustments to its Terms of Reference to ensure more full compliance. In refreshing the Committee's terms of reference, the Governance Team also sought to align them with the newly refreshed UK Corporate Governance Code and the FCA Guide for Audit Committees, given that changes in governance best practices in the corporate sector often cascades across to other sectors such as Higher Education. Veale Wasbrough Vizards LLP (VWV), the University's external lawyers, assisted with this work and have confirmed that the Committee is now fully aligned with national best practice across corporate, charity and the HE sectors. The Committee approved the amendments to its terms of reference at its meeting in June 2024.
- 4.4 In 2023/24, there was one Reportable Events registered with the OfS in relation to Prevent – this was reported to the Committee at its meeting on 15<sup>th</sup> January 2024. A further Reportable Event was registered with the OfS in September 2024 and was reported to the Audit and Risk Committee at its meeting in September 2024 (although this falls within the 2024/25 academic year and will be referenced in this Committee's Annual Report for 2024/25).
- 4.5 In September 2023 and again in September 2024, the Committee received a comprehensive annual report setting out the requirements and guidance in the Office for Students' (OfS) Terms and Conditions of Funding for Higher Education Institutions and Regulatory Framework in relation to 'reportable and material adverse events and the proposed procedure for identification of and dealing with such reporting. The Committee specifically discussed the following:
- the University's refreshed approach to managing and evidencing the University's compliance with the Office for Student (OfS) regulatory framework for higher education in England;
  - the University's refreshed approach to tracking its compliance with the OfS ongoing conditions of registration and in respect of the Reportable events Policy – in particular a five-year view of the reporting of Reportable Events i.e. since the inception of the OfS;
  - a newly developed Statutory External Returns log which will ensure a more coordinated approach to all external statutory data returns and regulatory submissions, the aim of which was to strengthen the University's alignment with the current OfS reporting requirements.
- 4.6 In addition, in September 2024, the Committee also considered:
- a detailed compliance update highlighting how the University facilitates voter registration (a requirement of one of the ongoing conditions of registration - E5: "*The provider must comply with guidance published by the OfS to facilitate, in co-operation with electoral registration officers, the electoral registration of students*") and;
  - a comprehensive update on a new OfS condition of registration (Condition E6: Sexual Misconduct and Harassment) which is scheduled to be introduced in August 2025, and the activities underway to ensure University alignment with that new condition.

### *Conclusion*

- 4.7 The Audit and Risk Committee is satisfied with the adequacy and effectiveness of the University's governance arrangements.

## **5. Review of arrangements for promoting economy, efficiency and effectiveness – Value for Money (VfM) Report**

- 5.1 On 22 November 2024, the Board of Trustees approved, on the recommendation of Audit & Risk Committee, the University's Value for Money Statement for publication in the University Annual Report.

- 5.2 The OfS requires Higher Education providers to apply proper processes that ensure effective accountability and secure value for money. The 2023/24 Value for Money report assessed the Value for Money ("VfM") the University offers to both students and tax payers across a series of key

performance indicators (KPIs) that were agreed with the Board that drive VfM improvements across “Economy” (how our costs compare to others), “Efficiency” (how our performance compares to others) & “Effectiveness” (outcomes).

- 5.3 There had been good progress against benchmarks for both Education and Research activities, but still further work to do to reach our targets. The report further set out proposed initiatives for 2024/25 to further enhance the value for money that the University offered:
- Education: conclusion
- 5.3.1 The University had invested significant resources to enhance long term improved educational and student experience through a challenging financial year and the investment continued to yield excellent outcomes for our students. There was more work to be done to enhance aspects of students’ academic experience to improve value for money for students and the taxpayer. This was a key focus area.
- Research: conclusion
- 5.3.2 The conclusion is that, due to the high quality of outputs (as confirmed by REF 2021) and the University’s research cost recovery rate, the University is delivering good Value for Money in its research activities.
- 5.4 The Committee considered a range of measures that had been undertaken to improve value for money, both for students and for taxpayers, in the short to medium term and was satisfied with the progress being made.

#### *Conclusion*

- 5.5 The Audit & Risk Committee is satisfied with the adequacy and effectiveness of the University’s Value for Money (VfM) arrangements and notes the opinion of the Internal Auditor (‘reasonable assurance’) that activities and controls relating to VfM in the areas they examined were, subject to the timely implementation of recommendations made, suitably designed to achieve the specific VfM objectives of the University.

## **6 Management, control and quality assurance of data, specifically financial returns, submitted to HESA, Office for Students and other bodies**

- External statutory and regulatory returns
- 6.1 The Committee annually receives comprehensive reporting on external statutory returns. There are circa 55 returns that must be made during the course of each year ranging from financial returns to other more broad ranging data such as graduate outcomes, research related data, staff data, and UK Visas/immigration data. All returns were made by the statutory deadline and were signed off by the appropriate ‘senior officer’ at the University.
- 6.2 All financial returns were reviewed by the Senior Finance Team prior to submission, with the majority of these being considered through Finance and Infrastructure Committee and the Board of Trustees. There were no significant queries raised by OfS or HESA, or indeed any other statutory or regulatory body on the returns submitted.
- 6.3 Submission of the regulatory returns is centrally co-ordinated by the Senior Team Executive Office, with returns assigned to the appropriate business areas to complete. The governance and formal sign-off processes differ for each return, some to University Executive Board (UEB), Finance & Infrastructure Committee, and Audit & Risk Committee, whereas others are signed off locally before presented to the Vice-Chancellor for formal approval.
- Internal Audit Report: Financial Planning & Budgetary Control
- 6.4 In October 2023 the Committee discussed an internal audit report on financial planning and budgetary control which evaluated the process of producing the University’s financial plans through the IPP and the long-term plan, as well as budget monitoring arrangements in-year. The audit included specialist subject matter expertise from RSM’s Financial Modelling team to evaluate the strength and inherent risks within the University’s long-term financial

modelling spreadsheet. The report concluded that the Committee could take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied. However, the report did also identify identified issues that needed to be addressed in order to ensure that the control framework is effective in managing the identified risk(s). Management was supportive of the recommendations contained within the report and highlighted to the Committee any key improvement actions.

➤ Internal Audit Report: Transparent Approach to Costing (TRAC)

6.5 In March 2024, the Committee discussed an internal audit report on Transparent Approach to Costing (TRAC), which had received substantial assurance. TRAC was introduced in the UK Higher Education sector in 1999 as a government accountability requirement to help institutes better manage their finances and create a sustainable cost of doing research. The University of Bristol (the University) produces an annual TRAC return, using data gathered from multiple sources across the institution. The audit was scoped to provide assurance over the overall processes and controls around TRAC for the 2022-23 return, including the processes in place to ensure the return is submitted in a timely manner and that governance and approval processes are proportionate. The report assured the committee that the controls upon which the organisation relies to manage the identified risk(s) are suitably designed, consistently applied and operating effectively in this area. The Committee also annually reviews the TRAC return compliance documentation. In January 2024, the Committee scrutinised the compliance documentation for the 2022-23 return, and agreed that it felt assured regarding the University of Bristol TRAC return compliance documents for 2022/23.

6.6 Likewise, in November 2024, the Committee discussed and approved the 2023/24 TRAC return compliance documentation on the basis that the Committee had received assurances from the Chief Financial Officer that the processes and controls had not changed from previous years and that they continued to be effective. A further update on this will be provided to the Committee at its meeting in March 2025.

➤ Internal Audit Report: Research Finance

6.7 In June 2024, the Committee discussed an internal audit report on Research Finance which concluded that, overall, the control environment in relation to research grant finance appears to be working effectively. The report gave the committee a Reasonable Assurance rating for this audit, with two medium priority actions and 6 low priority actions. Management confirmed that it was supportive of the recommendations contained within the report and highlighted to the Committee any key improvement actions.

➤ Internal Audit Report: Data Futures

6.8 In September 2024, the Committee discussed an internal audit report on Data Futures which had received a reasonable assurance rating, with 5 low priority actions and 1 medium priority. For context, the HESA Student record has been collected since 1994 from subscribing higher education providers in the UK. The data is fundamental in formulating funding, statistics publications such as Unistats, and league tables. Data Futures is a sector-wide transformation programme that combines the requirements of two existing returns, namely the HESA Student record and the Student Alternative record. This internal audit review was a follow up to a previous audit of Data Futures Readiness in the 2022/23 audit programme. In this review, the Internal Auditor evaluated progress made to meet the requirements of Data Futures to date, including a retrospective review of the first submission in December 2023. The report also assessed progress monitoring mechanisms in place for identifying the outstanding challenges and lessons learned over the life cycle of the programme. The conclusions made in the report were that the University has taken several steps to address the challenges for the current cycle (challenges which other Universities also experienced) and built in improvements to its processes. Through discussion with stakeholders, it was clear to the Internal Audit that meeting the 23/24 submission deadline is a clear priority. Progress reported by the team shows that they are significantly ahead of last year's progress in compiling the current return. Management confirmed that it was supportive of the recommendations contained within the

report.

➤ External Research Grant audits

6.9 During the year the University was audited by the following external research grant bodies and was found to be compliant with regard to these organisations' requirements.

- US Federal Grant Audit (Annual Grant Audit)
- European H2020 Grant Audits (Individual Grant Audits)
- Innovate UK (Individual Grant Audits)

## 7 Overall Conclusion

7.1 The Audit and Risk Committee presents this annual report to provide assurance to the University's Board of Trustees and the University's Accountable Officer regarding the signing the University's Annual Report and the Financial Statements for the year ended 31 July 2024. The report will be presented to and reviewed by the Board of Trustees on 22 November 2024 before the audited financial statements are signed.

7.2 On the basis of the information provided to it, the Audit and Risk Committee can confirm to the Board of Trustees and the accountable officer that it:

7.2.1 Recommends the financial statements to the Board for approval including the corporate governance statement and statement of Board responsibilities.

7.2.2 Recommends the letter of representation to Board for approval.

7.2.3 Assures the Board that the financial statements are in accordance with any accounts direction from the OfS and that the accounting policies and judgments are appropriate.

7.3 Based on the information provided to it, including assurances received from the Vice-Chancellor and members of the senior management team, the External Audit Report, the Internal Auditor's Reports, its discussions with the External and Internal Auditors, the Audit and Risk Committee can confirm to the Board of Trustees and the accountable officer that it is satisfied that:

7.3.1 Adequate controls have been operating for risk management and internal control, which are separately disclosed within the Board's Internal Control statement in the 2023/24 annual report and financial statements.

7.3.2 Adequate arrangements have been in place in relation to governance.

7.3.3 Adequate arrangements have been in place to promote economy, efficiency and effectiveness (VFM); and

7.3.4 Adequate arrangements have been in place in relation to the management and quality assurance of financial returns submitted to the Higher Education Statistics Agency, the Student Loans Company, HEFCE, the OfS, Research England and other bodies.