



## ANNUAL REPORT OF THE AUDIT & RISK COMMITTEE 2024/25

### 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 2024 to 31 July 2025; it also includes any significant issues that have arisen up until the date of this annual report (16 October 2025). 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 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 Throughout the 2024/25 academic year, the Committee received a series of internal audit reports which provided assurance over the University's risk management framework and its operational effectiveness. These included follow-up audits on Cyber Security and IT Disaster Recovery, a retrospective review of the Modern Network programme, and thematic audits on Executive Governance, Hazardous Substances, and Safeguarding.

2.2 The September 2024 internal audit of risk management concluded that the University had made significant progress since the previous audit in 2021. Improvements were noted in the development of risk appetite statements, structured risk discussions at senior levels, and increased visibility of the Key University Risk Register (KURR) at Operations Board. However, the audit also identified that risk management practices below the KURR level remained inconsistent, with some divisions lacking formal risk registers or using varied formats. The tools used were described as dense and not always user-friendly.

2.3 The Committee noted that while the Risk Management Policy and Procedure were generally clear, further work was needed to embed consistent language and methodology across the institution. The Executive Director of Strategic Planning and Transformation presented a comprehensive plan to update the University's risk management policy,

guidance and training materials, incorporating the newly agreed risk appetite statements. The Committee endorsed this direction of travel and agreed that the revised KURR template and supporting processes would be tested with the top three risks before wider rollout.

### *Risk Appetite*

2.4 The Committee considered and endorsed the refreshed University Risk Appetite Statement, which was approved by the Board of Trustees in September 2024. The Statement was developed following a facilitated session with RSM at the Board's annual development day in March 2024, and subsequent consultation with the University Executive Board, Operations Board, and General Counsel.

2.5 The new Statement defines risk appetite in terms of strategic ambitions, identifies key fundamentals where risk mitigation is prioritised, and clarifies the balance between risk and reward in decision-making. The Committee supported the integration of the Statement into the University's risk management processes and endorsed the direction of travel in embedding it across the institution.

2.6 In April 2025, the Committee held its annual Away Day, with a focus on embedding the refreshed Risk Appetite Statement. The session was led by RSM and included discussion of how the Statement would be operationalised across faculties and divisions. The Committee agreed that the Statement should be reviewed every 18 months to allow time for embedding and testing assumptions.

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

2.7 The Committee reviewed the KURR at each of its meetings during 2024/25. Notable changes included:

- **Cyber Security / Data Loss (Risk 5C):** In September 2024, the Committee approved a reduction in the residual risk score, moving it from red to amber. This reflected significant investment in secure technology, policy changes, and the implementation of a mature cyber risk management framework. The segmentation of Isambard AI from the main network further reduced institutional exposure. The Committee agreed that despite the reduction, cyber risk should remain a standing item on ARC agendas.
- **International Students (Risk 1F):** In March 2025, the residual score increased from 15 to 20 due to sector-wide immigration changes and the prospect of the introduction of a 6% levy on international student fees. The Committee discussed the implications of the new immigration white paper and the potential impact on compliance and financial sustainability.
- **Industrial Action (Risk 3B):** The residual score increased from 9 to 12, reflecting ongoing union activity and potential industrial action. The Committee received updates on engagement with trade unions and mitigation strategies.
- **Student Wellbeing:** In June 2025, the Committee received assurance that recent changes to the operating model had significantly improved access to face-to-face appointments. The Committee agreed that these improvements justified reconsideration of the current risk rating. A follow-up discussion between the COO

and Chair of ARC was scheduled to review closure and validation of actions from the previous internal audit.

- **Inflation and Cost Base:** The Committee discussed the impact of inflation and other pressures on the University's cost base, including staff, leases and energy. The Executive confirmed that productivity gains were being pursued to offset increases.

2.8 The Committee also discussed emerging risks including AI-related threats, the impact of external political changes on research income and accreditation, and the implications of the new OfS condition E6 on harassment and sexual misconduct. The Committee agreed to maintain a watching brief on these areas.

#### *Strategic Risk Deep Dives*

2.9 During the year, the Committee received deep dive reports on:

- Cyber Security and Data Loss
- Student Wellbeing
- Isambard AI
- Campus Framework
- Executive Governance
- Hazardous Substances
- Safeguarding

2.10 Further deep dives are planned for 2025/26, including Freedom of Speech, Subsidiary Risk Registers, IT Disaster Recovery, and Data Integrity. The Committee agreed that these sessions provided valuable assurance and should continue to be a regular feature of ARC agendas.

### **3. Controls**

#### *Internal Audit*

3.1 Internal audit services were delivered via a co-sourced model with RSM. The 2024/25 Internal Audit Plan was approved by the Committee and included a broad range of audits covering strategic, operational, and compliance areas. A total of 25 reports were completed during the year.

3.2 Key audits included:

- **Digital Strategy:** Partial assurance due to governance gaps and budget changes. The Committee requested a single-word assurance opinion and endorsed the Executive's plan to reinstate the original capital budget. The Internal Auditor revised the report following Committee feedback.
- **Campus Framework:** Partial assurance; the audit highlighted the need for clearer financial guardrails and prioritisation of strategic estate projects. The Executive confirmed that the Campus Framework was a plan rather than a fully costed business case and that forward financial guidance was being developed.
- **Hazardous Substances:** Partial assurance; the audit identified gaps in oversight and documentation. The Executive commissioned an external review and began

developing a digital risk assessment solution. The Committee emphasised the importance of oversight and insurance implications.

- **Executive Governance:** Reasonable assurance; recommendations included improving clarity of board roles, meeting cadence, and paper quality. The Executive confirmed that follow-up actions were underway.
- **Safeguarding:** Reasonable assurance; the Committee elevated one action to high priority due to reputational and operational significance. A revised governance structure was being established.
- **Student Number Planning:** Partial assurance; improvements were underway to strengthen controls. The Committee requested clearer articulation of risk impact in future reports.
- **Subsidiaries:** Reasonable assurance for Langford Veterinary Services; further audits planned for Science Research Foundation and NCC. The Committee requested a coordinated view of cyber security across subsidiaries.

3.3 The Committee approved an External Quality Assessment (EQA) of Internal Audit, selecting an advisory-focused review to enhance methodology and value for money. The Committee also endorsed the Internal Audit Strategy and Plan for 2025/26, subject to the inclusion of cyber security and Freedom of Speech audits.

#### *External Audit*

3.4 External audit services were provided by PricewaterhouseCoopers LLP (PwC). The Committee approved the External Audit Plan for the year ending 31 July 2025 and recommended reappointment of PwC for 2025/26. The 2023/24 audit concluded with an unmodified opinion.

3.5 The Committee scrutinised the financial statements, governance disclosures, and representation letters, and confirmed compliance with OfS requirements. A potential reclassification of up to £40 million between the Revaluation Reserve and unrestricted I&E reserve was noted, but deemed immaterial.

3.6 The Committee also approved the External Auditor's Management Letter and Letter of Representation. The Committee received assurance that the audit process had gone well and that the financial statements were fair, balanced and understandable.

#### *Other Sources of Assurance*

- **Annual Fraud Report:** No successful fraud incidents reported; several attempted frauds were detected and mitigated. The Committee approved the report and noted the proactive measures taken.
- **Whistleblowing:** The Committee received verbal updates at each meeting. The Whistleblowing Policy is being revised to reflect the University Secretary as the new lead officer.
- **Subsidiaries:** An annual statement was received from NCC; those from Langford Veterinary Services and Science Research Foundation were deferred until March

2026. Deep dives into subsidiary risks are scheduled for 2025/26. The Committee requested a coordinated and standardised view of cyber security across subsidiaries.

- **Cyber Essentials:** Assurance was provided via Internal Audit and CDIO updates. The Committee agreed that cyber risk should remain a standing item on ARC agendas.

#### 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 frameworks:

- 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 2025, the Audit & Risk Committee and the University complied with the guidance to universities, in particular the CUC Governance Code of Practice issued in September 2020. 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 2024/25, the Committee made a series of readjustments to its Terms of Reference to ensure 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, recognising that changes in governance best practices in the corporate sector often cascade across to other sectors such as Higher Education. Veale Wasbrough Vizards LLP (VWV), the University's external lawyers, assisted with this work and confirmed that the Committee is now fully aligned with national best practice across corporate, charity and HE sectors. The Committee approved the amendments to its terms of reference at its meeting in June 2025.

4.4 In relation to OfS compliance, the Committee received regular updates on the University's approach to managing and evidencing compliance with the OfS regulatory framework. This included tracking ongoing conditions of registration and reportable events. The Committee received a comprehensive update on the new OfS condition of registration (Condition E6: Sexual Misconduct and Harassment), scheduled to be introduced in August 2025. The Committee reviewed and recommended for approval the revised Harassment and Sexual Misconduct Policy, subject to amendments clarifying anonymous reporting, staff disclosure routes, and language tone.

4.5 The Committee also approved the Freedom of Speech Annual Report and noted the University's mature approach to compliance in this area. It was agreed that progress against Freedom of Speech actions would be included in the 2025/26 internal audit plan.

4.6 The Committee received verbal updates on whistleblowing matters at each meeting and noted that the Whistleblowing Policy was being revised to reflect the University

Secretary as the new lead officer. A five-year whistleblowing report will be presented in autumn 2025.

4.7 The 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 VfM the University offers to both students and taxpayers across a series of key performance indicators (KPIs) agreed with the Board that drive VfM improvements across "Economy" (how our costs compare to others), "Efficiency" (how our performance compares to others) and "Effectiveness" (outcomes).

5.3 There had been good progress against benchmarks for both Education and Research activities, but further work is required to reach the University's targets. The report set out proposed initiatives for 2024/25 to further enhance the value for money that the University offers.

### *Education: Conclusion*

5.4 The University invested significant resources to enhance long-term educational and student experience outcomes through a financially challenging year. The investment continued to yield excellent outcomes for students. However, the Committee noted that more work is needed to enhance aspects of students' academic experience to improve value for money for students and the taxpayer. This remains a key focus area.

### *Research: Conclusion*

5.5 The Committee concluded 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.

5.6 The Committee considered a range of measures 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. The Committee congratulated the Executive on the quality of the report and suggested that future versions include more visual elements to enhance accessibility and impact.

5.7 The Audit & Risk Committee is satisfied with the adequacy and effectiveness of the University's Value for Money 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 broader 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 considered through Finance and Investment Committee and the Board of Trustees. There were no significant queries raised by OfS, HESA, or any other statutory or regulatory body on the returns submitted.

6.3 Submission of regulatory returns is centrally coordinated 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 being presented to the Vice-Chancellor for formal approval.

## 6.4 *Internal Audit Reports*

- **TRAC Return:** In November 2024, the Committee approved the 2023/24 TRAC return compliance documentation, confirming that processes and controls remained effective. A further update will be provided in March 2025.
- **Data Protection:** The GDPR project, funded through July 2026, is progressing well with all ten workstreams on track. The Committee received assurance that while delivery is governed effectively, embedding GDPR compliance remains a cultural challenge requiring sustained effort. An update will be provided in autumn 2025.
- **Freedom of Information:** The Committee approved the 2024 FOI Annual Report and noted improvements in meeting statutory deadlines and the volume of requests received.
- **Student Number Planning:** The audit received a partial assurance rating. The Committee noted that the end-to-end student income process is lengthy and complex, and that control weaknesses could impact timely and accurate invoicing. Management confirmed that improvement actions are underway.
- **Business Continuity:** The audit received a reasonable assurance rating. The Committee noted significant maturity in BCM processes, with renewed BCPs and improved incident closure and lessons learned processes.

6.5 The Committee will continue to monitor progress in these areas and receive updates as part of its regular agenda.

## 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 of the University's Annual Report and Financial Statements for the year ended 31

July 2025. The report will be presented to and reviewed by the Board of Trustees on 22 November 2025 before the audited financial statements are signed.

7.2 On the basis of 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 confirms to the Board of Trustees and the Accountable Officer that it is satisfied that:

- Adequate controls have been operating for risk management and internal control, which are separately disclosed within the Board's Internal Control statement in the 2024/25 annual report and financial statements;
- Adequate arrangements have been in place in relation to governance;
- Adequate arrangements have been in place to promote economy, efficiency and effectiveness (VfM); and
- 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, OfS, Research England and other bodies.