



AUDIT AND RISK COMMITTEE

MINUTES AND ACTIONS – APPROVED

06 FEBRUARY 2023 – TIME 11:00-14:00, in person (Council Chamber) and via Microsoft Teams

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3	University Annual Accountability Reports – Modern Slavery Act Transparency Statement
4	External Audit <ul style="list-style-type: none">a) Sector Updateb) Update from Education Sector Lead
5	Internal Audit <ul style="list-style-type: none">a) Audit progress report from 2021/22 planb) Outstanding actions
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Closed session for Audit and Risk Committee members only (discussion not formally minuted)

ACTIONS

Item	Action	Owner	Deadline
4.7.4	Circulate the KPMG Higher Education Sector Update to members of Audit and Risk Committee	Assistant Director, Governance	February 2023
4.7.4	Schedule a meeting with Stuart Brocklehurst (DVC, Business Engagement and Innovation) to meet with the Vice-Chancellor to consider strategic approach towards enterprise and industry partnerships	Assistant Director, Governance	March 2023
5.1	Defer the Student Welfare Review until 2023/24 to avoid duplicating the work undertaken by the external review and provide independent assurance on progress with actions in the next academic year.	Assistant Director, Compliance & Risk	December 2023
5.1	Circulate the report on the UUK Code of Practice on Accommodation to Audit and Risk Committee once finalised with management and prior to deadline of 30 April 2023 and submission to UUK.	Assistant Director, Governance	April 2023
5.1	Circulate the Faculties report to Audit and Risk Committee and schedule for Council alongside overall Future Structures Programme.	Assistant Director, Governance	May 2023
5.2	Follow up with the sponsor of the Staff Wellbeing Review to explore the feedback in further detail and identify any areas for improvement	Assistant Director, Compliance & Risk	May 2023
5.3	Chair to share the publication on Diversity and Inclusion in Internal Audit more widely with key internal and share any resulting feedback with Audit and Risk Committee.	Chair	May 2023
5.8	Schedule a project update report on Payroll Actions for Audit and Risk Committee in June 2023.	Assistant Director, Compliance & Risk	June 2023
6.3	Bring an update report on Chat CPT to Audit and Risk Committee in May 2023, including consideration of immediate risks in relation to exams, assessment and plagiarism alongside wider opportunities for pedagogical innovation.	Assistant Director, Compliance & Risk	May 2023
7.4	Bring an update report to Audit and Risk Committee following NIST Maturity Checkpoint and formal risk assessment in September 2023	Assistant Director, Compliance & Risk	September 2023

8.6	Review the current format of assurance reports provided to Senate and Council on Student Support, Health, Wellbeing and wider safeguarding issues to see if they could be simplified to provide clearer analysis of key risks and emerging trends.	Deputy Registrar and General Counsel	September 2023
9.7	Circulate the PWC report on UK Inflation to Audit and Risk Committee for information.	Assistant Director, Governance	February 2023
10.5	that the Chief Digital Officer, Director Exeter IT would liaise with Assistant Director, Compliance and Risk with relevant multidisciplinary teams in legal compliance and regulatory areas to identify opportunities to obtain privileged access to data without impeding on regulatory and legal requirements in this area and report back on progress to the July Audit committee.	Assistant Director, Compliance & Risk	July 2023
11.2	that a detailed assurance report on Fraud would be scheduled for consideration at the Audit and Risk Meeting on 11 May 2023 highlighting the controls in place of prevent fraud and money-laundering.	Assistant Director, Compliance & Risk	May 2023

DECISIONS

Item	Decision	Paper No.
3.8	Audit and Risk Committee APPROVED the Modern Slavery Act Statement 2020/21.	AUD/23/03
5.5	Audit and Risk Committee APPROVED a deadline extension to May 2023 for Internationalisation & Student Recruitment actions as detailed in figure 1.	AUD/23/05
5.6	Audit and Risk Committee APPROVED a deadline extension to April 2023 for Insurance Processes actions as detailed in figure 3.	AUD/23/05
5.7	Audit and Risk Committee APPROVED a revised target date of December 2023 for Payroll Actions, with a project update provided to Audit and Risk Committee in June 2023.	AUD/23/05
5.8	Audit and Risk Committee APPROVED a revised target date of May 2023 for the 2021/22 Internationalisation and Student Recruitment review to enable this action to be addressed following the appointment of the new Executive Divisional Director of External Engagement and Global.	AUD/23/05

Attendees

Members Present

Nicholas Cheffings	Chair and Independent Member
Graham Cole (virtual)	Independent Member
David Dupont	Independent Member
Simon Enoch	Independent Member
Alison Reed (virtual)	Independent Member

In attendance

Mike Shore-Nye	Registrar and Secretary
Dr Michael Wykes	Divisional Director, University Corporate Services
Andrew Connolly	Chief Financial Officer

Dr Jeremy Diaper	Assistant Director, Governance (minutes)
Ben Lawlor	Insurance, Audit and Risk Manager
Alison Breadon	PwC, Internal Audit (virtual)
Catherine Bru	PwC, Internal Audit (virtual)
Duncan Laird	KPMG, External Auditor (Virtual)
Joe Wall	Assistant Director, Finance
Kate Lindsell	Assistant Director, Compliance & Risk
Chrysten Cole	General Counsel (item 4 only)
Nathan Burden	Director Exeter IT (item 7 only)
Ash Roots	Chief Digital Officer (item 10 only)
Totty Brobyn	Committee Secretariat, Administrator

Apologies

Rees Batley	KPMG External Auditor
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1. Welcome and Declarations of Interest

1.1 The Chair welcomed members to the Audit and Risk Committee meeting. There were no declarations of interest in relation to items under discussion.

2. Minutes of the Meeting of 31 October 2022 and 16 November 2022 and Matters Arising

2.1 The minutes of the Meeting of 31 October and 16 November 2022 were **APPROVED**.

2.2 The actions emerging from both meetings were reviewed and it was noted that all actions in relation to the meeting on 16 November 2022 had been completed.

2.3 A verbal update was received in relation to Action 13.3 from the meeting on 31 October 2022:

- 2.3.1 the rise in academic misconduct cases had been investigated and one of the biggest overall trends identified was the increase in cases in relation to online examinations, with a large number of cases relating to poor academic practice and referencing. The Guild of Students had launched a new initiative, 'Reference Right', in order to improve understanding of

referencing across the University and provide guidance on good academic practice;

- 2.3.2 a number of other underlying causes behind the increase in student cases had been identified, including: the recent changes in policy following the transition to online assessment; the significant growth in student population, especially international postgraduate students; and the impact of mental health issues on students' academic performance and progression;
- 2.3.3 proactive steps would be undertaken to mitigate the impact of industrial action and manage a potential increase in student appeals and complaints resulting from planned Industrial Action in February and March 2023;
- 2.3.4 it was recognised that advancements in generative Artificial Intelligence were progressing rapidly and that the recent developments surrounding the chatbot ChatGPT could result in students attempting to utilise the text generative technology to gain an unfair advantage in online examinations;
- 2.3.5 Audit and Risk Committee were provided with assurance that Turnitin software should be able to detect AI-generated writing tools such as Chat GPT and other open source technology in advance of the May exams and that the University's wide variety of assessment methods also sought to mitigate against any emerging forms of academic misconduct;

3. University Annual Accountability Reports – Modern Slavery Act (AUD/23/03)

- 3.1 The Modern Slavery Act 2015 required relevant public bodies to publish a Modern Slavery Act annual Statement within 6 months of the approval of institutional financial statements;
- 3.2 the University's Modern Slavery Annual Statement for 2021-22 outlined steps taken to ensure compliance with the Act and had been updated in accordance with feedback from Finance, Procurement and HR;
- 3.3 The UK government had previously set out proposed changes to the Modern Slavery Act to strengthen current requirements, including penalties for non-compliance. These changes had not yet been implemented and it was not anticipated to impact on the University's current operations;

Closed Minute

- 3.7 KPMG and PwC representatives affirmed that the University was not an outlier in currently being unable to audit its supply chain to second, third and lower tiers. It was not felt that this would be likely to identify any immediate issues of concern and a paper-based audit was not deemed necessary at this stage;
- 3.8 Audit and Risk Committee **APPROVED** the Modern Slavery Act Statement 2020/21.

4. External Audit

a) Higher Education Sector Update and presentation from Education Sector Lead

- 4.1 Audit and Risk Committee received a tabled presentation on the Higher Education Sector from the Head of Education, Skills, and Productivity at KPMG which has been filed with the record of the meeting (AUD/23/08);

4.2 The Higher Education sector was experiencing an unprecedented level of disruption with a number of key issues facing UK Universities, including: funding cuts; Brexit; increased international competition; rising operational costs; a greater focus on value for money, student debt and a reduction in the graduate earnings premium; challenges surrounding access and participation, mental health, teaching quality and research impact, recruitment and retention, and rapid technological shifts;

4.3 A number of the challenges facing the sector had remained consistent since 2019, but the pace at which demographic, economic, geo-political and social issues had accelerated required Universities to respond in an increasingly agile and flexible way to enable successful implementation against a backdrop of significant global change;

4.4 The recent pedagogical shift towards blended and flexible learning presented opportunities surrounding digital learning but also posed challenges for digital infrastructure and estate;

4.5 in relation to current UK Government thinking:

4.5.1 whilst the UK government narrative was increasingly focused on graduate earning potential, there was also wider recognition that the HE sector had an important societal function in enhancing lifelong learning, social mobility, the current skills deficit and research innovation;

4.5.2 University tuition fees in England remained frozen at £9,250, which represented a decline in real terms in light of rising inflation. It was not anticipated that there would be any further increase or decrease to tuition fees in the short to medium term;

4.5.3 it was anticipated that there would be an increasing focus on alternative routes to Higher Education and Degree Apprenticeships;

4.5.4 the University had clear mitigation policies in the event that the UK government limited the number of foreign students to attempt to bring down net migration or issued a cap on dependants for international students;

4.5.5 the Higher Education (Freedom of Speech) Bill would return to the House of Commons on 7 February 2023, with the government potentially moving to reintroduce the “statutory tort” provisions in the bill which would allow students, staff and external speakers to sue a University for a perceived breach of its academic freedom and free speech duties, without issuing a formal complaint via the provider or the Office for Students;

4.5.6 the LifeLong Learning (Higher Education Fee Limits) had been published in February 2023, which would potentially introduce a credit agreement to enable adults to access the equivalent of 4 years of post-18 education to use over their lifetime;

4.6 in relation to strategy delivery across the Higher Education sector:

4.6.1 there was a clear divergence across the sector in the approach to the review of institutional strategy, with some institutions simply refreshing their current institutional strategy and others looking to significantly transform their current operating model;

4.6.2 across the sector there tended to be a lack of cohesion between the overall strategic vision and enabling strategies, with a number of institutions tending to be side-tracked by a proliferation of activity at an operational level and lacking strategic project prioritisation or golden thread to overarching strategy;

- 4.6.3 a number of institutions had identified similar levers for change in relation to teaching, research, increased borrowing and commercial/enterprise, but there was often a disjointed approach towards progressing these and a lack of a clear connection with the overarching University strategy;
- 4.6.4 KPMGs recent collaborative partnerships with UK HEIs (including Cambridge, Leeds and Nottingham) highlighted a number of key themes surrounding collaboration with industry, business and commercial enterprises. In order to achieve sustained success with industry partnerships it was highlighted that Universities across the sector needed to ensure a more integrated form of collaboration, including: a structured agenda and roadmap; clarity surrounding the areas of mutual benefit, expected outputs, funding sources and key issues to be addressed; and a deeper understanding of the distinctive strengths and differences of both partners.
- 4.7 Audit and Risk Committee reflected on the Pyramid on slide 11 and considered whether the University was well-positioned to deliver Strategy 2030. The following was noted in discussion:
- 4.7.1 the University was putting in key building blocks of the strategy and was well-placed to pivot on areas of strategic importance, with the new divisional structure set up to enable and empower leaders to drive relevant agendas, whilst also ensuring clear accountability for relevant individuals and committees;
- 4.7.2 UEB and the Strategic, Investment Committee were closely involved in the development of the Strategy 2030 implementation plan, and Council would continue to be actively engaged in providing oversight and assurance on the delivery plan;
- 4.7.3 the University had a number of underpinning enabling strategies to help translate the institutional vision into delivery of the strategy. Further work was still required to enhance the operational strategies;
- 4.7.4 there had been significant levels of investment in IT and Digital, Industry and Investment, the physical estate, research and global advancement. A number of areas had been identified for improvement, including the Student Information System.

ACTION: Circulate the KPMG Higher Education Sector Update to members of Audit and Risk Committee.

ACTION: Schedule a meeting with Stuart Brocklehurst (Deputy Vice-Chancellor, Business Engagement and Innovation) to meet with the Vice-Chancellor to consider strategic approach towards partnerships with industry and enterprise.

5 Internal Audit

a) Progress Report 2022/23 (AUD/23/04)

- 5.1 The Internal Audit Progress Report provided Audit and Risk Committee with an update on activity since the last progress report in October 2022.

ACTION: Defer the Student Welfare Review until 2023/24 to avoid duplicating the work undertaken by the external review and provide independent assurance on progress with actions in the next academic year.

ACTION: Circulate the report on the UUK Code of Practice on Accommodation to Audit and Risk Committee once finalised with management and prior to deadline of 30 April 2023 and submission to UUK.

ACTION: Circulate the Faculties report to Audit and Risk Committee and schedule for Council consideration alongside overall Future Structures Programme.

5.2 Audit and Risk Committee noted the feedback forms from the 2021/22 reviews. In relation to the Staff Wellbeing Review Feedback form it was noted that there was a higher proportion of 'adequate' responses than typically recorded on previous feedback forms.

ACTION: Follow up with the sponsor of the Staff Wellbeing Review to explore the feedback further and identify any areas for improvement.

5.3 The progress report included recent publications and thought leadership on Diversity and Inclusion in Internal Audit, HE Annual Benchmarking 2021/22 and HE UUK Analysis.

ACTION: Chair to share the publication on 'Diversity and Inclusion in Internal Audit' more widely with key internal stakeholders and share any resulting feedback with Audit and Risk Committee.

b) Outstanding Actions (AUD/23/05)

5.4 The report on Outstanding Audit Actions provided a summary of the internal audit actions currently due and work ongoing to complete these. Audit and Risk Committee extended their thanks to the Director Exeter IT and his team for work undertaken to successfully complete all actions allocated to IT.

5.5 Audit and Risk Committee **approved** a deadline extension to May 2023 for Internationalisation & Student Recruitment actions as detailed in figure 1.

5.6 Audit and Risk Committee **approved** a deadline extension to April 2023 for Insurance Processes actions as detailed in figure 3.

5.7 Audit and Risk Committee **approved** a revised target date of December 2023 for Payroll Actions, with a project update provided to Audit and Risk Committee in June 2023.

5.8 Audit and Risk Committee **approved** a revised target date of May 2023 for the 2021/22 Internationalisation and Student Recruitment review to enable this action to be addressed following the appointment of the new Executive Divisional Director of External Engagement and Global.

ACTION: Schedule a project update report on Payroll Actions for Audit and Risk Committee in June 2023.

6 Risk management Update (AUD/23/06)

6.1 Audit and Risk Committee noted that no risk management update was presented as a special meeting had been scheduled on 7 March 2023 to review the risk register and to provide the

opportunity to identify any further emerging risks prior to onward approval by Council. UEB would also be reviewing key risks and the current format of the complete register on 23 February 2023.

- 6.2 As part of the wider review of risk management arrangements, a digital risk system was planned to be introduced alongside a review of the University's Risk Management Policy and risk impact statements.
- 6.3 Horizon scanning of key HE media sources was undertaken to identify emerging risks and following initial discussion with the Senior Risk and Compliance Advisor the relevant risk owner was approached to identify any material impacts or supplementary risks. In instances where risks had a potential impact across different portfolios, risk owners of relevant areas would be asked to form a collective assessment of the risk.

ACTION: Bring an update report on Chat CPT to Audit and Risk Committee in May 2023, including consideration of immediate risks in relation to exams, assessment and plagiarism alongside wider opportunities for pedagogical innovation.

7 Cyber Security Update (AUD/23/07)

- 7.1 Audit and Risk Committee received an update on Cyber Security and noted the following:
 - i) the cyber threat remained high and the education sector continued to gain attention from criminal groups, with a number of Universities in America and UK based academies and schools recently experiencing significant cyber attacks;
 - ii) the steps taken by the University had helped to reduce the information security risk level, with a full plan of improvements, management actions and testing planned to reduce risk further by September 2023;
- 7.2 the new Cyber Security Strategy provided solid foundations to help deliver Strategy 2030 and was informed by National Cyber Security Centre Security and US National Institute of Standards and Technology (NIST) frameworks;
- 7.3 all IT service audit findings expected to be closed had been completed successfully as detailed in slides 6-7 (pages 84 and 85 of the meeting pack), which had influenced the current risk position;
- 7.4 the IT Operating Board had recently reviewed the information security risk on 23 January 2023 and assessed it to have reduced to 4, although it was noted that the risk was still red;

ACTION: Bring an update report to Audit and Risk Committee following NIST Maturity Checkpoint and formal risk assessment in September 2023.

8 Student Wellbeing – Update following Council (AUD/23/07)

- 8.1 Audit and Risk Committee received an update on the review of the institutional approach to Student Mental Health and Wellbeing across the University campuses in response to the tragic death of Harry Armstrong Evans;
- 8.2 an independent review had been launched and would be chaired by Richard Atkins (Pro-

Chancellor), with specialist input from experts across academic, NHS, legal and charity sectors. The review would also be informed by lessons learned and best practice from across the sector, including Cambridge and Bristol Universities.

- 8.3 the first meeting of the review group was scheduled for Thursday 9 February 2023 and a report would be presented to Council in May 2023 with a clear set of recommendations for immediate actions and medium-term actions identified for future best practice.
- 8.4 a number of key areas that would be enhanced as part of the independent review, included: Welfare Services case management system; training on information sharing and student responses; Information sharing and pastoral support;

Closed Minute

ACTION: Review the current format of assurance reports provided to Senate and Council on Student Support, Health, Wellbeing and wider safeguarding issues to see if they could be simplified to provide clearer analysis of key risks and emerging trends.

9 Inflation Update

- 9.1 The Chief Financial Officer reported that the sector continued to be impacted by industrial action in relation to pay and conditions and the impact of the latest UCEA offer of an 18-month pay deal, with proposals for an increase of c. 2% from February 2023 being topped up to an average of 5.24% from August 2023;
- 9.2 the University would be in a position to manage increasing inflationary pressures in the current budget for 2022-23, but this was anticipated to be more challenging in the next year. The next planning round would factor in anticipated higher inflation and utilities costs over the next 2-5 years;
- 9.3 a recent PWC report on UK inflation suggested that inflation had peaked and was anticipated to continue to fall and reach close to c. 3% inflation, but was unlikely to reach the Bank of England's target of 2% in 2023;

Closed Minute

ACTION: Circulate the PWC report on UK Inflation to Audit and Risk Committee for information.

10 Digital Investment and Digital Strategy

- 10.1 Audit and Risk Committee received a verbal update on the Digital Investment and Digital Strategy from the Chief Digital Officer, with the slides subsequently circulated for information and filed with the record of the meeting (AUD/23/09);
- 10.2 the Digital Strategy was designed to be enable the University to be the most accessible and connected university destination for any user with a number of key strategic themes focused on experience, engagement, and brand/reputation;
- 10.3 launched in July 2022, the sector-leading Digital Strategy was followed by the creation of a Digital Advisory Network, which enhanced digital skills, capabilities and leadership

through partnerships with staff, students, local business and other universities;

10.4 the Digital Strategy enable staff and students to work more effectively by reducing the number of user touchpoints, improving digital skills and creativity, and enhancing data and software tools;

10.5 a number of challenges had been encountered surrounding delivery of the new strategy, including: accessing data from core systems to enable development of new services; capitalising effectively on capabilities to enable sufficient speed of delivery; maintaining an appropriate balance between risk and value added opportunity in relation to data access;

ACTION: that the Chief Digital Officer, Director Exeter IT would liaise with Assistant Director, Compliance and Risk with relevant multidisciplinary teams in legal compliance and regulatory areas to identify opportunities to obtain privileged access to data without impeding on regulatory and legal requirements in this area.

11 Fraud

11.1 The Chief Financial Officer reported that the University had a number of internal control mechanisms to help prevent and detect fraud, including: a fraud policy statement and fraud response plan to govern and define the roles and responsibilities surrounding fraud management; a set of financial regulations defining roles and responsibilities of budget managers and financial administrators, and online training covering fraud, anti-bribery, money laundering and the Criminal Finances Act;

11.2 Audit and Risk Committee agreed that a report would be produced for consideration at the next meeting on Fraud risk management and monitoring and ensure there were sound systems of risk management and internal controls to prevent and detect fraud;

ACTION: Schedule a detailed assurance report on Fraud for consideration at the Audit and Risk Meeting on 11 May 2023, including an overview of the key controls in place to prevent fraud and money-laundering

12 Chair's Closing Remarks

12.1 The Chair extended his thanks to members of Audit and Risk Committee for their contribution and confirmed the date of the next meeting on 7 March 2023.