



AUDIT AND RISK COMMITTEE – SPECIAL MEETING

MINUTES AND ACTIONS – APPROVED

07 MARCH 2023 – TIME 14:00-15:00, online via Microsoft Teams

CONTENTS:

No.	Item
1	Welcome and Declarations of Interest
2	A Review of Cycle 2, 2022-23 Risk Register and Risk report
3	Review of the Updated Risk Management Policy
4	An Update on the Digital Risk Register Project
5	Chair's Closing Remarks

ACTIONS

Item	Action	Owner	Deadline
2.3.2	ACTION: Expand the section on internal audit activity to include more detail on the current horizon scanning process utilized to identify new and emerging risks and provide additional assurance to Audit and Risk Committee that there were robust mechanisms in place;	Assistant Director, Compliance and Risk	May 2023
2.6.2	ACTION: Undertake further consultation with the risk owner to identify whether the international recruitment risks surrounding dependence on China and other countries should be included as a separate risk on the risk register;	Assistant Director, Compliance and Risk	May 2023
2.7.1	ACTION: Undertake further consultation with the Chief Financial Officer on the risks surrounding the longer term financial plans for delivery of Strategy 2030 and circulate an update to Audit and Risk Committee via email to inform a final decisions as to whether this should be included as a separate risk within the key corporate risk register;	Assistant Director, Compliance & Risk	May 2023
3.4	ACTION: Review and Update the definition of risk within the revised Risk Management policy in accordance with discussion	Assistant Director, Compliance & Risk	May 2023
3.8	ACTION: Undertake further consultation with PwC to consider the approaches to risk appetite that had recently been adopted by other Universities.	Assistant Director, Compliance & Risk	June 2023
3.8	ACTION: Update the Risk Management Policy in accordance with feedback and re-circulate to Audit and Risk Committee via email for final approval for onward submission to Council on 18 May 2023.	Assistant Director, Compliance & Risk	May 2023

DECISIONS

Item	Decision	Paper No.
2.8	Audit and Risk Committee approved the risk report and corporate risk register for onward reporting to Council on 18 May 2023, subject to further reflection of comments as noted in discussion and removal of section 5.2-section 5.4 of the report which was superfluous information for Council consideration.	AUD/23/XX
3.8	Audit and Risk Committee agreed that an iterative approach would continue to be adopted for the further development of the University's approach to risk management and that further progress would be monitored, including the potential for developing a clearer position on risk appetite.	AUD/23/XX

Attendees

Present

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

In attendance

Mike Shore-Nye	Registrar and Secretary
Ben Lawlor	Insurance, Audit and Risk Manager
Kate Lindsell	Assistant Director, Compliance and Risk
Dr Jeremy Diaper	Assistant Director, Governance (minutes)
Totty Brobyn	Committee Secretariat, Administrator

Apologies

None

1. Welcome and Declarations of Interest

- 1.1 The Chair welcomed members to the Audit and Risk Committee meeting. It was noted that the exceptional meeting had been arranged to review the University Corporate Risk Register and adhere to the new risk reporting cycle;
- 1.2 there were no declarations of interest in relation to agenda items under discussion and the minutes of the previous Audit and Risk Committee on 6 February 2023 would be approved at the next formal meeting;

2. Review of Risk Register and Risk Report – Cycle 2 (2022-23)

2.1 the Risk Report Cycle 2 (2022-23) set out the key strategic risks to the University and had been previously reviewed by Compliance Committee (14 February 2023) and UEB (24 February 2023);

2.2 in relation to the key corporate risks (strategic):

- 2.2.1 the Information Security risk was still reported as red, but there had been continued improvements against the action plan and a reduction in likelihood to 4. This risk score was still on track to reduce to amber by the end of the year;
- 2.2.2 the Corporate Risk Score for Health and Safety had been reduced from high amber (15) to amber (12) for this risk cycle, in light of progress of Faculties in implementing new safety management oversight and recent HSE inspection;
- 2.2.3 three new corporate risks had been reported by the Deputy Vice-Chancellor (Global Engagement) on Global Reputation, Global Opportunities (Outbound) and Global Opportunities (Inbound) and were detailed in **Appendix 1** (Figure 3);
- 2.2.4 an update on business continuity activity was detailed in **Appendix 1** (Section 5), with the potential impact of industrial action also expanded to incorporate potential legal and reputational impacts;

2.3 the following was raised in relation to horizon scanning of new risks:

- 2.3.1 the current approach to horizon scanning and identifying new and emerging risks for the HE sector was outlined, along with the process for incorporating this within the wider risk assessment processes. It was highlighted that the risk team continued to meet on a monthly basis to review external sources of news and information to help identify emerging risks across the sector and other peer institutions. In addition any wider risks and opportunities were discussed with relevant teams and considered as part of the wider review of operational risks;
- 2.3.2 Audit and Risk Committee recognised that it would be helpful to have greater visibility surrounding the process for identifying new and emerging risks and additional assurance on how these risks were reviewed and responded to;

ACTION: that the section on internal audit activity within the risk register report would be expanded to include more detail on the horizon scanning process utilized to identify new and emerging risks to provide additional assurance to Audit and Risk Committee that there were robust mechanisms in place.

2.4 in relation to the current risks surrounding the potential introduction of new government measures for international students:

- 2.4.1 the Vice-Chancellor continued to meet regularly with UUK international representatives to ensure that the University had the latest sector information and insights;
- 2.4.2 it was understood that the proposed government measures could result in a reduction to the length of the international post-study work visa and also introduce restrictions around international students bringing dependents with them to University;

Closed Minute

2.5 in relation to the risks surrounding Student Health and Wellbeing:

- 2.5.1 the Mental Health Independent Review would be chaired by Sir Richard Atkins (Pro-Chancellor), with specialist input from experts across academic, NHS, legal and charity sectors. The review would be informed by lessons learned and best practice from across the sector;

Closed Minute

2.6 in relation to the risks surrounding delivery of the Global Strategy and international student growth and diversification:

- 2.6.1 Audit and Risk Committee recognised that there would be significant challenges in growing international student numbers and diversifying the international student population in light of increasing competition, including amongst Russell Group peers;
- 2.6.2 it was noted that the current dependence on international students was not highlighted within the report or captured as a separate risk on the corporate risk register. There was a risk surrounding delivery of the financial plan (corporate risk 90) on the full risk register, but did not necessarily make overt reference to China and other countries;

ACTION: that further consultation would be undertaken with the risk owner to identify whether the international recruitment risks surrounding dependence on China and other countries should be included as a separate risk on the risk register;

2.7 in relation to the risks regarding income and budget management detailed on page 2, bullet point 2:

- 2.7.1. the independent Dual Assurance lead (Finance) clarified that the cluster of operational risks that had been identified did not pertain specifically to annual budget management, but a wider set of risks surrounding the longer term financial plans for delivery of Strategy 2030 and whether there was sufficient capital, cash and other financial elements to ensure its successful delivery;

ACTION: that the Chief Financial Officer would be consulted further on risks surrounding longer term financial plans for delivery of Strategy 2030 and an update circulated to Audit and Risk Committee via email to inform a final decision as to whether this should be included as a separate risk within the key corporate risk register;

2.8 Audit and Risk Committee **approved** the risk report and corporate risk register for onward reporting to Council on 18 May 2023, subject to further reflection on comments as noted in discussion and removal of section 5.2- section 5.4 of the report which was considered superfluous for Council consideration.

3.University of Exeter Risk Management Policy

3.1 The Risk Management Policy had been updated to reflect the new organisational structure and governance arrangements, enable a closer alignment to Strategy 2030, and simplify risk management processes and terminology for the benefit of risk owners;

3.2 the key changes to the Risk Management Policy included greater clarity surrounding the definition of risk and risk management, the governance of risk management, roles and responsibilities and internal monitoring controls;

3.3 the updated Risk Management Policy would also ensure the digital risk register could be developed using an approved risk management policy;

3.4 in relation to the definition of risk in section 1 of the Policy, it was noted that it would be helpful to review whether the risk would be more accurately defined as “something with the potential to cause harm or *adverse* impact”;

ACTION: that the definition of risk within the revised Risk Management Policy would be reviewed and updated in accordance with discussion.

3.5 that further consideration would be given to developing the institutional approach to opportunity risk and reward;

3.6 in relation to Dual Assurance:

3.6.1 a comprehensive review of the Dual Assurance framework was scheduled to be undertaken and would be overseen by the Chair of Council, Registrar and Secretary and Assistant Director (Governance);

3.6.2 it would be important to review and reflect on the recommendations of the Dual Assurance review in due course and to consider whether this impacted on the way in which Audit and Risk Committee received appropriate assurances on risk management and to ensure there were robust and well-managed processes in place;

3.6.3 it was recognised that given the importance of ensuring the successful implementation of the 2030 Strategy delivery plan there may need to be some additional mechanisms for providing assurance to Council and to avoid an overreliance on Dual Assurance in high-risk areas;

3.6.4 it was noted that the Dual Assurance framework was heavily reliant on skills, experience and availability of Council members to undertake the role of independent lead;

3.7 in relation to Risk Appetite:

3.7.1 PWC had recommended that in relation to risk the initial institutional focus should be on clarifying the approach to setting target risks and developing a clearly-defined approach to target risk reduction;

3.7.2 it was recognised that the University could move towards a wider review of risk appetite and tolerance models to consider how this was currently defined and reflect further on whether a risk appetite framework could be produced to assist and inform strategic decision making;

3.7.3 a wide range of approaches were being adopted to risk appetite across the sector, ranging from broad risk appetite statements to a more focused approach in relation to particular areas;

3.7.4 it was agreed that it would be helpful to return to consideration of the potential timeline for introducing a clear institutional approach to risk appetite in the next 6-12 months;

3.8 it was noted that the UEB sub-committees detailed in section 5.5 would continue to review and consider specific risks within their purview, but would not reflect on the specifics of the risk management process. It was recognised that it would be critical to ensure there was a joined-up and co-ordinated approach to managing each of the risk areas and proactive allocation of risk owners;

ACTION: that further consultation would be undertaken with PwC to consider the approaches to risk appetite that had recently been adopted by other Universities.

ACTION: that the Risk Management Policy would be updated in accordance with feedback and re-circulated to Audit and Risk Committee via email for final approval for onward submission to Council on 18 May 2023.

Audit and Risk Committee **agreed** that an iterative approach would continue to be adopted for the further development of the University's approach to risk management and that further progress would be monitored, including the potential for developing a clearer position on risk appetite.

4. Update on the Digital Risk Register Project

4.1 a tabled presentation was delivered to Audit and Risk Committee on the Digital Risk Register Project which has been filed with the record of the meeting;

4.2 the current risk registers were submitted and maintained on excel, which was labour intensive and presented risks of data inaccuracies and manual error. Furthermore as there was no automated workflow and a reliance on manual reporting this increased the risks of late or omitted submissions by risk owners and an inability to report on key risk themes;

4.3 the new Digital System (Camms.Risk) was due to be implemented in 2023 to help maintain both Corporate and Operational risk registers. The new system would improve data integrity and security, reduce manual effort involved in collating information and provide greater visibility of real time risk information and more capacity to review and identify emerging risks;

4.4 the new Digital System would enable reports to be customised to fit the needs of users, including summary of risks, controls and actions and heatmap reporting to highlight key changes to corporate risk profile;

4.5 all risk owners would be required to attend mandatory training workshops to ensure they had guidance on new risk reporting templates and were able to utilise the new systems;

4.6 a detailed quality review would be undertaken in July/August 2023 to ensure there were substantive and analytical checks of migrated data prior to the first reporting being compiled from the digital system in October 2023.

5. Chair's Closing Remarks

5.1 The Chair advised that the next meeting of Audit and Risk Committee was scheduled for Thursday 11 May 2023, 10am-2pm, with dinner the night before on Wednesday 10 May 2023;

5.2 The meeting in May 2023 would provide Audit and Risk committee with an opportunity to hear from the Assistant Director (EDI) on the University's approach to EDI issues and from the Deputy Vice-Chancellor (Global Engagement) on the challenges, risks and opportunities surrounding international student growth and diversification.