



Audit Committee

MINUTES AND ACTION

31 October 2019
0900-1230
Ted Wragg, Northcote House

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8.	Risk Update (AUD/19/61)
9.	Cyber Update
10.	External Auditors' Term (AUD/19/62)
11.	Chair's Closing Remarks

Attendees

Present

Gerry Brown	Independent Member (Chair)
Nicholas Cheffings	Independent Member (via conference call)
Graham Cole	Independent Member
David Dupont	Co-opted Independent Member
Simon Enoch	Co-opted Independent Member
Alison Reed	Independent Member (via conference call)

In attendance

Andrew Connolly	Chief Financial Officer (from item 2)
Paul Hirst	Internal Audit Manager (from item 2)
Jacqueline Hodges	Deputy Secretary to Council (minutes) (from item 2)
Chris Lindsay	Director of Compliance, Governance and Risk (from item 2)
Mike Shore-Nye	Registrar and Secretary (from item 2)

With

Joff Cooke	CEO, Exeter Guild (for item 4)
Alan Hill	Chief Information and Digital Officer (for item 9)
Patrick Hoyle	President, Exeter Guild (for item 4)
Mike Rowley	KPMG (for items 1-9)
Duncan Laird	KPMG (for items 1-9)
Heather Ancient	PWC (for items 1-9)
Charles Martin	PWC (for items 1-9)

Apologies

Professor Clive Ballard	PVC and Executive Dean, Medical School
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1. **PRIVATE SESSION WITH THE AUDITORS**

The Committee held a private session with the External and Internal Auditors without other officers present.

2. **WELCOME AND DECLARATIONS OF INTEREST**

The Chair welcomed Nicholas Cheffings to the Committee and confirmed that he had also taken on the role of Dual Assurance Independent Lead for Risk.

Apologies were received from the PVC and Executive Dean for the Medical School. The Chair noted the importance of having a representative from the academic community at each meeting and asked that responsibility for identifying a deputy rested with the PVCs in the event of them not being able to attend in person.

ACTION: Ensure all Academic Representatives are aware of their responsibility to identify a deputy to attend Audit Committee meetings if they are unable to attend (Deputy Secretary)

The Chair advised that he had held a discussion with Heather Ancient as PWC's new Head of Internal Audit, about the Committee's expectations with regard to internal audit at the University and thanked PWC for the information provided under part ii of the agenda on "NED: Board Discussions".

No declarations of interest were declared, however Graham Cole noted a potential future relationship with the University which he committed to disclosing should any working agreement be reached.

3.

MINUTES OF THE MEETING OF 24 SEPTEMBER 2019 AND MATTERS ARISING (AUD/19/51)

The minutes of the meeting of 24 September 2019 were approved as an accurate record of the meeting.

Matters Arising

Objectives - (AUD/19/63)

An amendment to Objective B was agreed. The aim of the revision was further emphasis on the Committee's role in identifying the risks that underpin delivery of the University's strategies.

Decision: The Committee approved an amendment to objective B of the Committee's stated objectives

Audit Committee Self-Assessment: Meeting Paper Protocol (AUD/19/64)

The Committee noted a revised version of the 'Future Finance – Lessons Learnt' paper from the previous meeting, which had been rewritten to demonstrate a preferred focus for papers for the meeting. Officers commented that it was a very useful illustrative example and the Registrar confirmed that he would be sharing it with members of the PSLT for their information.

The CFO also noted that the paper was being shared with the IT Strategy Board, of which he had also been asked to join.

ACTION: T1 Post-Implementation Review report to be discussed at a future meeting of the Committee (CFO)

Following the discussion, the Deputy Secretary committed to drafting a Meeting Paper Protocol for the Committee to inform authors of paperwork on the preferred style.

ACTION: Draft a meeting paper protocol (Deputy Secretary)

The actions of the last meeting were reviewed, with the Registrar confirming that he had discussed showcasing the benefits of the work of Internal Audit at SMG meetings and it would be a substantive item at future meetings.

4. EXETER GUILD PRIORITIES 2019/20

The CEO and President of the Exeter Guild joined the meeting

Officers from the Guild shared details of the Guilds' organisational and political priorities for 2019/20, which had been recently approved by the Trustee Board.

The President, Exeter Guild, explained that focus was being placed on engagement with the student community and the Guild's relationship with the University to deliver the common goals of what was important to students, including value for money.

It was explained that each elected student representative was working to maximise the potential opportunities for students to engage. Initiatives detailed included improvements to academic representation, academic societies aiming to enhance employability, opportunities for students to gain a better understanding of their rights in relation to housing and sporting events promoting equality, diversity and inclusion.

5.1 DRAFT ANNUAL REPORT AND ACCOUNTS (AUD/19/54)

The CFO explained that the next version of the accounts was to be shared with Council early the following week. Amendments were therefore still being made to the text, including the section on internal control.

The Committee discussed the presentation of issues relating to the USS pension scheme within the report, requesting that a clear statement on the pensions' position be incorporated into either the Chair of Council's introduction or risk section to aid understanding of the issues. Queries were also raised in relation to liabilities resulting from the impact of industrial action on students.

5.2 VALUE FOR MONEY (AUD/19/54)

The CFO introduced the paper and explained that it was no longer a requirement to produce a VfM report but one had been produced for the benefit of the Committee and Council to provide assurance on the issue.

Attention was drawn to the VfM Strategy recently published by the OfS which focused on improvements to teaching quality, protecting students as consumers, securing positive employment prospects and fee and funding transparency.

It was noted that the report did not just focus on student VfM but also other stakeholders including research partners and alumni. Further work to enhance the information available to these groups was underway. Request was also made for greater emphasis on demonstrating what the University was doing in relation to improving productivity and its contribution to VfM. The Committee considered how a focus on productivity would enhance the VfM narrative, supported by use of available data such as cost benchmarking, research income per head and Cubane data.

It was proposed a future version of the report could look at proportion of institutional spend that directly contributed to the student experience, including direct costs to establish how much contributions impact on VfM, with the Welfare Review cited as an example. A view of where the University could develop in the next five years and what was required to achieve this was also suggested.

ACTION/DECISION: Audit Committee approved the current version of the VfM report with the CFO committing to bring back a revised version to a later meeting (CFO)

5.3. THE EXTERNAL AUDITORS' HIGHLIGHTS AND MANAGEMENT LETTER IN RESPECT OF THE UNIVERSITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2019 (AUD/19/55 & AUD/19/55A)

KPMG representatives presented the key points from the report.

6. REPORT FROM THE INTERNAL AUDITORS (AUD/19/xx)

6.1 Progress Update

Representatives from PWC highlighted the sector update section of the report, noting the OfS had published new guidance for registered higher education providers on monitoring and intervention and reportable events. It was confirmed that the University was conducting a gap analysis to map requirements against the governance framework and the findings would be presented to a future Audit Committee meeting. The Committee was also informed that the University had received a letter from the OfS regarding late submission. Changes in roles within PWC were explained.

ACTION: OfS requirements to be presented to the March Audit Committee meeting (Director, CGR)

A summary was provided of progress since last meeting was presented, which remained in draft format as it was still awaiting final confirmation from the respective teams.

ACTION: Sickness rate data to be discussed at the next meeting (PWC)

ACTION: Add internal audit risk issues to the tracker (Registrar and Secretary)

ACTION: Report on the research management system to be discussed at the next meeting (Registrar & Secretary)

6.2 Annual Report

It was explained that the Internal Audit plan had been agreed at the beginning of the year and findings to date had been generally satisfactory. Improvements required to cyber security and student experience had been identified. The Committee raised queries on systems in place to prevent fraudulent payments and compliance with the Bribery Act, with consideration of the increased global ambitions of the University. It was agreed that a review would be added to the plan, with a report back to the next meeting.

ACTION: Review the University's preparation and training with regard to the Bribery Act (Registrar and Secretary)

7. ANNUAL AUDIT COMMITTEE REPORT (AUD/19/60)

The Committee had considered a previous draft of the report at the previous meeting. The revised draft included a page on External Audit and was presented as the version to go ahead to Council to be considered alongside the Annual Accountability Return to the OfS.

DECISION: The Annual Report of the Audit Committee was approved for presentation to Council.

8. RISK UPDATE (AUD/19/61)

The Director, CGR clarified that at the last meeting, it had been reported in error that there would be full analysis at the next meeting. A full report was not normally provided to the October meeting, so a summary report of the current high risks was therefore provided instead. The report detailed Brexit and industrial action planning, including detail on the mitigations in place against any impact on the student experience. Detailed analysis on the pension risk had also been provided.

9. CYBER SECURITY UPDATE

The Chief Information and Digital Officer (CIDO) joined the meeting

The CIDO shared a presentation providing an overview of work being undertaken. The update provided details of spear-phishing attempts, including mitigation actions undertaken in Finance, HR and Student records to minimise the impact of any targeted attacks on areas by reducing access to core records. Raising awareness and training for staff on phishing was also discussed.

Research data integrity was discussed, alongside firewall updates, equipment upgrades, creating a zone of trust around data accessible from Bring Your Own devices, and the network refresh programme – through which issues in audit report would also be addressed. The Committee was reminded that Council had agreed investment of £1.8m into resilience equipment which was currently under installation and should be ready by March and operational by June for academics.

It was also noted that a new appointment had been made to the role of IT Risk and Compliance Officer who had been in post for three weeks but whose remit included the identification of gaps in tech vulnerability. The CIDO provided assurance that since the investment, progress was being made but noted that cyber security would continue to be a high risk environment.

10. EXTERNAL AUDITORS' TERM (AUD/19/62)

Representatives from KPMG and PWC left the room

The Committee discussed the KPMG's contract as External Auditors.

11. CHAIR'S CLOSING REMARKS

The Chair thanked those present and noted that the next meeting was due to take place on 10th March 2020.