



University of Exeter
Audit and Risk Committee

MINUTES AND ACTIONS – APPROVED BY AUDIT AND RISK COMMITTEE
6 November 2025 (1pm – 5pm), online via Microsoft Teams

NB text in BLACK is for publication; text in BLUE has been redacted for publication.

CONTENTS:

No.	Item
25.22	Closed Session for Independent Members of Audit and Risk Committee Members Only (discussion not minuted)
25.23	Welcome and Declarations of Interest
25.24	Minutes of the Meeting held on 29 September 2025
25.25	Action Log 2025/26
25.26	Business Schedule 2025/26
25.27	Internal Audit: a) Internal Audit Progress Report 2025/26 b) Completed Internal Audit Reports 2024/25 i) Governance Part 2 ii) IT and Digital (Third Parties) c) Final Internal Audit Report 2024/25
25.28	Risk Report 1 AY 2025/26 and Horizon Scanning
25.29	CR29: International employment law / support international staff/ global mobility
25.30	CR32: Philanthropy: Failure to meet financial and volunteering targets
25.31	University Annual Reports: a) Near Final Financial Statements to 31 July 2025 b) External Auditor's Report c) Letter of Representation d) Highlights of the Year e) Value for Money Report f) Going Concern Briefing
25.32	IT Services Update: a) IT Audit Update b) Removable Media Policy Update
25.33	Modern Slavery Act Transparency Statement 2024/25
25.34	Bribery Act a) University of Exeter Framework for Compliance b) Entertainment, Hospitality and Gifts Policy Register
25.35	Chair's Closing Remarks
25.36	<u>Part II – for endorsement</u>

- 25.37 i) Health and Safety Management Annual Report
Part II – for approval
 i) TRAC Data Assurance 2023-24 and Process 2024-25
Part II – for information
 i) Charity Assurance Report
 ii) Integration of Nolan Principles and Fit and Proper Persons
 iii) Procurement Competition Waiver: Quarterly Reports
 Closed Session for Independent Members of Audit and Risk Committee Members
 Only (discussion not minuted)

ACTIONS

Item	Action	Owner	Deadline
24.1	To incorporate an amendment to paragraph 14.15.4 in the minutes of 29 September 2025 in consultation with the Chair of Audit and Risk Committee and the Chief Financial Officer.	Director of Governance Services	1 December 2025
27.5	To retain the Import / Export License Review within the Internal Audit Plan 2025/26 and defer the Degree Apprenticeships Review.	Assistant Director (Assurance, Compliance and Risk)	1 December 2025
27.5	To undertake a comprehensive audit of the UUK Accommodation Code of Practice incorporating all mandatory elements.	Assistant Director (Assurance, Compliance and Risk)	1 December 2025
27.7	To provide an update report to Audit and Risk Committee on 26 March 2025 all historic actions that were currently outstanding, including an audit trail of the original rationale for deferment and an update on the current status and expected date of completion.	Assistant Director (Assurance, Compliance and Risk)	26 March 2026
27.18.3	To update the executive summary of the IT Third Party Software Management report to reflect the findings that had been identified and the associated impact on risk management and value for money.	Assistant Director (Assurance, Compliance and Risk)	26 March 2026
27.18.3	To circulate the final version of the IT Third Party Software Management report (including the management actions) to the Audit and Risk Committee.	Assistant Director (Assurance,	26 March 2026

		Compliance and Risk)	
28.5	To review the corporate risk register and to streamline the number of risks included to enable a clear focus on the key corporate risks.	Assistant Director (Assurance, Compliance and Risk)	26 March 2026
28.5	To review the current categorisation of the top 10 risks with consideration given to reduction in risk level for CR29 (International Employment Law Compliance Breach), CR113 (INTO Joint Venture Financial Sustainability), and an increase in risk level for CR110 (Issues with Largescale TNE Projects) and CR112 (Industrial Action).	Assistant Director (Assurance, Compliance and Risk)	26 March 2026
28.5	That following the development of risk appetite statements, a further review of the top risks on the corporate risk register would be undertaken.	Assistant Director (Assurance, Compliance and Risk)	1 January 2027
28.5	To reconsider health and safety risks to ensure that there are no related risks that need to be included within the top-rated risks in the corporate risk register.	Assistant Director (Assurance, Compliance and Risk)	26 March 2026
28.5	To reconsider how to accurately capture the challenges surrounding the University's long-term financial sustainability, including development of a 5 Year financial plan that would enable the University to achieve the strategic target of a 3% operating margin.	Assistant Director (Assurance, Compliance and Risk)	26 March 2026
28.5	To update the 'Student Experience' risk theme in Appendix 2 to include reference to the new corporate risk, CR117 (Student Academic Experience, failure to achieve Gold rating in TEF).	Assistant Director (Assurance, Compliance and Risk)	26 March 2026
28.5	To include the classification for assessment of likelihood and impact as an appendix in all future risk reports.	Assistant Director (Assurance, Compliance and Risk)	26 March 2026

29.6.8	That following resolution of current legacy issues, risk CR29 (Global Employment) should be re-evaluated and consideration given to whether the level of financial materiality was sufficient for it to be considered one of the high-level risks within the corporate risk register.	Assistant Director (Assurance, Compliance and Risk)	26 March 2026
31.3	To consider the feedback and comments raised by Committee members in relation to the financial statements.	Director of Finance	1 December 2025
31.13.3	To consider the feedback and comments raised by Committee members in relation to the highlights of the year	Director of Finance	1 December 2025
32.12	To provide a further update on the roll out and implementation of the removable media policy.	Director of IT Services	1 December 2025
34.7	To receive an annual report on the register of gifts / entertainment for assurance.	Director of PS Connect	1 December 2025
35.2.2	To update the Health and Safety Annual Report to include information on the approach to increase the level of compliance with mandatory training, and to include an update on the actions taken following the fire incident on 23 January 2025.	Assistant Director (Assurance, Compliance and Risk)	26 March 2026

DECISIONS

Item	Decision	Paper No
24.1	AGREED: to endorse the minutes of the meeting of 29 September 2025 to Council (9 December 2025) for information and assurance.	AUD/21/25-26 AUD/21a/25-26
27.5	APPROVED: revisions to the Internal Audit Plan 2025/26 to defer the Degree Apprenticeships Review and incorporate larger audit for UUK Accommodation Code of Practice.	AUD/24/25-26
27.20	ENDORSED: the Final Internal Audit Report 2024/25 to Council (9 December 2025) for information and assurance.	AUD/24c/25-26
28.5	ENDORSED: The risk report 1 to Council (9 December 2025), subject to a comprehensive and in-depth review of the corporate risk register of the corporate risk register being undertaken by UEB and informed by Audit and Risk Committee's discussion.	AUD/25/25-26
31.30	ENDORSED: Value for Money Report and Going Concern Briefing to Finance and Investment Committee (21 November 2025) and Council (9 December 2025) for approval.	AUD/28e/25-26 AUD/28f/25-26
33.1	ENDORSED: the Modern Slavery Act Transparency Statement to Council (9 December 2025) for approval.	AUD/30/25-26
36.1.1	ENDORSED: the Health and Safety Management Annual Report to Council (9 December 2025) for information and assurance.	AUD/32/25-26
36.2.1	APPROVED: the TRAC Data Assurance 2023-24 and Process 2024-25.	AUD/33/25-26

Attendees

Members Present

Tim Weller	Chair and Independent Member
Karime Hassan	Independent Member
Gareth Mostyn	Independent Member

In attendance

Dan Charman	Senior Vice-President and Provost
Mike Shore-Nye	Senior Vice-President and Registrar & Secretary
Dave Stacey	Chief Financial Officer and Executive Divisional Director of Finance, Infrastructure and Commercial Services
Joe Wall	Director of Finance
Chrysten Cole	General Counsel and Director of Legal and Student Cases

Alison Breadon	PwC, Internal Audit
Matthew Elmer	PwC, Internal Audit

Rees Batley	KPMG, External Audit (<i>present for items 2-33</i>)
Sam Hoey	KPMG, External Audit

Secretary

Dr Jeremy Diaper	Director of Governance Services
------------------	---------------------------------

Support Staff

Totty Brobyn	Governance Services Administrator
Sarah Hicks	Deputy Head of Governance Services (minutes)

Apologies

Kate Lindsell	Assistant Director, Compliance and Risk
Sarah Matthews-DeMers	Independent Member

Invited to Attend:**Minute item 28: Risk Report 1 and Horizon Scanning**

Tracey Allen	Insurance, Audit and Risk Manager
--------------	-----------------------------------

Minute item 29: Deep Dive: CR29 Global Employment

Andrew Johnson	Deputy Director of Human Resources
----------------	------------------------------------

Minute item 30: Deep Dive: CR32 Philanthropy

Dr Shaun Curtis	Director of Advancement
-----------------	-------------------------

Minute item 32: IT Services Update

Nathan Burden	Divisional Director of Information Technology
---------------	---

Minute item 34: Entertainment, Hospitality and Gifts Register

Donna Fitzgerald	Director PS Connect
------------------	---------------------

22. Closed Discussion for Independent Members of Audit and Risk Committee

- 22.1 A closed discussion was held for Independent Members of Audit and Risk Committee. The Director of Governance Services was also in attendance.

23. Welcome and Declarations of Interest

- 23.1 The Chair welcomed Audit and Risk Committee members to the meeting.
- 23.2 It was noted that there were no new declarations of interest in relation to items on the agenda.

- 23.3 The Chair noted apologies had been received from Sarah Matthews-DeMers and Kate Lindsell.

24. Minutes of the Meeting held on 29 September 2025 (AUD/21/25-26 and AUD/21a/25-26, Strictly Confidential)

- 24.1 The minutes of the meeting of 29 September 2025 were **APPROVED** subject to an amendment in paragraph 14.15.4.

ACTION: To incorporate an amendment to paragraph 14.15.4 in the minutes of 29 September 2025 in consultation with the Chair of Audit and Risk Committee and the Chief Financial Officer.

AGREED: To endorse the minutes of the meeting of 29 September 2025 to Council (9 December 2025) for information and assurance.

25. Action Log 2025/26 (AUD/22/25-26 and AUD/22/25-26, Strictly Confidential)

- 25.1 The Audit and Risk Committee received the updated action log for information and noted the status of the actions.

26. Business Schedule 2025/26 (AUD/23/25-26, AUD/23a/25-26 and AUD/23b/25-26, Strictly Confidential)

- 26.1 The Audit and Risk Committee received the updated Business Schedule for the current Academic Year 2025-26 for information.

27. Internal Audit

a) Internal Audit Progress Report 2025-26 (AUD/24/25-26, Confidential - Commercial in Confidence)

- 27.1 The Chair invited Alison Breadon (PwC) and Matthew Elmer (PwC) to provide an update on the internal audit plan for 2025/26.
- 27.2 Changes to the UUK Accommodation Code of Practice in May 2025 had increased the number of mandatory elements that required review from 84 to 252. The Committee affirmed that it would be important to consider all mandatory elements of the updated Code of Practice and to undertake a comprehensive review, especially in light of the significant increase in legislation in the wake of Grenfell Tower inquiry and the need to continue to ensure student wellbeing in high-quality and safe accommodation.
- 27.3 It was recognised that this approach would require a larger audit than originally planned for the 2025/26 internal audit programme and the Committee therefore considered the potential deferral of either the Import / Export Licence Review or the Degree Apprenticeships Review to provide the additional capacity required for the UUK Accommodation Code of Practice review within allocated resources.

27.4 The Committee was further advised that due to a recent satisfactory Ofsted inspection, changes in risk profile and significant work undertaken, the Degree Apprenticeships review would not be required during 2025/26. The Committee agreed to prioritise the Import / Export Licence review within the current internal audit programme

27.5 A query was raised in relation to the whether accommodation in Cornwall managed by FX Plus accommodation would need to be included as part of this internal audit.

ACTION: To retain the Import / Export License Review within the Internal Audit Plan 2025/26 and defer the Degree Apprenticeships Review.

ACTION: To undertake a comprehensive audit of the UUK Accommodation Code of Practice incorporating all mandatory elements.

Secretary's Note: *Further to wider consultation and discussion outside of the meeting, the Assistant Director (Compliance and Risk) confirmed that FX Plus would be required to conduct a separate audit. Whilst consideration had been given to conducting both audits simultaneously it was agreed that it would not be feasible to align the timing of both audits on this occasion.*

27.6 The following points were highlighted in relation to 2025/26 internal audit programme:

27.6.1 No actions were reported as overdue as at 27 October 2025;

27.6.2 Management had requested an extension for nine actions in relation to the Staff Grievances review to enable a new team member to commence their role in November 2025.

27.7 The Committee noted that several actions had been outstanding since 2022/23 and whilst these actions were not currently classified as 'overdue', it would be helpful to provide an assurance report on the status of these actions and the original rationale for deferment.

ACTION: To provide an update report to Audit and Risk Committee on 26 March 2025 all historic actions that were currently outstanding, including an audit trail of the original rationale for deferment and an update on the current status and expected date of completion.

b) Completed Internal Audit Reports 2024-25

i) Governance Part 2 (AUD/24a/25-26, Confidential – Commercial in Confidence)

27.8 The Governance Part 2 review had resulted in a low risk report. The review had examined the impact and effectiveness of changes implemented to University Executive Board (UEB) sub-committees following the part 1 review that had been completed in October 2024.

27.9 The Part 2 review concluded that the executive governance framework at the University operated in line with the revised UEB and sub-committee arrangements, and each committee was in alignment with its purpose and remit as identified in its updated Terms of Reference. The operational effectiveness of meetings had been assessed and it had been

determined that meetings had been well attended, quorate and minutes demonstrated constructive partnership and challenge. The Meeting papers reviewed had also been noted as timely, relevant and evidence based.

- 27.10 Two low risk findings had been identified including minor inconsistency in summary reports from UEB sub-committees to UEB and a lack of consistent action tracking at sub-committee level.
- 27.11 The Committee noted the timing of the audit had been helpful and enabled more co-ordinated approach to optimising the interface between UEB and UEB-subcommittees which had recently been reflected upon at a recent UEB planning meeting.
- 27.12 In relation to the wider Committee Structures, it was noted that the scope of the forthcoming external Council Effectiveness Review would include the role of Council Committees and was scheduled to take place during the academic year 2025/26.
- 27.13 The Committee noted the Committee of University Chairs (CUC) had initiated a review of the Higher Education Code of Governance. It was anticipated that the revised Code would be published in April 2026 and that the Council Effectiveness Review had been timed to align with publication of the updated Code.

ii) **IT and Digital (AUD/24b/25-26, Confidential – Commercial in Confidence)**

- 27.14 The Audit and Risk Committee received the draft IT Third Party Software Management report, which was awaiting a formal management response and agreed actions. The Committee noted the draft version of the report had been shared with management and that a preliminary update on initial actions identified would be discussed as part of the IT Services Update (minute item 32).
- 27.15 The review had focused on the University's processes and controls in relation to IT third-party software management that included key areas such as software procurement, utilisation, disposal, and end-of-life management.

Closed Minute – Commercial in Confidence

ACTION: To update the executive summary of the IT Third Party Software Management report to reflect the findings that had been identified and the associated impact on risk management and value for money.

ACTION: To circulate the final version of the IT Third Party Software Management report (including the management actions) to the Audit and Risk Committee.

c) **Final Internal Audit Report 2024/25 (AUD/24c/25-26, Confidential – Commercial in Confidence)**

- 27.19 The Audit and Risk Committee noted there had been no material changes to the final report since the draft report was presented to the Committee on 29 September 2025, and the

opinion of reasonable assurance / moderate assurance opinion had been maintained. The report had been updated to reflect the outcome of the two recent audits.

- 27.20 The Committee noted the report provided assurance regarding audit activity that had taken place during 2024/25, and the Chair of the Audit and Risk Committee would draw the report to the attention of Council at the meeting on 9 December 2025.

ENDORSED: The Final Internal Audit Report 2024/25 to Council (9 December 2025) for information and assurance.

28. Risk Report 1 AY 2025/26 and Horizon Scanning (AUD/25/25-26 Confidential – Commercial in Confidence)

The Chair invited Tracey Allen (Insurance, Audit and Risk Manager) to the meeting to briefly introduce the risk management report.

- 28.1 The Committee noted the report had been presented to UEB on 24 October 2025 and several changes had been incorporated in response to feedback.
- 28.2 The following points were highlighted:
- 28.2.1 The report detailed a breakdown of all corporate risks across the ratings Very High (red – none this cycle), High (amber), Moderate (yellow) and Low (green). All risks that had scored high, new risks and those with an increased rating had been included in a separate list.

Closed Minute – Commercial in Confidence

- 28.2.3 The following corporate risks had received an increased rating to ‘moderate’:
- CR68, Financial implications of unfavorable policy decisions
 - CR2, IT operational resilience – loss of research data
- 28.2.4 A table of all risks that previously met the criteria for reporting but no longer do so had been included within the report for completeness.
- 28.2.5 As a result of UEB discussions, the risk score of two risks had been revised down to moderate: CR32 (Philanthropy) and CR69 (OfS Registration Requirements). Furthermore, an additional new risk had also been included, CR117 (Student Academic Experience, failure to achieve Gold rating in TEF).
- 28.2.6 The request to escalate the following operational risks to the corporate risk register had been considered but had not been implemented:
- OR143(Non improvement of overall research cost recovery leading to unsustainable growth impacting ability to meet targets)
 - OR382 (Failure to adapt to University operations to the effects of climate change) to the corporate risk register had been declined

- 28.2.7 Further to the UEB discussion on maintaining an appropriate balance of operational risks and corporate risks, it had been agreed that UEB would conduct a comprehensive in-depth review of the corporate risk register to ensure this only included key corporate risks and accurately captured the current level of risk.
- 28.3 Whilst the Committee recognised the current version of the corporate risk register reflected the size and complexity of the University, the breadth and scale of activity being undertaken across the institution, and the levels of strategic change across the sector, it was nevertheless acknowledged that the current corporate risk register contained too many operational risks to enable UEB to effectively monitor and maintain oversight of the current risk landscape.

Closed Minute – Commercial in Confidence

- 28.3.5 The Committee noted that no health and safety related risks had been included within the list of top-rated risks. The Committee requested that health and safety related risks be considered as part of the wider review of the corporate risk register.
- 28.3.6 The new corporate risk relating to student experience (CR117) had been omitted in error in the table of Thematic Risks in Appendix 2.
- 28.4 The Audit and Risk Committee further noted the following in discussion:
- 28.4.1 Identification of risk, and the assessment of likelihood and impact may be subject to the perspective of the individuals involved, and instilling an appropriate level of debate and challenge was an important part of the risk management process.
- 28.4.2 As previously discussed by Audit and Risk Committee in June 2025 work was currently underway to develop risk appetite statements. It was affirmed by the Committee that this would be beneficial to strengthen and standardise the risk management processes across the University. It was also recognised that enabling risks to be reviewed in the wider context of risk appetite statements would help ensure that these were not considered in absolute terms but in relation to the specific level of risk appetite.
- 28.4.3 The new risk related to Student Experience had arisen as a result of current NSS performance alongside signals from Government that TEF outcomes would be linked to tuition fees. The short timeline to make the significant improvements in NSS performance was acknowledged.
- 28.5 In summary and following discussion, the Committee agreed to endorse Risk Report 1 to progress to Council on 9 December 2025, subject to a comprehensive and in-depth review of the corporate risk register being undertaken by UEB and informed by the Audit and Risk Committee's discussion.

The Chair thanked Tracey Allen (Insurance, Audit and Risk Manager) for their contribution and invited them to leave the meeting.

ACTION: To review the corporate risk register and to streamline the number of risks included to enable a clear focus on the key corporate risks.

- ACTION:** To review the current categorisation of the top 10 risks with consideration given to reduction in risk level for CR29 (International Employment Law Compliance Breach), CR113 (INTO Joint Venture Financial Sustainability), and an increase in risk level for CR110 (Issues with Largescale TNE Projects) and CR112 (Industrial Action).
- ACTION:** That following the development of risk appetite statements, a further review of the top risks on the corporate risk register would be undertaken.
- ACTION:** To reconsider health and safety risks to ensure that there are no related risks that need to be included within the top-rated risks within the corporate risk register.
- ACTION:** To reconsider how to accurately capture the challenges surrounding the University's long-term financial sustainability, including development of a 5 Year financial plan that would enable the University to achieve the strategic target of a 3% operating margin.
- ACTION:** To update the 'Student Experience' risk theme in Appendix 2 to include reference to the new corporate risk, CR117(Student Academic Experience, failure to achieve Gold rating in TEF).
- ACTION:** To include the classification for assessment of likelihood and impact as an appendix in all future risk reports.
- ENDORSED** The risk report 1 to Council (9 December 2025), subject to a comprehensive and in-depth review of the corporate risk register being undertaken by UEB and informed by Audit and Risk Committee's discussion.

29. Risk Deep Dive Programme – CR29: International employment law / support international staff/ global mobility (AUD/26/25-26 Confidential – Commercial in Confidence)

The Chair invited Andrew Johnson (Deputy Director of Human Resources) to the meeting to introduce the deep dive.

- 29.1 The Audit and Risk Committee noted the risk description for CR29 (International employment law / support international staff/ global mobility) and that the risk rating was currently high due to the nature of academic employment, a number of legacy cases that were still being managed, a lack of understanding and awareness in Departments, and higher levels of risk associated with China and India.
- 29.2 The Committee noted failure to put appropriate arrangements in place that ensure compliance with local regulations on immigration (right to work), income tax and social security, and employment rights in the country in which individuals are working could lead to fines and penalties for late payment by host countries. In extremis non-compliance could also result in criminal charges against the University and senior managers.

- 29.3 Although the University was a UK based organisation in respect of employment contracts, the nature of academic work and increased international activity had contributed to the current high-risk rating.
- 29.4 The following points were highlighted:
- 29.4.1 The HE sector had been slow to identify the appropriate risk mitigations associated with global employment. The Committee noted the controls and actions that been introduced in response to the risks surrounding global employment, including the creation of a dedicated global employment team in HR Culture and Assurance, development of Policy and procedures setting out requirements for global employment, enhanced IT systems to more effectively monitor non-UK employment, along with regular training, briefings and meetings to review current/proposed non-UK based staff.
- 29.4.2 The Committee noted the current breadth of overseas activity. It was recognised that historically overseas activity had been largely led by academics in response to research grants, but there were increasing levels of support required for TNE partnership activity and flying faculty staff.
- 29.4.3 In the example of the legacy cases outlined, the Committee noted an individual issue which would have potential to impact other colleagues located in the same Country if the issue was not resolved. The Committee acknowledged the potential for impact on TNE activity.
- 29.5 The following was noted in discussion:
- 29.5.1 That it had historically been difficult to proactively establish if staff had been working overseas and where they had been located, as the travel and insurance booking system had operated in isolation and it had not been possible to use these systems to alert the team in advance when colleagues worked overseas.
- 29.5.2 It would be important to enhance communications to all University staff to ensure they were aware of the potential implications and impact to the University of non-compliance.
- 29.5.3 It would be important to develop a multi-faceted approach to help mitigate the risk, including enhancing communications to all University staff to ensure they were aware of the requirements for global employment; sharing case studies to highlight significant implications and impact to the University of non-compliance; and exploring opportunities to co-ordinate available information across different systems (eg expense claims, travel insurance) to identify potential triggers for when someone may be working overseas.
- 29.5.4 The Committee noted the importance of enabling overseas travel in an increasingly competitive international environment, but recognised that it was critical this was enabled in a safe and compliant way. It was also recognised that resolution of the legacy issues would help ensure the University's strength of position in the future and that the institution was well placed to capitalise on global partnerships and TNE projects.

Closed Minute – Commercial in Confidence

- 29.5.6 The University was actively engaged with relevant sector networks (including the British Universities Finance Directors Group (BUFDG)) which continued to be utilised to learn from and share best practice. The University's current tax advisors were the leading professional advisor in Higher Education which provided a mechanism to learn from any significant examples of non-compliance within the sector.
- 29.5.7 Whilst it was acknowledged that corporate tax had not been included within this risk, it was noted that the Director of Finance was a member of the TNE Oversight Group and every project received tax support internally, and externally from independent tax advisors. TNE projects had been risk assessed, and consideration given to the best route to ensure compliance. The Committee was advised that taxation associated with online education had been considered, with sales tax payable in the country where the online learning had been consumed provided. The University had initiated registration in Ireland to provide EU cover.
- 29.5.8 The Committee noted the complexity of international activity and the importance and seeking in country professional advice was emphasised. It was affirmed that advice had also been sought from the British Council where this had been required, and funds had allocated to obtain accurate and reliable advice for each individual TNE project.

ACTION: That following resolution of current legacy issues, risk CR29 (Global Employment) should be re-evaluated and consideration given to whether the level of financial materiality was sufficient for it to be considered one of the high-level risks within the corporate risk register.

The Chair thanked Andrew Johnson (Deputy Director of Human Resources) for their contribution and invited them to leave the meeting.

30. Risk Deep Dive Programme – CR32: Philanthropy: Failure to meet financial and volunteering targets (AUD/27/25-26 Confidential – Commercial in Confidence)

The Chair invited Dr Shaun Curtis (Director of Advancement) to the meeting to introduce the deep dive.

- 30.1 The Audit and Risk Committee was provided with an update on CR32(Philanthropy: Failure to meet financial and volunteering targets).
- 30.2 It was reported the University was in the quiet phase of a new philanthropic campaign to raise £150m and secure 150,000 alumni volunteer hours by 2030. If risk CR32 materialised, there would be reduced income to support University priorities, reduced alumni support for key strategies, and potential reputational damage.
- 30.3 Performance against targets was overseen by an Advancement Delivery Advisory Board comprised of senior alumni and University officers. Alumnus Sir Sajid Javid had recently been announced as Chair of the Advancement Board in October 2025 and would lead the campaign into its public phase.
- 30.4 The following points were highlighted:

- 30.4.1 The first campaign (2005-2011) had secured £25m funding which had exceeded the target of £23m. The second campaign (2012-2020) had raised £72m against a target of £60m. The Committee noted the challenge for the third campaign (2021-2030), with a target to raise £150m and secure 150,000 alumni volunteer hours.

Closed Minute – Commercial in Confidence

- 30.4.7 The Committee was advised of the controls in place that included increased resource for the Global Advancement Team, development of a campaign strategy, implementation of Faculty-specific alumni engagement plans and regular reviews.
- 30.4.8 In response to current financial challenges facing the sector, the Global Advancement Team had reprioritised resources, increased stretch targets, re-prioritised activities, including reducing the number of UK in person events, increasing the number of online events to showcase world-leading research to potential philanthropic prospects, and targeting activity at prioritised international countries.
- 30.5 The challenges associated with a relatively small alumni population were noted. However, it was also noted that wider connections fostered through the alumni network had helped to further increase the potential network for donations.
- 30.6 Volunteering hours for alumni included a range of activities, from Independent Council membership to assistance with international student recruitment events.
- 30.7 The Committee commended the Director of Advancement and the Global Advancement Team for their significant contribution to the University and their continued focus and engagement on leveraging philanthropic support to support the University's strategic ambitions.

The Chair thanked Shaun Curtis (Director of Advancement) for their contribution and invited them to leave the meeting.

31. University Annual Reports

- a) **Draft University Financial Statements to 31 July 2025 (AUD/28/25-26 and AUD/28a/25-26, Confidential – Commercial in Confidence)**

- 31.1 The updated University financial statements were presented to the Audit and Risk Committee. The Chair of Council and Chair of Audit and Risk Committee had been provided with the opportunity to provide initial feedback and comment on a draft version of the document, which had had been incorporated into the draft financial statements presented to Audit and Risk Committee. The Committee noted as part of the revised streamlined approach for approval of the Annual Report and Financial Statements, that the near final version would be presented to the joint session of Audit and Risk Committee and Finance and Investment Committee on 21 November 2025 for endorsement, prior to approval by Council on 9 December 2025.

- 31.2 The following feedback and comments on the draft financial statements were noted in discussion:

Closed Minute – Commercial in Confidence

Secretary's Note: *The Chief Financial Officer confirmed that the depreciation on assets under construction related to projects that had been de-scoped where elements of the project remained viable*

- 31.3 The Committee commended the hard work undertaken by finance colleagues in preparation of the financial statements and noted the progress that had been made since the previous meeting of the Audit and Risk Committee in September 2025. The Committee acknowledged that the report presented a balanced view of the work of the University and represented a positive marketing opportunity for prospective students.

ACTION: To consider the feedback and comments raised by Committee members in relation to the financial statements.

b) External Auditor's Report (AUD/28b/25-26, Confidential – Commercial in Confidence)

- 31.4 The Chair invited Rees Batley (KPMG) and Samuel Hoey (KPMG) to provide an overview of the External Auditor's Report 2024/25.
- 31.5 No significant issues were reported following audit of the consolidated financial statements for the year ended 31 July 2025. A final review would be conducted when the accounts had been finalised and signed. KPMG extended thanks to the finance team for their support.
- 31.6 There had been no change in risk when compared to the audit plan presented to Audit and Risk Committee on 27 June 2025, the following significant audit risks were reported:
- 31.6.1 risk of error in relation to research income due to the potential for expenditure to be incorrectly allocated to research projects. Due to management of a high volume of research grants, there was a risk that the expenditure recognised would not be allowable under the terms of the grant or in line with the budget agreed with the funding body. Following audit, it was noted that various controls and processes had been put in place to monitor the research ledger. No issues were noted in response to the audit conducted.
- 31.6.2 Management override of controls: it was noted this was a standard addition to external audit reports. No specific additional risks of management override had been identified that related to this audit.
- 31.6.3 Going concern: it was noted this was a standard addition to external audit reports based on the significant financial challenges faced across the sector. No specific concerns had been identified.
- 31.7 No unadjusted audit difference had been identified as a result of the audit in relation to account balances or disclosures. A small amount of disclosure misstatements had been identified as a result of the audit.

- 31.8 One priority three risk had been identified in relation to research employee reimbursements. This related to an instance where employee reimbursement had been incorrectly classified as research expenditure.
- 31.9 The Committee noted that the Valuation of Exeter Retirement Benefits Scheme (ERBS) pension liability had been descoped due to the risk assessment procedures that had been established.
- 31.10 The Chair of Audit and Risk Committee thanked KPMG for the provision of a clear report.

c) **Letter of Representation (AUD/28c/25-26, Confidential – Commercial in Confidence)**

- 31.11 The Audit and Risk Committee noted the letter of representation. It was affirmed that no specific representations had been requested in addition to the areas normally covered by the standard representation letter for the year ended 31 July 2025.

d) **Highlights of the Year (AUD/28d/25-26, Confidential – Commercial in Confidence)**

- 31.12 The Audit and Risk Committee noted the highlights of the year that had been included as a separate paper for the purpose of this meeting. The requirement for the Annual Report and Financial Statements to present a balanced account of the year was affirmed. This requirement had been further emphasised in feedback provided by Sarah Matthews-DeMers to the Chair of the Audit and Risk Committee in advance of the meeting.
- 31.13 Committee members provided the following feedback on the highlights of the year:
- 31.13.1 Potential inclusion of a finance related highlight to provide reassurance of the University's financial position for prospective students.
- 31.13.2 Simplification of the phrasing in the paragraph that celebrated success of the Amazon Web Services (AWS) partnership to ensure this could be easily understood.
- 31.13.3 In relation to Global Ambition, it was noted this paragraph provided a significant amount of information and it may therefore be more appropriate to provide one or two highlights to enable the reader to assimilate the information easily.

ACTION: To consider the feedback and comments raised by Committee members in relation to the highlights of the year.

e) **Value for Money Report (AUD/28e/25-26, Confidential)**

- 31.14 The Value for Money Report provided an overview on the adequacy and effectiveness of the University's arrangements for delivery of economy, efficiency and effectiveness. Whilst a formal statement was no longer required, the Audit and Risk Committee retained responsibility for assurance that the University's activities deliver value for money. The report provided confirmation that the University had continued to deliver value for money across its portfolio of teaching, research and knowledge exchange, and it provided signposts to the initiatives in place to improve value for money where opportunities for improvement had been identified.

- 31.15 The report provided an overview of teaching quality and student satisfaction activities, research grants and contracts, and professional services benchmarking.
- 31.16 Data provided by cost base benchmarks from Cubane and TRAC had provided further insight and assurance on University performance in comparison to other institutions.
- 31.17 The use of TRAC data for the analysis of cost recovery by activity further demonstrated efficiency and performance in teaching and research.

Closed Minute – Commercial in Confidence

- 31.19 It was affirmed there would be considerable work to undertake in the medium term to ensure financial sustainability. Further reports would be provided to Finance and Investment Committee and Council.
- 31.20 The Committee noted that the format of the value for money report had evolved in response to committee feedback and following discussions with the Chair of Council and Chair of Audit and Risk Committee and would be subject to continued enhancement.
- 31.21 The following was noted in discussion:
 - 31.21.1 The Committee had been pleased to note that the University provided value for money.

Closed Minute – Commercial in Confidence

- 31.22 Future employability and reputation were acknowledged as key factors considered by prospective students. The value for money report outlined Exeter's relative performance and most notable improvements during 2024/25.
- 31.23 The Committee affirmed the requirement for a continued focus on financial sustainability to ensure the University would be able to deliver value into the medium term and for future generations. Financial sustainability and value for money would be part of ongoing discussions of financial strategy and delivery.

f) Going Concern Briefing (AUD/28f/25-26, Confidential – Commercial in Confidence)

- 31.24 The Audit and Risk Committee had received a Going Concern Briefing at the previous meeting in September 2025. An updated version of the briefing was considered at this meeting (AUD/28f/25-26). It had been updated to include additional information on covenants, and specific detail on the covenant with the least headroom.

Closed Minute – Commercial in Confidence

- 31.28 The Committee noted that Appendix 2 of the briefing provided an overview of covenant headroom provision and it was affirmed that this would be delivered within 2025/26.
- 31.29 The impact of government policy change had been modelled. It was noted that there was less certainty with this modelling as the specific commitments of the government's autumn

budget were not yet known. However, there had been clear signs of index-related student fee increases for the next 2 years and introduction of the international student levy. More information would be presented to Council in December 2025 and February 2026.

- 31.30 The Committee noted that the report confirmed the University is confident in being considered a going concern. The Committee affirmed this had been a clear report and the continued strong cash balances had provided confidence.

ENDORSED: Value for Money Report and Going Concern Briefing to Finance and Investment Committee (21 November 2025) and Council (9 December 2025).

32. IT Services Update (AUD/29/25-26, Confidential – Commercial in Confidence)

The Chair invited Nathan Burden (Divisional Director of Information Technology) to the meeting to introduce the IT Services update.

- 32.1 The Audit and Risk Committee was provided with a Cyber Security Overview in response to a request from the Chair of the Audit and Risk Committee.
- 32.2 The University Cyber Security Strategy 2030 had been designed as a dedicated strategy in partnership with PwC and with support from UEB, academic community and former independent Council Member Andrew Greenway. It has been aligned to the National Institute of standards and Technology (NIST) framework.
- 32.3 The following points were highlighted:

Closed Minute – Commercial in Confidence

- 32.3.2 The cost of cyber security insurance premium had reduced for 2025/26 with no change to cover level. The procurement activity had provided a valuable opportunity to review the plans in place.
- 32.3.3 Lessons learned were reviewed following any incident and work undertaken with the community to raise awareness of the issues and the risks. This had included partner networks, for example the Northcott Theatre.
- 32.3.4 Phishing tests had been conducted regularly with staff since May 2024, and more recently with students. The second phishing test for students would be initiated in the coming weeks. Students had reported the value of these tests in preparation for future employment.
- 32.3.5 The PingCastle reporting tool was reviewed every 2 weeks. The tool examined external threats, and the aim was to maintain the domain risk level below 50 / 100.
- 32.4 The Committee commended the work of the IT Security Team for their work in protecting the University against ongoing cyber security attacks. The Committee was pleased to note that phishing email tests had been extended to students

a) IT Audit Update

- 32.5 The Committee received an update on the management response to the IT internal audits.
- 32.6 In response to the IT Platforms (Kinetics and Planon) internal audit reported to the Committee in March 2025, the Committee was advised that good progress had been achieved, and most actions had been completed. One area of slippage, that related to data management, would be closed shortly. The action related to Infrastructure had been postponed to align with the next major platform update in Summer 2026.
- 32.7 In response to the IT Third Party Software Management review reported in this meeting (minute item 27), the Committee noted the update on management actions. Whilst the actions had not been formally accepted, the Committee was advised of the outline actions that would be taken to address the issues raised.

Closed Minute – Commercial in Confidence

- 32.10 Support from the Chief Financial Officer had been welcomed in support of implementation and adherence to the associated University policies.

b) Removable Media Policy Update

- 32.11 Further to the brief update at the previous meeting of the Audit and Risk Committee on 29 September 2025, a more detailed update on implementation of the Removable Media Policy was provided.
- 32.12 The following points were highlighted:
- 32.12.1 The initial roll out of the policy across IT Services, Finance and HR had concluded. The initial roll out had been successful and a small number of time limited exceptions to the policy had been granted for specific reasons;
- 32.12.2 Roll out to Finance, Infrastructure and Commercial Services and the Office of the Senior Vice-President and Registrar & Secretary would take place on 13 November 2025. Roll out to the Faculties would take place across March, April and May 2026 with any lessons learned from earlier roll outs incorporated;
- 32.12.3 The Committee noted the data that showed the extent of the use of removable devices; 2470 users had used removable media within the previous 30 days. Further analysis of the data would be carried out as the project progressed;
- 32.12.4 The Committee was pleased to note that all exceptions permitted had been allocated a review date and that group applications for team exceptions had not been granted;
- 32.12.5 An extensive communication campaign via the weekly bulletin had been initiated to raise awareness, and a rumour buster question had been answered;
- 32.12.6 Further challenges were expected as the roll out progressed and lessons learned would be applied to future roll outs.

- 32.13 In response to a question about the use of phishing tests while removable media remained in use, the Committee was advised that phishing had been the most significant source of risk and with an increase in the level of sophistication in the style of attack, including via the University's supply chain, it would remain important to continue this line of work.

ACTION: To provide a further update on the roll out and implementation of the removable media policy.

Rees Batley (KPMG) left the meeting.

The Chair thanked Nathan Burden (Divisional Director of Information Technology) for their contribution and invited them to leave the meeting.

33. Modern Slavery Act Transparency Statement (AUD/30/25-26, Confidential)

- 33.1 The Modern Slavery Act Transparency statement was presented to the Audit and Risk Committee for endorsement prior to Council approval. The Committee noted that additional analysis has been added this year to take account of safeguarding considerations and Transnational Education (TNE) in response to Audit and Risk Committee Action 98/2024-25 (27 March 2025).

ENDORSED: The Modern Slavery Act Transparency Statement to Council (9 December 2025) for approval.

34. Bribery Act

The Chair invited Donna Fitzgerald (Director PS Connect) to the meeting to introduce the report on the Entertainment, Hospitality and Gifts Policy.

a) University of Exeter Framework for Compliance (AUD/31/25-26, Confidential)

- 34.1 The annual report provided a high-level overview of the key financial controls, policies and procedures in place to ensure compliance with the Bribery Act 2010. The Committee noted the report had followed the same approach as previous years but had been updated to reflect recent legislation changes. Additional information had been provided on compliance with the Economic Crime and Corporate Transparency Act 2023.
- 34.2 The Committee noted that non-compliance with the Bribery Act 2010 was not a significant risk across the sector, but it remained important to be vigilant and maintain robust levels of assurance.
- 34.3 All Senior Lecturers and grades above, and all Professional Services Staff at Grade G and above had been subject to automatic enrolment on the Corporate Conscience training which included anti-bribery. The Committee noted that roll out to Grade F staff was under consideration.

b) Entertainment, Hospitality and Gifts Policy Report (AUD/31a/25-26, Confidential)

- 34.4 Following recommendations from a 2023 Compliance Committee report on the Entertainment, Hospitality and Gifts Policy, a comprehensive review of the policy and audit process had been conducted during 2024. This had included a benchmarking exercise against other institutions. The policy had been subject to an end-to-end process review to ensure it remained fit for purpose and robust.
- 34.5 The Committee was advised that it had been agreed the CFO, Head of Payroll, Assistant Director Finance PS Connect and Assistant Director of HR would receive a termly report on the register of gifts / entertainment. The Audit and Risk Committee agreed to receive an annual report on the register of gifts / entertainment for assurance.
- 34.6 The following was noted in discussion:
- 34.6.1 That it would be important all members of staff were aware of the policy and comply with the policy.
- 34.6.2 The Committee noted that higher risk activities involved overseas work and IR35 status, and that regular sampling had been used to identify any concerns. Any concerns identified had been followed up and lessons learned.
- 34.6.3 In response to a question about assurance that all relevant information had been captured on the register, it was affirmed that regular samples and tests had been undertaken. Furthermore, staff were educated about the policy and where to seek advice where this had been required.
- 34.7 The Committee acknowledged the work that had already commenced to highlight case studies and guidance aimed at academics that would bring the matter to life and provide an opportunity to reinforce awareness of the policy.

ACTION: To receive an annual report on the register of gifts / entertainment for assurance.

The Chair thanked Donna Fitzgerald (Director PS Connect) for their contribution and invited them to leave the meeting.

35. Chair's Closing Remarks

- 35.1 Chair provided an overview of Part II papers for endorsement and approval.
- 35.2 The following was noted in relation to the Health and Safety Management Annual Report (AUD/32/25-26):
- 35.2.1 That it would be helpful to include more information on the action plan to increase the levels of compliance, currently 85%, with mandatory training completion;

Closed Minute – Commercial in Confidence

ACTION: To update the Health and Safety Annual Report to include information on the approach to increase the level of compliance with mandatory training, and to include an update on the actions taken following the fire incident on 23 January 2025.

35.3 The Chair thanked members for their contribution to the meeting and advised that the next meeting of the Audit and Risk Committee, following the joint session with the Finance and Investment Committee on 21 November 2025, would be held on 26 March 2026.

36. Part II

36.1 The following items were received in Part II **for Endorsement:**

36.1.1 Health and Safety Management Annual Report (AUD/32/25-26, Confidential – Commercial in Confidence)

36.2 The following items were received in Part II **for Approval:**

36.2.1 TRAC Data Assurance 2023-24 and Process 2024-25 (AUD/33/25-26, Confidential – Commercial in Confidence)

36.3 The following items were received in Part II **for Information and Assurance:**

36.3.1 Charity Assurance Report (AUD/32/25-26, Open)

36.3.2 Integration of Nolan Principles and Fit and Proper Persons (AUD/33/25-26, Open)

36.3.3 Procurement Competition Waiver (PCW) Report (AUD/36/25-26 and AUD/36a/25-26, Confidential – Commercial in Confidence)

37. Closed Discussion held for Independent Members of Audit and Risk Committee

37.1 A closed discussion was held for Independent Members of Audit and Risk Committee. The Director of Governance Services was also in attendance.