



University of Exeter

Audit and Risk Committee

MINUTES AND ACTIONS – APPROVED BY AUDIT AND RISK COMMITTEE 30 September 2024 (10.30am-2.30pm), online via Microsoft Teams

NB text in BLACK is for publication; text in BLUE will be redacted for publication.

CONTENTS:

No.	Item
01	<i>Closed Session for Independent Members of Audit and Risk Committee Members Only (discussion not minuted)</i>
02	Welcome and Declarations of Interest
03	Minutes of the Meeting of 28 June 2024
04	Updated Terms of Reference Academic Year 2024-25 and Review of Effectiveness in Academic Year 2023-24
05	Gap Analysis against CUC HE Audit Code
06	Action Log 2024-25
07	Business Schedule and Forward Plan for 2024-25
08	Matters Arising <ul style="list-style-type: none"> a) Verbal Update on Insurance Renewal Process b) Verbal Update on Key Insights and reflections following Cyber Security Briefing Session with IT Divisional Director
09	External Audit: Verbal Update on Progress with External Audit
10	Internal Audit: <ul style="list-style-type: none"> a) Internal Audit Progress Report (2023-24 and 2024-25)
11	Final Internal Audit Reports 2023-24 <ul style="list-style-type: none"> a) Financial Planning and Budgeting b) Faculties c) Risk Management d) Widening Access and Participation

12	Digital Risk Register and Next Steps
13	Risk 'Deep Dive' Programme a) CR44: Geopolitical Issues b) CR20: Financial Sustainability
14	Draft Annual Report of the Audit and Risk Committee
15	University Annual Reports a) Draft University Annual Report and Financial Statements b) Financial Covenants 2023-24 c) Contingent Liabilities Update (as at 31 July 2024)
16	Procurement Competition Waiver (PCW) Report
17	Update on University Insurance Arrangements
18	Update on Mandatory Training Requirements
19	Chair's Closing Remarks
20	<i>Closed Session for Independent Members of Audit and Risk Committee Members Only (discussion not minuted)</i>
Part II – For Information	
21	Office for Students Accounts Direction

ACTIONS

Item	Action	Owner	Deadline
4.3.6	ACTION: to schedule a revised and updated version of the Terms of Reference at Audit and Risk Committee for onward endorsement to Audit and Risk Committee (7 November 2024) and Council (10 December 2024).	Jeremy Diaper	November 2024
4.3.6	ACTION: that an effectiveness survey would not be undertaken in the Academic Year 2023-24 owing to the recent changes to membership and in light of the fact a survey would be undertaken as part of the external Council effectiveness review scheduled to be undertaken at the beginning of the Academic Year 2025/26.	Jeremy Diaper	November 2025
5.2	ACTION: to incorporate an annual assurance report from the Compliance Committee within the Audit and Risk Committee Schedule of Business; ACTION: to incorporate assurance reports on third party audits and inspections undertaken across the University within the Audit and Risk Committee Schedule of Business;	Jeremy Diaper and Kate Lindsell	July 2025

	<p>ACTION: that a policy regarding the provision and pre-approval of all non-audit services would be developed as part of a retendering exercise for Internal Audit in 2025;</p> <p>ACTION: to review the appropriateness and potential frequency of reporting to Audit and Risk Committee from other related committees with Council representation (eg Health and Safety Committee);</p> <p>ACTION: to review and consider the development of a Council Standing Orders for Audit and Risk Committee to document protocols for effective conduct of committee operations.</p> <p>ACTION: to schedule an assurance report to Audit and Risk Committee on the review of Policies and Development of the Policy Registry in the Academic Year 2024-25.</p>		
10.7	<p>ACTION: the request for the review of the Transparent Approach to Costing (TRAC) to be included in the 2024/25 internal audit plan;</p> <p>ACTION: that in order to help minimize the volume of reading for formal meetings of the Audit and Risk Committee any supplementary materials for background information would be circulated via email by the Secretary rather than included within the pack of committee papers;</p>	Jeremy Diaper	November 2024
10.11	<p>ACTION: that further discussion would be scheduled at Council on the University's strategic response to the Devon Devolution deal and opportunities to generate stronger local growth through partnership with the local region.</p>	Jeremy Diaper	May 2025
11.15	<p>AGREED: that further work would be undertaken on the development of the institutional risk appetite statement and scheduled for further input and discussion from Audit and Risk Committee and Council.</p>	Kate Lindsell	July 2025
15.5	<p>ACTION: that further consideration would be given to the possibility of adopting a more efficient approach to committee endorsement of the Annual Report and Financial Statements, including the possibility of</p>	Dave Stacey / Jeremy Diaper	September 2025

	<p>scheduling a Joint Meeting of Audit and Risk Committee and Finance and Investment Committee;</p> <p>ACTION: that the Terms of Reference would be updated ahead of the Academic Year 2025-26 to clearly articulate the proposed approach to review and sign-off of the Annual Report and Financial Statements;</p>		
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DECISIONS

Item	Decision	Paper No.
4.3.6	<p>ACTION: that an effectiveness survey would not be undertaken in the Academic Year 2023-24 owing to the recent changes to membership and in light of the fact a survey would be undertaken as part of the external Council effectiveness review scheduled to be undertaken at the beginning of the Academic Year 2025/26.</p>	AUD/02/24-25

Attendees

Members Present

Tim Weller	Chair and Independent Member
Karime Hassan	Independent Member
Sarah Matthews-DeMers	Independent Member
Alison Reed	Independent Member

In attendance

Mike Shore-Nye	Senior Vice-President and Registrar & Secretary
Dan Charman	Senior Vice-President and Provost
Dave Stacey	Chief Financial Officer
Dr Michael Wykes	Divisional Director, University Corporate Services
Joe Wall	Director of Finance
Matthew Elmer	PwC, Internal Audit
Alison Breadon	PwC, Internal Audit
Rees Batley	KPMG, External Audit
Chrysten Cole	General Counsel and Director of Legal and Student Cases
Bethany Wheatcroft	KPMG, External Audit
Kate Lindsell	Assistant Director, Compliance and Risk

Secretary

Dr Jeremy Diaper	Assistant Director, Governance (minutes)
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Support Staff

Totty Brobyn

Committee Secretariat Administrator

Invited to Attend:

(Items 13 – CR44: Geopolitical Issues Risk Deep Dive)

Richard Follett Vice-President and DVC (Global Engagement)

Alicia O’Grady Executive Divisional Director of External Engagement and Global

(Item 17 – Procurement Competition Waiver Report)

Donna Fitzgerald Director PS Connect

(Item 18 – Update on University Insurance Arrangements)

Ben Lawlor Insurance, Audit and Risk Manager

(Item 19 – Mandatory Training Requirements)

Holly Davey Assistant Director, HR Partnering and Organisational Development

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

- 1.1 A closed discussion was held for Independent Members of Audit and Risk Committee. The Assistant Director (Governance) was also in attendance.

02. Welcome and Declarations of Interest

- 2.1 The Chair welcomed members to the first meeting of Audit and Risk Committee in the Academic Year 2024-25. A warm welcome was extended to Karime Hassan and Sarah Matthews-DeMers who had been appointed as new members of the Audit and Risk Committee from 1st August 2024, following the endorsement and approval of the membership of Council Committees by Nominations Committee (1 July 2024) and Council (11 July 2024).
- 2.2 Audit and Risk Committee noted the pre-existing declarations of interest for the new members of the committee and it was affirmed that consideration would be given to proactively managing any conflicts in meetings.

03. Minutes of the Meetings of 28 June 2024 (AUD/01/24-25 Strictly Confidential)

- 3.1 The minutes of the meetings of 28 June 2024 were **APPROVED**.

04. Terms of Reference for AY 2024-25 and Review of Effectiveness in AY 2023-24 (AUD/02/24-25 and AUD/02a/23-24 Strictly Confidential)

- 4.1 The Committee noted the proposed minor amendments to the Terms of Reference (as detailed in Appendix 2) which had been informed by changes in membership and committee operations and gap analysis against the CUC HE Audit Committee Code of Practice;
- 4.2 The updated Terms of Reference had been developed in alignment with the newly constituted Finance and Investment Committee to ensure that there was clarity surrounding the roles and

responsibilities and to ensure clear separation between dynamic financial decision making and the focus of Audit Committee on risk, data assurance and controls;

4.3 In relation to the revised and updated Terms of Reference:

- 4.3.1 That whilst it was recognised that the Committee did not currently meet with the external and internal auditors without any executive officers present on an annual basis, it would be helpful to retain reference to the ability to do so as necessary within the Terms of Reference;
- 4.3.2 As section 7 of the proposed Terms of Reference outlining the primary duties of the Audit and Risk Committee was extremely similar to the wording proposed in the model version detailed in Appendix 1 of the CUC Audit Code, it would be sensible to reflect further on whether these should simply be utilised verbatim. It was agreed that this would be reflected on further outside of the meeting in light of the current approach adopted more widely across the Russell Group and at other peer institutions;
- 4.3.3 It was noted that the desktop review of the Terms of Reference had highlighted that section 11 of the Terms of Reference on Reporting Procedures did not currently make any reference to 'Sustainability' in paragraph 2, bullet 3, even though this was clearly specified in the model terms of reference in the CUC Audit Code as follows (*'sustainability, economy, efficiency and effectiveness'*). It was recognised that only a small number of peer institutions had included reference to 'Sustainability' within the Terms of Reference for Audit Committee and that this would be reflected on further outside of the meeting in the context of wider sector practice and in light of the recent establishment of the Finance and Investment Committee;
- 4.3.4 That the analysis of effectiveness of the Audit and Risk Committee's undertaken in alignment with 2023/24 Terms of Reference provided assurance that the Committee had oversight of key matters against all of its duties and there were no major areas of omission;
- 4.3.5 An area of enhanced focus in 2023/24 had been in relation to governance and regulatory requirements, which had resulted in strengthening of committee operations in alignment with the CUC Audit Code and a number of assurance reports being considered on Whistleblowing, the OfS Conditions of Registration and Reportable events, Import/Export Control and the trusted Research Framework;
- 4.3.6 The Committee had provided regular assurance to Council that risk management processes remained robust, aligned with the audit plan and managed effectively.

ACTION: To schedule a revised and updated version of the Terms of Reference at Audit and Risk Committee for onward endorsement to Audit and Risk Committee (7 November 2024) and Council (10 December 2024).

ACTION: That an effectiveness survey would not be undertaken in the Academic Year 2023-24 owing to the recent changes to membership and in light of the fact a survey would be undertaken as part of the external Council effectiveness review scheduled to be undertaken at the beginning of the Academic Year 2025/26.

05. Gap Analysis against the CUC Higher Education Audit Code (AUD/03/24-25 Strictly Confidential)

- 5.1 The Committee noted the summary of key findings from a gap analysis undertaken of the

University's compliance with the Committee of University Chairs (CUC) Higher Education Audit Committee Code of Practice (published in May 2020);

- 5.2 The analysis highlighted that there was a high-level of compliance against the CUC Audit Committee Code of Practice. A number of opportunities had been identified to further strengthen compliance against the Code of Practice and would be embedded in the Academic Year 2024-25, including an annual assurance report from Compliance Committee and assurance reports on third party audits and inspections being undertaken across the University, in order to provide further detail on wider mechanisms of assurance across the University.

ACTION: To incorporate an annual assurance report from the Compliance Committee within the Audit and Risk Committee Schedule of Business.

ACTION: To incorporate assurance reports on third party audits and inspections undertaken across the University within the Audit and Risk Committee Schedule of Business.

ACTION: That a policy regarding the provision and pre-approval of all non-audit services would be developed as part of a retendering exercise for Internal Audit in 2025.

ACTION: To review the appropriateness and potential frequency of reporting to Audit and Risk Committee from other related committees with Council representation (eg Health and Safety Committee).

ACTION: To review and consider the development of a Council Standing Orders for Audit and Risk Committee to document protocols for effective conduct of committee operations.

ACTION: To schedule an assurance report to Audit and Risk Committee on the review of Policies and Development of the Policy Registry in the Academic Year 2024-25.

06. Action Log Academic Year 2024-25 (AUD/04/24-25 and AUD/04a/24-25 Strictly Confidential)

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

07. Business Schedule Academic Year 2023-24 and 2024-25 (AUD/05/24-25 and AUD/05a/24-25 Strictly Confidential)

- 7.1 The Audit and Risk Committee received the Business Schedule for the forthcoming Academic Year 2024-24 for information.

08. Matters Arising (Verbal Update)

- 8.1 The Chair advised there were no specific matters arising to report to the Committee.

9. External Audit Plan: Verbal Update

- 9.1 Rees Batley (KPMG) advised that there were no major findings from the external audit currently underway, with good progress made to date and no delays envisaged as all requested information had been received on time. It was anticipated that the majority of the external audit work would be undertaken in time for the next meeting of Audit and Risk Committee on 7 November 2024 and that the key deadlines would be met.

10. Internal Audit**a) Internal Audit Progress Report (2023/24 and 2024/25) (AUD/06/24-25 Strictly Confidential)**

- 10.1 Good progress had been made in delivering the 2023/24 internal audit plan. The fieldwork and reporting dates for some of the reviews had been adjusted based on requests from management as detailed on pages 7 and 8;
- 10.2 In relation to the four remaining reviews in the internal audit plan for 2023/24, the committee noted that the fieldwork for the Sustainability and Academic Quality reviews were nearing completion and the fieldwork for the Governance and IT reviews was in progress;
- 10.3 An additional review focused on the Transparent Approach to Costing (TRAC) had been requested for inclusion in the 2024/25 internal audit plan by management to provide independent assurance prior to the TRAC return being submitted to the Office for Students (OfS) by 31 January 2025.
- 10.4 The Committee noted that there was a clear rationale for the requested deferrals within the 2023-24 internal audit programme and no concerns surrounding delivery of the programme as good progress was being made with delivery of actions. There remained a strong level of management engagement and continued signs of improvement on this front over the last 12 – 18 months;
- 10.5 In relation to the audit of the insurance process, concerns were raised regarding the fact that there had been three extensions provided since the original deadline of 31 October 2023, but that this had been owing to staffing issues, including challenges surrounding the size of team and the difficulties with the retention and renewal of staff. It was affirmed that the Insurance Policy was in the final stages of consultation with key stakeholders and planned to be presented to the Compliance Committee for approval in October 2024;
- 10.6 That there was a concerted effort to make good progress with the 2024/25 internal audit plan to minimize the risk of falling behind on delivery at the end of the programme.
- 10.7 As previously agreed by the Audit and Risk Committee, the final draft Terms of Reference and objectives for all forthcoming audits would continue to be shared with the Chair of the Audit and Risk Committee for review and input prior to these being finalised.

ACTION: The request for the review of the Transparent Approach to Costing (TRAC) to be included in the 2024/25 internal audit plan.

ACTION: That in order to help minimize the volume of reading for formal meetings of the Audit and Risk Committee any supplementary materials for background information would be circulated via email by the Secretary rather than included within the pack of committee papers.

- 10.8 As of the 1st August 2024, the EU AI Act would be enforced from February 2025, with any procurement, use and deployment of AI needing to comply with this Act.
- 10.9 The Good Growth for Cities report (September 2024) emphasized the importance of devolution in addressing the economic priorities of UK communities. It was noted that the longer-term

implications of the recently approved Devon and Torbay Combined County Authority would continue to be monitored and the University would actively reflect on any potential impact on the delivery of the Strategy 2030 ambitions, including ability to secure government funding to deliver research innovation agenda;

- 10.10 It was recognised that whilst it was not straightforward to influence the local political environment, the recent devolution deal could result in the University being the only Russell Group University outside of a Combined Authority and the wider strategic implications should be considered;
- 10.11 Universities UK (UUK) had released a blueprint for the future of the Higher Education sector focused on “Opportunity, Growth and Partnership” and which had identified five important shifts as critical to securing the financial sustainability of the sector, including: expanding opportunities, improving collaboration, generating local growth, securing research and establishing a new global strategy for Universities.

ACTION: That further discussion would be scheduled at Council on the University’s strategic response to the Devon Devolution deal and opportunities to generate stronger local growth through partnership with the local region.

11. Final Internal Audit Reports

a) Internal Audit 2023/24: Financial Planning and Budgeting (AUD/07/24-25 Strictly Confidential)

- 11.1 The Financial Planning and Budgeting Audit had reviewed the University’s top down financial planning, student number planning, and bottom-up financial planning and budgeting controls within Faculties in the context of sector-wide challenges surrounding international student recruitment;
- 11.2 The internal audit concluded that overall the University had reasonably well-designed controls for financial planning implementation, but there were opportunities to enhance the student number planning and financial forecasting process, including the development of a standardised framework for student number modelling across faculties and production of a comprehensive planning instructions document to include more detail on key roles and responsibilities, key priorities and central assumptions used in forecasts;
- 11.3 The Committee affirmed the importance of the continued focus on the development of a more efficient, sophisticated and consistent process for performing sensitivity analysis across student number planning and financial forecasting processes and recognised that this would be paramount in the challenging external environment in order to avoid inaccurate projections, mitigate against optimism bias and prevent financial shortfalls;
- 11.4 It was noted that the development of enhanced systems functionality for Anaplan and more automated processes would help enhance the sensitivity analysis undertaken moving forwards to help develop more sophisticated sensitivity modelling;
- 11.5 The adoption of a reasonable international growth and undergraduate home scenario had been endorsed by University Executive Board, but it would be important to retain the ability to also respond strategically to any upside in the planning assumptions;

- 11.6 In light of the volatile international student recruitment environment it would be important to develop a more dynamic and flexible approach to sensitivity analysis and to have sophisticated understanding of a range of different projections and modelled scenarios to enable suitable actions to respond rapidly to any fluctuations in student recruitment outcomes.

b) Internal Audit 2023/24: Faculties – FSP Implementation (AUD/08/24-25 Strictly Confidential)

- 11.7 The audit of the Future Structure Programme (FSP) in 2022/23 had identified a number of areas of focus to be addressed as the new structures were introduced and the follow-up review of the University's progress over the last 12 months in embedding these changes had been undertaken;
- 11.8 The FSP had landed well given the pace and scale of the change that had been implemented and successfully simplified University structures. Positive links between Faculties and Strategy 2030 had been embedded which enhanced opportunities for interdisciplinary collaboration in relation to research, global or innovation;
- 11.9 Further opportunities for improvement included streamlining of processes and procedures and reconsideration of governance arrangements in Departments and Faculties, including greater degrees of empowerment to Heads of Department;
- 11.10 It would be important to ensure the key lessons learned from the implementation of the Future Structure Programme was embedded in any future large scale institutional change Projects, including communication mechanisms, fostering a sense of community and engagement, and effectively managing workloads, and clear alignment between Departments, Faculties and University.

c) Internal Audit 2023/24: Risk Management (AUD/09/24-25 Strictly Confidential)

- 11.11 The review had focused on the revised risk management framework to help identify the extent to which risk management policies and behaviours were embedded across the institution;
- 11.12 The transition to the new CAMMs digital risk management system would help deliver greater efficiency and integration in the University's risk management capabilities, but there was still further work required to strengthen the risk management culture and ensure it was recognised that this was a shared responsibility across the institution;
- 11.13 The importance of the following was noted in discussion: the critical role of Audit and Risk Committee and Council in continuing to embed the institutional focus on improving the risk management culture and fostering collective responsibility for risks; ensuring that colleagues have a deeper understanding of the fundamental purpose of risk management to inform their wider awareness of the institutional approach and their individual roles and responsibilities in the process; ensuring that there was continued communication and training to enhance the risk management culture across the University and enable staff to proactively engage in identifying and managing risks; ensuring clear channels of communication both in terms of escalation of risks and assurance that risks were being managed;
- 11.14 In relation to the development of a formally defined risk appetite statement:

- 11.14.1 The Committee recognised the inherent challenges involved in producing a coherent and holistic risk management statement which could be effectively communicated across the institution and utilised in practice to make consistent decisions and determine what was considered a tolerable level of risk;
- 11.14.2 That it would be useful for UEB to be able to clearly articulate and define the risk appetite and areas of business where there may be different levels of risk tolerance;
- 11.15 The transition to the new CAMMs digital risk management system would help deliver greater efficiency and integration in the University's risk management capabilities, but there was still further work required to strengthen the risk management culture and ensure it was recognised that this was a shared responsibility across the institution.

ACTION: That further work would be undertaken on the development of the institutional risk appetite statement and scheduled for further input and discussion from Audit and Risk Committee and Council.

d) Internal Audit 2023/24: Widening Access and Participation (AUD/10/24-25 Strictly Confidential)

- 11.16 That the internal audit review had assessed the design effectiveness of the Access and Participation Plan (APP) to ensure that the governance, implementation and evaluation arrangements were consistent with the revised guidance issued by the Office for Students (OfS) in December 2023;
- 11.17 The Audit and Risk Committee recognised that whilst the University had established good controls to govern the delivery of the new APP for the next academic year 2024-25 and had appropriate mechanisms to maintain central strategic and operational oversight;
- 11.18 It was noted that the audit had purely focused on the process and implementation arrangements, and it was acknowledged by the Audit and Risk Committee that remained significant work to be undertaken to ensure that the targets were being successfully delivered and to improve institutional performance in terms of widening access and participation;
- 11.19 Whilst the guidance issued by the OfS did not stipulate that percentage of state school students should be considered as a measure, it was recognised that there was a need to significantly improve performance in this area and that Council had previously highlighted this as a strategic priority.

12. Update on the implementation of the Digital Risk Register (AUD/11/24-25 Strictly Confidential)

- 12.1 Further to the previous updates to the Committee on the progress with the implementation of the Digital Risk Register and the technical issues experienced, the Committee noted that these had been successfully managed and resolved in August 2024 and the system was now in full use across the University;
- 12.2 Training for users had been completed and access to the live system had been granted on completion of the training. All risk owners would be updating their risk registers online for the first reporting cycle of the academic year, with the first report presented to Audit and Risk Committee on 7 November 2024 utilising data from the system;

- 12.3 There had been significant lessons learned as part of the implementation of the tool and a report had been produced to inform wider implementation of digital programmes across the University and presented to IT Strategy Group;

Closed Minute - Confidential

13. Risk 'Deep Dive' Programme: CR44 (Geopolitical Risk) (AUD/12/24-25 Strictly Confidential)

The chair invited Professor Richard Follett (Vice-President and Deputy Vice-Chancellor, Global Engagement) and Alicia O'Grady (Executive Divisional Director, External Engagement and Global) to the meeting

- 13.1 That the risk profile was extensive and pertained to geopolitical issues in regions or states in which the University has strategic links, partnerships and/or is a key student recruitment market leading to reputational damage;
- 13.2 There were a wide range of areas across the University that engaged with international partners, including: Global Partnerships, research collaborations, philanthropic donations, consultancy and executive education, through to international student recruitment, staff and student exchange, and potential transnational education initiatives;
- 13.3 The Committee noted the current risks and greatest risks by specific geographical contexts, along with the series of risk mitigation controls and actions were in place to mitigate these. It was also noted that there was detailed consideration of legal requirements, wider UK bodies (including UUK and British Council) and sector intelligence and best practice from other institutions;
- 13.4 Annual reports would be presented to Audit and Risk Committee on internationalisation risks and red-rated partnerships;
- 13.5 In relation to the Partnership Principles:
- 13.5.1 The Council approved Partnership Principles and new diligence process which had been embedded within institutional practice to ensure partnerships aligned with the University's core values and goals and reflected the commitment to use the power of education and research to create a sustainable, healthy and socially just future;
- 13.5.2 Any red rated partnerships representing a clear and significant risk required UEB approval and subsequently reviewed by the Chair of Council to determine if this required subsequent Council discussion and approval;
- 13.5.3 Partnerships were reviewed on a minimum basis of every three years, but were reviewed more frequently if there any recent changes, or an annual basis if red risks were previously identified;
- 13.5.4 Detailed consideration of legal requirements, wider UK bodies (including UUK and British Council) and sector intelligence and best practice from other institutions;
- 13.6 The Committee reflected on the University's current risk appetite in relation to geopolitical risks and how this compared to other institutions in the sector. It was recognised that the University's risk appetite had historically been more cautious than other peer institutions and that this was reflected in the fact that the University had not engaged with a significant amount of

international opportunities over the last decade. It was affirmed that the University had significant global and international ambitions, but that it would take time to develop an institutional understanding and familiarity with related practices;

- 13.7 That there had been historic instances where the University had declined philanthropic funding from an individual donor on basis of associated reputational risks, but this was unusual as philanthropic donors were usually cultivated over a sustained period of time and donors not be pursued further if there were any issues of concern that were raised in the early stages of engagement;
- 13.8 In relation to Transnational Education (TNE) Partnerships:
- 13.8.1 That there were a number of mitigations which could be embedded through contractual joint agreements with partners;
- 13.8.2 Framework agreements could be utilised to minimize overarching risks, with specific provisions typically included within TNE contracts to ensure UK law was specified as pre-eminent in contract negotiations and that there was a shared understanding of the University's definition of Academic Freedom and clear expectations as to how these would be upheld through operational management and periodic checkpoints;
- 13.8.3 That staff training and development was another clear mechanism for risk management and mitigations, including a clear awareness and understanding of cultural issues within the specific jurisdiction;
- 13.8.4 There was an UK Joint Education Institute Alliance and advice network which helped to share best practice and navigate and manage any risks within UUK guidelines;
- 13.8.5 The Gold and Silver response groups could be utilised enhanced to ensure a rapid institutional response to any issues that may quickly develop and a series of frameworks would be developed to understand nuances of specific situations and respond with relevant detail;
- 13.8.6 That with increased international partnerships and global activity it would be important to develop a detailed understanding of the strategic benefits versus the risks and assurance. It was recognised that further consideration could be given to help measure the impact on enhanced academic reputation in the QS and THE World University rankings and key milestones the University was aiming to reach in the delivery of Strategy 2030;
- 13.8.7 The Committee noted that historically the University had a more diffuse institutional approach to partnership building, but that as part of the Global Strategy there was now an enhanced focus on developing a more strategic approach, by securing a smaller number of institutional partnerships and ensuring these were strengthened through deep-seated engagement to provide a range of opportunities for collaboration across research, teaching and knowledge exchange activities and student and staff exchange opportunities.
- 13.8.8 The University would continue to develop smaller tactical partnerships across Faculties, but these would be not be across the full institution and focused on specific areas of collaboration in Departments and Faculties.

The chair thanked Professor Richard Follett (Vice-President and Deputy Vice-Chancellor, Global Engagement) and Alicia O’Grady (Executive Divisional Director, External Engagement and Global) for their contribution to the meeting and invited them to leave.

b) Risk ‘Deep Dive’ Programme: CR20 (Financial Sustainability) (AUD/13/24-25 Strictly Confidential)

- 13.9 That the current funding model (eg fixed home tuition fees and price-sensitive unregulated fees) required volume growth and a tilt towards international students to cross-subsidise research and home teaching;
- 13.10 The Office for Students (OfS) required Universities to be “financially viable and sustainable” which was predicated on there being no material risk of insolvency within a period of three years and financial plans and projections illustrating that it had sufficient financial resources to fulfil conditions D (iii) and D (iv) of the OfS regulatory framework for a period of five years from the date on which the judgement is made. The University was also required to maintain a minimum of 30 days’ liquidity;
- 13.11 From an audit and accounting perspective, there was also a requirement to be compliant with the going concern assumption;
- 13.12 A number of the drivers of risk were beyond the University’s immediate control, including geopolitical events, changes to national policy, and the performance of the world economy with the biggest immediate financial risk was from international student recruitment, with a number of institutions seeing double-digit decreases in international applications and enrolments;
- 13.13 The potential covenant impact of a significant decrease in international applications and enrolments would be mitigated in the short to medium term by virtue of significant cash holdings and strong covenant headroom;
- 13.14 An increase in the undergraduate home fee would be welcomed across the sector, but would not result in a material improvement in the medium term, particularly for research intensive institutions in the Russell Group who had higher associated operational costs;

Closed Minute – Confidential

14. Annual Report of Audit and Risk Committee 2023/24 (AUD/14/24-25 Strictly Confidential)

- 14.1 The Committee noted the Annual Report of the Audit and Risk Committee (Academic Year 2023-24), which covered the work of the Audit and Risk Committee in respect of the period from 1 August 2024 to 31 July 2024 and any significant issues up to the date of the approval of the report and consideration of the Financial Statements for the year;
- 14.2 The Committee noted that the report had been reviewed, endorsed and signed-off by the previous Chair of Audit and Risk Committee (Nicholas Cheffings) and that it would not be made publicly available, but that a copy of the Annual Report would be included in the University’s annual accountability return to the OfS.

ENDORSED: The Annual Report of the Audit and Risk Committee 2023/24 to Council (10 December 2024).

Closed Minute – Commercial in Confidence

15. University Annual Report

a) Draft University Annual Report and Financial Statements to 31 July 2024 (AUD/15/24-25 Strictly Confidential)

- 15.1 The Committee noted that the Annual Report and Financial Statements to 31 July 2024 were still being written but the Financial Statements were at an advanced stage and provided in draft form;
- 15.2 It was noted that the timetable for completion of the Annual Report and Financial Statements was on track. A final update was scheduled to be received from KPMG on 7th October 2024 which would enable the University to have the financial accounts approved by Council on 10th October 2024.

ACTION: That further consideration would be given to the possibility of adopting a more efficient approach to committee endorsement of the Annual Report and Financial Statements, including the possibility of scheduling a Joint Meeting of Audit and Risk Committee and Finance and Investment Committee.

ACTION: That the Terms of Reference would be updated ahead of the Academic Year 2025-26 to clearly articulate the proposed approach to review and sign-off of the Annual Report and Financial Statements.

b) Financial Covenants 2023/24 (AUD/15a/24-25 Strictly Confidential)

- 15.3 The paper outlined the specific and generic financial covenants that the University must comply with on an annual basis under the terms of the debt lending agreements, and financial ratios imposed by the Office for Students (OfS) and USS debt monitoring parameters;
- 15.4 The committee noted that all covenant tests had been passed for 2023/24 (31st July 2024 financial year-end). It was acknowledged that most covenants were balance sheet orientated;

c) Significant Accounting Judgements 2024 (AUD/15b/24-25 Strictly Confidential)

- 15.5 The Committee noted the significant accounting judgments affecting the 2023/24 financial statements, including the current status of our contingent liability exposure;
- 15.6 The Committee noted that there were no significant concerns regarding the University's contingent liability exposure. During 2023/24 and as of 30 September 2024 there were no contingent liabilities that had been re-classified as actual liabilities;
- 15.7 Following several delays to the business case timings for the Penryn 2.0 project it had been prudently valued from an external audit viewpoint as an asset under construction;
- 15.8 That the University did actively monitor the contingent liability exposure as part of the FX+ loan guarantee and continued to have good oversight and scrutiny of the risks in this area. The Chief Financial Officer chaired the FX Plus Finance Committee and also attended the FX Plus Board alongside the Senior Vice-President and Registrar & Secretary. PwC had also undertaken independent analysis of the Falmouth and FX Plus loan guarantee and no major

issues had been raised.

16. Procurement Competition Waiver Report (AUD/16/2024-25 Strictly Confidential)

The Chair invited Donna Fitzgerald (Director of PS Connect) to the meeting.

- 16.1 The Procurement Competition Waiver (PCW) report provided details regarding the PCWs that were reviewed, approved or rejected by Strategic Procurement, a summary of the value and volume of procurement competition waivers approved by month on a rolling 12 month basis up to May 2024, and the approved PCWs for the period June 2024 – August 2024;
- 16.2 The report provided the additional level of information on PCWs agreed by the Committee, including instances where the PCW was reviewed, approved or rejected by Strategic Procurement and types of PCW and categorisation used.

Closed Minute – Commercial in Confidence

NOTED: The PCWs approved during the reference period and increased automation and workflows for tracking PCWs in the approval process.

17. Update on University Insurance Arrangements (AUD/17/2024-25 Strictly Confidential)

The Chair invited Ben Lawlor (Insurance, Audit and Risk Manager) to the meeting.

- 17.1 The update was presented to the Audit and Risk Committee to provide assurance that appropriate insurance arrangements were in place to transfer financial risk to insurers in the instance of loss events;

Closed Minute – Commercial in Confidence

The Chair thanked Ben Lawlor for the contribution to the meeting and invited them to leave.

18. Update on Mandatory Training Arrangements (AUD/18/2024-25 Strictly Confidential)

The Chair invited Holly Davey (Assistant Director, Human Resources) to the meeting.

- 18.1 There had been a number of increases in compliance since last update in March 2024 for 'big 4' mandatory training modules, including: 2.2% (166 people) improvement in Equality and Diversity; 3.3% (249 people) improvement in Health and Safety; 3.7% (279 people) improvement in Prevent Duty. Compliance with mandatory training in Faculties was also improving but still lagged behind Professional Services staff;
- 18.2 There was now a new requirement for an information governance mandatory training to be retaken annually (rather than every 3 years) so data only showed individuals compliant since 29 September 2024;
- 18.3 A Business Case had been approved to enhance IT systems to improve compliance. This included enabling staff to have a unique identifier and to more clearly differentiate between payroll staff and payroll associates, so focused attention could be spent on ensuring key staff were compliant and differentiate from staff employed on casual or associate roles. The enhanced IT system would also enable identification of discrete groups and delivery of bespoke mandatory training;
- 18.4 A number of key actions had been delivered to embed further improvements in compliance with

mandatory training, including: revising the PDR process to set a clear objective for becoming compliant; only supporting Professional development once colleagues were fully compliant; academic promotions and progression not being support without full mandatory training compliance; and no awarding of contribution points to colleagues who were not fully compliant;

- 18.5 Continued communications were being disseminated, including via Registrar termly meetings, weekly bulletin and all staff talks;
- 18.6 The Committee welcomed and supported the progress being made to enhance levels of compliance with mandatory training and recognised that the actions in implementation (including no award of above and beyond awards and withholding automatic incremental increases for colleagues who were not fully complaint) who be particularly powerful in enhancing compliance amongst the wider University community and reaffirm the importance of completing mandatory training.

19. Chair's Closing Remarks

- 19.1 The Chair thanked members for their contribution to the meeting and advised that the next meeting would be held on 7 November 2024.

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

- 20.1 A closed discussion was held for Independent Members of Audit and Risk Committee. The Assistant Director (Governance) was also in attendance.

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

- 21.1 The following item was received in Part II for Information: Office for Students Accounts Direction (AUD/19/24-25).