



University of Exeter
AUDIT AND RISK COMMITTEE

MINUTES AND ACTIONS – APPROVED BY AUDIT AND RISK COMMITTEE

5 March 2024 (10.00-13.30), Council Chamber (Northcote House) and online via Microsoft Teams

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

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ACTIONS

Item	Action	Owner	Deadline
43.7	ACTION: that that the PwC introductory slides on the ECCTA would be circulated to the General Counsel and Director of Legal and Student Cases.	Alison Breadon	May 2024
48.6	ACTION: that the Assistant Director (Compliance and Risk) would work in consultation with relevant colleagues to revise the current risk register report into a condensed format and streamline the volume of operational detail to make it easier for Audit and Risk Committee to scrutinize major institutional risks.	Assistant Director, Governance	June 2024
48.6	AGREED: that the incoming Chair of Audit and Risk Committee would meet with the Assistant Director (Compliance and Risk) to provide further guidance on a more suitable and user-friendly format for the risk register.	Assistant Director, Compliance and Risk	June 2024
49.6	ACTION: that a first deep-dive on research would be scheduled in June 2024 utilising the proposed framework, with further feedback from the first deep-dive session utilised to inform the approach in the academic year 2024-25.	Assistant Director, Compliance and Risk	June 2024
50.8	ACTION: to schedule an update on the Digital Risk Register implementation to Audit and Risk Committee in May 2024.	Assistant Director, Compliance	May 2024

		and Risk	
51.8.3	ACTION: that further work would be undertaken to identify whether NIST undertook anonymised Benchmarking with HEIs or other institutions in the commercial sector to provide a clearer indication of the level of progress in improving the score and institutional resilience.	Divisional Director, IT Services	May 2024

DECISIONS

Item	Decision	Paper No.
43.4.2	AGREED: to endorse the approach to the development of the internal audit plan for AY 2024-25, subject to the final version being presented to Council for information on 11 July 2024.	AUD/39/23-24
45.3	AGREED: to the Modern Slavery Act Statement 2022/23 to Council for approval on 18 April 2024.	AUD/41/23-24
46.2	AGREED: that further consideration would be given to whether an internal audit would be undertaken of the HESA Data Futures Project in Academic Year 2024-25.	AUD/42/23-24
47.9	ENDORSED: the proposed adoption of a more stringent approach to enhancing the levels of compliance with mandatory training, alongside continued exploration of wider options that could be utilised.	AUD/43/23-24
49.6	APPROVED: the proposed framework and associated questions for Deep Dive Programme.	AUD/45/23-24
49.6	APPROVED: the proposed Deep Dive Programme for Academic Year 2024-25.	AUD/45/23-24

Attendees**Members Present**

Nicholas Cheffings	Chair and Independent Member
David Dupont	Independent Member
Tim Weller	Independent Member (via Microsoft Teams)
Simon Enoch	Independent Member
Alison Reed	Independent Member

In attendance

Mike Shore-Nye	Senior Vice-President and Registrar and Secretary
Dan Charman	Senior Vice-President and Provost
Dr Michael Wykes	Divisional Director, University Corporate Services
Dave Stacey	Chief Financial Officer
Joe Wall	Assistant Director, Finance
Ben Lawlor	Insurance, Audit and Risk Manager
Chrysten Cole	General Counsel
Matthew Elmer	PwC, Internal Audit
Alison Breadon	PwC, Internal Audit (online via Teams)
Bethany Wheatcroft	KPMG, External Audit (virtual via Microsoft Teams)
Kate Lindsell	Assistant Director, Compliance and Risk
Justine Andrew	Head of Education, Skills and Productivity, KPMG (Minute item 44)
Holly Davey	Assistant Director, HR (Minute item 47)
Nathan Burden	Divisional Director of Information Technology (Minute Item 51)
Donna Fitzgerald	Director of PS Connect (Minute item 54)

Apologies

Rees Batley	KPMG, External Audit
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Secretary

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

Totty Brobyn	Committee Secretariat Administrator
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39. Closed Discussion for Independent Members of Audit and Risk Committee

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

40. Welcome and Declarations of Interest

- 40.1 The Chair welcomed members to the Audit and Risk Committee meeting. There were no new

declarations of interest in relation to agenda items under discussion.

40.2 The Chair noted that apologies had been received from Rees Batley (KPMG).

41. Minutes of the Meetings of 10 November 2023 (AUD-36-23-24 and AUD-36a-23-24 Confidential), Action Log (AUD-37-23-24 and AUD-37a-23-24 Confidential) and Business Schedule (AUD-38-23-24 and AUD-38a-23-24 Confidential)

41.1 The minutes of the meetings of 10 November 2023 were **APPROVED**.

41.2 The Audit and Risk Committee noted the action log and business schedule 2023/24 which were received for information.

42. Matters Arising (Verbal Update)

a) Advance HE

42.1 It was reported that Nicholas Cheffings (Chair) and Simon Enoch had registered for an Advance HE Governance Development Programme virtual 1 day online event on Wednesday 13 March 2024 for those on Audit and Risk Committees. A verbal update would be provided to members of the Committee at the subsequent meeting of the committee on 9 May 2024 under matters arising to highlight any important elements identified from the meeting, including updates on key challenges facing audit committees and additional opportunities to improve current approaches in alignment with best practice.

43. Internal Audit

a) Progress Report 2023/24 and Recommendations (AUD/39a/23-24)

43.1 Matthew Elmer advised that PWC were making good progress with delivering the 2023/24 internal audit plan. The fieldwork and reporting dates for some reviews had been adjusted based on requests from management in light of competing priorities and in order to ensure the timing of the audit work being delivered derived best value;

43.2 there were no concerns surrounding deliverability of the internal audit programme at this stage but it was anticipated that a number of reports would be completed later in the cycle than ordinarily planned;

43.3 there were four internal audit actions which were showing as overdue, being: x 2 Insurance Processes, x 1 Staff Wellbeing and x 1 Risk Management;

43.4 the following changes had been made to the audit plan since the last meeting:

43.4.1 that the widening access and participation, sustainability and financial planning and budgeting reviews were now planned to be delivered in Quarter 4;

43.4.2 that the procurement review had been deferred until AY 2024/25 to enable a review of the effectiveness of controls to be undertaken in response to the changes to procurement regulations;

43.5 in relation to the development of the internal audit plan for AY 2024/25:

43.5.1 that indicative discussions had been held with management about the planning process for 2024/25;

43.5.2 a long list of the emerging draft plan for prioritisation would be scheduled at Audit and Risk Committee on 9 May 2024 which would be refined in response to feedback. It was agreed that this would also be presented to Council for information in July 2024.

AGREED: to endorse the approach to the development of the internal audit plan for AY 2024-25, subject to the inclusion of the final version being presented to Council for information on 11 July 2024.

43.6 A number of key findings had emerged from the PWC report on UK HE Financial Sustainability published in January 2024, which analysed the financial sustainability of the UK's HE Sector by running sensitivities on the 2022/23 regulatory financial forecasts of 84 UUK members. Key findings included:

43.6.1 in 2023/24 approximately 40% of institutions were forecasting a deficit;

43.6.2 restructuring costs were forecasted to fall by 70% over the forecast period and it was therefore likely that there were optimistic assumptions regarding the level of investment required to transform cost base or delivery model;

43.6.3 total capital expenditure was forecast to fall by c. 4-20% from 2022/23;

43.7 in response to the financial challenges facing the sector and unlikelihood of any increase in government funding to Universities the majority of institutions were responding by transforming their delivery models or identifying cost efficiencies. This included reviewing their current operating models and academic portfolio. In addition, a number of institutions were also extending the period for enrolment in an effort to maximise the opportunities for enhancing income from international student growth;

43.8 the Economic Crime and Corporate Transparency Act (ECCTA) was expected to come into force later in 2024. Several HE institutions were potentially in scope of the ECCTA as they were likely to meet the criteria set out for a "relevant body".

ACTION: that the PwC introductory slides on the ECCTA would be circulated to the General Counsel and Director of Legal and Student Cases.

b) Final Internal Audit Reports

i) Scheme of Delegation Review (AUD-39b-23-24)

43.9 Matthew Elmer noted that, as part of the 2023/24 internal audit plan, a review of the Scheme of Delegation had been undertaken which identified a number of areas for improvement as part of the ongoing governance work, including: incorporating tables or visuals to assist institutional understanding of the Delegation Framework and to provide clarity on the approval route that should be taken for capital projects;

43.10 the review had also highlighted a lack of institutional clarity and understanding surrounding the role of the Strategic Delivery Unit and the Strategic Planning Office;

43.11 that the principal recommendations of the review had been accepted and work would be

undertaken to progress these over the course of the next few months.

ii) Research: Post Award Management (AUD-39c-23-24)

- 43.12 as part of the 2023/24 internal audit, a review of the University's Research arrangements was undertaken, focusing on the set-up and monitoring of awarded research grants;
- 43.13 in relation to offline budget monitoring, it was noted that there remained some variable practice and that there were clusters that still utilised additional offline spreadsheets to track and monitor spend across research projects
- 43.14 although historically spreadsheets had been maintained as a localised mechanism to enable academics to see funding for the entire project lifecycle rather than the period presented in management accounts, this data was now available in worktribe and offered a more sustainable and easily accessible solution;
- 43.15 it was recognised there had been a culture of Principle Investigators being accustomed to go directly to a research or finance partner for assistance with monitoring and managing overhead recovery. Whilst there remained a few areas that had been reluctant to engage with worktribe, there were further options to drive greater levels of efficiency by minimizing additional support for lower levels of grant now that information could be easily accessed and monitored individually.

c) Verbal Update on Actions arising from Audit reports identified at the last meeting

- 43.16 there were no verbal updates on actions arising from Audit reports identified at the last meeting.

44. External Audit: Sector Update (AUD-40-23-24 Confidential)

The Chair invited Justine Andrew (Head of Education, Skills and Productivity, KPMG) to deliver a presentation on the HE Sector.

- 44.1 Her overview was that it was an incredibly turbulent time for the HE sector with a number of significant issues being experienced across a range of areas, including: challenges surrounding financial sustainability, international student recruitment and increasing competition for students, inflationary pressures and political uncertainty;
- 44.2 in the academic year 2022/23 a benchmarking exercise of 60 risk registers across the sector had revealed a number of significant risks facing the sector, including: student recruitment, student experience, staff welfare, technology and digital and information security / cyber. However, it was noticeable that in the previous academic year financial sustainability was not captured as a risk on any of the risk registers which highlighted the unprecedented levels of disruption the sector had experienced over the last 12 months and the significant risks being experienced in relation to reduced international student recruitment and flatlining of home tuition fees;
- 44.3 in the current challenging climate it was important to retain a sense of the top risks, the potential hidden risks and the interconnectivity of different risks in order to reflect on the optimal approach to enabling delivery of institutional strategy in parallel with transformational and cultural change;
- 44.4 that in light of the volatility of the current operating environment it was important to ensure

there were clear governance structures and appropriate programme management to enable successful project delivery. Key risks across the sector included: overoptimism surrounding capacity and timescales for delivery of major projects, change fatigue as a result of limited time and staff resource, and a lack of effective project prioritisation;

- 44.5 in discussion: that Strategy 2030 provided a helpful point of focus through which to evaluate the current institutional position and identify further areas for growth and the projects required to be deprioritised. However, it was recognised that developing a collective consensus around project prioritisation remained challenging in the current operating environment.

The Chair thanked Justine Andrew (Head of Education, Skills and Productivity, KPMG) for their contribution and invited them to leave the meeting.

45. Modern Slavery Act Statement (AUD/41/23-24)

- 45.1 Christen Cole noted that the Modern Slavery Act 2015 required relevant public bodies to publish a Modern Slavery Act Annual Statement within 6 months of the approval of institutional financial statements. The University's Modern Slavery Act Statement for 2022-23 outlined steps taken to ensure compliance with the Act;
- 45.2 there had been no material changes to the Statement since last year as there were currently no materials risks or areas of significant concern. The University's Statement continued to be kept under regular review in alignment with relevant procurement procedures;
- 45.3 the UK government had previously set out proposed changes to the Modern Slavery Act to strengthen current requirements, including penalties for non-compliance. These changes had not yet been implemented and it was not anticipated to impact on the University's current operations, but any additional legal obligations were likely to require an enhanced focus on transparency and fairness.

ENDORSED: the Modern Slavery Act Statement 2022/23 to Council for approval on 18 April 2024.

46. Statutory Return Update (AUD/42/23-24)

- 46.1 Michael Wykes reported that the statutory deadlines were met for the following key returns: i) HESA Data Futures (Student); HESA Staff; ii) and Medical and Dental Student Survey (MDS).
- 46.2 the HESA Data Futures Project was a sector-wide transformation programme led by HESA/JISC within its first year of implementation being 2022/23 and replacing the legacy Student Record. Sector-wide concerns were raised regarding the lack of readiness to respond in early August 2023, which have been collated and presented to HESA, JISC and OfS and resulted in the return deadlines being moved from mid-October 2023 to 22 November 2023.

ACTION: that further consideration would be given to whether an internal audit would be undertaken of the HESA Data Futures Project in Academic Year 2024-25.

47. Mandatory Training (AUD/43/23-24 Confidential)

The Chair invited Holly Davey (Assistant Director, Human Resources) to the meeting to deliver a presentation on Mandatory Training.

- 47.1 whilst there had been some percentage increases in completion of the 4 main mandatory training modules in Equality and Diversity, Health & Safety, Information Governance and Prevent Duty, there remained challenges maintaining high-levels of compliance with mandatory training given the high proportion of casual (c. 1,956 FTE) and associate (c. 3,975 FTE) staff which encompassed a wide range of activity, including: campus services, events catering, external examiners and exam moderators;
- 47.2 a number of mechanisms were in place to enhance progress with improving compliance, including:
 - 47.2.1. the Senior Vice-President and Registrar & Secretary including a review of mandatory training in termly 'People' meetings with Divisional Directors;
 - 47.2.2. a proposal for an 18-month IT account management project was progressing to ITSG which if approved and implemented would introduce new mechanisms including preventing access to systems/ services until mandatory training was completed and provide a mechanism to differentiate IT accounts to enable sanctions for different types of IT account (eg associates, casual, staff);
- 47.3 a number of further options were outlined that were also in progress, including: the introduction of PDR review recommendations incorporating a strong message to check on mandatory training completion; promotion or progress for all academic job families not being supported without full mandatory training compliance;
- 47.4 other options to enable further improvements to compliance with mandatory training that were being considered for colleagues who were not fully compliant included no awards through the Professorial Salary Review or Above and Beyond schemes, alongside withholding the award of contribution points and automatic incremental salary increases;
- 47.5 a number of further options were being considered that could potentially enhance the overall levels of compliance, including:
 - 47.5.1 ensuring that mandatory training modules were developed further to ensure it was more role specific in an effort to actively encourage higher completion rates and highlight more clearly the benefit of completing the training;
 - 47.5.2 adopting a more proportionate approach to mandatory training for casual or associate members of staff and only requiring certain core training modules to be undertaken rather than all mandatory training modules which may not be directly applicable to their roles;
 - 47.5.3 restricting access to core IT systems for staff who were not fully compliant or linking this to modules not yet completed, such as restricting access to Finance Systems for staff who had not yet completed the Bribery Act training;

- 47.5.4 contacting newly appointed staff via their personal email address to request them to complete their mandatory training prior to commencing their role at the University or making it a condition of employment to complete the training being commencing their role;
- 47.6 it was noted that Faculties consistently lagged behind Professional Services divisions in terms of the rate of compliance with mandatory training. Particular concerns were raised in relation to the average levels of compliance with Health and Safety Training in Faculties which was currently c. 77.2%;
- 47.7 that both the Health and Safety Committee and Compliance Committee regularly reviewed mandatory training compliance scores;
- 47.8 in light of the strong feedback received in relation to automatic reminders circulated to complete mandatory training it was recognised that the proposed approach to encouraging renewal and completion of the training could result in potential pushback from the recognised Trade Unions. However, it was affirmed that every Health and Safety representative should be supportive of the approach to help ensure the University maintained compliance with legal obligations and did not breach its statutory duties;
- 47.9 the importance of the following in discussion: considering the potential barriers to completion of mandatory training and making it as straightforward as possible to complete mandatory training, whilst ensuring it adds value and is applicable to the roles being undertaken; reaffirming to staff in a clear manner that it is a condition of employment at the University and a non-negotiable requirement to complete mandatory training and refresh this training at regular intervals; adopting more creative and innovative solutions to enhance the levels of compliance with mandatory training across the institution; adopting different strategies for addressing the compliance levels for employed staff versus casuals and associates and prioritising a focus on enhancing compliance rates in full-time employed staff in the first instance, in light of the greater levels of risk presented and the high turnover of workforce amongst casual and associate staff; ensuring that there were robust mechanisms for staff in Faculties working in high-risk areas such as labs to complete the relevant safety training and ensure this was clearly audited and training records were accurately maintained and up-to-date.

ENDORSED: the proposed adoption of a more stringent approach to enhancing the levels of compliance with mandatory training, alongside continued exploration of wider options that could be utilised and that

AGREED: that the Senior Vice-President and Provost would convey to all Faculties the need to improve compliance with mandatory training and that Audit and Risk continued to take this issue very seriously and recognised the need for significant and continued improvements.

48. Risk Report 2: 2023/24 (AUD/44/23-24 Confidential)

- 48.1 the second risk report of the 2023/24 risk management cycle presented to the committee by Kate Lindsell incorporated data from the new digital risk management system;
- 48.2 the full risk register currently incorporated 72 corporate risks and there had been little movement in risk status since the previous report provided to the committee. 6 corporate risks

were currently rated as 'high';

48.3 there were two new corporate risks which were both scored at moderate, including: Digital (quick and effective use of data) and International Student Experience;

48.4 in relation to the risk register:

48.4.1 the Committee recognised that there had been a significant amount of work undertaken in order to review, maintain and update the risk register as part of the risk management process. However, it was indicated that it would be beneficial to review and streamline the level of data to ensure that it was easier for senior committees to engage with information and to ensure a clearer focus on the significant institutional risks and reduce the volume of operational detail to provide a mechanism for senior committees to actively monitor mitigation of key risks;

48.4.2 that the volume of detail within the risk register needed to be streamlined to enable it to be a more effective tool for monitoring risk and to provide clearer visibility at a high-level of progress against key actions, ownership and risk mitigations;

48.4.3 that the ability to successfully deliver and implement Strategy 2030 against an increasingly challenging sector-wide backdrop needed to be incorporated as a high-level risk;

48.4.4 whilst it was recognised that the current level of information was useful for the Compliance Committee to work through the operational detail of managing risks and have oversight of key areas, it was recognised that for other committees (including UEB, Audit and Risk and Council) there was a need to present the data in a different way to give clearer visibility of key institutional risks in a condensed and honed format and provide clearer assurance at a high-level that there were appropriate actions and mitigations in place that were being proactively managed;

48.4.5 in an increasingly turbulent sector-wide context there was a risk that significant or increasing institutional risks got lost in the volume of detail currently included, so there was a need to clearly signal the direction of travel on high and very high risks;

48.4.6 in relation to Appendix 3 (Horizon Scanning) it was noted by the Committee that it was helpful to continue to receive the horizon scanning data.

AGREED: that the Assistant Director (Compliance and Risk) would work in consultation with relevant colleagues to revise the current risk register into a condensed format and streamline the volume of operational detail to make it easier for Audit and Risk Committee to scrutinize major institutional risks and analyse the implications of them.

AGREED: that the incoming Chair of Audit and Risk Committee would meet with the Assistant Director (Compliance and Risk) to provide further guidance on developing a more suitable and user-friendly format for the risk register report.

49. Update on Deep Dive Risk Programme (AUD/45/23-24 Confidential)

49.1 Kate Lindsell observed that the Audit and Risk Committee had previously agreed on 10 November

2023 that a programme of Risk Deep Dives should be developed to enable the committee to gain a deeper level of assurance that Corporate Risks were being managed effectively and to ensure that the Committee maintained an appropriate focus on risk in alignment with its Terms of Reference;

- 49.2 the paper set out a methodology and rationale for the deep dive programme based on previous and current activities both in terms of previous / planned internal audit. In light of the current Council schedule of business and detailed focus planned on international student recruitment, admissions and sector wide financial challenges between April – July 2024 it was recognised that it would be sensible to await the outcome of these discussions and to identify any particular areas to probe in further detail in the academic year 2024-25. It was also noted that there would be a logic to returning to a consideration of these issues at a later stage as there was currently a lot of uncertainty surrounding international student recruitment trends and there would be greater levels of clarity following the admissions outturn in September-October 2024;
- 49.3 that it would be timely to schedule a deep-dive on research risks in June as enhancing research power and income growth would be pivotal to the long-term financial sustainability of the institution and it was recognised there were some significant risks that it would be beneficial to explore in further detail as part of the deep dive programme;
- 49.4 whilst it was agreed that the proposed question set in Appendix 3 provided a sensible framework, it was recognised that this may need to be tailored in accordance with specific risk;
- 49.5 that further feedback would be elicited from members of Audit and Risk Committee following the initial deep-dive in June to ensure that the level of detail provided, scope and format was suitable for a deep dive session;
- 49.6 it was recognised that the Term 1 was a peak period of workload for colleagues in Finance and that it would be helpful to provide them with as much time to prepare materials for the deep dive session.

APPROVED: the proposed framework and associated questions for Deep Dive Programme.

APPROVED: the proposed Deep Dive Programme for Academic Year 2024-25.

ACTION: that a first deep-dive on research would be scheduled in June 2024 utilising the proposed framework, with further feedback from the first deep-dive session utilised to inform the approach in the academic year 2024-25.

50. Annual Review of Risk Management (AUD-46-23-24 Confidential)

- 50.1 the paper presented by Kate Lindsell outlined a review of action taken in 2023 to improve the University's risk management processes and to improve the risk maturity of the institution and overall management of risk;
- 50.2 over 60 training and support sessions held via workshop and face-to-face sessions had been held

with Corporate Risk Owners, Operational Risk Owners and subject matters leads to enhance the level of guidance and to enable widespread improvements to quality of risk data collection;

- 50.3 all internal audit activity was now linked to risk registers from 2023 and audits rated high or critical were bring brought forward to UEB for discussion;
- 50.4 the Digital risk register had been due for completion in August 2023, but due to supplier systems issues it was still not available and as a result it had not been possible to train staff on the use of the new system;

Strictly Confidential – Closed Minute

ACTION: to schedule an update on the Digital Risk Register implementation to Audit and Risk Committee in May 2024.

51. National Institute of Standards and Technology (NIST) Maturity Checkpoint (AUD-47-23-24 Confidential)

The Chair invited the Divisional Director of IT Services to deliver a presentation on the NIST Maturity Checkpoint.

- 51.1 as part of the IT Cyber Security Strategy, the IT team had completed a maturity analysis and improvement monitoring analysis exercise in 2021 which had been undertaken by a trusted third party supplier. The NIST framework had been used as the basis for scoring the University's cyber security capabilities;
- 51.2 the NIST Framework assessment sits within a wider eco-system of cyber security assurance, including the Audit Programme with PWC and cyber insurance assessments. The University remained one of the few Higher Education Institutions to map its security maturity to a recognised framework and undertake an external assurance programme;
- 51.3 the NIST framework considered information security from the perspective of five risk management functions which provided a set of information security activities and desired outcomes. The assessment of maturity was aligned against each of the new functions. A new 'Govern' function was in the process of being introduced which would represent a substantial change to the framework;
- 51.4 the current NIST framework assessment was overall fairly close to the overall 2023 target and there had been improvement in maturity since 2021 across all 5 improvement points (identify, protect, detect, respond, recover). Whilst this improvement in the overall score and increased resilience was welcomed it was recognised that a score of 2 out of 5 still left the University exposed and that it was not invulnerable to an attack as there remained a high element of risk;
- 51.5 it was recognised that in relation to disaster recovery there were a number of systems and services which needed to be more clearly documented to ensure further detail as incorporated within business continuity plans. The initial focus had been on key systems including: SITS, Trent, Virtual Learning;

- 51.6 it was recognised that in relation to disaster recovery there were a number of systems and services which needed to be more clearly documented to ensure further detail as incorporated within business continuity plans;
- 51.7 in relation to phishing email attacks:
- 51.7.1 a series of phishing awareness training campaigns had been delivered to raise staff awareness and encourage them to be vigilant of suspicious email traffic and phishing attacks. A small number of individuals had clicked on a URL during the phishing simulation and further consideration was being given to appropriate response in these instances, including potentially restricting access to certain systems or providing individual 1-2-1 training with the cyber security team for these individuals;
- 51.7.2 individuals with associate accounts with the University tended to be more likely to be susceptible to the phishing simulation attacks. Further consideration was being given to reducing the length of time with which students had access to their University email address after graduation (which was currently set at c. 440 days), without negatively impacting on alumni engagement. Another option currently being considered was to provide different types of email account for different users;
- 51.7.3 increased communications were being provided to staff across the University to raise awareness and highlight what to look for and heighten risk management and mitigations in place.

ACTION: that further work would be undertaken to identify whether NIST undertook anonymised Benchmarking with HEIs or other institutions in the commercial sector to provide a clearer indication of the level of progress in improving the score and institutional resilience.

The Chair thanked Divisional Director of IT Services for their contribution and invited them to leave the meeting.

52. Annual Report on Financial Controls for prevention of Fraud and Money-laundering (AUD-48-23-24 and AUD-48a-23-24 Confidential)

- 52.1 the report presented by Dave Stacey provided an overview of the key financial controls, policies and procedures that Finance have in place to prevent and detect fraud and money-laundering. There was a well-developed financial control culture which was supported by extensive policies and internal and external audits;
- 52.2 there had recently been a small value instance of fraud associated with the use of credit cards, but this had been picked up proactively and police had been notified;
- 52.3 the new Economic, Crime & Corporate Transparency Act (ECCTA) Failure to Prevent Fraud legislation was expected to come into force in 2024 and would introduce more stringent requirements and make it easier to engage with relevant local authorities on any issues of fraud identified;

53. Update Report on Improvements in Financial Management (AUD-49-23-24 Confidential)

- 53.1 Audit and Risk Committee welcomed the enhanced approach to providing regular reports on Finances at Faculty and Departmental level and recognised that the regular levels of engagement would result in greater empowerment within academic departments and a greater level of understanding regarding the importance of appropriate financial management and controls at Departmental level;
- 53.2 the sample graphs of cost recovery by programme were highlighted as being especially helpful and it was indicated that it would be helpful to produce cost recovery diagrams across individual programmes highlighting the breakdown according to home, international and distance learning across each programme;
- 53.3 the consolidated Faculty positions were being discussed with Faculty leadership. Faculties and Departments were also presented with a complete full cost allocation of each module and all programmes, including full cost view of research, teaching and other income and providing greater detail;
- 53.4 staff were continuing to be actively engaged in deepening their understanding of the new datasets and further work was underway to improve the data to ensure it was accurately representing the true costs and overheads. The enhanced data would help to identify further opportunities to identify savings and realise efficiencies;
- 53.5 in relation to Appendix 1 (cost recovery by programme in the Business School 2021-22):
- 53.5.1 whilst a number of programmes such as the BA in Business Studies had a high cost, the overall cost recovery was over 250% which indicated that it was a highly sustainable programme. These types of programmes were being examined carefully to identify elements of best practice that could be adopted more broadly across other programmes;
- 53.5.2 that the Exeter MBA was currently at a deficit, because there was a high cost associated with running the programme and it was currently labour intensive. Further work was being undertaken to identify whether the perception of student expectations was accurate and to challenge received wisdom in some areas;
- 53.6 in discussion:
- 53.6.1 that it was paramount to identify further opportunities to deliver education and teaching at a lower value cost. Considerable analysis was being undertaken as part of the ongoing review of the taught portfolio to realise efficiencies through innovative delivery models, course design and reducing number of module options without impeding on CMA regulations;

- 53.6.2 further consideration was being given to delivering the same module across a multiplicity of programmes in key topics, including entrepreneurship data science and environmental sustainability;
- 53.6.3 opportunities to enhance efficiency and cost recovery by increasing module sizes to enable high-quality teaching at scale were also being investigated;
- 53.6.4 the names of certain programmes were also being explored from a marketing perspective to determine if there were opportunities to strengthen wider market appeal to specific audiences;
- 53.6.5 that it would be important to ensure that the enhanced datasets were being actively utilised by the Faculty leadership teams to drive cultural change and challenge existing behaviours. Cost recovery data for Faculties and Departments were being utilised as part of planning process;
- 53.6.6 there had been strong levels of academic engagement and senior stakeholders were helping to champion its importance, including the Dean for Taught Students and Deputy Pro-Vice-Chancellor, Faculty of Health and Life Sciences.

54. Procurement Competition Waiver Quarterly Report (AUD-50-23-24 and AUD-50a-23-24 Confidential)

The Chair invited Donna Fitzgerald (Director of PS Connect) to the meeting to present the quarterly report on Procurement Competition Waivers

- 54.1 the report provided a breakdown of any purchases with an aggregated value of £50k or above that was procured by a non-competitive means (as defined by the University of Exeter Financial Regulations) from September 2023 to January 2024;
- 54.2 since the previous report, procurement had completed the implementation of the fully automated T1 PCW process in November 2023. This included a series of improved 'live' dashboards had been to make it easier to monitor the PCW process and provide enhanced transparency, visibility and controls for the strategic procurement team to stop non-compliant spend more easily. Additional training had also been introduced to ensure greater levels of understanding and awareness for end users;
- 54.3 it was noted that PCWs trends were monitored and reviewed carefully by the strategic procurement team. There were a number of instances of justifiable repeat requests for PCWs (eg Microsoft software licenses) and other instances where PCWs were required if time critical. In these instances contracts were being reviewed to ensure the University was continuing to get value for money.

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

55. Chair's Closing Remarks

- 55.1 The Chair thanked members for their contribution to the committee and noted that the next

meeting would be held on 9 May 2024.

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

56.1 A closed discussion was held for Independent Members of Audit and Risk Committee. The Assistant Director (Governance) and Committee Secretariat Administrator were also in attendance

56.2 as previously agreed by Council on 29 February 2024, the Senior Vice-President and Registrar and Secretary was invited to provide an overview of the risks and mitigations in place surrounding the Enabling Strategy 2030 programme. Hard copies of the following materials were circulated to members in the meeting for information and collated afterwards for confidential disposal, but have been securely and confidentially filed with the recording of the meeting:

56.2.1 Enabling Strategy 2030 Programme Risk Register covering the 4 workstreams, Research, Teaching, Non-Pay and Workforce Planning;

56.2.2 the specific workstream risk register for the Voluntary Severance Scheme, including heat map of all the events that may occur between February and the end of the year that could be impacted;

56.2.3 an overview of business continuity workshops that will be running over the next two weeks.

Strictly Confidential – Closed Minute