

May 2017

1. Update from Steve Dauncey

“April is the cruelest month” seems an appropriate start to this update. The calling of a general election certainly added to the uncertainty as we finalise our budgets and not everyone will be delighted by the prospects of six weeks of electioneering. Many will know that I suffered a family bereavement this month as well and I would like to thank you all for the support you have given me at this time. I have talked and written about the help we can give each other during stressful periods and I can now say with even more conviction that it helps.

I started the month with a presentation day to insurance firms who had expressed an interest in providing cover across a number of our risk areas. This was a well organised day that attracted very positive feedback. At the end of the month, I reviewed the very positive tender outcomes which indicated that the level of interest had generated very competitive submissions. It was during this second meeting that I heard about the fire in the Patterson building which will have a significant impact on our research activities for some time. The emergency response was exemplary and the assessment of impact is being lead for finance by Julie Thomson, my thanks to her.

I enjoyed the finance conference on the 6th April and hope you did too. I was able to publically thank Charlie Allen for her leadership at a FMBH team away day later in the month and I am also very grateful to Ros Ballinger for all the planning and organisation that she put in to make the day run so smoothly. I look forward to reviewing the feedback along with the results of the staff survey which over 100% of finance staff responded (apparently this is because some staff not in my structure self-select that they work in finance, interesting!) and achieved a 72% response rate across the University – great engagement.

Having met with the Heads of Finance individually to understand the budget position, I have also been involved with a couple of budget challenge meetings with more to come. There is a gap yet to be closed in order to achieve the agreed targets and the process has been further complicated by the number of centrally owned work programmes which will impact faculty results. Actions have been agreed which will help in the budget year and the five year plan and I hope that Miranda Hall is enjoying her baptism in the central role following Jane Woodhall’s departure. The government announcement about 2018/19 EU student eligibility for loans was welcome news but the position on fee inflation and linkage to TEF is an area of continued uncertainty given the parliamentary process following the election call.

The Finance Committee focused on the capital programme, especially MECD, and the Socially Responsible Investment Policy. My thanks to Gemma Mossop for all her work with Investment Managers and broader research in developing the revised policy. This will require greater engagement by us and the Finance Committee and I am committed to a transparent process where we disclose the investments held by the University as a matter of routine. This open approach mirrors/complements the sustainable approach taken by our procurement teams, something I have written about previously, but there should soon be a celebration of have signed up 1,000 suppliers to our collaborative platform.

I hope all enjoyed the Easter break and I supplemented with a later break in Lyon which I greatly enjoyed.

2. RCUK FAP Audit Update

A draft report has been received in relation to the FAP audit which took place in October 2016. Our overall assurance rating has been assessed as 'Limited', whereas the last audit in 2013 had a 'Satisfactory' rating, which is obviously disappointing.

We have provided draft responses to the report and have also met with RCUK to discuss the issues.

The main concerns raised were our lack of ability to produce documentation, validity of our procurement controls, and eligibility of expenditure. We were able to reassure in relation to procurement controls, and RCUK were content with our response. Regarding eligibility of expenditure, we did have some items that were ineligible, however most were immaterial. We fully accept and share the concerns raised in relation to documentation which generally related to fees and expenses. We initially failed to recover 12 items of fees and expenses documentation. Following the report, we recovered a further eight items, with four items remaining outstanding.

RCUK have halted payment of all our final expenditure claims as a result of this audit. They propose to put in place an audit process in relation to each claim prior to payment. This will create an administrative burden for our teams, and potentially delay payment, however this is a reasonable request from RCUK under these circumstances. It is likely that this process will run for at least 6 months.

We agreed to develop an action plan, to be submitted to RCUK by 15 May. RCUK plan to visit in 6 months to test whether we have implemented our action plan, and to test whether process improvements have resulted in improved ability to retrieve documentation and support eligibility of expenditure.

3. March Management Accounts and Forecast

Our March management accounts show an underlying contribution of £47.3m, £12.1m favourable to budget.

Tuition fee income is £0.8m adverse to budget, with an upside compared to last month due to additional income from NHS funded contract courses. Lower home UG and overseas PGR fee income are partly mitigated by increased PGT fees. Income from non-credit bearing courses is below budget, mainly due to a delay in new programmes in Executive Education and a reduced demand for University Language Centre courses.

Core non-pay costs are £7.7m favourable, £2.5m of which is timing, with the remainder largely due to unspent contingencies. Core staff costs, excluding ERVS, are £4.2m favourable (including £1.7m for the release of an element of the prior year overseas tax provision).

Research income continues to be of concern being £14.6m behind budget. Both FSE and Humanities are showing growth compared to prior year, with a decline in BMH. Activity has increased in March, suggesting that the full year research contribution forecast of £1.3m below budget is achievable. Given the current research contribution rate of 20.3%, the final forecast position of 21.6% may be challenging.

4. Budget Update

All budgets have been submitted, and we are partway through the review and challenge process. The gap between budget and target for 2017/18 is currently £11m, and actions from the review meetings will look to close this while ensuring plans are realistic.

Tuition fees and student numbers have been reviewed by Clive Agnew. The detailed schedules and associated commentaries in the Faculty budget packs proved essential for this process. Feedback has been provided for the review meetings and also sent to FSC.

The final submission to Corporate Planner will be on 12 May, with budget packs to be submitted by 19 May. The final budget and plans (including the usual July submission to HEFCE) will be prepared for FSC approval on 13 June.

5. Project Accountants

We have now completed recruitment of the Project Accounting team, with Charlie Allen and Clare Moore both reporting into Miranda Hall from 1 April. Clare will continue her work leading the University of Manchester Worldwide Subsidiary Project within her new role. Charlie Allen will finalise work on P2P and BMH FSR projects, while taking on the role of Finance Business Partner to the Programme Management Office led by Russell Ashworth. We will be reviewing the list of potential projects at Direct Reports, with a view to identifying and scoping the priority projects.

6. Strategic Investment Reserve Fund (SIRF) guidance

SIRF is a University budget, ring-fenced for key strategic projects. Priority will be given to investments in key appointments and projects of demonstrably strategic importance which Faculties/Directorates would not otherwise be able to fund from their annual budgets. Applications are accepted throughout the year and can be awarded outside of the annual budgeting process.

[New guidance](#) is now available on the [website](#).

7. University Corporation Tax return – Business Process Change

The corporation tax return business process is changing and will now be driven by trading/non trading flags within the activity codes in Oracle. This should enable production of the tax return by Corporate Accounts to be more automated, a more robust process and reduce time taken to prepare as well as giving staff greater ownership of their codes.

Joanne Rodger from Corporate Accounts will be attending local team meetings during the next month to provide guidance and training in relation to this. If you have any questions on the process please get in touch (ex. 52164).

8. Website Changes

Link to page	Update
Costing and Pricing Policy	New documents: Costing and Pricing Policy, Guidelines for implementation, FAQs and Framework Contracts
Personal Service Companies and Tax	New section of the website explaining PSCs including guidance, roles of engaging managers, HMRC employments status service, costs to schools and an FAQs section
Costings and Overheads Presentations	Updated list of presentations and training documents
Transparent approach to costing	Updated Operational Board Membership
Reasons for difference between PA-GL Balances	New section of the website explaining the difference between Projects and General Ledger balances.
New Supplier Requests	Updated page and guidance in line with new rules on PSCs
Research Finance Accounting Guidance	Updated accounting guidance document and Marie Curie Budget guidelines
Training	A new Training section of the website has been created to collate all training materials into one location.
Year End Processes	Updated with Key dates and documents

In addition to the above, a full review of the website is currently underway to ensure all content is up to date. If you have any updates or suggestions for improvement, please contact [Adam Birch](#).

9. Excel Training

We have a collection of [training materials based around excel functions](#) identified as being commonly used within finance such as pivot tables, lookup functions and other useful formulae. This includes how to guides and worked example spread sheets. These can be found within the newly consolidated [training](#) section of the website. If you have any feedback on this or further suggestions for functions you would like to see covered please contact the [Finance Helpdesk](#).

10. Upcoming Training Sessions

Session	Date
Research Finance Training	6 th June
Technical Training	13 th June

These training sessions, along with other important dates in Finance, can be viewed in the [Finance Calendar](#).

11. Staff Updates

BMH:

- No staff updates in Biology, Medicine and Health this month.

FSE:

- Zunaira Ali has joined FSE on a temporary basis as a new Finance Officer.

HUM:

- No staff updates in Humanities this month

PSS:

- Xerxes Stallworthy has left Credit Control and is now working externally to the University. We wish him all the best for the future.
 - Anna Healy has joined the Income Office as an E-Commerce Officer.
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