

Approved Minutes

THE UNIVERSITY OF MANCHESTER

AUDIT AND RISK COMMITTEE
26 April 2023

- Present:* Deirdre Evans (Chair, by videoconference)
Ann Barnes
Robin Phillips
- Apologies:* Trevor Rees
Alex Creswell (Advisor to the Committee)
- In attendance:* Patrick Hackett, Registrar, Secretary and Chief Operating Officer (RSCOO)
Carol Prokopyszyn, Chief Financial Officer
Louise Bissell, Deputy Director of Finance
Dr David Barker, Director of Compliance and Risk
Matt Atkin, Director of Planning (item 6 only)
Beth Dodd, Director, Transformation Programme and Strategic Change Office (item 6 only)
PJ Hemmaway, Chief Information Officer (item 6 only)
Richard Young, Uniac
Sue Suchoparek, Uniac
Joe Johnson, Uniac
Alastair Duke, PKF Littlejohn
- Secretary:* Mark Rollinson, Deputy Secretary

1. Declarations of interest

Noted: there were no new declarations of interest.

2. Minutes

Resolved: that the minutes of the meetings held on 26 January and 8 February 2023 be approved.

3. Matters arising and action tracker

Received: the action tracker setting out progress against matters arising from earlier meetings.

4. Internal Audit and Internal Control

(i) Uniac Progress Report

Received: the latest Uniac internal audit progress report, which contained a summary of progress since the previous meeting and progress against the agreed plan.

(a) Minor Works: Estates and Facilities

Reported:

(1) Uniac had now completed a review originally planned for 2020 and paused because of the pandemic: the focus of the review had changed slightly from that originally planned, focusing on whether current arrangements and processes for conducting minor works remained appropriate given changes in structure since 2020.

(2) The review recognised that there were significant issues surrounding minor works delivery that needed to be addressed, and findings in the report covered the lack of an overarching project management system, resource management challenges, the need to update minor works definitions, the approach to minor works planning and documentation to support the work of the Project Allocation Group.

(3) The review provided limited assurance in relation to effectiveness of design and effectiveness of implementation.

Noted:

(1) There were currently 280 live Minor Works projects each with a value of up to £50,000 so this area represented a significant amount of expenditure.

(2) There was recognition of the significant nature of the issues to be addressed and the need for a more consistent, strategic approach, and appropriate management action was being taken, with a further Uniac visit planned before the end of the academic year. Given this context the limited assurance rating was felt to be appropriate.

(3) The first phase of the Computer Aided Facilities Management System (CAFM) project had been re-scoped to include a Project Management System (PMS). Whilst this was an important component of necessary remedial actions, other improvements to processes, structure and resources were also essential.

(b) Capital Projects (Alliance Manchester Business School-AMBS)**Reported:**

(1) The objective of the review was to provide assurance on the governance and management of the AMBS Capital Project and establish if the project benefits forecast in the original business case had been evaluated.

(2) The project had a ten-year life span from commencement in 2009 to full occupation in 2019 and included the refurbishment and extension of the existing Business School, the creation of a hotel with conferencing facilities, the Executive Education Centre, and refurbishment and extension of retail facilities.

(3) The project was complex in nature and given this complexity, the developer had advised using a construction management model of works delivery. Whilst this enabled coordination of complex work packages, the arrangement meant that University carried much of the cost risk. Retrieving project documentation had proven difficult given the passage of time and departure of some relevant staff from the University, and this had made evaluation of benefits difficult. Findings from the review had noted the absence of formal post-completion analysis and post-occupation evaluation, and the lack of a formal, comprehensive lessons learned exercise.

(3) The review provided reasonable assurance in relation to effectiveness of design.

Noted:

(1) Whilst there had been capture of some lessons learned from the AMBS exercise, this should be systematised, building on processes now used in the Strategic Change Office, to ensure an integrated, whole-University approach.

(2) The potential to bring capital projects under the programme governance architecture employed by the Strategic Change Office. The RSCOO agreed to consider this further with relevant colleagues, recognising potential resource constraints and limitations.

Action: RSCOO

Agreed: to liaise with the Director of Estates and Facilities to ensure effective post-investment appraisal processes for future capital projects.

Action: Director of Estates and Facilities

(c) Capital Projects-Manchester Engineering Campus Development (MECD)

Reported:

(1) The report provided an interim update on the process to establish the benefits realised by the MECD project: evaluation was at an early stage and UniAc was seeking feedback from the Committee on initial findings to guide further work assessing benefits.

(2) Initial findings included: the lack of an overall, original, discrete business case for the project: further work planned in the Faculty of Biology, Medicine and Health to coordinate future benefits evaluation (noting complexity of this given lack of original business case and lack of clarity in assessing reduction in pay and non-pay expenditure): further work planned to assess community access (an underpinning principle of the project): and ongoing and regular assessment of use of office space (noting that this was not essential given the design philosophy of the building).

Noted:

(1) The Committee endorsed the initial findings and agreed that the interim update reinforced the need for effective, independent post-investment appraisal.

(2) Arup was carrying out work on energy efficiency of the building, including safety, comfort, and wellbeing of users and this would form part of overall benefits evaluation.

(3) Particularly for major projects with a long lifespan, the importance of established and effective project management methodology, including regular gateway reviews.

(4) Some benefits of new buildings were difficult to capture (for example, benefits of the improved environment and overall experience on student satisfaction measures).

(d) Other reviews

Reported: the outcomes of other reviews reported to the Committee were as follows:

(1) **School of Engineering:** reasonable assurance in relation to effectiveness of design and effectiveness of implementation.

(2) **Cancer Research UK Manchester Institute: Full Follow-Up:** reasonable assurance in relation to effectiveness of design and effectiveness of implementation.

(3) **Research Costing and Pricing:** reasonable assurance in relation to effectiveness of design, effectiveness of implementation and economy and efficiency.

(4) **UK Research and Innovation: Ineligible Costs:** reasonable assurance in relation to effectiveness of design, effectiveness of implementation and economy and efficiency.

(5) **Academic Contribution Model (Science and Engineering): Full Follow-Up:** substantial assurance.

(6) **Academic Accounts: Full Follow-Up:** substantial assurance.

Noted: the School of Engineering review had included a finding in relation to Register of Interests and a review of process (noting planned enhancements to be delivered shortly) would be scheduled in the 2023-24 plan.

(ii) Progress against the Plan

Received: a report on progress against the agreed plan, including proposed adjustments and deferrals as discussed with the RSCOO.

Noted: confirmation that the rationale for delaying the reviews of Student Complaints and the Carriage of Dangerous Goods Act respectively until Q1 in 2023-24 was appropriate.

Agreed: revisions to the Plan as outlined.

Action: Uniac

(iii) Briefing Notes

Received: briefing notes on regulatory compliance, student hardship and the cost-of-living crisis and artificial intelligence.

(iv) Internal Investigatory Work

Noted: there were no current issues to report.

5. External audit

Received: a verbal progress report from PKF Littlejohn, noting that a full planning report would be submitted to the June 2023 meeting.

Noted: good progress was being made and there were no issues or concerns to bring to the Committee's attention. A further planning meeting with University staff would take place on 12 May 2023.

6. Risk Considerations for Major Projects-Discussion Paper

Received: a report outlining the connection between the strategic plan and the current portfolio of major change projects, the University's risk appetite in relation to the project portfolio, key threats to delivery, and the range of risk mitigations in place.

Reported:

(1) The University had implemented significant change throughout its history (e.g. the 2004 merger and later faculty reorganisation). In recent years, the University had brought this together in a more integrated, coordinated way. The University's approach to change continued to evolve reflecting learned experience.

(2) The change portfolio was not synonymous with delivery of the University strategy, nor should it be seen as a single homogenous mass of change

(3) The difficulty in delivering the current change portfolio was not underestimated, although sometimes that difficulty was well hidden. The University's change delivery experience was recognisable outside the sector, although there was some HE and Manchester specific cultural factors.

(4) The report contained a thematic analysis and significant themes highlighted included: the complexity of legacy technologies and processes: securing engagement and buy-in and the ebb and flow of capacity for change in a volatile environment (e.g. impact of Covid, and current recruitment challenges).

(5) Whilst progress and implementation of the change portfolio was not risk-free, neither was standing still, as the risk of this was masked and not explicit: much of the portfolio was foundational in nature and integral to business-as-usual operations.

Noted:

(1) Members praised the report and the evident amount of work that had gone into producing it: whilst the further clarity and insight it offered were welcomed, members would welcome the opportunity for a further, dedicated workshop to understand better, for example, the approach to prioritisation (in the context of 36 live projects), institutional attitude to change and the compelling argument for change and approach to communication.

(2) The staff survey had revealed mixed opinions in relation to change, however, this was likely to be a combination of resistance to the processes involved in implementing change and impatience for the planned, outcome benefits of change.

(3) Investing time in the planning stage of projects was important to avoid costly redirection or amendments in the implementation phase: consequently, re-planning activity should not necessarily be seen as a negative, although members cautioned against re-planning being seen as a norm.

(4) Reprioritisation of the portfolio was periodically necessary to accommodate developments in the internal or external environment.

(5) The importance of optimal and effective sequencing.

Agreed: to enable the Committee to provide full assurance on the processes to manage and mitigate risk of non-delivery of major projects, a workshop be arranged, ideally after the May Board meeting and before the June Committee meeting to further explore the issues noted in (1) above and conclude on the statement of risk appetite as outlined in the report.

Action: Deputy Secretary

7. Strategic Risk Register

Reported:

(1) At its previous meeting, the Committee had agreed to return to consideration of the Risk Register, including focus on areas where there were the most significant differences between actual and target risk scores.

(2) Work to substantially revise the Risk Register was nearing conclusion and would be subject to executive review and scrutiny before being submitted to the meeting of the Committee in June (this included greater focus on risk mitigation and delivery dates).

Action: Director of Planning

8. Health, Safety and Wellbeing Quarter One report

Received: the Health, Safety and Wellbeing Quarter One Performance Monitoring report (1 August to 31 October 2022)

Noted:

(1) Further information on the two significant events reported during the period

(2) The internal audit plan included (in Q4) a review of health and safety incidents in comparison with pre-pandemic levels, focusing on front-line activities (including laboratory usage) assessing both the reason for an increase in incidents and practices to ensure they are minimised. This review would be facilitated by the recent establishment of a cross-faculty compliance group.

(3) In response to a question on business continuity, the recent appointment of an experienced Risk Manager (Compliance), formerly the business continuity lead at the Greater Manchester Combined Authority, had increased the University's capacity and capability: pilot activity was currently underway in selected areas, to be rolled out cross-institution over the next twelve months.

(4) The potential to include greater clarity about actions to mitigate risk (for amber rated areas) and where appropriate, further information to enable the Committee to understand the RAG rating status.

Action: RSCOO/Director of Planning

9. Fraud Response Plan

Received: an updated Fraud Response Plan, reflecting amendments required following the recent UKRI Funding Assurance audit.

Noted:

(1) Given that there were other categories of non-financial risk, it would be helpful to include a brief note in the revised document, confirming that the Plan applied to financial fraud.

(2) The internal audit plan noted that Fraud Risk Assessment continued to be developed with the Financial Controller, including work with Professional Services directorates and faculties.

Agreed: with the above caveat, to approve the revised Fraud Response Plan.

Action: Deputy Director of Finance

10. Public Interest Disclosures

Noted: updates on Public Interest Disclosure cases.

11. Committee Forward Agenda 2022-23

Received: the updated Committee forward agenda for 2022-23.

12. Date of remaining meeting in 2022-23

Noted: the dates of the remaining meetings in 2022-23:

Wednesday 14 June 2023 10am Zoom