THE UNIVERSITY OF MANCHESTER

AUDIT AND RISK COMMITTEE
27 June 2023 (meeting held by videoconference)
Unconfirmed

Present:	Deirdre Evans (Chair) Ann Barnes
Apologies:	Robin Phillips Natasha Traynor Trevor Rees Alex Creswell (Advisor to the Committee) (items 1-5 only)
In attendance:	Philippa Hird (Chair of the Board) Professor Dame Nancy Rothwell (President and Vice-Chancellor) (items 1-6 only) Patrick Hackett, Registrar, Secretary and Chief Operating Officer (RSCOO) Carol Prokopyszyn, Chief Financial Officer Dr David Barker, Director of Compliance and Risk PJ Hemmaway, Chief Information Officer (item 5 only) Heather Lowrie, Chief Information Security Officer (item 5 only) Professor Nalin Thakkar (Vice-President, Social Responsibility) (item 6 only) Richard Young, Uniac Alastair Duke, PKF Littlejohn
Secretary:	Mark Rollinson, Deputy Secretary

The order of business was altered from that shown on the agenda to accommodate attendance by officers in attendance.

1. **Declarations of interest**

   Noted: there were no new declarations of interest.

2. **Membership**

   Noted: that Natasha Traynor had been appointed to the Committee.

3. **Minutes**

   Resolved: that the minutes of the meetings held on 26 April 2023 be approved.

4. **Matters arising and action tracker**

   Received: the action tracker setting out progress against matters arising from earlier meetings and the notes of the workshop held on Major Projects and Risk held on 5 June 2023.

   Noted:

   (1) A target date would be added for completion of the Capital Projects outstanding action.
   Action: Deputy Secretary

(2) As set out in the workshop notes, in relation to Major Projects, the importance of providing the Board with a more informed narrative, e.g. to enable identification and understanding of critical points for prioritisation, use of resources and impact.

5. **Cyber incident and cyber risk**

Received: a verbal update on the cyber incident and the report on cyber risk, prepared before the current incident.

Reported:

(1) The University had been subject to a cyber-attack, which had commended on 5 June. *Redacted – restricted information* with the intention of extorting money from the University. Work to contain and eradicate the threat and recover from the incident was continuing round the clock and a Data Impact Assessment had been prepared and was being continually updated.

Redacted – restricted information

(3) The response to the incident had focused on containment and eradication of the threat, alongside business continuity and incident recovery activity. The University's response was consistent with industry standard had been praised by relevant partners, including the National Cyber Security Centre (NCSC): this was confirmed by the Committee's cyber security advisor. *Redacted – restricted information* The University's approach was in three phases:

i) Route to Normal: target date of end of July. This included remedial work *Redacted – restricted information* to enable restoration of access to the Virtual Private Network off-campus. By this time it was planned that confirmation of the eradication of the threat will have been received to enable contact with key external partners and regulators (including the Office for Students) to be resumed: in response to a question, it was noted that a contingency plan to enable interface with UCAS if required was being put in place. An enormous amount of work was taking place to complete required work by the end of July: there was an element of risk as the rebuild was taking place in an open environment, but this was being managed, and the University was conscious of the potential for secondary attacks.

ii) Return to Control: target date of end of September, involving resolution of remaining systemic issues.

iii) Return to Transformation: target date of end of 2023, involving acceleration of planned improvement and enhancement measures.

(3) The incident had reinforced the importance of underpinning, foundational IT projects as part of the Strategic Change Programme. Finance Committee, at its

meeting the previous week, had recommended approval of the budget and five-year plan, subject to a full review of the impact of the cyber incident: this would separate planned expenditure, which was being accelerated and entirely new, unplanned expenditure required in response.

(4) Post-recovery phase, there would be a full lessons learned exercise, including reflection on GDPR compliance (in this context, during consideration of the 2023-24 internal audit plan (item 7), it was agreed that a review of GDPR be brought forward). The incident and response provided an opportunity to reset and reinforce the importance of information security and address culture and behavioural issues.

(5) The Committee placed on record its appreciation for the work of colleagues across the University in response to the incident, noting the complexity of the University IT estate. Recent recruitment to senior roles and a combination of additional internal and external resource would enable rotation of key staff. There was awareness of the importance of ensuring support for staff and protecting their wellbeing.

(6) Board and committee members would receive regular updates on progress as the response to the incident developed.

6. **Research Compliance Committee**

Received: the annual report from the Research Compliance Committee (RCC), which sets standards and ensures that the University meets its obligations to comply with the statutory, regulatory and policy requirements within its scope.

Noted: (the following points were discussed in response to questions from members):

(1) In relation to Chemical Compliance, issues raised largely related to effective handover and/or disposal as staff left the University: People and Organisational Development colleagues had plans to address this through enhancing the exit interview process. There was also potential to link to the procurement process to ensure awareness of currency and location of chemicals.

(2) Export control compliance was being reinforced at induction phase as part of a broader approach to improving and ensuring institutional compliance.

(3) Processes and a governance framework were being put in place for Trusted Research and the National Security and Investment Act and consequently were shown as Red on the RAG rating.

Redacted – restricted information

7. **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) Alliance Manchester Business School-Export Control

Reported:

(1) The review had been requested by the Head of the Alliance Manchester Business School (AMBS) and the Deputy Director of People and Organisational Development: it focused on the Management Sciences and Marketing (MSM) Division of AMBS and the efficacy and efficiency of risk management approaches for managing export controls and consistency with University guidance and University Financial Regulations and Procedures.

Redacted – restricted information

(3) Within the Faculty, Heads of School were working with Heads of School Operations to identify potential areas of high risk that may require export controls: staff and students in the School were made aware of training and will receive ongoing local updates of export control, the requirements and the consequences of not working with an export licence where one is required.

Noted:

(1) Potential reputational impact and the importance of ensuring cultural and behavioural issues were addressed, with clear consequences for lack of compliance

(2) Ignorance of requirements was not a defence and members of the School has an obligation to ensure that they were up to date with requirements and availed themselves of relevant training.

(b) Freedom of Information (FOI): Process Review

Reported:

(1) The objective of the audit was to provide an independent assurance assessment as to whether the University's processes and oversight for responding to FOI requests were effective in maximising the use of resources and minimising the risks to the University's reputation.

(2) Overall, the University's arrangements for handling FOI requests were adjudged to be effective at maintaining legislative compliance with scope for further development in terms of safeguarding the University's information assets, its reputation and reducing the impact on resources.

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

(c) Transparent Approach to Costing

Reported:

(1) The objective of the audit was to provide independent assurance on the accuracy and completeness of the 2021/22 TRAC return, which was submitted in January 2023. The review assessed the accuracy of the data contained within the return and its compliance with the latest TRAC guidance published in September 2022.

(2) The review provided assurance on the compilation and management of the University's TRAC submission, with no errors in the University's calculations or submitted return and no instances of non-compliance with TRAC guidance.

(3) Whilst the review itself provided assurance, the next meeting of the Committee would receive a report confirming compliance with TRAC guidance.

Action: Chief Financial Officer

(4) The review provided reasonable assurance in relation to effectiveness of design and effectiveness of implementation.

(d) Other reviews

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

(1) **Business Continuity and the Student Journey: full follow-up**: substantial assurance in relation to effectiveness of design, effectiveness of implementation and economy and efficiency.

(2) **Access and Participation Plans: Full Follow-Up:** substantial assurance in relation to effectiveness of design, effectiveness of implementation and economy and efficiency.

(3) **Blended and Flexible Learning: Full Follow-Up:** substantial assurance in relation to effectiveness of design, effectiveness of implementation and economy and efficiency.

(4) **Fraud Risk Assessment: Stage 1 summary:** The exercise has led to suggested reviews (captured in the draft programme for 2023/24):

(e) Briefing Notes

Received: briefing notes on fraud and the UUK Accommodation Code of Practtice

(ii) Draft Internal Audit Plan 2023-24

Received: the draft internal audit plan for 2023-24 which included reviews directly linked to the Risk Register and operational and compliance related reviews

Noted: the following comments from members to be considered in development of the final plan:

(1) Generally, the importance of using Uniac for genuinely added value activity rather than reviews better carried out by relevant University managers.

(2) Confirming that the focus of the review relating to the risk of failure to meet research ambitions was on aspects of research administration and their impact on research across the institution.

(3) Reflecting on timing of the planned review of the risk related to the 2038 zero carbon target

(4) Noting the recent external review of the Finance Transformation Programme, reflecting on the timing of the planned review of significant projects.

(5) After discussion, retaining the UKRI Funding Assurance Programme review to ensure continued focus on this area between external reviews.

(6) There had not been a Student HESA review since 2019-20 and there was potential to add this in later in the year, noting work required regarding implementation of Data Futures.

(7) As noted above, the potential to add a review relating to GDPR compliance.

(8) The planned review on Workforce Planning was linked to the highlighted cross-sector risk relating to human capital, diversity, and talent management.

(9) Although the University's space utilisation monitoring tools were not mature, there was potential for an advisory review advising on work required to achieve an adequate level of maturity to enable effective monitoring of use of space.

Agreed: to produce a revised plan, reflecting above comments for initial review by the RSCOO and subsequent approval by the Committee.

Action: Uniac

(iii) External Quality Assessment: Chartered Institute of Internal Auditors

Received: the above report which confirmed that Uniac complies with the International Professional Practices Framework (IPPF), the highest rating possible in the external quality assessment.

(iv) Internal Investigatory Work

Noted: there were no current issues to report.

8. **External audit**

Received: a report from PKF Littlejohn, on their approach to the audit of the 2022-23 Financial Statements.

Reported: The report covered overall audit strategy (process, approach and level of materiality), significant audit risks and key audit matters (including revenue recognition and valuation of defined benefit pension scheme liabilities) and timetable as well as providing confirmation of quality and independence and the level of fees.

Noted: both PKF and the University were content with rate of progress, noting that this was helped by continuity in respective teams.

Agreed: to confirm the approach to the 2022-23 audit.

9. **Strategic Risk Register**

Received:

(1) The latest June 2023 iteration of the Strategic Risk Register, following review by risk managers and owners. Mitigations had been updated and due dates added where relevant.

(2) As agreed by the Committee, risks had been ranked by the "delta" between total risk score and target risk score, with previous and required future trajectories mapped.

Noted:

(1) Mapping the difference between total and target risk score was helpful, but the Committee and the Board would benefit from a clearer narrative about further

mitigating action required to close the gap, noting that in some areas, action taken to date had not reduced the gap. Further work should include focus on the integrity of the risk descriptor and target scores, and the extent to which the current register was completely comprehensive (ie were all risks captured?).

(2) In the above context, there should be assessment of the potential to mirror the approach in Risk 1.2 (Information Security and Data Protection), which showed the direct link between a strategic change programme (IMOC) and identification and mapping of outcomes and mitigations.

(3) The next iteration of the Register should include an assessment of the impact of the Marking and Assessment Boycott and any potential impact of recently issued Competition and Markets Authority guidance on Consumer Protection Law for the HE sector.

Agreed: to refer the latest iteration of the Risk Register to the Board, noting the above comments.

10.   **Health, Safety and Wellbeing Quarter One report**

Received: the Health, Safety and Wellbeing Quarter Two Performance Monitoring report (1 November 2022 to 31 January 2023)

Noted: In relation to recorded staff sickness absence, 97% of long-term absence fell into the category of no reason given and there would be further investigation of this.

11.   **Grant and Funders Audit Summary**

Noted: a summary of audits completed since the last review in June 2022.

12.   **Office for Students Registration Conditions: Assurance Map**

Agreed: to defer consideration of the Assurance Map to the next meeting

13.   **Public Interest Disclosures**

Noted: updates on Public Interest Disclosure cases.

14.   **Governance Effectiveness Programme: Academic Governance**

Noted: slides from the recent Advance HE dissemination event.

15.   **Committee Forward Agenda 2023-24**

Received: the updated Committee forward agenda for 2023-24

16.   **Dates of meetings in 2022-23**

Noted: the dates of the meetings in 2023-24:

Tuesday 19 September 2pm to 4pm (pre-meeting 1-1.30pm, pre-meeting with officers and without auditors 1.30-2pm) virtual

Wednesday 8 November (plus joint meeting with Finance Committee at 1pm) 2-30pm to 4-30pm, with pre meeting at 12.30-1pm, pre-meeting with auditors and without officers 2-2.30pm) virtual

Wednesday 31 January 10am-12pm in person
Wednesday 17 April 10am-12pm virtual
Wednesday 12 June 10am-12pm in person