

THE UNIVERSITY OF MANCHESTER

AUDIT AND RISK COMMITTEE

17 April 2024

Approved (meeting held by videoconference)

- Present:* Deirdre Evans (Chair)
Ann Barnes
Tony Raven
Trevor Rees
Alex Creswell, Advisor to the Committee
- Apologies:* Robin Phillips
Natasha Traynor
- In attendance:* Prof Dame Nancy Rothwell, President and Vice-Chancellor
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
Richard Young, Uniac
Sue Suchoparek, Uniac
Joe Johnson, Uniac
Alastair Duke, PKF Littlejohn
Matt Atkin, Director of Planning (item 4)
Richard Cotton, Director of International Development (item 5)
- Secretary:* Mark Rollinson, Deputy Secretary

1. Declarations of interest

Noted: there were no new declarations of interest. (NB Tony Raven had returned to the Board, and therefore membership of the Committee, following completion of his time limited management role with University of Manchester Innovation Factory)

2. Minutes

Resolved: that the minutes of the meeting held on 31 January 2024 be approved.

3. Matters arising and action tracker

Received: the action tracker setting out progress against matters arising from earlier meetings. This included an update on Reinforced Autoclaved Aerated Concrete (RAAC) on campus.

Noted:



Redacted – restricted information

4. Use of International Agents

Received: a report providing an overview of the University's approach to appointment of international agents and the process of managing agents.

Reported:

(1) International agents were responsible for recruiting almost █████ of the University's overall international student intake each year and █████ of the postgraduate taught international intake. *Redacted – restricted information*

(2) Apart from at Oxford and Cambridge, agents were used widely within the Russell Group to varying degrees and offered a cost-effective route to provide counselling for overseas applicants. In comparison to others, the University had a relatively conservative approach to agents and maintained a small number of trusted agents globally. The appointment and selection process saw agents assessed on their quality and contribution at individual market level (the University did not have any global agent contracts).

(3) Agents were tightly managed on performance against agreed objectives by the relevant International Officer via regular review meetings, site visits and training throughout the year. Governance arrangements were robust, with International Strategy Group, chaired by the Deputy President and Deputy Vice-Chancellor having oversight. Use of agents had formed part of the University's risk assessment to ensure compliance with the Anti-Bribery Act.

Noted:

(1) The University's approach exceeded the requirements of the [UK Agent Quality Framework](#) outlined in the report

(2) The counselling element of the relationship, especially the process of obtaining a visa was important for students and a cultural expectation in some markets. The University received very few complaints from students about agents and this was not a subject which featured significantly in feedback from students during orientation/induction.

(3) Current systems did not enable tracking of students recruited via agents, but overall drop-out rates for international students were minimal.

(4) Confirmation that grade requirements for entry to the University were consistent for home and international students, with all admissions decisions made by the University.

(5) The regular review meetings referred to above included assessment of compliance with agreed processes and confirmation that agents understanding of the University's academic offer and entry requirements was current.

Agreed: that, noting the assurance obtained by the report and presentation, there was still merit in a Uniac review of international agents (noting that it was some time since a dedicated review of this area had taken place) to gain further assurance around process and governance. (Secretary's note: whilst Uniac had touched on elements of international agent activities more recently, its last full audit of this area was in 2018.)

Action: Deputy Secretary/Uniac

5. Risk of Failure of Operating Model

Received: a report drafted to promote discussion in response to the Committee's request for a deeper dive into Risk 7 on the Strategic Risk Register: Failure of the Operating Model.

Reported: the report included reflection on previous discussions around risk appetite and the operating model and explored some possible levers to mitigate the inherent risk for the University operating in the current UK and global environment. The report proposed further work to develop a risk appetite framework for the University to inform the strategic planning process.

Noted:

(1) The report referenced earlier consideration of risk appetite by the Board, including assessment of strategic dilemmas informing future approach (including preparedness to tolerate risk and the need to mitigate risk in specific areas).

(2) The Committee confirmed that the analysis of risks to the Operating Model (i.e. global reputation, compliance, geopolitical, condition and security of infrastructure, zero carbon, cost base and ability to respond to disruptive change) was comprehensive. The strategic dilemmas outlined in the report (as considered at the Board Strategy Day in May 2023) would help in development of a risk appetite framework: whilst risks were quantified wherever and as far as possible, there was an element of subjectivity in the description and analysis of some risks.

(3) The potential to use Artificial Intelligence (AI) to inform work in this area, for example modelling of risks, testing scenarios to help inform judgment: this could include crystallisation of risks in multiple areas, which had been the subject of previous consideration by the Committee.

(4) The potential impact of "black swan" events as outlined in the report, particularly market failure of one or more institutions.

(5) A realistic time horizon for assessment of risk was 3-5 years: any longer term this was likely to be highly speculative.

(6) In relation to geopolitical risk and over-exposure to recruitment from China and potential mitigating measures, there were several factors in play. For example, weighing up potential loss of income in the immediate term to avoid or minimise future income loss, and the potential for the risk to be exacerbated or accelerated by significant reduction in demand. In this context, there was potential for significant adverse impact from the findings of the [Migration Advisory Committee review of the Graduate Route](#).

(7) Diversification of student recruitment would be considered at the forthcoming Board Strategy Day and efforts were already being made to expand in areas of current relatively low recruitment (for example in parts of east Asia and in Africa). Countries with expanding populations and/or relatively less mature internal university systems (for example, Malaysia, Indonesia, and Vietnam) were potentially fertile ground. The Committee noted the comment from one member about the potential advantage of aligning recruitment with countries/regions of national strategic importance: in this context Japan and South Korea were mentioned. although this market was challenging given demographic trends and the maturity and reputation of their domestic university systems.

(8) The potential to learn from experience elsewhere, particularly Australia which in recent times had to respond to significant downturn in demand from both India and China.

(9) Whilst the focus of the report and discussion was on risk, there were potential benefits, for example agility in responding to technological developments related to AI and open/blended learning resulting in competitive advantage.

Agreed:

(1) That work should proceed on the development of a risk appetite framework, and that there should also be further investigation into the potential use of AI in assessment of risk to inform judgement and decision making.

Action: Chief Financial Officer/Director of Planning/Director of Compliance and Risk/Deputy Secretary

(2) That building on discussion at the Committee, in the forthcoming few months, a workshop be organised for the Committee to enable further consideration of risk appetite and potential mitigating measures.

Action: Deputy Secretary

6. Internal Audit and Internal Control

(i) Uniac Progress Report

Received: the latest Uniac internal audit progress report, which contained a summary of finalised reports since the previous meeting, and an update on Uniac's transition to a company limited by guarantee.

(a) Competition and Markets Authority (CMA) Compliance

Reported:

(1) The review sought to provide independent assurance that the University had effective processes and controls in place to comply with the CMA guidance and consumer protection laws. The CMA guidance required clear, timely, accurate and comprehensive information for students at the following points: student research and application stage, point of offer (pre-contract), acceptance of offer and enrolment. The guidance also stated that to comply with consumer protection law, terms and conditions for students should be fair and that complaint handling procedures should be clear, fair, and accessible to all students. A member noted that a recent High Court case involving the University of Oxford had confirmed that students will be treated as consumers in relation to unfair contract terms legislation.

(2) The review reported significant opportunities for improvement in relation to effectiveness of design, effectiveness of implementation and economy and efficiency.

[Redacted]

Redacted – restricted information

Noted: management responses within the report set out action being taken to address findings, and this included accelerating an IT solution to enable integration.

This was being treated as a priority with ongoing discussion about timescale for implementation, noting other strategic priorities. There was ongoing work to ensure coherent end to end processes.

(b) Student Mental Health

Reported:

(1) The purpose of the review was to provide assurance on the effectiveness of the University's student mental health provision. The audit aimed to identify potential risks, gaps, and opportunities for improvement in the approach to mental health support, particularly with respect to marginalised and underrepresented student populations.

(2) The review provided reasonable assurance in relation to effectiveness of design, effectiveness of implementation and economy and efficiency. The report included four low-risk observations and contained numerous examples of good practice.

(c) UK Visas and Immigration (UKVI): Staff Compliance

Reported:

(1) The purpose of the review was to provide independent assurance over the risk management approaches in place for managing UKVI compliance for staff with Home Office requirements. The audit also assessed the efficiency and economy of the control environment.

(2) The review provided reasonable assurance in relation to effectiveness of design, effectiveness of implementation and economy and efficiency.

(d) Construction Works Framework

Reported:

(1) The review aimed to review the operation and management of the Construction Works Framework (CWF, established in 2016) given concerns raised about the management of the framework, including the allocation of works and escalation of costs. The findings from the audit would be used to inform the future management of the new CWF, which was currently out to tender.

(2) The review had resulted in a Limited Assurance rating for the management of the CWF, given inconsistent application of oversight and monitoring. The review concluded that there were significant opportunities for improvement in relation to effectiveness of design and effectiveness of implementation.

[Redacted]

[Redacted]

restricted information

Redacted –

(e) Information Governance

Reported:

(1) The review focused on the University's progress in implementing information governance controls (for example in relation to identification and purging/archiving of excessive personal data and implementing records management policies) for areas most affected by the 2023 cyber incident.

(2) The review concluded that there were significant opportunities for improvement in relation to effectiveness of design with the need to build review and removal of excessive data into business-as-usual processes, in long with established retention schedules, building on work undertaken in relation to those systems most affected by the cyber incident. In response, work was underway to clearly define roles and responsibilities between system owners, the Information Governance Office and IT Services and achieve formal sign-off.

(3) One high risk finding related to adherence to retention schedules and there were three further moderate risk findings, relating to IT acquisitions, data sharing and password policies.

(f) Asset Management

Reported:

(1) The purpose of the review was to provide assurance in relation to the effectiveness of the existing processes and controls in place to mitigate the risks for managing the University's assets (the review focused on the management of assets and inventory keeping below the capitalisation threshold).

(2) The review concluded that there was limited assurance of a consistent approach to inventories and related processes across all faculties/schools. Management responses included reference to ongoing work to update Financial Procedures which would assist in effecting improvements in this area.

(f) Post Audit Tracker

Reported: based on the biannual assessment of progress against agreed actions, the review provided substantial assurance for the period August 2023 to February 2024, and the Committee praised performance and level of progress made.

(g) Treasury Management

Reported: follow-up work following an earlier review of Treasury Management which had resulted in a conclusion of significant opportunities for improvement. A substantive report on management response featured later on the agenda (item 6 ii))

[Redacted]

[Redacted]

Redacted – restricted information

(g) Update against 2023-24 Plan

Reported: the update proposed the postponement of the audit of the new Register of Interest system until the first half of 2024/25, in line with its delayed implementation. Staff will still be required to complete via the current system and the Deputy Secretary

was seeking confirmation regarding a timescale for the rollout of the new system (noting that there will be a pilot exercise for the new system over the summer).

Noted: that the timing of the agreed additional review of International Agents (see 4 above) would be confirmed following meetings with key management to be held shortly (this would either be slotted in at the end of the 2023-24 schedule or as part of the 2024-25 programme).

Agreed: to approve the postponement of the audit outlined above.

Action: Uniac

(ii) Treasury Management: Follow-Up on Internal Audit actions

Received: a report setting out management action in response to the internal audit conclusion that there was limited assurance in relation to processes and controls in place for treasury management, including day to day cash operating activities. Satisfactory progress was being made in relation to agreed actions and further updates would be provided to future meetings.

(iii) Internal Investigatory Work

Noted:

Redacted – restricted information

7. External Audit

Received: a brief, verbal update from PKF on planning for the forthcoming 2023-24 audit: good progress was being made and a planning report would be issued at the June meeting.

8. Health, Safety and Wellbeing Quarter 1 report

Received: the Health, Safety and Wellbeing (HSW) Quarter 1 report, covering the period August-October 2023: the report had been circulated to the Committee previously following management approval.

Reported: the Quarter 2 report had just been considered by Planning and Resources Committee and would be submitted to the June meeting.

Noted:

(1) A verbal update on the response to the incident in the Chemistry Building, which included Heads of School reinforcing the important first line of defence role played by Principal Investigators.

(2) A verbal update on action being taken to address the limited assurance outcome from the internal audit report on Health and Safety, which included clarification of roles, responsibilities and accountability and development of training and related processes to map and track take-up.

(3) In response to a question, capturing health and safety incidents arising from home working was under consideration, noting the relatively low risk nature of work carried out from home.

(4) In response to a question, the forthcoming staff wellbeing survey would help to provide greater insight into current levels of staff absence relating to mental health related conditions, noting that student mental health was a subject for deep dive at the Board Strategy Day, and previously reported concerns about the adverse impact of increased student mental health concerns on staff mental health.

(5) The Committee would receive regular updates on progress in addressing actions from the internal audit of health and safety.

9. Public Interest Disclosures

Noted: an update on the Public Interest Disclosure case reported to earlier meetings.

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Redacted – restricted information

10. Committee Forward Agenda 2023-24

Received: the updated Committee forward agenda for 2023-24, noting that a suitable date would be found for the workshop on strategic risk noted under item 5.

11. Any other business

Noted: that Board members had been sent a communication from staff members, expressing concern about links with Israeli institutions and companies allegedly complicit in Israeli military action. Two similarly worded motions from School Boards would be considered at the meeting of Senate later in the day and the Board would be apprised of developments at its May meeting, noting earlier circulation of a summary from the Vice-President for Social Responsibility of the University's position.

12. Dates of remaining meeting in 2023-24

- Wednesday 12 June in person 10am-12pm