

THE UNIVERSITY OF MANCHESTER

AUDIT AND RISK COMMITTEE

31 January 2024

Approved

- Present:* Deirdre Evans (Chair)
Ann Barnes
Robin Phillips
- Apologies:* Trevor Rees
Natasha Traynor
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
Richard Young, Uniac
Joe Johnson, Uniac
Alastair Duke, PKF Littlejohn
Matt Atkin, Director of Planning (items 6-7)
Tom Pattinson, Director of Transformation (item 7)
Richard James, Head of Project/Programme Delivery (item 7)
- Secretary:* Mark Rollinson, Deputy Secretary

1. Declarations of interest

Noted: there were no new declarations of interest. Tony Raven had taken up a time limited management role with University of Manchester Innovation Factory and had temporarily stepped down from the Board for the duration of the appointment, which meant his membership of the Committee was in abeyance.

2. Minutes

Resolved: that the minutes of the meeting held on 8 November 2023 be approved.

3. Matters arising and action tracker

Received: the action tracker setting out progress against matters arising from earlier meetings. This included as appendices revised Committee terms of reference, an update on Reinforced Autoclaved Aerated Concrete (RAAC) on campus, and requested further information on procurement and retrospective purchase orders.

Noted:

[Redacted content]

Redacted – restricted information

Agreed: that the revised terms of reference for the Committee, which had been amended to reflect comments from the Committee earlier in the academic year be

adopted subject to one further minor change as below (deletion below highlighted in red):

“To advise and assist the Board of Governors by keeping under review the effectiveness of the University’s arrangements for: risk management, ~~culture~~, internal control and governance, compliance and external audit, whistle-blowing and fraud response.”

Action: Deputy Secretary

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 (in the Reading Room) annual risk analysis briefing notes and an invitation to a sector event on 14 March.

(a) UK Visas and Immigration (UKVI) Compliance – Student Attendance

Reported:

(1) The review sought to provide assurance on the risk management approaches in place for managing attendance monitoring for students sponsored under the University’s UKVI student licence.

(2) In 2022-23, the attendance and engagement system allowed students to register via devices or phones. In 2023-24, an interim system was developed for the first semester which focused on managing attendance and engagement through a central team and facilitated through checkpoints at student hubs across the University.


Redacted – restricted information

and ii) whilst the 2023-24 approach provided more reassurance around students’ physical presence on campus, it continued to carry significant risks around confirming attendance in academic activity

(4) The review recognised the significant and ongoing impact of the cyber incident on core systems which supported attendance monitoring and noted that the University was moving at pace in its approach for the current academic year. Procurement for a new attendance and engagement system had been completed and this was scheduled to go live in September 2024, in time for the start of the next academic year. The new system would be fully compliant and provide other benefits in monitoring student engagement.

(5) Uniac was currently carrying out a further UKVI review, replicating the approach that would be taken if the University received an audit from the UKVI. As part of that work, it will be assessing progress with management actions as outlined in the report and this would be reported to the next meeting of the Committee.

Action: Uniac

(6) Based on the above findings, the review concluded that there were significant opportunities for improvement in relation to effectiveness of design, effectiveness of implementation and economy and efficiency.

Noted:

(1) The new system had procured as a proprietary solution and would be configured to meet local requirements (*Secretary's Note: for the avoidance of doubt, the system would be configured to ensure an optimal, consistent approach across the University*). Delivery in time for the start of 2024-25, along with required process changes to ensure consistent implementation were high priorities for management. The Committee expressed interest in seeing a list of other providers using the system.

Action: RSCOO

(2) Failure to meet UKVI requirements could ultimately, in a worst-case scenario, result in suspension or removal of the UKVI licence with major financial and reputational implications. UKVI's approach was evolving, with an expanded team and the current political climate meant that it was highly likely that scrutiny of this area would be enhanced or at least maintained at current levels.

(b) International Travel

Reported:

(1) The review sought to provide assurance that the University was making progress in relation to its international travel sustainability commitments, that appropriate travel risk assessments were being completed and that related University guidance in respect of the University's travel policy were being followed.

(2) The review provided reasonable assurance in relation to effectiveness of design, effectiveness of implementation and economy and efficiency. Moderate risk findings related to: incorrect completion of travel risk assessments for travel to high-risk countries; the University's repository of completed risk assessments not being populated; lack of a comprehensive list of staff travellers; and lack of compliance with the agreed Travel Policy.

Noted:

(1) Concerns around compliance highlighted in the report highlighted broader cultural and behavioural issues which had surfaced in earlier reviews seen by the committee. This was a matter that merited further consideration by People Committee, and the Vice-President for Social Responsibility should be alerted to the impact of non-compliance on the University's sustainability commitments.

Action: Deputy Secretary

(2) There had been very little international travel during the pandemic and there was a need to reiterate and confirm expectations. There had been some impact from the cyber incident as lack of access to the comprehensive staff directory was a complicating factor.

(3) There were robust processes in place to monitor the wellbeing of staff and students and these had been tested most recently by events in Gaza/Israel when contact had been made with all members of the University community known to be in the region.

(c) Treasury Management

Reported:

(1) The review was requested by the Director of Finance Services as it is an area that had not been subject to an internal audit review for some time. It sought to provide assurance that the relevant Policy was being discharged effectively and efficiently and to provide benchmarking input to help inform the Policy's next review. The review also considered the operational day to day cash management including staffing structures, roles and responsibilities, segregation of duties, authorisation processes, the delegation processes, payment processes and receipting of incoming cash.

(2) The review noted challenges given departure of experienced team members and a higher workload arising from manual work arounds following the cyber incident (particularly relating to the lack of student payments through My Manchester).

[Redacted]

[Redacted]

Redacted – restricted information

(4) As a consequence of the above, the Director of Finance Services will oversee the implementation of actions in response as outlined in the review summary and a report on progress would be provided for the April meeting.

Action: Director of Finance Services

Noted:

(1) Improvement of the current position was being treated as an urgent priority, with regular meetings of key colleagues.

[Redacted]

Redacted – restricted information

(2) Wellbeing support was in place for colleagues in the Treasury and Income Office teams.

(3) The external audit findings report (see item 5 below) had highlighted bank reconciliation as a deficiency.

(4) [Redacted]

Redacted – restricted information

(5) The internal audit plan included regular review of core financial processes on a rotational basis and the open and transparent relationship with the Chief Financial Officer and senior Finance colleagues meant that areas deemed in need of review (like Treasury Management) would be brought forward for priority review.

(d) School Review-School of Social Sciences

Reported:

(1) The review was part of the regular review of Schools and was risk based and broadly aligned with the University's Financial Regulations and Procedures.

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

Redacted – restricted information

(e) Accommodation Code of Practice (Compliance)-University Halls

Reported:

(1) The review assessed the University's compliance with the UUK Accommodation Code of Practice (ACOP) for the Management of Student Housing, testing a sample of the University's portfolio.

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

(f) Accommodation Code of Practice-University Halls

Reported:

(1) The review assessed the University's compliance with the UUK Accommodation Code of Practice (ACOP) for the Management of Student Housing at four private halls.

(2) The review provided substantial assurance in relation to effectiveness of design, effectiveness of implementation and economy and efficiency at all four locations, with one exception (reasonable assurance in relation to economy and efficiency at Park View, because of low level, advisory findings).

(g) Update against 2023-24 Plan

Reported: the update proposed the cancellation of two audits:

- i) Oracle Finance Transformation Programme (Data Transfer): this was no longer required given the decision to discontinue the Programme in its current form.
- ii) Anatomy Licence Compliance: given that the Human Tissue Authority compliance visit / inspection was completed in August 2023.

Noted: the Board had been alerted to the recent Sunday Times article regarding Foundation Year entry requirements and use of international agents. The Board had

also been apprised of the [Wonkhe response](#) which provided helpful clarification and context. An update would be included in the President and Vice-Chancellor's report to the February Board. (Secretary's note: the University issues this [Statement](#) on 1 February 2024.

Agreed:

(1) To approve the cancellation of the audits outlined above.

(2) That relevant colleagues be invited to the next meeting of the Committee to present on the University's use of international agents to enable better understanding of this area.

Action: Deputy Secretary/Director of International Development

(3) Noting that there had not been a recent Uniac audit in this area, the Committee would assess the need (and possible scope) of an external review, after the presentation and discussion at the Committee as outlined above.

(ii) Update on Research Grant Audits

Received: a report providing an overview of the satisfactory results of the recent National Institute for Health and Care Research (NIHR) research grant audit. A detailed Wellcome Trust audit was also underway, but the findings had not yet been reported.

(iii) Internal Investigatory Work

Reported: an update on an ongoing investigation into alleged fraud: an update would be provided to the next meeting and further action and external action taken as required once the investigation was concluded.

5. External Audit

Received: the final audit findings form PKF, including management responses

6. Strategic Risk Register

Received:

(1) The latest, December 2023 iteration of the Strategic Risk Register, following review by risk managers and owners.

(2) The report outlined risks which had decreased in likelihood, changes to risk (both description and score) and changes to risk target score.

Noted:

(1) The latest iteration of the Risk Register reflected an increase in target risk score in two areas, Regulatory Risks impacting HE and Failure of the Operating Model. In both cases this movement reflected increased actual and potential external volatility and uncertainty, with the revised target risk now a more accurate description given this change in context. Whilst understanding the above rationale (and noting that an alternative approach would be to leave target risk unchanged, and accept that currently, potential mitigations would not allow achievement of the target), the Committee asked for a clearer, summary, narrative explanation of future changes in target risk so that both the Committee and the Board could be apprised and confirm acceptance of a higher level of target risk.

Action: Director of Compliance and Risk and Deputy Secretary

(2) The risk in relation to recruitment and retention had been reduced from “very likely” to possible and this was a result of an easing of recruitment pressures, especially in key areas of Professional Services.

(3) There was considerable discussion about the current risk score for cyber. Although there had been significant action and improvement since the cyber incident in June 2023, the dynamic nature of the risk in this space meant that the professional advice from the Chief Information Officer and the Chief Information Security Officer was not to alter the current risk status. The University’s response was evolving (for example via recent investment in Business Continuity activity) and it was envisaged that mitigation of the risk would be achieved by 2027-28.

(4) There was a planned Board session on the Risk Register later in the academic year. Whilst a report from this meeting would be submitted to the February Board, there was merit in a deeper dive into one of the risks, initially at the Committee and then by the Board. This proposal would be put to the Board, with the suggestion that the Risk of Failure of the Operating Model (Risk 7) be the subject of the deep dive at both the April Committee and the May Board (the latter either as part of the Strategy Day or the subsequent Board meeting). **Action: Deputy Secretary**

(5) A minor presentational error in relation to Risk 2 as described in the risk delta table, which would be corrected. **Action: Director of Compliance and Risk**

(6) As a verbal update and following adverse findings and a prohibition notice previously reported to the Committee, the Office for Nuclear Regulation had recently inspected the University to ensure compliance with road transport of radioactive material and nuclear safeguards. The inspection has resulted in green outcomes across the board, with no reinspection planned until 2029 (for safeguards) and 2034 (for transport). (Secretary’s note: details set out in the summary attached as Appendix A.)

7. **Approach to Change and Reporting**

Received: a report from the Strategic Change Office (SCO) following a review of the approach to facilitating, managing, and overseeing the development and delivery of strategic initiatives at the University.

Reported:

(1) The approach by the new leadership team in SCO was based on lessons learned and drew upon good practice across the wider public sector.

(2) The goal was to improve delivery track record and deliver more benefit, an ambition that required evolution of several aspects of the current approach including methods and standards, delivery and assurance techniques, reporting and benefits management, as well as governance and approval pathways.

(3) The need to adapt to global challenges, regulatory changes, student expectations and digital opportunities meant that new approaches were needed to tackle the common challenges of delivery taking too long, costing too much or being too disruptive. The ideas within the plan hinged upon a five point plan which included the key pillars of:

- i) Doing the right things – ensuring that the portfolio fully supported strategic ambition and setting stronger objectives and benefits targets for programmes.
- ii) Setting the conditions for success – ensuring that delivery approaches, governance, leadership, and accountabilities support effective delivery. This included moving the approval for the overall financial envelope much earlier in the

project lifecycle (with appropriate contingency and within defined delivery tolerances).

- iii) Delivering brilliantly – improving working practices, strengthening the quality of delivery insight, and enhancing the approach to assurance and better control over delivery risk. This included enhanced portfolio level information suitable for Board-level audiences, with greater focus on delivery and benefit, and an evidence-based focus on risk, with more peer review and targeted use of external review at key points and greater intervention where risk was not being effectively managed.

(4) The presentation outlined short- and medium-term next steps and measures of success.

Noted:

(1) The revised approach included greater focus on continuous improvement and incremental enhancements to delivery.

(2) The importance of ensuring that the benefits of transformation were understood at an institutional and local level. This included a clear and compelling narrative about the adverse impacts of maintaining the status quo in relation to processes and activities which were clearly sub-optimal.

(3) Ensuring broad, wide-ranging awareness of the change in approach was vital and the SCO had a key role in leading and disseminating. Potential cultural and behavioural barriers were recognised, and Senior Leadership Team had a crucial leadership and supporting role to play.

(4) An external assurance partner had been engaged to provide assistance in embedding the revised approach and Uniac had also been apprised and were fully integrated.

(4) The report and presentation would also be considered by Finance Committee (5 February 2024) and the Board (21 February 2024).

8. Subsidiaries and Satellite Entity Assurance Report

Noted: a report giving a summary of the active subsidiaries, their risk assessment, and the subsidiary results overall impact on the consolidated accounts. Further supporting material was available in the Reading Room.

9. Transparent Approach to Costing (TRAC) 2022-23 Return

Noted: that the Committee had previously approved by correspondence, a report confirming the University's compliance with the TRAC guidance as part of the TRAC process for compilation of the annual TRAC return.

10. Public Interest Disclosures

Noted: an update on the Public Interest Disclosure case reported to earlier meetings, one aspect of which remained under review.

11. Committee Forward Agenda 2023-24

Received: the updated Committee forward agenda for 2023-24

12. Dates of remaining meeting in 2023-24

Noted: the following dates for remaining meetings in 2023-24 (both 10am-12pm):

- Wednesday 17 April virtual
- Wednesday 12 June in person