

THE UNIVERSITY OF MANCHESTER

AUDIT AND RISK COMMITTEE

11 June 2025

confirmed

- Present:*
- Deirdre Evans (Chair)
 - Ann Barnes
 - Robin Phillips
 - Tony Raven
 - Trevor Rees
 - Natasha Traynor (by videoconference)
 - Alex Creswell (Advisor to the Committee) (items 1-5 inclusive)
 - Richard Young, Uniac
- In attendance:*
- Professor Duncan Ivison, President and Vice-Chancellor
 - Patrick Hackett, Registrar, Secretary and Chief Operating Officer (RSCOO)
 - Carol Prokopyszyn, Chief Financial Officer (CFO)
 - Louise Bissell, Deputy Director of Finance
 - Dr David Barker, Director of Compliance and Risk
 - Sue Suchoparek, Uniac
 - Richard Young, Uniac
 - Alastair Duke, PKF
 - David Thompson, PKF
 - Barra MacRiari, Chief Property Officer (item 4)
 - Ross Kellett, Head of Procurement (Item 4)
 - Simon Evans, Principal Security Cons and Virtual Chief Information Security Officer (item 5)
 - Professor Nalin Thakkar, Vice-President, Social Responsibility (item 9)
- Secretary:*
- Mark Rollinson, Deputy Secretary

1. Declarations of interest

Noted: there were no new declarations of interest. This was the final meeting for two members, Robin Phillips and Trevor Rees, both of whom were thanked for their contribution to the University and the work of the Committee

2. Minutes

Resolved: that the minutes of the meeting held on 16 April 2025 be approved, subject to the addition of action points for the Faculty of Science and Engineering at relevant points in the minute referring to Royce@Manchester Governance audit, and inclusion in the next iteration of the action tracker.

Action: Deputy Secretary

3. Matters arising and action tracker

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

Noted:

(1) On the update on Admissions Qualification Verification issue, the additional information referred to the ranking of India, Pakistan, Nigeria and Ghana based on volume of the international fee-paying market (the Committee was reminded that expansion of mandatory qualification checks to these countries was based on risk assessment, linked to Home Office intelligence).

(2) The Committee asked that it be provided with rankings of the top 10 countries based on volume of the international fee-paying market, and an assessment of any verification issues relating to these countries, along with data on the overall number of detected fraudulent applications.

Action: Deputy Secretary (to coordinate)

(3) Vulnerabilities created by the Nigerian currency crisis which represented a risk (which had been more acute for institutions with a bigger dependence on the Nigerian market).

4. Response to Procurement Review

Received: following the previous responses to the Uniac Procurement Review, the report received by the Board of Governors at its May meeting providing further background and lessons learned

Reported:

(1) The Committee welcomed the report and as noted at the May Board meeting, there had been open and frank discussion about it at University Executive, including the need for the Executive and wider leadership to drive the necessary culture and behavioural change.

(2) The Committee agreed on the need to focus on culture and behavioural change along with:

- assurance around the robustness of internal audit planning (including focus on areas of significant financial exposure):
- a robust and comprehensive delegation schedule: and
- a consistent and joined-up institutional approach to supplier management

(3) The Chief Property Officer (CPO) outlined action taken since he joined the University in March. This had focused on setting expectations at all levels of the Directorate including the need to work within approved process and consequences of failure to do so. This revised approach was summarised by the acronym GRIIPPSS (Governance, Resources, Innovation, Infrastructure, Partnering, Projects, Strategy and Style) designed to foster and instil clarity and transparency, and culture and behavioural change. This included the development of a unified approach across the Directorate, avoid silos and hand-offs and an emphasis on individual responsibility.

(4) The Director of Procurement had been in post for approximately six weeks and was working to transform the service to become more strategic and proactive, operating across the institution and the procurement lifecycle. This included establishing effective category management and coherent and integrated relationships with key colleagues in professional service directorates, especially Estates and Facilities and IT. Improvements would include agreement on key metrics and regular reporting.

Noted:

(1) The importance of robust, accessible and easily navigable processes to engender confidence and diminish the potential for workarounds and exemption from agreed policy and process.

(2) There was a focus on service redesign to optimise operation and performance, rather than additional staff resource.

(3) In response to questions, existing procurement systems were adequate but performance and (especially) management information would be enhanced significantly once Future Foundations, the planned single foundational Enterprise Resource Planning (ERP) platform was implemented.

(4) The Committee welcomed the report and the clarity of presentations, and in turn Executive and Professional Services leaders welcomed the scrutiny provided by the Committee.

Agreed: the Committee would be provided with regular updates on progress, including focus on the issues outlined above.

Action: Deputy Secretary (to coordinate)

5. Cyber Security update

Received: a report outlining key achievements since the 2023 cyber security incident, noting that the University's current cyber posture was considerably more resilient than twelve months previously. Remaining key risks included unmanaged IT systems and the external threat landscape.

Reported:

(1) As part of incident response and assurance, eleven key technical and operational improvements had been implemented, including restricting internet access, stronger password management, account privilege review, vulnerability testing and proactive threat hunting.

(2) The outcome of the investigation of the Information Commissioners Office into the incident and associated data breaches was still awaited and all information requested had been provided.

(3) The report set out key metrics highlighting the effectiveness of layered security controls.

(4) The unmanaged IT estate referred to any digital infrastructure, device, system or service that operates outside the direct oversight, support or security controls of central IT Services. Measures to mitigate the related risks were outlined in the report.

(5) By the end of 2026 there was an expectation of significant reduction of the unmanaged estate's risk profile through a combination of governance, awareness and technical controls, with further resilience embedded through the Network 2030 segmentation strategy.

(6) Findings from the summer 2025 penetration testing would be known in July and would help to shape a refreshed two-year security improvement plan to address remaining vulnerabilities and mature capabilities further.

(7) The current contracted Virtual Chief Information Security Officer (CISO) would be replaced a permanent CISO with the recruitment process scheduled to complete by mid-July.

Noted:

(1) The Committee's cyber security advisor confirmed the conclusion of the report that good progress had been made, albeit with more to do in the key risk areas

highlighted above. He gave an overview of the current external threat environment, noting that external threat actors were becoming more sophisticated, with IT help desks an increased source of vulnerability, and more prevalent use of Artificial Intelligence (AI) providing a further layer of complexity. To help mitigate the latter risk, the University had appointed an AI Security Manager who would take up post in August.

(2) The importance of an effective and robust management response to counter the threat of the unmanaged estate: any request to opt out of the managed estate should only be granted on an exceptional basis. The Committee was assured that reducing the extent of the unmanaged estate was an Executive priority.

(3) Confirmation that the University was cognisant of expectations in relation to Trusted Research and export controls and was actively working to address these and mitigate risk.

(4) Individual behaviour and vulnerability remained a significant risk, especially considering potentially more sophisticated phishing attacks.

(5) Future reports to the Committee should address the extent to which the risk of the unmanaged estate was being addressed.

Action: Deputy Secretary (to coordinate)

6. Risk Appetite Framework and Statement

Received: a draft Risk Appetite Statement (RAS), defining the level of risk the University was willing to accept to achieve its strategic goals, set in the context of 2035 strategy development.

Reported:

(1) The RAS articulated the nature and amount of risk the university was prepared to accept, ensuring it supports strategic planning and decision-making across all operations. An annual review was proposed to ensure alignment with strategic objectives and adapt to any significant changes. A five-tier rating system for risk appetite was presented, ranging from “Averse” to “Open,” reflecting varying levels of willingness to accept risk based on potential benefits.

(2) The document reflected comments from University Executive at its meeting on 6 May 2025 and there would be further review following reflection on discussion at the recent Board Strategy Day.

Noted:

(1) The numerical risk appetite summary was in development and would evolve into a final version (subject to committee approval).

(2) The categorisation and description of risk would mature to ensure an appropriate balance of quantitative and qualitative measures.

(3) The final version of the RAS would be submitted for approval, after sign-off of the Manchester 2035 strategy.

Action: Executive Director of Compliance and Risk/Deputy Secretary

7. Internal Audit and Internal Control

(i) Uniac Progress Report

Received: the latest Uniac internal audit progress report, which included a summary of progress since the previous meeting.

(a) International Agents

Reported:

(1) This audit assessed the effectiveness of the University's approach to recruiting international students through its agent network. With increasing scrutiny from both UK Visas and Immigration (UKVI) and the Office for Students (OfS), the audit examined how agents were identified, contracted, compensated, and performance managed.

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

(3) The review contained five medium risk findings (and one low risk finding), including enhancements to due diligence and improvements to documentation, guidance, processes, metrics and communication.

(b) IR 35 compliance

Reported:

(1) The audit (undertaken at the request of the People Directorate) assessed compliance with IR35, off -payroll working rules, set by HMRC.

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

(3) There were three high and two medium risk findings relating to guidance, training and support for staff involved in the IR35 assessment process, completion and approval of assessments, an outdated and inefficient manual payment process, and potential risk and non-compliance exposure from clauses within contracts with agencies for temporary staff appointment.

(4) Management action to address the findings of the audit would form part of regular action tracker reporting to future meetings.

Action: Uniac

(c) Import of goods and related duty and tax charges

Reported:

(1) The review assessed systems, processes and controls in place to ensure compliance with UK Government requirements in relation to Customs Duty and related tax on goods imported from overseas.

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

(3) There were three medium risk (and two low risk) findings relating to availability and accuracy of documentation for goods imported, relatively high number of both low value imports and couriers with different processes and paperwork, each of which had administrative overheads.

Noted:

(1) The University does not employ a specialist customs duty advisor (unlike some other universities) and this created both a non-compliance risk for and also missed relief opportunities (noting limited other resource to addresses this). This matter was currently under review.

(2) The potential to make use of external expertise and experience (for example from Greater Manchester Chamber of Commerce) in this area.

Action: Deputy Director of Finance

(d) Franchise Arrangements (Xaverian College)

Reported:

(1) The review examined the University's franchise arrangements with Xaverian College for the delivery of foundation year studies to students in the Faculty of Biology, Medicine and Health

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

(3) There was one high risk and one medium risk finding (and two low risk findings) relating to contractual and contingency arrangements.

(e) Academic Sickness Reporting

Reported:

(1) This review was the second stage of an advisory review on academic sickness reporting. This stage involved 'drilling down' into three schools (one in each faculty) to understand how the Absence Policy and Procedures were being implemented in practice.

(2) The review noted shortcomings in consistency of recording and consequently the need to consider the risks associated with underreporting, including staff health and wellbeing, reduced institutional performance and workplace culture issues.

(3) Findings were being taken forward by senior colleagues in People Services in consultation with faculty leads.

(ii) Progress against the 2024-25 Plan

Noted: an update on progress against the agreed internal audit plan.

(iii) Draft internal audit plan for 2025-26

Received: the draft internal audit plan for 2025-26 which included reviews directly linked to the Risk Register and operational and compliance related reviews.

Reported:

(1) Reflecting on the outcome of the recent procurement and contract management review (see item 4 above) and the continued significant spend within the Estates and Facilities Directorate, further deep dives within the Directorate were proposed and 40 days had been allocated within the programme.

(2) Details of specific audits were being discussed with the Chief Property Officer and would be brought to the January 2026 committee meeting for approval.

(3) The plan included other key financial systems e.g., student finance, student debt, staff expenses, and school and centre audits. Following discussion as part of the preparation of the plan, increased focus on financial processes across the central directorates and faculties was proposed.

Noted:

(1) The Committee welcomed the approach, but reiterating earlier discussions about the need to focus on areas of significant financial exposure, encouraged further reflection on the programme to ensure (in addition to functional reviews) adequate focus on areas of major expenditure.

Action: Uniac

(2) The Internal Audit Charter and Mandate was appended to the report and demonstrated how Uniac had integrated the new Institute of Internal Audit Global Internal Audit Standards into service delivery. The Committee agreed that there was merit in a brief presentation on the Charter and related matters for new committee members, once appointed.

Action: Deputy Secretary/ Uniac

(3) More regular catch-up meetings between the Chair of the Committee and the Uniac lead partner should be reintroduced.

Action: Uniac

(4) Given the significance of the student experience, the need to retain the relevant audit as set out in the plan.

Agreed: the draft 2025-26 plan subject to further review and revision factoring in issues outlined above.

Action: Uniac

(iii) Internal Investigatory Work

Noted: although it had no financial impact, there had been increased incidence of unauthorised use of university addresses for company registration purposes. Recent legislative changes, including increased powers for Companies House in relation to company creation would help to reduce exposure.

8. External Audit

(i) Report from PKF Littlejohn on the approach to audit of the 2024-25 Financial Statements.

Reported:

(1) The report covered overall audit strategy (including process, approach and level of materiality), significant audit risks and key audit matters (including revenue recognition, valuation of defined benefit pension scheme liabilities and risk of management override, particularly in relation to areas of management estimate and

judgment) and timetable as well as providing confirmation of quality and independence and the level of fees.

(2) Other risks included assessment of Going Concern and Related Party Transaction, neither of which were deemed to be a key audit matter.

(3) The report confirmed the reporting on the Turing Scheme grant, a permitted non-audit service, reviewed and approved by PKF's Ethics Partner, and previously approved by the Committee, prior to performance.

(4) David Thompson had been assigned as responsible individual, providing additional scrutiny and assurance to Alastair Duke's work (e.g. attending planning and closing meetings).

Agreed: to confirm the approach to the 2024-25 audit.

Action: Chief Financial Officer/PKF

(iv) Statement of Principal Accounting Policies

Received: the draft Statement of Accounting Policies which was largely unchanged from the accounting policies finalised for the year ended 31 July 2024.

Reported:

(1) There were no significant changes to the accounting policies disclosure for the current period other than the inclusion of a paragraph in relation to the adoption of Total Return for endowments.

(2) As in previous years, the sections on Going Concern and Significant Estimates and Judgements would be updated post year end to reflect the actual position as at 31 July 2025.

Agreed: to approve the Statement subject to the post year end work in relation to going concern and the assessment of significant estimates and judgements.

Action: Deputy Director of Finance

9. 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.

Reported:

(1) The report summarised the levels of assurance for each area of compliance, outcomes of internal and external audits and any adverse events. As noted in the report, processes and a governance framework were being put in place for Trusted Research and National Security and Investment Act (NSIA) and consequently, assurance was not yet green for all levels.

(2) The report also provides a summary of key changes to risk, new developments, including areas of compliance, an update on 2024-25 priorities and priorities for 2025-26, and a summary of outcomes into allegations of alleged research misconduct.

(3) Also included was the Annual Statement of Research Integrity which provided evidence that the University was compliant with the Universities UK Concordat to Support Research Integrity.

Noted:

(1) In response to a question about NSIA, confirmation that the University was meeting government and regulatory expectations.

(2) In response to a question about compliance with outcomes from an external audit of Data Safe Haven and NHS Information Governance Toolkit, remedial action was being taken, and no further consequences were anticipated.

(3) The potential increased regulatory risk arising from the demand-led workload of the Regulatory Compliance Team was being addressed by the imminent recruitment of two Assistant Regulatory Compliance Officers to enable existing colleagues to focus on relevant triaging activities and other internal auditing processes.

(4) Levels of reported research misconduct were relatively low and mainly arose from disputes over authorship.

Agreed: to note the report and include the summary in its report from the Committee to the July Board of Governors.

Action: Deputy Secretary

10. Strategic Change Portfolio Report

Noted: the update on the Strategic Change Portfolio.

11. Failure to Prevent Fraud Legislation and Impact

Received: a report noting that the Economic Crime and Corporate Transparency Act enacted in October 2023 included a new strict liability criminal offence of “Failure to Prevent Fraud” coming into effect on 1 September 2025. The Act applied to the University because of its size.

Noted: the report and that an action plan to address the issues raised in the paper would be presented to a future meeting.

12. Anti-Slavery and Human Trafficking Policy

Received: an updated Anti-Slavery and Human Trafficking Policy which included a series of suggested Key Performance Indicators.

Agreed: on the recommendation of the University Executive, to approve the revised Policy.

Action: Director of Social Responsibility

13. Grant and Funder Audits-summary

Noted: a summary of the grant and funder audits since June 2024.

14. Public Interest Disclosures

Noted: an update on Public Interest Disclosure/Whistleblowing cases.

15. Committee Forward Agenda 2025-26

Noted: that after consultation with the Chair, a forward agenda for 2025-26 would be circulated to the Committee and included on the agenda for the September 2025 meeting.
Action: Deputy Secretary

16. Dates of scheduled meeting in 2025-26

Noted: scheduled meetings in 2025-26 as below: (11am-1pm, unless stated):

- Wednesday 17 September 2025 - In person
- Wednesday 5 November 2025 (2-4pm): preceded by joint meeting with Finance Committee (1-1.30pm) Online
- Wednesday 28 January 2026 - In person
- Wednesday 22 April 2026 - Online
- Wednesday 10 June 2026- In person