

THE UNIVERSITY OF MANCHESTER

AUDIT AND RISK COMMITTEE

5 November 2025

Confirmed

- Present:* Deirdre Evans (Chair)
Ann Barnes
Sarah Munby
- Apologies:* Tony Raven
Natasha Traynor
Alex Creswell
Carol Prokopyszyn (usually in attendance, Chief Financial Officer)
- In attendance:* Professor Duncan Ivison, President and Vice-Chancellor (item 1)
Patrick Hackett, Registrar, Secretary and Chief Operating Officer (RSCOO)
George Whalley, Deputy Chief Financial Officer
Gemma Lyons, Director of Finance, Faculty of Science and Engineering
Dr David Barker, Director of Compliance and Risk
Richard Young, Uniac
Sue Suchoparek, Uniac
Claire Grant, Uniac
Alastair Duke, PKF Littlejohn
David Thompson, PKF Littlejohn
Prof Colette Fagan, Vice-President (Research) (item 6 only)
Prof Jenn Hallam, Vice-President (Teaching, Learning and Students (item 6 only)
Michael Knight, Chief Information Security Officer (until item 4 iii))
Ross Kellett, Director of Procurement (item 8)
- Secretary:* Mark Rollinson, Deputy Secretary

(NB The meeting was preceded by a private meeting between members of the Committee and internal and external auditors only, without officers in which the auditors confirmed their satisfaction with the cooperation received from management and the open and transparent relationship with the University.)

1. Financial Statements and External Audit

The consideration and approval of the report of the external auditors and the financial statements was conducted in a joint session with members of the Finance Committee (David Buckley (Chair), Guy Grainger, Paul Thwaite, Lexie Baynes and Professor Duncan Ivison).

Received:

- (1) Summary of key points from the Financial Statements
- (2) Draft Financial Statements for the year ended 31 July 2025.

- (3) Going Concern report
- (4) Report to the Audit and Risk Committee and Board of Governors from PKF Littlejohn LLP (PKF) for the year ended 31 July 2025 (the Letter of Representation was appended to the report).

Reported:

(1) Finance Committee had considered items (1) to (4) above at its meeting earlier in the day and had considered and questioned assumptions and scenarios: detail of this is included in the minutes from that meeting. Finance Committee was satisfied with information as presented to the joint meeting.

(2) The summary report included a reconciliation of the management accounts to the Financial Statements and University Statement of Comprehensive Income

(3) Total income had increased by £57.1m or 4.2% from 2023/24 because of several changes across income streams, including tuition fees and research grants and contracts. Total expenditure for 2024/25 had increased by £14.3m or 1.1% on 2023/24 total expenditure gross of the £299m credit resulting from the USS pension provision being released, with most of the increase resulting from pay costs due to a 4.7% rise in staff FTE, pay awards and the increase in National Insurance Contributions from 1st April 2025 (this was offset by a decrease in Other Operating Expenditure). Liquidity days had increased to 169 days compared to 147 in 2023/24. No post Balance sheet events were currently anticipated.

(4) PKF was comfortable with the scenario modelling and stress testing in the Going Concern summary and Finance Committee had confirmed this.

(5) The draft Financial Statements were recommended for approval subject to the completion of outstanding items as outlined in the PKF Audit Findings Report, confirmation that unadjusted audit differences would not be booked and had no impact on the audit opinion (this was confirmed in paragraph 5 of the Letter of Representation), some small amendments to narrative in the Chair's foreword, completion of final checks by PKF and inclusion of their final Audit Opinion (this would all be complete in the version that would be submitted to the Board of Governors for approval).

(6) The external audit report from PKF Littlejohn LLP covered key audit risks and findings, noting that no new risks had emerged since the planning work. The report included assessment of key audit risks. Most work outstanding referred to in the report had now been completed and remaining actions would be completed shortly, and none of these were anticipated to impact on the unqualified audit opinion set out in the report.

(7) Work to date had not detected any significant deficiencies in internal controls. Non-significant deficiencies highlighted in the report included an inconsistent approach provision of signed employment contracts and unallocated debtors receipts (noting some improvement in the position regarding the latter from the previous year).

(8) PKF's report set out adjusted and unadjusted misstatements, none of which (either individually or collectively) were material and did not impact on PKF's opinion.

(9) The report included the additional report required given the University's Public Interest Entity status and the draft of the independent auditor's report that would be inserted into the Financial Statements to be presented to the Board.

(10) The draft letter of management representation was appended to the report.

(11) PKF had raised the issue of the potential contingent liability arising from the ongoing Information Commissioner's Office (ICO) investigation into the 2023 cyber security incident. Any financial impact was uncertain, so it was not appropriate to provide for this in the Financial Statements. Following discussion, the Committee

asked that consideration be given to the addition of a brief, non-prejudicial disclosure referencing the ICO investigation.

(12) There was reference to key financial risks in the Financial Review. The Corporate Governance Statement referenced the University's approach to risk management but did not specify specific strategic risks and the Committee asked that consideration be given to future inclusion.

(13) Members were encouraged to submit any additional comments on matters of detail in the Financial Statements before finalisation. Finance Committee members had identified some non-substantive amendments to the narrative which would be incorporated into the version presented to the Board.

(14) PKF thanked Finance Department staff for cooperation in preparation of the audit.

Agreed: having heard from Finance Committee, to recommend approval of the Financial Statements and related documentation to the Board of Governors (subject to conclusion of matters of detail in both the Financial Statements and the Audit Findings Report, including the declaration referenced in item 11 above).

(NB In relation to the draft Financial Statements, members were reminded that as the University has bonds admitted to the Official List of the UK Financial Conduct Authority and traded on the Regulated Market of the London Stock Exchange, it was required to comply with various rules, regulations and standards. This imposed specific responsibilities upon the University and its employees, particularly with regard to the handling of information, which could potentially affect the trading price of the bond. This information must be kept confidential and not disclosed to anyone without the prior authorisation of the Chief Financial Officer.)

2. **Declarations of interest**

Noted: there were no new declarations of interest. Sarah Munby was welcomed to her first meeting of Audit and Risk Committee.

3. **Minutes**

Resolved: that the minutes of the meeting held on 17 September 2025 be approved.

4. **Matters arising and action tracker**

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

i) **Strategic Risk Register (including Operational Risks)**

Received: an update on the further evolution of the Strategic Risk Register (SRR), including the timeframe for the implementation of the new technology enhanced platform to host the Register, and detail on emerging and existing risks and current operational risks identified at Faculty and Professional Services (PS) level.

Noted:

(1) The new platform was automated, workflow-driven, dynamic and ready to go live, subject to engagement with University Executive on 10 November. Confirmation of allocation of risks to Risk Managers would follow. Changes to the Register could be scheduled or made as significant changes occur, with reporting adjusting automatically,

and the set-up would facilitate engagement from Risk Managers and other designated users.

(2) Once endorsed by UE the new platform would be utilised to develop the next version of the Strategic Risk Register for the January 2026 meeting, noting that this would be an iterative process to ensure optimal alignment with the new Strategy and mitigation of potential derailers. Faculty and PS colleagues would also be engaged to ensure there was a consistent approach to capture of risk at local level.

(3) The importance of a consistent approach to scoring and categorisation of risk: in relation to Operational Risk, regular Committee focus should be on areas of both high likelihood and high impact.

(4) In due course, Uniac involvement in assessing the efficacy of the new approach would be welcome.

(5) The appendices to the report listed a wide set of potential operational risks, compiled from Professional Services Directorates (including risk of inadequate core data assets, failure to comply with accessibility requirements, CRM failure, building failure) . The Committee asked for assurance that these risks were being addressed.

Action: RSCOO and Executive Director of Compliance and Risk

ii) Response to Procurement Review

Received: an update from the Chief Property Officer.

Noted:

(1) Uniac was engaged to assess the progress on all previously made recommendations, and they expected to report to the next meeting in January 2026.

(2) The report provided an interim update, including details provided to UNIAC to assist their progress review. Details of specific questions raised had been shared with the Chair.

(3) The Committee noted the challenge in designing metrics to assess culture change and agreed that this was an area which would merit further discussion with Uniac.

Action: Uniac and Chief Property Officer

iii) Update related to 2023 Cyber Security Incident

Received: following a request at the previous meeting, an update on cyber security assurance activities undertaken within Semester 1 of 2025/26.

Reported:

(1) The report was an interim update on the initial findings of three external reviews, and a further report would be provided to the next meeting, following completion of more detailed analysis, prioritisation and planning activities.

(2) An external partner to support the development of an Information Security Strategy would be appointed before the end of the calendar year.

(3) There were no immediately critical issues to report, but constant vigilance and robust and refreshed business continuity plans remained vital.

Noted:

(1) Notwithstanding, a report from Uniac providing reasonable assurance on one specific element of the unmanaged estate (see 7 i) c) below) the potential vulnerability of the broader unmanaged estate continued to represent a significant risk. There was recognition of long standing cultural and custom and practice background to this issue

and the benefits of a collaborative approach, but also a need to address the risk in a timely way. There would be a further update provided to the next meeting

(2) A short-term task and finish group was being established to tackle areas where available intelligence and experience elsewhere indicated a higher risk of potential vulnerability.

(3) Noting an inadvertent mischaracterisation in an appendix to the Strategic Risk Register update, confirmation that cyber risk remained high.

(4) The Committee's request for consideration of relevant metrics to provide assurance.

Action: Chief Information Security Officer

iv) Terms of Reference

Received: following discussion at the previous meeting, notes of a meeting of members held on 22 October 2025 and a track change version of the Committee terms of reference produced to reflect comments.

Recommended: approval of the revised terms of reference.

Action: Deputy Secretary

v) Royce@Manchester Governance

Noted: an update from the Faculty of Science and Engineering on progress with implementation of Uniac recommendations, noting that this was included in the Uniac schedule of follow-up work.

5. Annual Report of the Committee to the Board of Governors for 2024-25

Received: the annual report of the Audit and Risk Committee, prepared for the Accountable Officer (the President and Vice-Chancellor) and the Board of Governors

Agreed: that the report be circulated to the Board of Governors as part of the report from the Committee to the November Board).

Action: Deputy Secretary

6. Academic Governance Assurance Reports

Received: In accordance with the Academic Governance Protocol agreed between the Board and Senate, the Academic Governance Assurance reports (AARs) for Teaching, Learning and Students and Research: both reports had been recommended for approval by the meeting of Senate on 22 October 2025, following earlier review by the relevant Academic Quality and Standards Committee (AQSC). Comments from Senate were included in the covering report.

i) Teaching, Learning and Students (TLS)

Reported:

(1) The approach to the AAR was more action-based and solution-focused and directly referenced the 2023-24 report for comparison. Extensive supporting background material was available in the Reading Room for full transparency.

(2) The AAR set out evidence of progress including in relation to the National Student Survey, 2025 (positivity up by 5.1pp to 80.1%), strengthening continuation (95.0% vs 92.4% Office for Students (OfS) benchmark), and enhanced systems. Challenges had included concerns raised by the relevant Professional, Statutory and Regulatory Body (PSBB) (in this case, the General Dental Council (GDC)) about quality assurance of Dentistry programmes. Whilst issues had been resolved satisfactorily, this had required significant engagement with the GDC, OfS and the Department for Education.

Noted (in response to questions):

(1) Assurance that following the Dentistry issue, there were currently no similar concerns regarding programmes regulated by PSRBs. There was oversight of quality assurance of these programmes at faculty level, and ongoing enhanced monitoring for Dentistry.

(2) Disappointment that the Student Voice Implementation Group had made limited progress, and there were plans to reinforce work in this area in co-creation with the Students' Union, ensuring that student voice was embedded into business-as-usual activity and feedback loops were closed.

(3) In line with the Manchester 2035 Strategy, there was focus on ensuring that core foundational systems and processes were sound, and there was recognition of the importance of developing a suite of proportionate and prioritised activities to support improvements and implementation of the Strategy. For example, although the data requirements for the Teaching Excellence Framework were still the subject of consultation, there would be a need for robust and accessible robust data whatever the outcome and activity continued to focus on strengthening this area.

(4) Work would continue on the development of student-centred understanding of factors leading to awarding gaps and differential attainment, including assessment of performance against recognised international benchmarks.

(5) The report contained a summary of Senate feedback and for future meetings where the Committee considered the AAR, there should be consideration of how to ensure direct feedback from Senate if the President and Vice-Chancellor (in his role as Chair of Senate) was unable to attend.

ii) Research

Reported:

(1) Research ethics and other related research compliance issues were covered in the annual report from the Research Compliance Committee considered by the Committee at its June meeting.

(2) Future iterations of the AAR would flex and adapt to reflect the recently approved Manchester 2035 Strategy.

Noted (in response to questions):

(1) Discussion focused on achievement against performance targets and measures of success set out in the previous "Our Futures" research and discovery strategy, noting that only one of five headline targets had been met.

(2) Targets were deliberately stretching, and the Committee welcomed the ambition: however, in some cases, year-on-year trend was negative.

(3) Performance metrics for the new strategy were in development, and the Committee encouraged reflection to ensure that whilst not inhibiting ambition, and recognising potential future investment, they were capable of achievement over the lifetime of the strategy.

Agreed: that, with the above commentary, both reports be recommended for approval by the Board.

Action: 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) Research Compliance Committee: Governance Effectiveness

Reported:

(1) This review evaluated the governance effectiveness of the Research Compliance Committee to ensure continued alignment with institutional and regulatory expectations, and to review its approach to risk management.

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

(3) The review contained two moderate risk findings, covering succession planning for the Chair and Deputy Chair and induction for new members of the Committee.

Noted: under the aegis of Remuneration and People Committee, a more integrated and mature approach to succession planning was evolving.

(b) Strategic Change: Benefits Realisation

Reported:

(1) Uniac undertook an audit of strategic change at the University during the 2023/24 academic year, which noted that there had been variable practice in relation to benefits management historically. The latest audit was designed to revisit the approach to benefits management to determine whether there were now suitable controls in place to manage the risks associated with benefits management effectively in the future.

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

(3) The review contained three moderate risk findings, covering the need for consistent application of the Benefits Framework, lack of baseline data identification to support optimal benefits management, and clarifying understanding and ownership of benefits management

Noted: the importance of establishing and quantifying benefits at the outset in business cases.

(c) Cyber Review of Unmanaged Estate: Blackett Computing Facility

Reported:

(1) The audit provided independent assurance of the management of cyber risks focussing on one element of the unmanaged IT estate [REDACTED]

[REDACTED] **Redacted – restricted information** (see also item 4 iii) above). This was an example of an area presenting higher risk in managing cyber-related incidents which could potentially compromise the University's IT infrastructure.

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

(3) The review contained three moderate risk findings including strengthened oversight and governance structures for the unmanaged estate, and maintenance and [REDACTED] **Redacted – restricted information**

Noted:

(1) As referenced above, whilst the Uniac review provided reasonable assurance on one element of the unmanaged estate, the potential vulnerability of the broader unmanaged estate continued to represent a significant risk.

(2) Potential reputational as well as operational risk arising from possible compromise of the unmanaged estate and how this might be factored into future, similar reviews.

(ii) Internal Investigatory Work

Noted: there were no current issues to report.

8. Procurement and Value for Money

Received: a report providing the Committee with an update on procurement performance and value-for-money outcomes for the financial year 2024/25, along with progress in strengthening procurement controls. The report built upon the previous year's report ("Procurement: Control and Value for Money – Update", March 2025) and directly addressed the actions and themes identified in the Uniac procurement audit conducted in 2024.

Reported:

(1) The University's Commercial Procurement Office delivered substantial value for money in 2024/25 while strengthening procurement controls and oversight. Total procurement savings for the year reached £15.06 million, approximately a 45% increase over the previous year, making a key contribution to the University's financial sustainability. These savings were achieved through a more strategic approach to sourcing, improved engagement with departments, and cost-optimisation initiatives.

(2) At the same time, the Procurement function had been transforming – strategically, structurally, and culturally – in response to a 2024 internal audit and the evolving needs of the University. The result was a function with greater coverage of non-pay spend, enhanced visibility of procurement activities, and improved controls to ensure compliance and value for money across all procurement activities.

(3) Remaining challenges included the large volume of lower-value purchases (below £100,000) outside robust control and open to risk, an inconsistent approach to contract lifecycle management and performance monitoring and the lack of a single, authoritative register of contracts.

(4) It was also essential to ensure a sustained cost-conscious culture and commercial focus, with savings embedded into everyday practice.

(5) Procurement will finalise a strategy aligned with Manchester 2035 and support the new Oracle ERP system rollout to automate processes and improve insight. The function was now positioned to sustain its improvements, manage risk, and deliver measurable value to the University.

Noted:

(1) The report covered all expenditure, but there was potential to drive greater value for money, especially in areas previously seen as "unimpactable" (eg leases and rents).

(2) Greater controls would be provided over direct contract award, noting recent short-term need to extend Estates and Facilities contracts which had expired and where work was outstanding. In general, direct contract awards should be in specialist areas, where there was a demonstrable business need to support the approach, with clarity around rules of delegation.

(3) The new ERP would facilitate the compilation of a comprehensive Contracts Register including identification of any contracts containing personal data.

9. Annual Report from the Health, Safety and Wellbeing Committee

Received: the latest quarterly report from the Health, Safety and Wellbeing Committee which included the Committee's annual report outlining current levels of assurance, including significant adverse events, relevant external inspections and audits, key performance indicators and metrics (including key trends) and progress against strategic priorities and core objectives. Relevant forthcoming regulatory changes and developments affecting the University's risk profile for 2025-26 were also included.

Noted:

(1) The timely and comprehensive response to inspection and audit outcomes, including any required remedial actions and continued progress with work to support wellbeing. Areas for development and attention in 2025-26 included ensuring a consistent approach to management of risk, improvements to document control and ensuring lessons learnt from incidents were fully embedded.

(2) The Director of Safety Services, Attiah Ramzan, was new in post and working with colleagues to develop a more consistent and strategic approach to safety management. Compliance and Safety briefings for Heads of School led by the Executive Director of Compliance and Risk and the Vice-President for Social Responsibility had been reinstated.

(3) As noted by the Committee last year, post pandemic working arrangements and less regular supervision reinforced the importance of establishing a robust and effective safety culture, and it was hoped that the measures outlined in 2 above would address this. Members commented on the potential, in the short term, for a strengthened safety culture to result in increased reporting of incidents.

(4) In relation to the specific incident referenced at the Museum (letters containing irritant substances) there had been no injuries and the response from the emergency services had been exemplary.

(5) The marked similarity between the safety "events by type" figures for 2024-25 and 2023-24: the Committee asked for confirmation that the latest figures were accurate.

(6) Inspection of some satellite sites was overdue, and this would be addressed in 2025-26.

Recommended: that the Board approve the Annual Report from the Health, Safety and Wellbeing Committee.

Action: Director of Compliance and Risk and Head of Safety Services

10. Change Portfolio update

Received: an update on progress with the Change Portfolio.

Reported:

(1) Several recent delivery successes, with major milestones achieved across digital infrastructure, cyber resilience and the simplification of legacy systems. These improvements had reduced underlying operating risk and strengthened the platform for future delivery.

(2) The Future Foundations ERP programme was now scaling up, entering a complex phase where the key current risks sit primarily within the technology pathway rather than business change. The plan was ambitious and interdependent, and the coming months will be critical in assuring delivery confidence.

(3) To support delivery of the ambitions of the Manchester 2035 strategy, work was underway to put in place the structures, capabilities and support needed to strengthen delivery, coordination and assurance. This includes launching a Delivery Handbook, mobilising a leadership coalition, and enhancing portfolio management, business change and governance arrangements. Together, these steps would help ensure delivery was well-planned, well-resourced and well-controlled.

Noted: the importance of ensuring that revised Executive governance structures (the new Infrastructure Committee) were cognisant of both overall capacity issues and composite risk, with robust and clear reporting on these issues to Audit and Risk Committee.

Action: Director of Transformation

11. **Public Interest Disclosures**

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

12. **Modern Slavery and Human Trafficking Statement**

Received: the Modern Slavery and Human Trafficking Statement which was required by law to be updated annually and to be visible to the public on the University's website.

Recommended: that the Modern Slavery and Human Trafficking Statement be approved for publication.

Action: Deputy Secretary

13. **Confirmation of Compliance with TRAC requirements**

Received: a report providing an overview and confirmation of the University's compliance with the Transparent Approach to Costing (TRAC) guidance for 2024-25 (as stipulated by the Office for Students, OfS) and also the summary of the benchmarking results compiled by the Office for Students based upon the sector TRAC results for 2023/24.

Agreed: to approve the University's compliance with the TRAC guidance as part of the TRAC process for compilation of the annual TRAC return.

Action: Chief Financial Officer/Deputy Secretary

14. **Gillies Report-Lessons Learnt**

Received: a report prepared by BDO on the Gillies Report on financial oversight and decision making at the University of Dundee.

Alistair Duke and David Thompson from PKF Littlejohn and Richard Young and Sue Suchoparek from Uniac left the meeting at this point.

15. **External Audit Tender Process**

Received: a further report setting out the process and timescale for the University to re-tender for external audit services (with effect from 1 August 2026).

Reported:

(1) As previously reported, the University's current contract with its external auditors will remain in place until the financial year ending 31 July 2026. In line with this, preparations were underway to tender for new external auditors for the year ending 31 July 2027 and subsequent years.

(2) The Procurement team had issued the tender documentation to potential bidders on 20 October 2025. All bids were expected to be submitted by 17 November 2025. Once received, the bids will be reviewed before the end of December.

(3) The review process was scheduled to take place before presentations from bidders to members of the Committee, which were due to take place on 14 January 2026. The University aimed to appoint new auditors before the commencement of the 2026/27 financial year, with the latest appointment date set as 31 July 2026.

(3) The report set out the latest position regarding firms which were likely to bid.

16. Committee Forward Agenda 2025-26

Received: the updated Committee forward agenda

17. Dates of remaining meeting in 2025-26

Noted: the following dates for remaining meetings in 2024-25: (all 11am-1pm):

- Wednesday 28 January 2026 - In person
- Wednesday 22 April 2026 - Online
- Wednesday 10 June 2025 - In person