

Melville

	Conclusion	Comment	Proposed Action	Timescale	Responsibility
1,	In its returns to HEFCE, throughout the period 2005/6 – 2007/8, LMU consistently applied its own definition of funding rather than the Funding Council definition	Agreed	University since 2008 (post HEFCE audit of 2005/06 return) has changed its practice to match HEFCE definitions but still needs to improve systems to ensure control is maintained.	complete	VC

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2.	The unique level of the LMU clawback is attributable to a combination of ignoring the HEFCE definition and a failure to address very high levels of incomplete modules and student drop out.	Noted.	Action on non-completion commenced in 2008/09 with introduction of new regulations on academic probation and discontinuance of study. Further support in hand via PAA system.	Immediate plus further action through 2009/10	DVCs

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3.	The Vice-Chancellor and certain members of the Executive Group were fully aware of this from 2003 but no action was taken.	Action has been taken in 2008 including a review of Risk Management arrangements and the introduction of the Strategic Programmes Office (SPO)	Report on revised Risk Management arrangements to the next Audit Committee and then to Board	Audit Committee in Jan 2010 and next following Board meeting	VC

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4.	The Vice-Chancellor and the Executive Group failed to include this matter in the Risk Register.	Agreed	Risk Management arrangements and register revised to incorporate role of the SPO.	Register revised in June 2009. Further revision of Register and Risk Management arrangements to Audit Committee in Jan 2010	VC

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5.	The Vice-Chancellor, University Secretary and members of the Executive Group failed to clearly present this risk to the Board of Governors or to Board Committees.	See 3 and 4 above	See 3 and 4 above	See 3 and 4 above	See 3 and 4 above

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6.	From 2002 to the present day the LMU student data system has lacked integrity resulting in extensive data quality problems.	Agreed	Significant further investment in the system, assisted by successful SDF bid plus Process Improvement project	To be set out in SDF bid	VC/DVC (R and D)/DF

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7.	There is a need as a matter of urgency to implement the improvements detailed in the Deloitte report.	Agreed	See separate paper		

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8.	The Audit Committee and Board of Governors were fully aware of data quality issues and the long completion times and high drop-out rates of LMU students, but did not follow this up.	Noted. Not fully aware due to inadequacies in the identification and reporting of risk and reliance on annual audit assurance on internal control.	See 3, 4 and 5 above	See 3, 4 and 5 above	VC

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9.	HEFCE could have followed up on data quality issues when they became apparent, as is their current practice. This may have identified the non-completion issues earlier. In addition a lack of clarity in the early application of their funding completion rule may have contributed to LMU's position but does not explain the extent of the clawback.	Agreed	HEFCE have changed their audit practice and cycle		

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10.	The Vice-Chancellor operated a management regime which was over-centralised, lacked collegiality and was incapable of reacting to clear internal and external warnings of risk on these matters. He must take the major responsibility and culpability for the outcome.	VC has since left.	Incoming VC to review and make proposals for the future. The Board is taking advice on the issues of culpability raised and also the HEFCE issue of fiduciary duty.	Jan to March 2010	VC

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11.	In the light of these events and the detailed findings in the Deloitte report, the Board of Governors needs to review its effectiveness and that of its committees and to consider in particular how it might have an improved flow of information from the Executive as well as the means to ensure comprehensive debate and appropriate challenge to the Executive.	Need for review agreed	Last Governance review was in 2006. Further review in June 2010 with external advice and facilitation	Terms of reference and approach to March 2010 Board following selection of external body to assist	Chair of the Board/Univ Sec/VC

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12.	The University needs to establish a robust process for compiling; updating and monitoring the risk register with clear responsibility in the Executive as well as in the Audit Committee and the Board of Governors. The risk register must cover operational risks as well as risks associated with the strategic plan.	Agreed See 3, 4 and 5 above	See 2, 4 and 5 above	See 3, 4 and 5 above	VC

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13.	Despite the fact that these issues were not explicitly brought to their attention, the Board of Governors and its Audit Committee are accountable for a financial failure of this magnitude and must take overall responsibility.	Agreed. Overall responsibility accepted.	See 11 above, Governance review	As 11 above	As 11 above

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14.	Executive Group members and the University Secretary share responsibility for not ensuring that the funding completion issue was discussed, either through in some cases their line management responsibilities or for all in Executive Group meetings.	Executive Group over the period included 4 postholders who have left the University including 2 who served as Governors	Incoming VC to review EG operation including but not limited to purpose, terms of reference, mode of operation, delegations and responsibilities and role in risk management.	Jan 2010	VC

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15.	In order to move forward, it is important for the Board of Governors and HEFCE to draw the line under past disputes and work together for the future good of the University.	Agreed. A line to be drawn and the Board to confirm for the avoidance of any doubt that legal challenge against HEFCE is not intended	Further dialogue between the incoming VC and the HEFCE Chief Executive. Possible agreed joint statement	Jan 2010	VC

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16.	In due course, once the new Vice-Chancellor is in post, the Board of Governors may wish to consider the benefits of new leadership and refreshed membership of the Board and its Audit Committee.	<p>Agreed, post VC in office.</p> <p>Audit Committee membership has already changed with no current members having been in place during the 2002-2005 period.</p> <p>The attached schedule of membership of the Board indicates vacancies arising.</p>	<p>A number of Governors are due to stand down as part of normal turnover in 2010. In addition, the Chair and Vice Chair have indicated that they will stand down after the June 2010 meeting.</p> <p>Revised schedule to be prepared.</p> <p>The Governance Committee to commence in Jan 2010 the task of identifying replacement Governors and the Chair and Vice Chair. For these purposes the membership of the Committee to be supplemented by additional members.</p>	June/September 2010 for new appointments	Board/VC/Univ Sec

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