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## **GOVERNING BODY**

### **2024/2025 Audit and Risk Committee Annual Report to the University Governing Body and the Vice-Chancellor, Professor Jane Harrington**

#### **Introduction**

1. The Committee of University Chairs' Higher Education Audit Committees Code of Practice (2020) requires the Audit & Risk Committee to report to the Governing Body and Head of Institution on the discharge of its responsibilities during the reporting period. This report covers the period 1 August 2024 to November 2025 and contains the following appendices:

Annex 1	Internal Auditors' Annual Report 2024-2025
Annex 2	External Auditors' Report to the ARC on the Audit for the Year ended 31 July 2025 (ISA (UK) 260)

#### **Operation of Meetings and Terms of Reference**

2. The Committee met seven times during the period August 2024 to November 2025.  
  
The Internal and External Auditors can meet privately with the Committee (without management present) before each meeting and otherwise do so routinely once each year. The External Auditors met with the Committee in November 2024. The Internal Auditors met privately with the Committee in June 2025.
3. In the interests of good practice, the Committee undertakes regular reviews of its Terms of Reference. This year's review only resulted in minor changes which were approved by the Governing Body on 24 June 2025.
4. The Committee receives an annual cycle of business as a standing item at each meeting.

#### **Internal Audit**

5. The Committee draws assurance from the work of the Internal Auditors in monitoring the effectiveness of the University's internal controls. At its meeting in June 2024, the Committee agreed to extend KPMG's contract for a further two year period to August 2027. The Committee received assurance through the following:
  - 5.1 **Internal Audit Strategy and Plan for 2024-2025**  
The 2024-25 plan included a total of 8 audit reviews with a mixture of compliance, strategic and operational areas. These were completed in-year.
  - 5.2 **Internal Audit Reports and Recommendation Follow-Up**  
The Committee takes a focussed approach in overseeing the work of the Internal Auditors. It receives a summary of the internal audit reports and outcomes and concentrates on considering the detailed findings and management responses for 'high' and 'medium' priority recommendations. The number of recommendations in each category ('high', 'medium' and 'low') are reported to the Committee.

The Committee requires the Internal Auditors to monitor progress with the implementation of recommendations by officers and report to each meeting. Where relevant, in keeping with the Committee's instruction, KPMG has set separate implementation dates for multi-part recommendations and milestone targets for long-dated actions, to help monitoring of progress.

At the Committee's request, the Internal Auditors undertook a thematic analysis of internal audit recommendations raised since the 2022/23 academic year. A total of 154 recommendations had been raised over the last three years comprising 9 high, 78 medium and 67 low rated recommendations. The analysis identified that findings by theme were broadly consistent year on year, however there had been an increase in actions related to documentation and compliance in 2024/25 due to more reviews covering areas related to compliance than in previous years. The Committee was pleased to note that timely implementation of recommendations had been consistent over the course of this reporting and that only two actions had remained overdue at year end.

### **5.3 Internal Audit Annual Report 2024-2025 and Opinion (Annex 1)**

The annual report summarises the assurances that the Committee has received from the work undertaken by the Internal Auditors during the year. The reviews inform the Committee's opinion on the adequacy and effectiveness of the University's arrangements for risk management, control and governance, sustainability, economy, efficiency and effectiveness (value for money) and the quality of data submitted to regulatory bodies. The audit reviews carried out to provide this assurance were:

- Risk Management (review on Health and Safety Risk Management and Third Party Risk and Contract Management)
- Control and Governance (review on Professional, Statutory and Regulatory Body Compliance, CMA and ASA Compliance and Safeguarding)
- Financial Sustainability (review on Financial Controls, specifically budget setting and monitoring)
- Quality of Data (review on Pay Gap Reporting)
- Economy, Efficiency and Effectiveness (review on Harassment and Sexual Misconduct (OfS E6 condition))

In respect of the audits undertaken to examine the design and effectiveness of internal controls, six of the eight areas reviewed received "significant assurance with minor improvement opportunities" with two areas (compared to one in the previous period) receiving ratings of "partial assurance with improvements required".

The Internal Auditors concluded that reasonable assurance could be provided regarding the adequacy and effectiveness of the University's risk management, control, and governance processes, as well as its arrangements for economy, efficiency, and effectiveness. However, limited assurance was given in relation to the design and effectiveness of controls concerning Third Party Risk and Contract Management and PSRB Compliance. The Internal Auditors also identified key themes arising from their findings, which were noted by the Committee.

6. There was acknowledgement from the University Executive of the need to strengthen third-party risk and contract oversight, and at the time of the audit work was actively underway to address that area. Enhancing controls and processes related to compliance with the requirements of Professional, Statutory and Regulatory Bodies was also a priority. The Committee further noted recurring themes around ensuring that key documentation, policies, and procedures are both up to date and supported by clear evidence of operational controls.

7. The Committee draws assurance from the work of the External Auditors in meeting its responsibility for reviewing and recommending to the Governing Body the annual consolidated financial statements of the University. Buzzacott LLP were selected as the new external audit provider following a tender exercise in November 2024 and this was the first financial audit undertaken by them.
8. During the reporting period, the Committee has undertaken detailed scrutiny of the report and financial statements for the University for the years ended 31 July 2024 and 31 July 2025. In both cases, the Committee's consideration was informed by a number of accompanying documents, including the External Auditors' Report on the Audits (ISA (UK) 260) (the report for the year ended 31 July 2025 is appended at Annex 2); a detailed report from the Chief Financial Officer on the results for the year, including key accounting judgements and estimates; and a report from the Chief Financial Officer which outlined the work to confirm that preparation of the accounts on a going concern basis was appropriate.
9. In considering the financial statements for the year ended 31 July 2025, the Committee noted that the operating surplus of £26.3m was broadly consistent with the previous year, while total income had risen to £332.5m, reflecting strong performance in research and innovation activities. However, the prevailing cost environment and ongoing sector challenges mean that robust financial management would remain essential. Buzzacott confirmed that an unqualified audit opinion would be issued. Subject to final minor amendments, the Committee approved the financial statements for the year ended 31 July 2025 for recommendation to the Governing Body meeting on 25 November 2025. It is proposed that the statements will be submitted to the Office for Students by the deadline of 5 January 2026.

## ***Risk Management***

10. The Committee remains mindful of the importance of risk management in the University's governance arrangements. Overall accountability and responsibility for the management of risks rests with the Governing Body which delegates the responsibility for keeping the effectiveness of risk management under review to the Audit & Risk Committee. At an operational level, the University Secretary is the executive lead for risk management across the University. The Committee received their assurance through the following:

### **10.1 Risk Management Framework**

A periodic review of the Risk Management Framework was undertaken, encompassing the Risk Management Policy, Risk Management Guide, and Risk Appetite Statement. The review of the Risk Management Policy resulted in minor amendments, including adjustments to the number of faculty and directorate risk registers considered during 'deep dives' at Professional Services Group meetings, and a change in the frequency of Audit and Risk Committee reviews from annually to every two years or more frequently as necessary. The revised Risk Management Policy and Risk Management Guide were approved by the Governing Body at its April 2025 meeting. No changes were proposed to the Risk Appetite Statement.

### **10.2 Strategic Risk Register**

Risk is assessed on a regular basis through a structured cycle of review. The Committee routinely receives a risk management report and the updated Strategic Risk Register (SRR) on a quarterly basis. The SRR sets out risks that are clearly aligned with the priorities in the University's Strategic Plan and its agreed Strategic KPIs. The current SRR includes nine strategic risks and four compliance risks.

A well-established process is in place to ensure the effective and regular review of risks. Each strategic risk has a designated sponsor and operational lead who meet with the Vice-Chancellor and University Secretary every six months to review risks and their mitigating actions. Between these 'deep dive' sessions, risk owners and operational leads conduct interim reviews through correspondence with the

University Secretary. Risks and risk scores are updated as necessary to reflect any changes in risk exposure, mitigating controls, and actions, and to confirm whether residual scores remain within the agreed tolerance levels. Revisions to the SRR are approved by the Vice-Chancellor's Executive prior to submission to the Committee.

### **10.3 Governing Body Consideration of Risk**

The Governing Body is actively involved in the management and control of risk. It regularly considers strategic risks through a Strategic Risk Report and risk dashboard derived from the SRR, after the SRR has been considered by the Committee.

### **10.4 Internal Audit Review**

The assessment of the University's risk management arrangements by the Internal Auditors. Although no specific review of the risk management framework was undertaken, the Internal Auditors have assessed the adequacy of the University's risk management arrangements during their audits (see 5.3).

11. Based on the Internal Auditors' assessment and the good practice identified during their review, the Committee remains satisfied that the University's internal processes are effective in promoting a strong culture of risk management and that an appropriate framework is in place to assess, evaluate, and mitigate risk.

<b>Value for Money (VfM) and Sustainability</b>
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12. The Audit & Risk Committee is required to satisfy itself that appropriate arrangements are in place to promote economy, efficiency, and effectiveness (i.e. value for money). The Committee is also mindful of its responsibility to ensure the achievement of value for money for both students and taxpayers, in line with the requirements of the Office for Students (OfS) Regulatory Framework. The Committee has received assurance in this regard through the following:

#### **12.1 VfM Monitoring and Reporting**

The Committee receives an annual report on VfM governance which outlines the ways in which a culture of VfM is embedded across the University. The report was considered at the March 2025 meeting of the Committee and was subsequently provided to the Finance Committee for information. The report uses the OfS's definition of VfM to group the University's activities across three core VfM areas used by the OfS (Teaching Quality and Outcomes, Consumer Protection and Fees, Funding and Efficiency). The report also indicates how the strategic KPIs relate to VfM objectives, either directly or indirectly. The Committee was satisfied that the report provided a positive account of the University's commitment to achieving VfM.

#### **12.2 Internal Audit Assessment of VfM**

The Committee is required to provide an annual opinion on the adequacy of the University's arrangements for securing value for money (VfM). Consideration of VfM is incorporated into all audit reviews to assess whether underlying systems and controls promote VfM. During the year, the Internal Auditors confirmed that their work had not identified any findings that would cause them to question the arrangements in place to secure value for money in the use of resources.

13. Based on the information provided, the Committee remains satisfied that a value for money culture exists within the University and that University staff are committed to achieving economy, efficiency, effectiveness and exercising prudence in all its corporate and academic strategies and the use of financial and other resources.
14. The CUC Audit Committees Code of Practice requires the Committee to satisfy itself that effective arrangements are in place to ensure the sustainability of the institution. As indicated (see section 10), the Committee regularly reviews the University's Strategic Risk Register which includes major risks to the University's sustainability, and the Committee draws assurance from the Internal Auditors' assessment of the adequacy of the

University's risk management arrangements. The University's going concern assessment was reviewed by the Committee in November 2023 and November 2024 as part of the Committee's review of the University's financial statements. The Committee also notes that the terms of reference of the Finance Committee include ensuring the financial sustainability of the University and that the University's financial performance is regularly monitored by the Finance Committee and the Governing Body. On this basis, the Committee is satisfied that adequate and effective arrangements are in place to ensure the sustainability of the institution.

## **Data Assurance**

15. The Committee is required by the CUC Audit Committees Code of Practice to satisfy itself that effective arrangements are in place to ensure appropriate and accurate data returns to regulatory bodies. It is also relevant to the need to comply with OfS Condition of Registration B4. The Committee receives assurance through the following:

### **15.1 Annual Report on Management and Quality Assurance of External Data Submissions**

The Committee receives an annual report on data governance, outlining the processes in place for managing and assuring the quality of data submitted to external agencies (the report was provided to the Committee in September 2024 and September 2025). The report provides assurance on the robustness of the University's data management systems and processes. In September 2024, the Committee were informed that in response to challenges associated with Data Futures, the University has taken proactive steps to strengthen its internal data validation processes which aimed to ensure the accuracy of statutory data submissions and deepen institutional understanding of how such data informs league table metrics. This led to improvements in key indicators, including the Student-Staff Ratio (SSR) and Spend per Student metrics.

At its September 2025 meeting, the Committee noted that all statutory returns to the Higher Education Statistics Agency (HESA) and OfS had been submitted in accordance with the required deadlines. It was also noted that the rollout of the HESA Student Data Futures Record, which replaced the previous process for submitting data to HESA, had presented challenges and led to delays and late changes from the regulators. Despite these difficulties, the University successfully met the revised submission deadlines set by the OfS and achieved quality assurance approval from both HESA and the OfS.

### **15.2 Internal Audit Assessment of Data Quality**

The Internal Auditors undertake an annual audit of data quality. In 2024/25, a review of the processes and controls underpinning the Pay Gap Reporting process received an overall rating of 'significant assurance with minor improvement opportunities' for both control design and operational effectiveness. The audit resulted in seven 'medium' and five 'low' priority recommendations. The auditors found that processes and procedures in this area were clearly defined and that the data used was consistent with HESA data disclosed externally. They also identified examples of good practice but noted the need to address system mapping issues that could contribute to inaccurate reporting. The Committee was satisfied with management's assurance that the agreed actions would be implemented ahead of the next pay gap reporting period.

In accordance with the OfS Transparent Approach to Costing (TRAC) return process, the Committee received a review of the 2023/24 TRAC cycle, its approach to the 2024/25 TRAC return and benchmarking data of its performance against its peers. The Committee is reassured by the senior leadership oversight of the process to help drive engagement.

### 15.3 Data Protection and Security

The Committee maintained its focus on data protection and information security given the importance of the risk. It received assurance from the following:

- Regular briefings from the Chief Information Officer including:
  - Noting the levels of external assurance in relation to cyber security, including ongoing work to achieve formal recognition as an NCSC Academic Centre of Excellence in Cyber Security Research.
  - Detailed follow-up updates in relation to the University's response to the incident on 19 July 2024, when a faulty software update released by CrowdStrike caused a global systems crash.
- Regular monitoring updates on IT security metrics through the IT and Information Security Report, which is a standing item at each meeting. These metrics are subject to continuous review to ensure they remain relevant and fit for purpose. During the reporting period, ISO27001 audits were successfully completed for both the Natural Resources Institute (NRI) and Information and Library Services Directorate (ILS). The outcomes were positive, with only four minor non-conformities identified across both the NRI and ILS.
- Regular monitoring of staff and PGR student completion rates for mandatory training on data protection and IT security. The Committee was pleased to note that nearly 99% of all staff have completed the mandatory data protection and security information training. It also noted the University's intention to provide specialist training through its Information Security, Cyber Security and Information Compliance teams, rather than investing in a separate training platform.
- The KPMG Cyber Security Maturity Exercise. KPMG had undertaken a cyber security maturity assessment in 2019 and were commissioned to repeat the exercise to evaluate improvements in security maturity. The assessment concluded positively, noting a significant increase in cyber maturity, substantial enhancements to the control environment, and robust governance processes for identifying, managing and mitigating cyber risk. At the January 2025 meeting, the Committee was satisfied with the independent assurance on the University's cyber security strategy, governance, risk management and key operating controls and welcomed the external recognition of improvement since the 2019 assessment.

<b>Governance and Other Work</b>
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16. As part of its role in ensuring robust internal controls are in place to secure legal and regulatory compliance, the Committee annually considers an assessment from the University Secretary of the University's compliance with the Office for Students' Ongoing Conditions of Registration. A report was considered at the January 2025 meeting when the Committee received assurance that there were no gaps in compliance.
17. The Committee has a remit for monitoring institutional culture and behaviour as required Governance. During the reporting period the internal auditors used their soft controls methodology to evaluate culture and behaviour in the review on Budget Setting and Monitoring, which included a survey of those involved in the process.
18. The Committee has reviewed institutional documentation prepared as part of the University's regulatory obligations prior to its submission to the Governing Body for approval. This has included the reports prepared in relation to the Prevent statutory duty and the requirements of the Modern Slavery Act.

In relation to its remit for governance processes associated with the management of risk and ethical behaviour, the Committee received reports on disclosures made throughout the reporting procedure under the University's Public Interest (Whistleblowing) Policy and Procedure.

19. The Committee is notified of actions taken under the policies on fraud and irregularity and is required to oversee significant losses are thoroughly investigated. Throughout the reporting period, the Committee was kept informed of an incidence of fraud originally investigated under the Counter Fraud Policy with the resolution of the matter reported to the September 2025 meeting.
20. The Committee reviewed and approved proposed amendments to financial policies, including the Anti-Bribery Policy, Anti-Money Laundering and Counter-Terrorism Financing Policy and the University's Accounting Policies. These revisions were made to ensure alignment with current regulatory requirements and institutional priorities.

<b>Opinion</b>
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21. The Committee has reviewed the findings of the Internal auditors on the effectiveness of the systems of internal control, governance and risk management. Arising from their work during 2024/25, the Internal Auditors raised 65 actions, of which 3 were high priority, 40 were medium priority and 22 were low priority. The Committee has been pleased to note the sustained performance in implementing internal audit actions. The Committee remains satisfied that the VfM principles are integrated into day-to-day activities and that the University's arrangements for ensuring value for money and sustainability are adequate and effective, subject to improvement in some areas.
22. The Governing Body strives to be consistent with the guidance from the Committee of University Chairs (CUC) and to comply with all essential elements of the CUC's Higher Education Code of Governance and Higher Education Senior Staff Remuneration Code. The Committee is satisfied that the Corporate Governance Statement in the Report and Financial Statements for the year ended 31 July 2025 is a reasonable summary of how the principles of corporate governance have been and continue to be applied in the University.
23. Based on all information provided, the Committee has concluded that, overall, the University's internal systems of risk management, control and governance were largely adequate and effective and were of an appropriate standard to attaining economy, efficiency and effectiveness. The Committee is also assured that the University's arrangements for the management and quality assurance of data provided to external bodies are robust and effective.

D Hoey  
3 November 2025