Queen Mary University of London

Annual Report of Audit and Risk Committee 2024–25

Outcome requested	Audit and Risk Committee is asked to **consider** the first draft of the Annual Report for 2024–25. The final report will be submitted to Council in November.
Executive Summary	In line with the CUC Audit Committees Code of Practice, the Audit and Risk Committee annual report has been produced for the governing body and head of institution, timed to support the preparation of the published financial statements. The report should include the Committee's conclusions on the adequacy and effectiveness of the institution'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 report should describe how the Committee discharged its duties and should include any significant issues arising during the financial year and the period up to the date of the report. The Committee should also report that it has confirmed with the internal and external auditors that the effectiveness of the internal control system has been reviewed. Areas where additional information will be added or confirmed after this meeting have been highlighted.
QMUL Strategy:	Financial sustainability
Internal/External reference points:	CUC Audit Committees Code of Practice
Strategic Risks	11. Delivery of Estates and IT enabling plans 12. Improved cash generation to enable investment 14. Strategy implementation 15. Incident management and business continuity 16. Compliance
Subject to onward consideration by:	A second draft of this report will be considered by the Committee on 04 November 2025 before going to Council.
Confidential paper under FOIA/DPA:	No
Equality Impact Assessment	Not required
Timing:	Annual report to the Committee
Author:	Dr Nadine Lewycky, Head of Secretariat

Date:	11 September 2025
Senior Management/ External Sponsor	Peter Thompson, Chair of Audit and Risk Committee

Annual Report of Audit and Risk Committee 2024–25

1. Introduction

1.1. This is the annual report of the Audit and Risk Committee for the 2024–25 financial year. Under the CUC Audit Committees Code of Practice, the Committee should produce an annual report for the governing body and head of institution, timed to support the preparation of the published financial statements. The annual report should include the Committee's opinion of the adequacy and effectiveness of the institution's risk management, control and governance, sustainability, economy, efficiency and effectiveness (value for money), and the quality of data submitted to regulatory bodies. The report should describe how the Audit Committee has discharged its duties and should include any significant issues arising during the financial year and the period up to the date of the report.

2. Committee Constitution

2.1. The Committee reviewed progress at each meeting against the annual business plan for 2024–25.

2.2. Members of the Committee (none of whom have executive authority):

External Members of Council
Peter Thompson (Chair) (to 29/11/2025)
Patricia Gallan
Malcolm Hitching
Indy Hothi
Dr Alix Pryde (from 01 September 2025 and Chair from 30/11/2025)

Co-opted External Members
James Hedges

2.3. The following attended meetings of the Committee on a regular basis:

Representatives of the Senior Executive and other senior officers

Professor Colin Bailey	President and Principal
Karen Kröger	Chief Financial Officer
Jonathan Morgan	Chief Governance Officer and University Secretary
Dr Sharon Ellis	Chief Operations Officer

Representatives of the Internal Auditors

Amy Warby	KPMG
Neil Thomas	KPMG

Representatives of the External Auditors

James Aston	BDO
Sarah Durrant	BDO

2.4. Isabelle Jenkins, Treasurer and Chair of the Finance and Investment Committee, had access to the papers circulated to the Audit and Risk Committee via the board management software Convene. Arrangements were in place to facilitate appropriate liaison between the two committees.

2.5. *Secretary to the Committee*

Dr Nadine Lewycky	Head of Secretariat

2.6. *Terms of Reference*
The Committee reviewed its Terms of Reference at its meeting on 17 September 2025. No amendments were suggested to the Terms of Reference for 2025–26. The Terms of Reference are appended as Annex A.

2.7. *Committee Effectiveness*
The Committee's Terms of Reference require it to review its effectiveness on an annual basis. The Committee discussed its effectiveness at its meeting on 17 September 2025. DETAILS TO BE INSERTED There were no issues that prevented the Committee from discharging its responsibilities effectively.

3. Meetings of the Committee

3.1. The Committee met on the following dates since the start of 2024–25:

- 17 September 2024
- 06 November 2024
- 11 March 2025
- 19 June 2025
- 17 September 2025
- 04 November 2025

3.2. The following table records attendance at meetings by members.

	17/09/24	06/11/24	11/03/25	19/06/25	17/09/25	04/11/25
P Gallan	✓	X	✓	✓		
J Hedges	✓	✓	✓	✓		
M Hitching	X	✓	✓	✓		
I Hothi	X	✓	✓	✓		
A Pryde	N/A	N/A	N/A	N/A		
P Thompson	✓	✓	✓	✓		

4. Internal Audit

4.1. Internal audit services in 2024–25 were provided by KPMG for a fee of £121,914 plus VAT. KPMG was re-appointed as the University's internal auditors for a period of four years from 01 August 2022.

4.2. The total number of days allocated to internal audit during 2024–25 across all areas was 122. No restrictions were placed on the work of the Internal Auditors in 2024–25. The Committee considered progress reports on the 2024–25 audits at its meetings in September and November 2024, and March and September 2025.

4.3. The Internal Audit Annual Report for 2024–25 was considered by the Committee at its meeting on 17 September 2025. A summary of the internal audit findings is attached as Annex B. Members attended a private meeting with the Internal Auditors ahead of the Committee meeting on 17 September 2025. There were no points from this meeting that the Committee needed to draw to the attention of Council. TO BE CONFIRMED

4.4. Seven scheduled audits agreed in the 2024–25 operational plan were completed during this reporting period and the Committee received individual reports from each audit. In March 2025, the Committee received a follow up report on the testing of operating

effectiveness for Course Quality Assurance, which had received an initial rating of significant assurance with improvements required (amber-red) in September 2024 as part of the 2023–24 internal audit.

4.5. Internal audit verdicts are classified according to a series of assurance levels, identified in the following table:

Assurance level	Classification
Green	Priority three only, or no recommendations i.e. any weaknesses identified relate only to issues of good practice which could improve the efficiency and effectiveness of the system or process.
Amber-green	One or more priority two recommendations i.e. that there are weaknesses requiring improvement but these are not vital to the achievement of strategic aims and objectives – however, if not addressed the weaknesses could increase the likelihood of strategic risks occurring.
Amber-red	One or more priority one recommendations or an identified need to improve the systems in place to enable achievement of strategic aims and objectives. i.e. the weakness or weaknesses identified have a fundamental impact preventing achievement of strategic aims and/or objectives; or result in an unacceptable exposure to reputation or other strategic risks.
Red	One or more priority one recommendations and fundamental design or operational weaknesses in the area under review. i.e. the weakness or weaknesses identified have a fundamental and immediate impact preventing achievement of strategic aims and / or objectives; or result in an unacceptable exposure to reputational or other strategic risks.

4.6. The outcomes of the reviews undertaken is summarised in the following table:

Review	**Outcome (rating)**	**Number of Recommendations**		
		High	Medium	Low
Cloud based working	Significant assurance with minor improvement opportunities	0	1	6
Course quality assurance – testing of operating effectiveness	N/A	0	0	1
Estates projects – contractor management	Significant assurance with minor improvement opportunities	0	5	1
Space management	Significant assurance with minor improvement opportunities	0	3	1
Students' Union	Significant assurance with minor improvement opportunities	0	6	1
Student wellbeing	Significant assurance with minor improvement opportunities	0	4	5
Trusted research	Significant assurance with minor improvement opportunities	0	6	4

Widening Access and Participation Plan	Significant assurance	0	0	4

4.7. TO BE COMPLETED Six of the seven internal audit reports received by the Committee this year had been rated 'significant assurance with minor improvement opportunities' (amber-green) or and one rated 'significant assurance' (green) with no high priority recommendations. The Committee heard that there were 6 actions overdue at the time of the September meeting, of which 5 were medium priority and one low priority.

4.8. The Committee considered an internal audit report on the testing of the operating effectiveness of controls for Course Quality Assurance in March 2025. This was a follow up report to the interim report on Course Quality Assurance that the Committee had considered at its meeting on 17 September 2024. The interim report had been given a rating of 'partial assurance with improvements required' (amber-red) with two medium-level and two low-level recommendations. The report found good assurance that controls were working effectively. One additional recommendation had been made in relation to the process for reviewing programme outcome reports across all faculties.

4.9. The Committee discussed the proposed areas for inclusion in the 2025–26 Internal Audit plan and five-year plan at its meeting on 19 June 2025 with seven proposed topics and two reserve topics. The UKVI and UUK student housing audits had been included to satisfy compliance requirements. The maintenance audit would build on the contractor management audit from the 2024–25 plan and would include benchmarking against other institutions and some assurance around procurement. The workforce planning audit would consider processes and data gathering across both academic and professional services areas. The Committee discussed the rationale for including cyber only as a reserve topic, considering the risk level and the last audit having taken place in 2021. As the University was preparing for ISO 27001 accreditation in the first part of 2025–26, the area was already under detailed external review. The Committee approved the final version of the plan at its meeting on 17 September 2025. TO BE CONFIRMED

5. External Audit

5.1. External audit services for 2023–24 were provided by BDO for a fee of £311,000 including VAT. Members attended a private meeting with the External Auditors after the Committee meeting held on 04 November 2025. DETAILS TO BE INSERTED There were no points arising from the private meeting that the Committee needed to be drawn to the attention of Council.

5.2. The Committee considered and approved the External Audit Plan for 2024–25 at its meeting on 19 June 2025.

5.3. TO BE COMPLETED The External Auditors' Report and management response for 2024–25 was considered by the Committee on 04 November 2025.

6. Approval of Financial Statements

6.1. At its meeting on 04 November 2025 the Committee recommended that Council should approve the Financial Statements for 2024–25. Council's decision at its meeting on 27 November 2025 was to approve the Financial Statements. TO BE CONFIRMED

7. Risk Management

7.1. Queen Mary's approach to risk management is set out in its risk management framework which was reviewed by internal audit in 2017–18. The annual Internal Audit Operational Plan is aligned with identified risk areas.

7.2. The Committee received and discussed the Strategic Risk Register during 2024–25 at its meetings in September 2024, March 2025, and September 2025, and an update on KPIs and lead indicators in June 2025. The Committee reports to Council on its consideration of strategic risk through the provision of minutes to Council presented by the Chair of Audit and Risk Committee. This was done on 10 October 2024, 21 November 2024, 27 March 2025, 10 July 2025 and 09 October 2025.

7.3. The Committee considered bi-annual reviews of cyber security at its meetings in September 2024 and March 2025. In September 2024, the Committee received an update on the new dashboard providing oversight of cyber security measurements. Our security scorecard score, which showed how our systems appeared to the outside world, had reduced in August as a result of bringing previously devolved systems into the central infrastructure. The aim was to bring the score back up in line with the sector standard by the time of the next report in March 2025. Our measures on the Microsoft environment were above the sector average, but we were challenging to improve the scores as part of the preparations for ISO 27001 accreditation. The Committee discussed what learnings could be incorporated from cyber-attacks at other organisations, including regular backups which would allow us to restore systems quickly. The take up of new online security training remained below target and new ways of improving compliance were being explored. New risks were emerging around deep fakes and impersonations.

7.4. In March 2025, the Committee received an update on cyber security. The Committee heard that Security Scorecard and MS Secure scores had dramatically improved since the last update in September 2024. An ambitious target of <30 for the exposure score had been set and was expected to be achieved through upcoming work to patch devices more regularly. Training completion rates had improved from 42% to 67% by February 2025. A new online version of the training, which was modernised and shorter, had been released in January 2025 and contributed to the improved uptake. The Committee heard that IT was looking to implement a Zero Trust network which would segregate the network and limit the spread of any cyber-attack. Work was underway with academic leaders to create secure areas for research on the dark web that would not impact the rest of the network.

7.5. The Committee sought additional information on key external risks from the Senior Executive and the internal auditors throughout the year, including a deep dive on external risks and the regulatory landscape in June 2025. Key risks identified by the Senior Executive included UK government policy towards immigration and the funding of universities; and the impact of the geo-political climate on international student recruitment; protection against cyber security and technological risks; prospective future industrial activity; and sustainability and the impact of climate change on our infrastructure. The Committee considered the severity and likelihood of risks, institutional resilience and review timeframes. The Committee considered the potential impact of external risks on the University's strategy, operations, and budget assumptions and forecasts. In light of the deep dive discussion, the Senior Executive agreed to reflect on how the external risks would be presented in the financial statements and reported to Council more generally.

7.6. At its meeting on 11 March 2025, the Committee received a deep dive report on Freedom of Speech. The Committee heard that the University held a strong position of long standing on Freedom of Speech and consequently, the compliance risk was considered low. The Code of Practice on Freedom of Speech had been updated to align with the Higher Education (Freedom of Speech) Act 2023 and benefited from significant academic and student input through a task and finish group established by the Senate. It was established practice for the Students' Union to adopt the University's Code and engage with the processes on free speech. This ensured that final appeals about student-led events would be heard by the President and Principal, or their nominee.

Some process related issues were still being worked through in relation to event booking, supporting academic leaders to lead staff and students in implementing the policy, and consideration on the introduction of training on freedom of speech for staff and students. The University maintained a neutral position on political and cultural issues which could pose challenges with stakeholder perceptions. This had emerged strongly in relation to student protest activity around the Middle East conflict. The Committee commented positively on the Code and the starting point that speech was permitted unless restricted by law. The Committee asked about culture within the University on freedom of speech. There were pockets where discussing certain topics was challenging and continued to work towards establishing the University as a safe space for respectful debate.

8. Legal Compliance

8.1. The Committee considered a report under the new legal compliance reporting framework in March 2025 that provided an in-depth investigation into upcoming legal compliance risks and identified mitigations in the areas of finance, governance and the Faculty of Medicine and Dentistry. Finance had identified an evergreen risk in relation to international tax, and new risks relating to the Economic Crime and Corporate Transparency Act 2023 and the OECD Pillar 2 regulations. The report found that Finance had effective risk mitigation mechanisms in place. Governance had identified a new risk with the introduction by the Office for Students of Condition of Registration E6 relating to harassment and sexual misconduct. A working group had been established to ensure that the University would achieve compliance when the new condition came into effect on 01 August 2025. The Faculty of Medicine and Dentistry had not identified any legal compliance risks specific to the faculty. This assessment had been discussed by management, and it was agreed that no obvious gaps existed. Further consideration would be given to conversations with faculties about risk and compliance processes in future iterations. Broader lessons had been identified in relation to gatekeeper roles, knowledge sharing and policies. The Committee said that the new reporting framework did not provide a ready overview of compliance roles and asked for these to be included in future reports so that the Committee can appraise the balance between resource and risk.

8.2. In June 2025, the Committee received a legal compliance report on three HR risk areas: EDI, employment law, and immigration and asylum. No material concerns had been identified with teams being well placed to identify and mitigate existing and upcoming compliance risks. The new legal compliance reporting structure had enabled a more nuanced approach to the review of different risk areas and created opportunities to comment on the compliance culture. However, there was the potential to over-estimate levels of compliance by focusing on policy. Going forward, activity in central and faculty teams, as well as wider data sets, would be considered to gain a more rounded view. On the basis of the information provided, the Committee was satisfied that the University has adequate and effective measures in place to secure compliance with applicable law and regulation.

8.3. The Committee considered the Prevent Duty Annual monitoring return for 2024–25 at its meeting on 04 November 2025. DETAILS TO BE COMPLETED The Committee was satisfied, on the basis of the information provided, that the University had due regard for the requirements of the Prevent Duty and agreed to recommend approval to Council.

9. Value for Money (VFM)

9.1. The university's approach to Value for Money (VfM) is outlined in the front narrative section of the financial statements which was considered by the Committee in draft at its meeting on 17 September 2025. TO BE COMPLETED

10. Public Interest Disclosure (Whistleblowing)

10.1. TO BE COMPLETED The Committee received report of six disclosures under the whistle blowing policy between September 2024 and November 2025. Four investigations had been concluded and actions were being implemented. Two investigations were ongoing. The whistle blowing policy was updated in November 2024 following a review of investigation outcomes, external guidance and benchmarking against policies at other Russell Group universities.

11. Serious incidents, including fraud and loss of assets

11.1. Under the Financial Regulations, any suspicion of bribery, fraud, or other irregularity must be reported immediately to the Chief Financial Officer. The Committee received a report in March 2025 about a supplier being targeted by a scammer pretending to be from Queen Mary. A newsletter was sent out to our suppliers warning them about the scam, advising them how to check the legitimacy of the communication, and the actions we were taking to report it. The Chief Financial Officer reported to the Committee in June 2025 that the University had been contacted by the US Department of Justice regarding a lawsuit against the student recruitment agency Study Across the Pond. Queen Mary was not party to the lawsuit but had been asked to share information about any interactions it had with the company. The Senior Executive was taking legal advice.

11.2. In June 2025, the Committee received an update on compliance with the Economic Crime and Corporate Transparency Act 2023 which would come into effect in September 2025. Under the new 'failure to prevent' offence, an organisation would be held liable if it failed to prevent specified fraud offences being committed by a 'senior manager' acting within the actual or apparent scope of their authority. The Committee heard that, following an internal review, it had been decided to embed controls to comply with the Act within existing risk management processes in faculties, schools and directorates. This approach would ensure that risks and controls would be reviewed routinely going forward.

11.3. The Committee received a report in September 2025 about an incident in which a full-time staff member was employed full-time at two other organisations at the same time as Queen Mary. The employee had joined Queen Mary in December 2024 and had not requested permission to work with outside bodies as required by the terms of their contract. The employee had already resigned and was taking accrued annual leave to the end of their notice period by the time this information was received. The employee was being performance managed in advance of their resignation. IT access was revoked and final payment for a period of sick leave was withheld. The employee received written notification that had they remained in employment an investigation would have been initiated. A review of similar incidents identified a separate case of two staff working for another employer. The investigation had led to both staff leaving the university. The HR Director would be notifying the police of the patter of behaviour. The wording regarding working for outside bodies in the standard contract was being reviewed. The Director of Finance and Director of HR would explore with the University auditors the possibility of undertaking a review to identify staff with multiple employments for future investigation.

12. Data quality and integrity

12.1. TO BE COMPLETED A data quality review forms part of the annual Internal Audit Operational Plan. During 2024–25, the Internal Auditors undertook x number of data quality reviews.

12.2. The Committee considered the Transparent Approach to Costing (TRAC) return and methodology for 2023–24 at its meeting in March 2025. The results showed a reduction in the overall amount recovered on our full economic costs from 99.0% in 2022–23 to 97.3% in 2023–24. The recovery rate on the cost of publicly funded teaching had risen

to 90.2% from 86.7%, but the recovery rate on research had dropped from 63.5% to 58.2%. Updates to the time allocation survey ascribed more costs to research resulting in research recovery rate going down and obscuring improvements made on the underlying research recovery rate. We would conduct benchmarking against our competitors when the data become available in the summer.

13. Opinion

13.1. In line with the CUC Audit Committee code of practice, the Committee has reached the following opinions on the adequacy and effectiveness of Queen Mary's arrangements for: TO BE CONFIRMED

(i) *Risk management*
Overall findings on design showed controls are effectively designed and our testing showed controls are operating effectively.

(ii) *Control and governance*
Overall findings on design showed that controls are effectively designed. Testing showed controls are operating effectively, however some could more consistently applied, in particular in relation to the documentation of actions and meeting outcomes.

(iii) *Financial sustainability*
Overall findings on design identified that controls are effectively designed, with some improvement opportunities in relation to streamlining processes. Controls were operating effectively with some localised exceptions which bypassed established controls around supplier onboarding, receipting and the use of purchasing cards.

(iv) *The quality of data*
Overall findings showed controls are effectively designed and operating with the exception of some data elements within the HE-BCI return (which is a lower risk return for the University).

(v) *Economy, efficiency and effectiveness (Value for money)*
Overall findings showed controls are largely well designed and operating effectively with some opportunities to improve consistency.

Peter Thompson
Chair, Audit and Risk Committee
Xx November 2025

Annex A: Terms of Reference
Annex B: Head of Internal Audit Opinion
Annex C: External Audit Report – Recommendations and management responses considered by the Committee on 04 November 2025.

Audit and Risk Committee
Terms of Reference 2024–25

Audit and Risk Committee is a committee of Council, mandated by the Office for Students (OfS) under the Terms and conditions of funding for higher education institutions. The Committee oversees Queen Mary University of London (QMUL)'s arrangements for external and internal audit, financial control and risk management, providing assurances in these key areas through its annual report to Council.

1. External and Internal Audit

1.1 To make recommendations to Council at least annually on the appointment of external and internal auditors.

1.2 To commission a competitive tendering process:
- for external audit services at least every 5 years; and
- for internal audit services at least every 5 years.

1.3 To oversee external and internal audit services by:
- promoting co-ordination between external and internal audit services;
- providing input to, and approving, an annual external audit strategy and internal audit plan;
- reviewing reports and recommendations from the external and internal auditors;
- reviewing the adequacy and implementation of the Executive response; and
- reviewing the effectiveness and objectivity of the external and internal auditors.

1.4 To review the draft annual financial statements with the external auditors and recommend their adoption by Council following satisfactory resolution of matters raised.

2. Financial Control and data assurance

2.1 To review the adequacy and effectiveness of the Executive's systems for:
- management and quality assurance of external data returns;
- financial control;
- obtaining value for money; and
- responding to alleged financial irregularities.

2.2 In relation to alleged financial irregularities:
- to receive regular reports from the internal auditors and the Executive on reports received, investigations conducted and action taken; and
- to obtain assurances that any significant losses have been appropriately disclosed and (where appropriate) reported to the OfS and other external bodies.

3. Risk management

3.1 To review the effectiveness of mechanisms operated by the Executive for identifying, assessing and mitigating risks (including, where appropriate, mitigation by insurance).

3.2 To regularly consider the current status of core risks to the QMUL Strategy, through the review of data and documents presented by the Executive and derived from the Strategic Risk Register.

3.3 To periodically test scores and controls in selected areas of activity through consideration of specific reports, including a report on cyber security.

3.4 To review the outcomes of audits and reviews undertaken by institutional regulators, funders and other relevant organisations.

3.5 To oversee the Public Interest Disclosure (whistle-blowing) policy and receive regular reports from the Executive on cases.

4. Legal and Statutory Compliance

4.1 To consider an annual report on exceptions to legal and statutory compliance from the Executive, and request follow up action, including investigation and reporting where identified.

5. Committee evaluation

5.1 To review the Committee's effectiveness and the suitability of its terms of reference annually.

Membership of Audit and Risk Committee

- No less than three and no more than five external members of Council, one of whom will be the Chair of the Committee.
- Up to two co-opted members who are external to QMUL and have relevant expertise.

Mode of Operation

1. Audit and Risk Committee meets at least three times per year. The Committee holds one annual *in camera* meeting with representatives of internal audit and one annual *in camera meeting* with representatives of external audit, normally immediately before scheduled meetings.

2. The Committee will prepare an annual report covering the institution's financial year and any significant issues up to the date of preparing the report. The report will be addressed to the Council and the President and Principal, summarising the activity for the year, and providing an opinion on the adequacy and effectiveness of the institution's arrangements for risk management, control and governance, sustainability, economy, effectiveness and efficiency (value for money) and the quality of the data submitted to regulatory bodies in line with the Committee of University Chair's Audit Committees Code of Practice. The Committee's opinion is based on the conclusion provided from the programme of internal audit through the year as well as other assurance reports from management and on occasion other parties.

3. The Committee reports to the next meeting of Council following each of its meetings through the provision of its minutes. Specific proposals requiring Council consideration and approval are identified in the terms of reference.