

AUDIT AND RISK COMMITTEE
Tuesday 04 November 2025

CONFIRMED MINUTES

Present:

Peter Thompson (Chair)
Malcolm Hitching

Patricia Gallan
Indy Hothi

James Hedges
Dr Alix Pryde

In attendance:

James Aston [external audit]
Karen Kröger
Neil Thomas [internal audit]

Professor Colin Bailey
Dr Nadine Lewycky
Amy Warby [internal audit]

Dr Sharon Ellis
Jonathan Morgan

For m. 2025.019

Professor Martin Coward
Petra Dodd
Louise Lester
Professor Richard Pickersgill

For mm. 2025.020–022

Sarah Durrant [external audit]
Thomas Skeen

Apologies:

None

Welcome, apologies and declaration of interests

2025.018 The Chair welcomed everyone to the meeting and noted the apologies. No declarations of interests were made.

Deep dive on action in response to the staff survey [ARC25/16]

2025.019 *Minute 2025.019 is confidential.*

External auditors' annual report 2024–25 [ARC25/17]

2025.020 The Committee **considered** the external auditors' annual report 2024–25. The following points were noted in the discussion:

[a] The audit was substantially complete and, subject to the successful resolution of outstanding matters, it was anticipated that an unmodified audit opinion would be issued. A minor error had been identified relating to the classification of c.£515K which had not been adjusted. Work continued on management override and the going concern assessment, but no issues were anticipated. The team at BDO were liaising with Mazars about the valuation of the loan notes. No significant control deficiencies had been identified. The few minor issues raised in last year's audit had been

addressed. The audit partner had commended the finance team at Queen Mary as being one of the strongest among their clients.

- [b] The University was required to prepare a separate set of US GAAP accounts this year as it had passed the threshold for the number of students in receipt of US federal loan funding. An external specialist had been contracted to help with the preparation of the accounts, which would be audited by the US team at BDO. The Committee noted that the US GAAP accounts would not hold the same status as the University's statutory financial statements and the timeline was different. The executive had put together a proposal for signing the letter of representation required as part of the return that took these differences into account.
- [c] The Committee sought assurance from the auditors that the mitigation plans were sufficient to safeguard the University's going concern position in the event of a significant downturn in the sector's finances. The executive had prepared two scenarios to test going concern which took into account potential reductions in student numbers, the introduction of the international student levy, a reversal of the USS pension position and broader geopolitics. The audit of the going concern assessment was in progress but no issues were expected. The scenarios and mitigations would also be considered by Finance and Investment Committee.
- [d] It was noted, for the purposes of clarification, that the valuation of the loan notes was linked to yield rate and benchmarking data which caused annual movements. The valuation was theoretical, because the University intended to hold the loan notes until maturity.
- [e] The Committee asked whether the expected downturn in the stock markets would have an impact on the USS pension valuation. Not all the pension assets were held in equity, so these assets were not exposed to the stock market. In addition, the pension valuation calculation considered the net present value of the future liabilities, which were impacted by gilt rates; these had remained quite high, reducing the liability. The USS scheme's most recent funding update indicated an improvement in both the technical provisions surplus and the self-sufficiency position since the last valuation. The next scheduled valuation would take place in March 2026. The University had budgeted an increase in employers' contributions in anticipation of a reversal of the current position.
- [f] The Committee sought input from the internal auditors on the executive's mitigating plans in the context of their work with other universities. The audit had shown that the University had strong processes and institutional culture which would set it up to withstand significant financial upheaval. While major financial shock was unlikely, the executive had successfully steered the University through the pandemic which had affected the whole operations and should provide the Committee with a certain level of confidence.

Letter of Representation [ARC25/18]

2025.021 The Committee **considered** the Letter of Representation. The following points were noted in the discussion:

[a] The Letter of Representation would be provided by Council to the external auditors to confirm that the accounts had been prepared in accordance with the applicable accounting regulations. The content of the letter was standard except for a statement reflecting the intention not to pre-pay the valuation of the loan notes.

[b] The Committee agreed to **recommend to Council** the Letter of Representation.

Audited financial statements [ARC25/19]

2025.022 The Committee **considered** the audited financial statements 2024–25. The following points were noted in the discussion:

Minute 2025.022 [a] – [d] is confidential.

Financial statements

[e] Key risks to the financial position included a reduction in international student tuition fee income and slower than planned reduction in staff costs. It was still early in the 2025–26 admissions cycle, but applications for overseas postgraduate taught students were currently down on the previous year. Some parts of the sector continued to recruit strongly in this market, but these were typically universities in another part of the sector with a different price point.

[f] The Committee agreed to **recommend to Council** the Financial Statements for 2024–25.

Internal audit report on capital projects [ARC25/20]

2025.023 The Committee **received** an oral update on the internal audit report on capital projects. The final draft of the report was nearing completion. The actions identified related to improving contingency monitoring and planning, expanding the depth of project teams, and updating reporting to improve visibility of the full project portfolio to Finance and Investment Committee. The Executive had already started working on actions in these areas. The final report would be circulated to the Committee after the meeting.

Actions: KPMG

Internal audit annual report 2024–25 and progress report on the 2025–26 internal audit plan [ARC25/21]

2025.024 The Committee **considered** the internal audit annual report for 2024–25 and a progress report on the 2025–26 internal audit plan. The following points were noted in the discussion:

[a] The report provided annual conclusions on the areas where the Committee was required to provide assurance to Council. The original 2024–25 plan included the delivery of seven reviews, all of which had been completed. During the year, follow up testing of the operation of the controls assessed in the 2023–24 Course Quality Assurance internal audit review had been completed. An additional review on the School of Business and

Management and the Queens' Building capital projects had been agreed in-year and was nearing completion. Of the management actions that had been raised during the year, none had been high priority and none had indicated particular areas of concern. The audit had found well-designed systems for the last few years.

- [b] The positive audits over the last few years signalled an opportunity to reflect on the structure of the internal audit going forwards. The audit partner said that some other organisations had reached the same level of maturity and had adopted an approach with a higher number of audits focused on the operation of controls rather than control design, while retaining the flexibility to review any systems design issues that were identified through the other audit work.
- [c] The Committee asked how the number of audits benchmarked against similar institutions. The amount of audit activity was in line with other Russell Group universities, but it was suggested that some of it could be repurposed to deliver more impact.
- [d] The Committee asked how the University's IT systems compared with those at similar institutions. Queen Mary was broadly in line, but other universities were launching major transformation projects that would improve their maturity.

Fire, Health and Safety annual report [ARC25/22]

2025.025 The Committee **considered** the fire, health and safety annual report for 2024–25. The following points were noted in the discussion:

- [a] Compliance activity during the year had focussed on laser safety and high-pressure gases. Work to improve training provision had resulted in a 7% increase in training completion on the previous year. Other indications of a strengthening compliance culture were seen in the doubling of near miss reporting and an increase in the number of fire risk assessments completed on campus buildings. A need had been identified for further work on record keeping in relation to hazardous materials and local exhaust ventilation. For example, a new workplace management system was being introduced alongside planned changes to ways of working. The executive had also discussed a need to focus more on staff wellbeing in future reports.
- [b] In response to a question, it was noted that the relatively high number of fire alerts at the Mile End campus reflected the concentration of student residences at this location. It was also noted that, while overall training numbers were up on the previous year, training had decreased in some specialist areas, which reflected the different certification periods. RIDDOR reporting was concentrated in sections of the University that were not typically associated with high-risk activities, which perhaps reflected an increased focus on lab safety in recent years.
- [c] The Committee asked about the risk to compliance posed by vacancies in compliance roles with the required specialist skills. The University Secretary reported that the introduction of new fire safety regulation presented a

challenge, but the University had been successful in recruiting a Head of Fire Safety to lead on this work.

[d] The University Secretary reported that, since the annual report was finalised, the University had been contacted by the Health and Safety Executive in relation to a historical incident involving a researcher who had purchased a small amount of explosive material without following the required procurement process. The material had been delivered onto campus insecurely but thereafter was stored and disposed of in the correct way. The executive had responded to questions from the HSE and was awaiting a response, which would be shared with the Committee at the next meeting.

[e] The Committee agreed to **recommend to Council** the Fire, Health and Safety annual report for 2024–25.

Action: [d] Director of Health and Safety

Prevent Duty annual monitoring return 2024–25 [ARC25/23]

2025.026 The Committee **considered** the Prevent Duty annual monitoring return for 2024–25. The following points were noted in the discussion:

[a] The University was required to provide assurances to the Office for Students around the policies, procedures and risk assessments for carrying out its responsibilities in relation to the Prevent Duty. The primary routes to compliance were the Safeguarding Policy and the Code of Practice on Free Speech, both of which were operating effectively. All members of staff in key Prevent-related roles had completed the required training during the year. There was good engagement with the police and specialist teams throughout the year. No external speakers had been denied a platform, but there had been events that required mitigations to allow them to go ahead.

[b] The Committee asked about the safety of Jewish staff and students on campus in the context of protests in support of Palestine. The executive had met with student societies during the year to discuss campus relations. The conversations had been positive, but concerns had been voiced about the frequency and timing of some of the protests. The fact that protests were occasionally organised by groups unaffiliated with the Students' Union meant there were fewer routes available to share and engage over these concerns. A support group was also in place for Jewish staff, some of whom had reported feeling unsafe coming onto campus. Conversations were being held with academic leaders in schools and institutes about how to strike a balance between securing freedom of speech and providing an inclusive environment. It was noted that the protests put a strain on campus security and posed reputational risks.

[c] The Committee agreed to **recommend to Council** approval of the Prevent Duty return for 2024–25.

The Transparent Approach to Costing (TRAC) process for 2024–25 [ARC25/24]

2025.027 The Committee **considered** the TRAC process for 2024–25. The following points were noted in the discussion:

[a] The Committee was being provided with assurance that the right process and governance oversight were in place to prepare the TRAC return. The guidance for the 2024–25 TRAC return had been published with no material updates. The return would be completed using the same methodology and tools as previously.

[b] *Minute 2025.027 [b] is confidential.*

Financial Regulations [ARC25/25]

2025.028 The Committee **considered** the updated financial regulations. The context for the updates was that the Scheme of Delegation of Financial Authority was being retired with the substantive financial delegations being captured in the revised Delegation Framework. The bank mandate and certain procedures and principles were being moved into the Financial Regulations to enable this. The documents were being combined but there were no additions or changes of substance. The Financial Regulations were also due to be considered by Finance and Investment Committee before going to Council for approval alongside the Delegation Framework.

Disclosures under the Whistleblowing Policy since the last meeting [Oral report]

2025.029 *Minute 2025.029 is confidential.*

Any allegations of fraud or financial irregularities since the last meeting [Oral report]

2025.030 *Minute 2025.030 is confidential.*

Audit and Risk Committee annual report 2024–25 second draft [ARC25/26]

2025.031 The Committee **considered** the second draft of the Audit and Risk Committee annual report 2024–25. It was noted that the report would be finalised after the meeting, incorporating comments from the Committee, and that the final draft would be reviewed by the Chair before submission to Council later this month.

Action: Committee Secretary

Minutes of the previous meeting [ARC25/27]

2025.032 The Committee **confirmed** the minutes of the meeting held on 17 September 2025.

Matters arising [ARC25/28]

2025.033 The Committee **noted** the matters arising.

Graduate Outcome Survey

[a] At the last meeting, the Committee had discussed whether the graduate outcomes survey was the best tool for monitoring risk in relation to student employability because of the time lag. Additional measures were being

considered, and current thinking would be presented as part of the deep dive to Council on student employability later in the month.

US GAAP accounts

[b] The Committee was being asked to consider the approval process for the US GAAP accounts, which would fall due outside the timeframe for the OfS accountability return. The accounts were closer in nature to an external data return and specialist assistance to prepare the accounts had been put in place. The executive was aware that other universities had agreed delegations to approve the letter of representation. The Committee **agreed** to delegate signing the letter of representation to the Chair of the Committee in the first year, after which it would take a judgment.

Action: [b] Chief Financial Officer

Draft agenda for the next meeting [ARC25/29]

2025.034 The Committee **noted** the draft agenda for the next meeting on 03 March 2026.

Other business

2025.035 The Committee noted that it was Peter Thompson's last meeting of the Committee as Chair, as he would be completing his term on Council at the end of the month. The Chair thanked the Committee members for their participation, and the executive and audit partners for their contributions. The Committee thanked Peter for his outstanding service to the Committee, which included the last four years as Chair. During this time, he had guided the Committee towards a holistic approach to risk management and had overseen improvements in the control environment. He was the model of constructive challenge, and his signature contribution would be missed. It was noted that Council would have the opportunity to formally thank Peter at a dinner in the spring.

Dates of meetings in 2025–26:

- Tuesday 03 March 2026 at 1500 hours, Rooms 2.16/2.17, Department W.
- Tuesday 09 June 2026 at 1500 hours, Rooms 2.16/2.17, Department W.