



ANNUAL REPORT OF THE AUDIT & RISK COMMITTEE 2024/25

1. Introduction

The University has adopted the Committee of University Chairs (CUC) Higher Education Audit Committees Code of Practice, which requires audit committees to prepare an annual report for the institution's governing body (Council) and the Head of Institution (Vice-Chancellor, the University's Accountable Officer).

This annual report records the work of the Audit & Risk Committee for the financial year from 1st August 2024 to 31st July 2025 and considers the reports received by the Committee from the University's internal and external auditors and other matters for which the Committee holds responsibility on behalf of the Council.

This report includes any significant issues up to the date of the preparation of the report. This report shall be submitted and reviewed by Council before the audited financial statements are signed.

The CUC Code of Practice states that the Committee's annual report should include the Committee's opinion of the adequacy and effectiveness of the institution's arrangements for:

- risk management, control and governance;
- sustainability;
- economy, efficiency and effectiveness (value for money);
- management and quality assurance of data submitted to regulatory bodies.

This report is sectioned into these categories for transparency purposes.

2. Risk Management

The University has an established risk management policy and framework with reports on the University Risk Register to the Audit & Risk Committee at every meeting.

The University Risk Register and Policy underwent a substantial review in 2024, with a new format to the Register being implemented based on a 3x3 heat-mapped matrix to allow easy identification of the key risks for the University.

The Register continued to be developed over the past year to ensure it reflected the changing University, sector and global risks. Thematic risk registers across the University have adopted the same format. The University Risk Register was used to inform the development of the internal audit programme for 2024–25, with Uniac highlighting within their audit observations key risks that require management action. The Committee ensured that the University Risk Register correctly and appropriately identified relevant risks, and requested additions as necessary.

The Committee received the Corporate Compliance Risk Register, which provided an overview of the University's most significant cross-institutional obligations, including both general corporate compliance obligations and regulatory licences.

An Education Act – Section 22 (Students' Unions) Compliance Risk Register was reviewed by the Committee to also identify risks to the University from both students' unions – the report also highlighted significant compliance, with two areas outstanding, but due to be fully compliant from July 2025.

The Audit & Risk Committee was satisfied with the improved risk management and risk reporting arrangements and noted that continued improvements were planned for the 2025/26 academic year as the University sought to further develop and consolidate the approach.

3. Controls

3.1 Controls – Internal Audit

The internal audit and assurance service for the University during 2024/25 was provided by Uniac. Uniac is a consortium (an unincorporated association) owned jointly by each of its constituent member universities which includes Keele University – it also has other universities as clients. The University's Chief Operating Officer was a member of the Uniac Board during 2024/25.

In developing the 2024/25 audit programme, Uniac considered the whole of the University's risk management, control and governance arrangements, reflecting on audits conducted over the past five years, the strategic plan and through a consultative process with executive University staff and the Audit & Risk Committee. A two-phase approach to the audit programme was adopted for 2024/25 to allow audit selection to be responsive to the changing external environment and risks.

Following findings of limited assurance on a number of IT audits in recent years, the Audit & Risk Committee requested that a P2P follow-up audit and an IT and Transformation follow-up audit should be conducted, in order to ensure actions were being followed through, and that the University and Directorates were held to the highest standard of governance.

The programme comprised of 176 days, with the final number of days undertaken on audit work being forecast at 169 days – the full list of the 2024/25 audit areas were as follows:

- Accelerated Curriculum Review
- Accommodation Code of Practice
- Data Futures
- Debtors
- Devolved Research Activity
- International Agents
- IT and Transformation Follow-Up
- P2P Follow-Up
- Reactive and Planned Maintenance
- Safeguarding
- School Review
- Staff Performance
- Timetabling
- Post Audit Review

The Audit & Risk Committee received summaries of each of the audit findings and had the opportunity to discuss these in detail with the internal auditors in attendance at the meetings of the Committee. Audit reviews addressed the effectiveness of design, effectiveness of implementation and the economy and efficiency of the audited controls, with a quantified conclusion featuring on each audit report presented to the Committee.

During this academic year, Uniac also included a benchmarking category for each audit to assess the University's position and performance in comparison with other institutions (categories being: Ahead of norm; Within the norm; Behind the norm).

The Committee was assured that all recommendations were accepted by relevant management teams and were receiving adequate management attention. Throughout the year, the Committee continued to review the internal audit actions implementation status in a tracking document that had been highlighted by Uniac at an external sector briefing event as a feature of best practice.

Uniac confirmed within their Annual Report that their work had been carried out without any impairment to the independence and objectivity of either Uniac as a whole, or of individual audit staff.

In the overall assessment of the work carried out, the Internal Audit Annual Report 2024/25 provided commentary on compliance with the Office for Students (Ofs) ongoing conditions of registration and the topics that would typically be addressed in a statement of internal control. The report commented:

“We carried out a review Ofs conditions compliance two years ago this provided recommendations around establishing greater oversight of compliance with the conditions. Whilst we have not audited this area in 24/25, the governance controls have been implemented this year from the original audit. The University reports periodically to the Audit and Risk Committee on compliance with Conditions of Registration. We have an audit of Competitions Market Authority on the plan for 2025/26 which will provide assurance over Ofs Conditions C.”

Within their annual report, Uniac concluded that for each of the CUC HE Audit Committees Code of Practice categories (sections of this report), their opinion was that they **are adequate and effective**.

3.2 Controls – External Audit & Financial Statements

The external audit for 2024/25 was provided by PKF Littlejohn LLP.

At its June meeting, the Committee reviewed the External Audit and Non-Audit Fees Annual Report to ensure compliance with the ARC-approved parameters for balance of fees.

The Committee received Briefing Notes on Export Control and Treasury Management & Ethical Investment, that provided information on sector wide issues that were pertinent across a broad spectrum of financial and non-financial topics relevant to ARC.

The Committee discussed and approved the plan for the year end audit.

The 2024/25 accounts were prepared in accordance with the UK accounting standards (including FRS 102) and with the Statement of Recommended Practice (SORP): Accounting for FE and HE. The financial statements also met the requirements of the OfS's Accounts Direction (Regulatory Advice 9).

The Committee received the External Auditor's Year End Report and Management Letter, which summarised the results of the audit of the University and its only active subsidiary company, Keele University Science & Business Park Limited (KUSBP Ltd).

The audit focused on the significant risks, being:

- Fraud risk from revenue recognition
- Valuation of KSS gross pension liability
- Valuation of USS pension provision
- Management override of controls

Other areas of audit focus during the year were:

- Related Party Transactions
- Going concern
- Accounting Estimates
- Tangible Assets – valuation and impairment
- Value of Bad Debt provision
- Wages and Salaries
- KRF arrangement

The report highlighted the areas of audit risk identified in the audit planning strategy memorandum, results of the audit work and the implications of the findings together with how they were resolved.

The external auditors issued an unqualified audit opinion for the year ended 31 July 2025.

Based on their work in 2024/25, the auditors identified a few control-point improvement observations in their Year End Report that are being addressed by management.

The Committee agreed at its meeting on 10th November 2025 that the draft final 2024/25 financial statements be endorsed and recommended for approval by the Council.

4. Governance

4.1 Corporate Governance

The University has adopted the CUC HE Code of Governance and the CUC Audit Committees Code of Practice, including adoption of the model terms of reference for the Audit & Risk Committee.

At its June meeting, the Committee approved the Internal Audit Strategy and Plan 2025-26.

The Committee also received an update on the Foreign Influence Registration Scheme.

Ethical Policies: The Committee received the Whistleblowing, Fraud & Bribery Disclosures Annual Report, which declared there had been one reported case of whistleblowing, which had been reported to the ARC Chair at the point of investigation. The case concluded no evidence to support the claim of an act of wrongdoing or danger at work; no malpractice to answer and not in the public interest to pursue allegations further; and that alternative HR processes would have been a more appropriate avenue to pursue in the circumstances. There were no cases of fraud or bribery reported within the year. The report also outlined the communications of these individual policies and the staff training that had been introduced via the University's online learning platform, Learning Pool, during the year.

At its November meeting, the Committee received the UKVI Action Plan and the Health & Safety Annual Report. The Health & Safety Annual Report provided headline assurance that there were no longer any themes or indicators at a level of non-compliance. This was born out by the Health & Safety External Audit, conducted in June 2025, which concluded that all themes and indicators were at a substantial or high level of assurance.

At its June meeting, the Committee received the Corporate Compliance Risk Register which outlined risks, controls and assurance mechanisms for each piece of legislative or regulatory compliance requirement.

The Committee reviewed compliance with the Education Act Section 22: Students' Unions, which highlighted near-full compliance, with two areas outstanding.

The Corporate Governance Statement was also reviewed by the Committee at the time that the

financial statements were considered. Furthermore, various Uniac audits made recommendations to strengthen corporate governance standards.

4.2 Committee Governance

The membership of the Audit & Risk Committee for 2024/25 was as follows:

- Mr Simon Greenhalgh (Chair) – Deputy Pro-Chancellor
- Mr David Brown – Lay member of Council
- Ms Jane Burns – Lay member of Council
- Mr Tim Forman – Lay member of Council
- Mr Neil Clatworthy – Co-opted member
- Mr James Rushton – Co-opted Member

The Audit & Risk Committee membership is reviewed annually by the Nominations & Governance Committee, on behalf of Council. All new members attend an induction session in advance of their first meeting of the Committee. Membership, biographies and committee terms of reference are published on the University website.

All other membership remained unchanged.

The Vice-Chancellor (or Deputy), the Chief Finance Officer and the Secretary to Council attended meetings of the Audit & Risk Committee, with the internal auditors and external auditors represented at every meeting.

Secretariat support was provided by the Secretariat team. The quorum for the Audit & Risk Committee is three members, which was achieved at each meeting.

Teams / In Person – the first meeting of the year was conducted in person. The remaining meetings took place via Microsoft Teams. At the June meeting it was agreed that the business of the November meeting would be separated into two meetings held in September and November.

The Committee's Terms of Reference were reviewed during the year. A report of each ARC meeting is presented to Council, with the full minutes available on request. Following the review, it was deemed that the Committee had been broadly effective, but with room for improvement.

Training & Information Sharing: The Committee had a standing agenda item to provide group feedback following attendance at an external briefing/conference event and also to receive briefing documents to advise and inform decision making on Committee business. This year there was limited opportunity for attendance at training events or webinars. The Committee did receive various sector topical Briefing Notes from both PKF Littlejohn and Uniac.

5. Sustainability and Economy, Efficiency & Effectiveness (Value for Money)

The Committee monitored the effectiveness of the University's financial controls, systems and management structures in place for ensuring sustainability and promoting efficiency, effectiveness and economy (3E's) in the use of its funds and other resources through the reports and presentations at each meeting.

As a standard service from Uniac, value for money was considered as an integral part of each review and for each audit, Uniac gave a specific conclusion on the efficiency and economy of the University's systems and processes.

The Committee noted the continuing adoption of and improvement in financial procedures and

management practices designed to support the achievement of value for money, institutional effectiveness and sustainability.

6. Management & Quality Assurance of Data Submitted to Regulatory Bodies

The Committee reviewed and gained assurance that arrangements for the management and quality of data submitted to HESA, OfS and other funding bodies were adequate and effective. As part of the Management and Quality of Data Annual Report, the Committee also received the Data Returns Register, which summarised each of the main institutional returns, the lines of assurance, the purpose and the quality assurance procedures – also noting the Sign-off Procedure that was in place.

Having undertaken a detailed follow-up of prior data reviews, Uniac concluded within their Annual Report that the University's arrangements for ensuring the accuracy of its data returns were **adequate and effective**.

The Research Governance Annual Report, which included an outline of the compliance with the Research Concordat and legislative requirements, is received by ARC annually and offers assurance in the management and quality assurance of University research data. The report also outlined how the University promotes a culture of integrity throughout its research activities.

7. Overall Conclusion

The Audit & Risk Committee presents this annual report to provide assurance to the University's Council and Accountable Officer for consideration before the members' responsibility statement in the annual financial statements is signed.

On the basis of the information provided to it, including assurances received from the executive, the External Audit Report, the Internal Auditor's Reports, its discussions with the external and internal auditors:

The Audit and Risk Committee can confirm that it is satisfied with the adequacy and effectiveness of the institution's arrangements for:

- risk management, control and governance (the risk management element includes the accuracy of the statement of internal control included with the annual statement of accounts);
- sustainability, economy, efficiency and effectiveness; and
- management and quality assurance of data submitted to regulatory bodies.