



Internal Audit Annual Report 2025–26

Outcome requested:	The Committee is asked to consider the internal audit annual report for 2025–26 and the internal audit plan for 2026–27.
Executive Summary:	Annual report 2025–26 i. A primary purpose of our work is to support the Audit and Risk Committee in discharging its responsibility for preparing an annual report that “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) and the quality of data submitted to regulatory bodies”. We provide a detailed summary of the controls we have tested and our conclusion on the effectiveness of their operation within the areas the Committee is required to report on to support the Audit and Risk Committee with its responsibilities to provide an opinion. ii. Our original 2025/26 plan included the delivery of seven reviews with seven completed to date. The plan was delivered as agreed by the Audit and Risk Committee on 19 June 2025. iii. We have raised 49 management actions in the course of the reviews we have delivered in 2025/26. We raised three high-priority actions in the period and all three of these have been implemented by Management. The actions were raised as part of our UUK Student Housing review and related to the timely completion of fire risk assessments and the associated remedial actions. Internal audit plan 2026–27 iv. At the June meeting, the Committee approved the internal audit plan for 2026–27 subject to further discussion about the timing of the two reviews on the Teaching Excellence Framework (TEF). The draft internal audit plan is being re-circulated for discussion.
QMUL Strategy:	Internal audit supports all areas of the strategic plan.
Internal/External regulatory/statutory reference points:	The CUC Audit Committees Code of Practice
Strategic Risks:	Compliance

Equality Impact Assessment:	N/A
Subject to prior and onward consideration by:	N/A
Confidential paper under FOIA/DPA	No
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Date	10 September 2026
Senior Management/External Sponsor:	Jonathan Morgan, Chief Governance Officer and University Secretary



Annual Report 2025/26

Queen Mary, University of London

KPMG Governance, Risk and Compliance Services

September 2026

DRAFT FOR DISCUSSION PURPOSES ONLY

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Distribution list

For information:

Audit and Risk Committee



01 | Executive summary

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We are pleased to have provided your internal audit service for 2025/26. The highlights of the delivery of our services are summarised in this report:

While our work has identified three high-priority actions and two systems could only be partially assured, the volume of areas considered well controlled within the University remains consistently strong. We have reached the following conclusions:

- **Financial sustainability – Amber-Green:** Overall findings on design show some controls to be effectively designed with some exceptions and our testing showed controls are operating effectively.
- **Risk management – Amber-Green:** Overall findings on design show some controls to be effectively designed with some exceptions and our testing showed some control to be operating effectively and others could be more consistently applied.
- **Control and governance – Amber-Green:** Overall findings on design show some controls to be effectively designed with some exceptions and our testing showed controls are operating effectively.
- **Quality of data – Amber-Green:** Overall findings on design show some controls to be effectively designed with some exceptions and our testing showed some control to be operating effectively and others could be more consistently applied.
- **Economy, efficiency and effectiveness – Amber-Green:** Overall findings on design show some controls to be effectively designed with some exceptions and our testing showed controls are operating effectively.

Basis of reporting	A primary purpose of our work is to support the Audit and Risk Committee in discharging its responsibility for preparing an annual report that “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) and the quality of data submitted to regulatory bodies”. We provide a detailed summary of the controls we have tested and our conclusion on the effectiveness of their operation within the areas the Committee is required to report on to support the Audit and Risk Committee with its responsibilities to provide an opinion. Internal audit standards within the UK are driven by Global Internal Audit Standards (as applied to the UK public sector), which are produced by the Institute of Internal Auditors (and applied by relevant standard setters in the UK) and require an annual conclusion. Universities are not included within the list of bodies required to apply those standards to the public sector.
Planned Audit Coverage and Output	Our original 2025/26 plan included the delivery of seven reviews with seven completed to date. The plan was delivered as agreed by the Audit and Risk Committee on 19 June 2025.
Management Actions Raised	We have raised 49 management actions in the course of the reviews we have delivered in 2025/26. We raised three high-priority actions in the period and all three of these have been implemented by Management. The actions were raised as part of our UUK Student Housing review and related to the timely completion of fire risk assessments and the associated remedial actions.

01 | Executive summary

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Performance of Internal Audit	The KPMG internal audit service has complied with the standards as issued by the Global Internal Audit Standards (as applied to the Public Sector) (and before this the Chartered Institute of Internal Auditors) since our appointment. As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) or International Standard on Assurance Engagements (ISAE) 3000. The University is accountable for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. The objectives of Internal Audit are to assist all levels of your management and the Audit and Risk Committee in the effective discharge of their responsibilities relating to risk management and internal control by providing you with appraisals, management actions, and other relevant information concerning your activities. That is achieved through delivery of an annual internal audit report that can be used by you to inform your governance statement. The annual report does not imply that the coverage of internal audit has covered all risks and assurances relating to the University.
Independence	As part of our provision of the annual conclusion, we provide confirmation of our independence. In providing that confirmation we confirm that we have considered other work and relationships we hold with the University. During 2025/26 KPMG delivered tax advisory services to the University – this was a VAT saving review engagement. This work is completed by the tax advisory team and therefore is not undertaken by members of the Internal Audit team. We confirm that this has not impacted on our independence.

02 | Coverage and management actions raised

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We completed the following reviews during the year:

	Internal audit	Assurance rating	Management actions accepted			
			H	M	L	Total
01/25	Maintenance	Significant assurance with minor improvement opportunities	-	1	3	4
02/25	Risk Management – Faculties and Professional Services	Significant assurance with minor improvement opportunities	-	2	3	5
03/25	Student Recruitment and UKVI culture	Significant assurance with minor improvement opportunities	-	5	4	9
04/25	UUK – Student Housing	Partial assurance with improvements required	3	10	5	18
05/25	Data Management and Retention	Partial assurance with improvements required	-	4	2	6
06/25	Budget Setting and Management	Significant assurance with minor improvement opportunities	-	1	1	2
07/25	HR – Recruitment Controls	Significant assurance with minor improvement opportunities	-	3	2	5
Total actions raised			3	26	20	49

Management actions from the current year and prior year are summarised as follows:

Status	Management actions			
	H	M	L	Total
Total carried forward from previous periods	-	21	30	51
Add: new management actions raised and accepted during the period	3	26	20	49
Remove: management actions implemented during the period	(3)	(26)	(34)	(63)
Total current outstanding management actions	-	21	16	37
Of which are overdue	-	5	2	7

Appendix One | Internal audit work in relation to core reviews

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Conclusion

We provide an annual conclusion over five components; financial sustainability, risk management, control and governance, the quality of data submitted to regulatory bodies and, efficiency and effectiveness (value for money). These are aligned with the recommendations of the Handbook for Members of Audit and Risk Committees in Higher Education Institutions: Committee of University Chairs and the Committee's responsibility for preparing an annual report that should include the Committee's opinion of the adequacy and effectiveness of the institution's arrangements for these areas. During 2025/26 KPMG completed a total of seven reviews; based on the controls reviewed the following conclusions have been drawn.

- **Financial sustainability – Amber-Green** Overall findings on design show some controls to be effectively designed with some exceptions and our testing showed controls are operating effectively.
- **Risk management – Amber-Green**: Overall findings on design show some controls to be effectively designed with some exceptions and our testing showed some control to be operating effectively and others could be more consistently applied. Whilst the UUK Student Housing fire risk assessment finding was high priority, this does not reflect on the University-wide process for managing risk.
- **Control and governance – Amber-Green**: Overall findings on design show some controls to be effectively designed with some exceptions and our testing showed controls are operating effectively.
- **Quality of data – Amber-Green**: Overall findings on design show some controls to be effectively designed with some exceptions and our testing showed some control to be operating effectively and others could be more consistently applied. Whilst an amber finding was raised in relation to the retention of data, this is not related to data that is prepared as part of mandatory reporting and therefore there is no impact on the overall assessment.
- **Economy, efficiency and effectiveness – Amber-Green**: Overall findings on design show some controls to be effectively designed with some exceptions and our testing showed controls are operating effectively.

Internal Audit Review	Controls tested	Summary of findings
Financial sustainability – Amber-Green : Overall findings on design show some controls to be effectively designed with some exceptions our testing showed controls are operating effectively.		
Budget Setting and Management	SET reviews, scrutinises and approves the key assumptions for the budget.	• Key assumptions established and approved at a University level ensure a consistent approach to budgeting across Faculties, Schools, Institutes and Professional Services. They are shared with Senior Finance Partners to support budget setting discussions.

Appendix One | Internal audit work in relation to core reviews

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Internal Audit Review	Controls tested	Summary of findings
Budget Setting and Management	Draft budgets are reviewed by the Faculty executive board and the central meeting.	- The budget setting process is informed by data provided from central finance, planning, HR and the faculty such as capital investment information, which shows that they receive essential help during the planning process. - Roles and responsibilities for schools, institutes and professional services are not defined in the budget setting and monitoring timeline document.
	Monthly management accounts packs are issued to budget holders.	Budget holders are provided with monthly packs that contain income and expenditure information, workforce data, which enables informed and effective budget management.
	Local budget monthly or quarterly meetings are held to discuss and monitor budgets.	- Budget variances are reported to the faculty board monthly for monitoring. - Routine budget and variance monitoring supports timely identification and correction of issues.
	The Head of Reporting and Financial Planning collates the Annual Financial Return (AFR) with data from appropriate departments.	- The AFR is completed using audited financial statements and an approved budget plan which ensures the data is accurate and complete. - Clear responsibilities exist for individuals providing supplementary data that is not directly sourced from the financial statement or the budget planning system which ensures completeness and accountability of the supplementary data provided.
Maintenance	Quarterly review of supplier spend.	The Associate Director (Engineering and Estates Management) has monthly reviews with Finance and the Director of Estates to run through budget, spend and forecast for each period. This supports monitoring of supplier spend.
Risk Management – Amber-Green: Overall findings on design show some controls to be effectively designed with some exceptions and our testing showed some control to be operating effectively and others could be more consistently applied. Whilst the UUK Student Housing fire risk assessment finding was high priority, this does not reflect on the University wide process for managing risk.		
Risk Management – Faculties and Professional Services	Risk registers are maintained in Risk Management App by Heads of Schools/ Institutes and Directors of Professional Service Directorates.	- The use of Risk Management App ensures that risk registers include minimum standard data fields and a consistent level of detail. - Testing of the operation of risk register controls identified some inconsistency in the inclusion of KPIs, assignment of risk tolerance scores, and ownership assigned to risk actions.

Appendix One | Internal audit work in relation to core reviews

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Internal Audit Review	Controls tested	Summary of findings
Risk Management	Report on All Risk Mitigations and Risk Levels is communicated to Risk Leads in Schools/ Institutes/ Professional Services Directorates by the Planning Team.	The Report on All Risk Mitigations and Risk Levels assists Risk Leads to identify mitigating actions provides an oversight of the actions taken by other Schools and risks recorded in the other risk registers, which supports transparency, consistency, and informed decision-making across the University.
UUK – Student Housing	Fire risk assessments are undertaken on an annual basis.	Testing identified that fire risk assessments are undertaken every two years, rather than the required annual frequency. It was agreed that the risk assessment frequency would be amended to annually, and this action has been taken.
Control and Governance – Amber-Green: Overall findings on design show some controls to be effectively designed with some exceptions and our testing showed controls are operating effectively.		
Risk Management	SET prepares a KPIs & Strategic Risks paper that is presented to Council and ARC biannually.	Twice-yearly reporting on risks and KPIs supports transparency of risk reporting and management through Council and relevant committees. The reports include information on horizon scanning.
UUK – Student Housing	Annual audits of compliance with the code are undertaken.	An annual self-assessment was not completed in 2025. This is a new requirement under the revised Code, and a self assessment was undertaken in support of the KPMG audit. The 100-point audit process has been implemented for completion in future years,
Budget Setting and Management	The budgets are consolidated and presented to SET, FIC and the Council for hierarchical review and approval.	Scrutiny of the budget proposal ensures an effective challenge of the proposed budget across the committee structure.
	An assurance meeting of the return is held with the Principal prior to submission of the AFR. The return is signed off in the OfS portal by the Principal.	- A formal sign off is obtained from the Principal in line with OfS expectations - There is a formal multistage review process in place to ensure accuracy of the AFR submission.

Appendix One | Internal audit work in relation to core reviews

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Internal Audit Review	Controls tested	Summary of findings
Quality of Data – Amber-Green: Overall findings on design show some controls to be effectively designed with some exceptions and our testing showed some control to be operating effectively and others could be more consistently applied. Whilst an amber finding was raised in relation to the retention of data, this is not related to data that is prepared as part of mandatory reporting and therefore there is no impact on the overall assessment.		
Budget Setting and Management	Validation errors and warnings in the AFR are rectified by the Head of Financial Reporting and Financial Planning prior to submission of the return.	Review of errors and warnings flagged prior to submitting the return ensures timely correction of issues.
	The Head of Financial Reporting and Financial Planning requests the data required to complete the workbook from the appropriate departments.	- The AFR is completed using audited financial statements and an approved budget plan which ensures the data is accurate and complete. - Clear responsibilities exist for individuals providing supplementary data that is not directly sourced from the financial statement or the budget planning system which ensures completeness and accountability of the supplementary data provided.
Data Management and Retention	The Information Classification Policy mandates secure destruction methods for sensitive physical and electronic information, including checks before disposal and requirements for third-party certification.	While retention schedules have been established for HR and Student Record data, disposal logs, system extracts showing deletion indicators or inactive status, and sample records evidencing data deletion could not be provided for either system. As a result, it was not possible to demonstrate that data is being routinely deleted in line with retention schedules. This action is being taken forward as part of the Data Retention, Deletion & Compliance Project and we confirmed that our two sampled systems are in scope of that project.
Economy, efficiency and effectiveness – Amber-Green: Overall findings on design show some controls to be effectively designed with some exceptions and our testing showed controls are operating effectively.		
Recruitment	HR complete a final quality check for all employees to ensure that all required checks have been completed.	- The pre-employment check tracker enables Hiring Managers and HR to update and track progress of checks, which provides the detailed control mechanism for real-time management and evidencing of pre-employment checks within the overall workflow. - Sample testing identified one piece of missing documentation across our sample of 25 – this was an application form submitted by a member of staff hired via an agency.

Appendix One | Internal audit work in relation to core reviews

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Internal Audit Review	Controls tested	Summary of findings
Student Recruitment and UKVI Compliance	End-of-campaign reviews are conducted by Hybrid with Director of Marketing and Head of Central.	Hybrid produces End-of-Campaign Review reports summarising campaign results, including platform-level performance and overall effectiveness.
	Quarterly reviews are held between QMUL's Director of Marketing and Marketing Managers and Hybrid's Account Directors and Account Managers to review strategic performance.	Hybrid quarterly reviews include breakdown of key upcoming marketing initiatives and their intended impact upon enrolment, as well as market trends which may impact upon the continued success of marketing campaigns.
	Faculty Student Support Officers monitor attendance via various systems including paper-based, e-Clear, Campus M, Q-engage and MySIS.	Systems to monitor student attendance are inconsistently used across the schools / faculties, resulting in fragmented and unreliable engagement records. Inter-school engagement meetings are being established to support greater information sharing across the University. In addition, work is being undertaken to rollout a new timetabling system which aims to enable improved digital monitoring of engagement.
Maintenance	PlanOn automatically assigns priority levels and SLA targets using predefined criteria.	- The introduction of defined priority categories and SLA targets provides a framework for monitoring the timeliness of maintenance responses. - New SLA measures, KPIs and priority definitions provide a framework for monitoring maintenance performance and service delivery. Dashboard reporting, automated notifications and exception reporting support management visibility of outstanding maintenance activities and operational performance. - Sample testing identified that a significant proportion of reactive maintenance work orders exceeded their target completion dates. Data reporting in PlanOn will provide greater visibility of non-performance against targets, allowing for targeted follow up.

Appendix Two | Performance of Internal Audit

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We have monitored our performance against the following standards:

KPI		Frequency	Target	Performance
People	Percentage of specialist staff used in core audit reviews	Annually	>20%	✓
	Matching audit teams members to Queen Mary staff in meetings	Continuous	100%	✓
	Percentage of staff with relevant CCAB/MIAA qualifications – Core team	Annually	100%	✓
	Turnover rate of staff	Continuous	5%	✓
	Client satisfaction surveys confirm that staff working to deliver the internal audit service have the appropriate qualifications, experience and briefing in advance of commencing the work	Continuous	90%	n/a ¹
	KPMG quarterly update training completed by audit team members	Quarterly	100%	✓
Delivery	Completion of annual plan within agreed timetable	Continuous	95%	✓
	Overruns on reviews without explicit agreement of University Secretary	Continuous	0%	✓
	Draft reports issued 10 working days of completion meeting	Continuous	95%	x ²
	Terms of reference and final reports for all audits are agreed by the nominated Executive Lead who will ensure consultation has taken place.	Continuous	100%	✓
	Final reports issued within two days of management response	Continuous	95%	✓
Processes	Audit terms of reference agreed with management at least four weeks before planned commencement of audit	Continuous	100%	✓
	Use of latest techniques in audit work (data and analytics etc.)	Annually	2	✓
	Proportion of audit actions implemented by due date	Annually	90%	✓
	Catch up meetings diarised and held with senior management on at least a monthly basis	Monthly	100%	x ³
Quality of service	Client satisfaction surveys 'good' or better - Issued and assessed with each review	Continuous	90%	n/a ¹
	Compliance with relevant mandatory and professional standards including PSIAS	Continuous	100%	✓

¹Client satisfaction surveys were issued for all our reviews, however, responses have not been returned. Follow up is to be undertaken with stakeholders.

² Two reports were issued more than 10 days after the closing meeting. These were the reviews of Data Management and Retention and Student Recruitment and UKVI Compliance. This was due to the need for further documentation following these meetings.

³ Catch up meetings are held with senior management on a quarterly basis ahead of ARC meetings rather than monthly. This was achieved. We propose that the KPI is updated accordingly.

Appendix Three | Definitions

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The below table sets out how our conclusion summarises the result of the testing completed through the year, drawing on relevant content from different assignment reports, there are seven possible conclusion we can reach for each topic considered:

Rating	Conclusion on design of control	Conclusion on operation of control
Green	Overall findings on design showed controls are effectively designed and....	...our testing showed controls are operating effectively.
Amber-Green	Overall findings on design showed controls are effectively designed and....	...our testing showed some control to be operating effectively and others could be more consistently applied.
	Overall findings on design show some controls to be effectively designed with some exceptions...	...our testing showed controls are operating effectively.
	Overall findings on design show some controls to be effectively designed with some exceptions...	...our testing showed some control to be operating effectively and others could be more consistently applied.
Amber-Red	Overall findings on design showed controls are effectively designed and....	... our testing showed the need to improve the operating effectiveness of controls.
	Overall findings on design show some controls to be effectively designed with some exceptions...	... our testing showed the need to improve the operating effectiveness of controls.
Red	Overall findings on design showed the need to improve the design and implementation of controls.	If there are design weakness at this level we cannot provide a conclusion on operation as an effective set of controls are not in place.



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