

**The Audit Committee Annual Report to
the University Council and the Vice-Chancellor (Accountable Officer)**

Financial Year 2024/25

1. Introduction

Lincoln Bishop University has adopted the Committee of University Chairs (CUC) Higher Education Audit Committee's Code of Practice (2020) on a 'comply or explain' basis. This Code states that: "The Audit Committee should produce an annual report for the governing body and the Head of Institution, timed to support the preparation of the published financial statements" (2020, section 42). The Audit Committee Annual Report will be presented to, and reviewed by, the University Council before the annual financial statements are signed.

The Audit Committee's Annual Report responds to the requirement noted above. It includes the Committee's opinion on the adequacy and effectiveness of the Higher Education Institution's (HEI's) arrangements for the following:

- risk management, control and governance;
- sustainability, economy, efficiency and effectiveness (value for money); and
- the quality of data submitted to regulatory bodies such as the Office for Students (OfS), Higher Education Statistics Agency (HESA) and the Student Loan Company (SLC).

The final Audit Committee Annual Report to the governing body (University Council) and the accountable officer (the Vice-Chancellor) should be shared on request, with Research England. The CUC's [Higher Education Audit Committee Code of Practice](#) recommends the publication of the Annual Report; the report will be published following presentation to University Council at its meeting on 19 December 2025.

The Committee's opinions confirmed in Section 8 of this report are based upon the information presented to it within the course of 2024/25 and 2025/26, up to 11 November 2025 (the meeting prior to the presentation of the accounts to University Council). This includes matters discussed in 2025/26 pertaining to the previous year (e.g. the internal auditors' annual opinion).

The report records the work of the Committee and covers the below areas:

- the external auditors' management letter/completion report and formal opinion;
- the internal auditors' annual report – which includes the internal auditors' opinions on the adequacy and effectiveness of BGU's arrangements for risk management, control and governance, and economy, efficiency and effectiveness;
- any value for money (VFM) work, as relevant/appropriate; and
- any OfS or successor body assurance service or other relevant evaluation.

2. Membership

The below outlines the membership of the Committee for 2024/25 and the initial period of 2025/26:

- Dr Stephen Critchley (Council Member) (Chair)
- Walter Leschenko (Council Member)
- Alison Brown (Council Member)
- Jaidip Sen (Council Member)
- Lisa Smith (Co-opted Council Member for Audit)

The Committee membership was decided by the University Council, in line with the recommendations of the Governance and Nominations Committee, as per the Articles of Association of the Company incorporating the Instrument and Articles of Government of the University, the Schedule of Delegation and the Governance and Nominations Committee Terms of Reference.

The Clerk to the Committee for 2024/25 was the Deputy Vice-Chancellor (Operations) and University Secretary (Tom Dannatt) up to 2 July 2025, and then the Head of the Vice-Chancellor’s Office and Interim University Secretary (Leanne Chancellor) from 2 July 2025 onwards.

Meetings were attended by the Vice-Chancellor (from 22 April 2025) and the Deputy Vice-Chancellor (Operations) and University Secretary (up to 2 July 2025). Other staff members were occasionally invited to Audit Committee meetings to present specific items and representatives of internal (Uniac) and external audit (Buzacott) also attended as required by the Committee.

3. Meetings

The Committee met on the following dates within the period covered by this report and the attendees were:

	21 Oct 2024	11 Nov 2024	4 Mar 2025	12 Jun 2025	23 Sept 2025	11 Nov 2025
Dr S Critchley (Chair) (Council member)	Attended	Attended	Attended	Attended	Attended	Attended
Mr W Leschenko (Council Member)	Attended	Attended	Attended	Attended	Attended	Attended
Ms A Brown (Council Member)	Attended	Attended	Attended	Attended	Apologies	Attended
Mr J Sen (Council member)	Attended	Apologies	Apologies	Attended	Apologies	Attended



<i>Continued from previous page</i>	21 Oct 2024	11 Nov 2024	4 Mar 2025	12 Jun 2025	23 Sept 2025	11 Nov 2025
Ms L Smith (Co-opted Member)	Attended	Attended	Attended	Attended	Attended	Apologies
Uniac Internal auditors	Attended	Attended	Attended	Attended	Attended	Attended
Buzzacott External auditors	Attended	Attended	Attended	Attended	Attended	Attended
Vice-Chancellor Professor A Gower (Council member) (invited)				Attended	Attended	Attended
Deputy Vice-Chancellor (Operations) Mr T Dannatt (Council member)	Attended	Attended	Attended	Attended		
Head of the Vice-Chancellor's Office and Interim University Secretary Miss L Chancellor (Clerk)					Attended	Attended

4. Terms of Reference

The Committee's Terms of Reference were reviewed at the 21 October 2024 meeting for 2024/25 (and subsequently at the 23 September 2025 meeting for 2025/26). They are aligned to the CUC [Higher Education Audit Committee Code of Practice \(2020\)](#). The resulting revised Terms of Reference for the Audit Committee were approved by University Council at its meeting on 22 November 2024 (for 2024/5) and its meeting on 26 November 2025 (for 2025/6).

5. Internal Audit

The original Internal Audit Plan for 2024/5 was approved by the Committee at its meeting on 13 June 2024. This plan included an audit of Management of Strategic Plan Transition during 2024/25 designed to assess the approach to Critical Path Plan 2 and steps being taken to transition toward future strategy development. However, at the recommendation of the new Vice-Chancellor, this was replaced by an advisory audit covering Workload Allocation Model on the grounds this would add greater immediate value to the institution. This amendment to the plan was approved by the Committee at its meeting on 12 June 2025.

A specific audit of Financial Sustainability and Resilience was included in the 2024/25 Internal Audit given the challenges facing both the University and wider sector to provide assurance in relation to the University's response to address financial sustainability risks they are facing, concluding with a Reasonable risk grading overall.



The 2024/25 final internal audit annual report was reviewed at the meeting of Audit Committee on 11 November. Based upon the work they undertook during 2024/25, they concluded with reasonable assurance for the University's approach to risk management, governance and internal controls. This grading indicates that frameworks for risk management, governance and/or internal controls are adequate and generally operating effectively and efficiently. However, further improvements are required to maintain or enhance adequacy and effectiveness or to improve efficiency.

A summary table of the completed internal audit work is included at Appendix A.

The total charge to the annual accounts for 2024/25 internal audit services was £42,688 (2023/24 - £57,914). Charges were based upon a daily fee of £825 (inc. VAT); this compares with £794 (inc. VAT) per day which the University were charged in 2023/24. 50 days of internal audit were budgeted in the year and the actual outturn was slightly higher, at 53.5 days.

The Committee assessed performance by monitoring the following: completion of work including issue of draft and final reports as per the agreed audit schedule; provision of final reports to the University for issue to the Audit Committee; total audit work completed to budget; internal audit staffing and representation at all Audit Committee meetings; quality of service/feedback from management, and accountability, follow-up and implementation via management responses; and progress against planned programme of work, including delivery of the annual report and audit plan. A survey of the views of Audit Committee members and University management who attend Audit Committee on the performance of Internal Audit was also conducted. This survey indicated a high degree of satisfaction with the work of Internal Audit.

6. Financial Statements and External Audit

At the Committee's November 2025 meeting, the Committee received and noted the Audit Completion Report and the management response. The external auditors noted a significant shortfall against budget in the 2024/25 results, principally driven by greater staff costs and interest costs than expected. There had been underlying issues within the management reporting including the lease accounting, which meant that the extent of the financial issues were not identified as soon as they could have been during the year. They recommended that budgets needed to be more realistic and that performance against budget be monitored and scrutinised regularly.

Management reported that steps had already been taken to address these issues. For the 2025/26 budget, all income and expenditure lines were retested for validity and presented to Council in September 2025 for approval in order that a realistic budget would be set and be achievable. Management is meeting more regularly with the Finance, Employment & General Purposes Committee (FE & GP) for monitoring of the University financial position and performance against the budget. Regular meetings will continue to be held for the financial year 2025/26. The Committee was encouraged by management's response and had seen evidence that the changes that had been effected were operating in practice.

In addition, it was reported that steps had been taken to address weaknesses in the system of in year forecasting that had resulted in overoptimistic outturns being reported to FE & GP and Council in 2024/5. In particular, the enhanced checking of data provided by partners had been instituted to prevent the overstatement of partnership income that had occurred during the 2024/5 academic year.

Members also received the 2024/25 financial statements and, subject to the outcome of the external auditors' work on going concern (which they had not been able to complete at the time of the November Committee meeting) recommended them for approval by University Council at its meeting on 19 December 2025. The Committee also recommended, subject again to the outcome of the external auditors' work on going concern, the proposed Letter of Representation for University Council approval and signing at its meeting on 19 December 2025.

For 2024/25 the total fee was £34,580, of which £26,560 was for the audit of financial statements and £8,020 for other services. The auditors' work covered:

- Financial statements audit – University
- Financial statements audit – BG Lincoln Ltd
- Teachers' Pension Scheme audit
- Assurance work of grants received by the University

The Committee assessed performance by monitoring the achievement of the external audit timetable including the Audit Completion Report at the 11 November 2024 meeting.

7. Other work done

i. Risk Management, control and governance –

The Committee scrutinised management's latest quarterly assessment of strategic risks at each of its meetings before they were considered by Council. A programme of "deep dives" into the major strategic risks faced by the University commenced during the year. The risks relating to Partnerships were considered at the Committee's June 2025 and further deep dives will be conducted during the 2025/6 academic year.

During the year, the University has been following its Critical Path Plan 2, progress on which was reported in monthly reports by the Deputy Vice-Chancellor (Operations) and University Secretary and, following his appointment in April 2025, by the Vice-Chancellor, to Council members. This reporting included the assessment of the key risks relating to the Plan.

In October 2024, the Committee considered a proposal for a further enhancement to the University's risk assurance process through the adoption of a Board Assurance Framework focussed on the OfS conditions of registration. The population of this framework was planned in 2025 but has been delayed pending the resolution of the financial challenges the University is currently facing.

Members received and discussed the following Higher Education updates provided by Uniac:

- Asset Management (21 October 2024)
- Corporate Governance Failures in Accountability and Ethical Decision Making (21 October 2024)
- A European View of the Risk Environment (4 March 2025)
- 2024 Risk Register Analysis (4 March 2025)
- Export Control (12 June 2025)
- Treasury Management and Ethical Investment (12 June 2025)



- Economic Crime and Corporate Transparency Act 2023 – Failure to Prevent Fraud (23 September 2025)
- International Agents (23 September 2025)

The Committee continues to find these briefings helpful in informing them about risks and other current issues in the HE sector and ensures that they are brought to the attention of University management for action as appropriate.

ii. Sustainability, economy, efficiency and effectiveness (value for money)

Value for money is addressed within every internal audit report produced by Uniac and submitted to the Audit Committee. For those audits where they concluded with reasonable assurance, Uniac did not highlight any concerns with efficiency and economy of processes.

iii. The quality of data submitted to regulatory bodies

The Committee received a report at its September 2026 meeting on the current data landscape, key risks, and actions underway, with emphasis on HESA Data Futures compliance and operational constraints. The University faces systemic challenges in modernising its data landscape, compounded by external compliance pressures and internal resource and IT infrastructure constraints. The Committee noted these challenges and agreed to receive regular reports on progress during 2025/6.

Management confirmed that of the 27 returns that had been submitted in the previous year, 25 had been submitted on time but a two-week extension had been requested in two cases. Other than the delayed submissions, the returns had met the standard the receiving organisation was expecting.

8. Opinion

The Audit Committee, having reviewed the opinions provided by both the internal and external auditors and information provided by the University, have agreed its opinion on the University's risk management, control governance and value for money is that the design of these arrangements is mostly adequate and effective in supporting the institution's objectives; however, further improvements are required to maintain or enhance adequacy and effectiveness or to improve efficiency, particularly in respect of in-year forecasting.

Having taken all reasonable steps to assure themselves (e.g. through internal and external audit reports and opinions and the consideration of the regular reports to the Audit Committee), the Committee have identified no significant control weaknesses that should be disclosed other than the external audit findings on budgetary control, which it is satisfied are being addressed.



9. Circulation

To be published once approved for publication by the University Council.

Signed: *A. R. Cuddy* (Chair) Dated 19-12-2025

APPENDIX A:

2024/25 internal audit plan with conclusion grades

#	Audit Title	Risk Assurance	Efficiency & Economy	Benchmark Assessment	Status	Days-Budget	Days-Position	AC-meeting
1	Financial Sustainability and Resilience	Reasonable	Reasonable	Within-Norm	Complete	10	10.5	November-24
2	Management of strategic plan transition	N/A	N/A	N/A	Cancelled	0*	2	N/A
3	Risk Management	Reasonable	Reasonable	Within-Norm	Complete	10	10	March-25
4	Key Financial Controls - Payroll	Substantial	Reasonable	Within-Norm	Complete	8	8	June-25
5	Agile compliance 1: CMA Compliance	Limited	N/A	N/A	Complete	3.5	3.5	October-24
6	Agile compliance 2: Post-Audit Review	Substantial	N/A	N/A	Complete	2.5	3	June-25
7	Workload Allocation Model	Advisory	N/A	N/A	Complete	8	8.5	September-25