

# Independent Auditor's Report to the Council of Ulster University

## Opinion

We have audited the financial statements of Ulster University ('the University') and its subsidiaries (the 'group') for the year ended 31 July 2022 which comprise the Group and University Statement of Comprehensive Income, the Group and University Statement of Changes in Reserves, the Group and University Balance Sheets, and the Group Cash Flow Statement and the related notes 1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Group's and of the University's state of affairs as at 31 July 2022, and of the Group's and University's income and expenditure, gains and losses and changes in reserves and of the Group's cash flows for the year then ended;
- have been properly prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice);
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, the Financial Memorandum (Part 2) between the Department for Employment and Learning (now the Department for the Economy) and the University of Ulster and the Accounts Direction to Higher Education Institution requirements.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent institution in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the University Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent institution's ability to continue as a going concern for a period to 31 July 2024.

Our responsibilities and the responsibilities of the University Council with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The University Council is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinion on other matters prescribed by the Financial Memorandum (Part 1) between the Department for Employment and Learning (now Department of the Economy) and the University of Ulster ("Financial Memorandum")

In our opinion, based on the work undertaken in the course of the audit, in all material respects:

- funds from whatever source administered by Ulster University have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Department for the Economy have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them; and
- the requirements of the Department for the Economy's Accounts Direction to the Northern Ireland Higher Education Institutions for the relevant year's financial statements have been met.

## Matters on which we are required to report by exception

Under the Funding Council's Financial Memorandum, the University is required to include a Statement of Internal Control within the annual financial statements. We are not required to audit this statement, or to form an opinion on the effectiveness of risk management and control procedures but have a duty to report by exception whether this statement is inconsistent with our knowledge of the University.

## Responsibilities of the Council

As explained more fully in the Statement of the University Council's Responsibilities (set out on page 22), the University Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the University Council is responsible for assessing the group's and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the University Council either intends to liquidate the group or the University or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures

are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the institution and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the University and determined that the most significant are FRS 102, the Statement of Recommended Practice for Further and Higher Education and the Financial Memorandum between the Department for Employment and Learning (now the Department for the Economy) and the University of Ulster and the Accounts Direction to Higher Education Institution requirements.
- We understood how Ulster University is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquires through reading the University Council minutes and papers provided to the Audit and Risk Committee.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved: inquiring of management, internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the University's policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the University's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and identified the recognition of tuition fee, research grants and other income as fraud risks.

Our testing included agreeing a sample of these income streams to supporting agreements or letters, remittances and the receipt of payment in bank statements, and the testing of certain revenue journals to assess recognition in the current year. In addition, for a sample of deferred income items, we reviewed the related supporting documentation to assess performance related conditions, whether the required conditions had been met and that income had therefore been recognised in the correct financial year. We also tested a sample of income items before and after the year end to confirm that they had been recorded in the correct financial year.

In addition to the above, our procedures to respond to the identified risks included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- Reading minutes of meetings of those charged with governance and the Council;
- In addressing the risk of management override of controls we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. We reviewed significant accounting estimates for management bias and noted that we did not identify any significant unusual transactions in the financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

## Use of our report

This report is made solely to the Council of the Ulster University, as a body, in accordance with the Charters and Statutes of the University. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Ulster University and the Council as a body, for our audit work, for this report, or for the opinions we have formed.

### **Michael Christie (Senior Statutory Auditor)**

for and on behalf of Ernst & Young LLP, Statutory Auditor  
Belfast