

NORWICH UNIVERSITY OF THE ARTS

**Minutes of the Joint Audit Committee and Finance and Resources Committee
Held on Monday 28 October 2019 in the Conference Room, FH201, Francis House**

Present

Mr A Grimby (Chair)
Mrs A Ferguson
Mr M Jeffries
Mr A McMenemy
Prof. J. Last
Mr P Norton
Mr C Owen
Mr T Wood

In attendance

Ms S Beavis, KPMG, External Auditor
Mr S Belderbos, Director of Finance, NUA
Mr M Jones, RSM, Internal Auditors
Mrs A Robson, Deputy Vice Chancellor, NUA
Ms A Tubb, Registrar, NUA
Mr D Williams, Clerk

Apologies

Mr I Watson

WELCOME

The Chair welcomed participants to the joint meeting of the Audit and Finance and Resources committees. The aim of the meeting was to review the University's Financial Statements for 2018/19, and make recommendations, as appropriate, to Council.

1. FINANCIAL STATEMENTS

1.1. Commentary on the results for 2018/19.

The Director of Finance introduced the main features of the results for 2018/19.

Members' attention was drawn to the confirmation that the University was a "going concern", and that during the year Mary Chapman Court (now known as Duke St. Riverside) had been purchased for £3M.

The size of the University's Local Government Pension Scheme (LGPS) balance sheet liability was discussed given its significance to the accounts. During the year a fall in corporate bond yields, used to calculate the actuarial valuation of future liabilities through the discount rate, had resulted in the University's pension liability increasing. The external auditors had confirmed that the assumptions used to value the pension scheme were towards the cautious end of the scale. More important in terms of cash payments will be the results of the triannual review of the scheme. The results of the latest review were expected shortly.

Note 9 to the Financial Statements contained additional disclosures about staff costs and reflected the changes required by the Office for Students (OfS), with additional information on the Vice-Chancellor's remuneration.

The results for the year showed that the operating surplus had risen to £4.8M, from £3.9M in the previous year. During the year total income (+4%) had increased faster than expenditure (+0.5%).

Staff expenditure had risen in 2018/19 by 2.9% year-on-year. The increase in staff costs had been accompanied by a fall in non-staff costs (-2.7%). The fall in non-staff costs reflected lower estates costs. These had been inflated in 2017/18 by the non-recurring costs of fitting-out and commissioning St. Andrews House.

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1.2. KPMG - External Auditors' Report 2018/19

The external auditor drew the Committee's attention to a summary of the audit findings (p.4) and the significant risks audit (pp.6-10).

The external auditors' work was substantially complete. No unadjusted audit differences or adjusted differences had been identified.

The auditor was expecting to issue an unmodified Auditor's Report on the University's financial statements for 2018/19.

The Committee noted the Auditor's independence (Appendix 5), and judged the additional non-audit fee paid to the Auditor for their work on US Federal Aid Assurance (£2,105) to be reasonable and not excessive relative to the fees for audit work.

The Chair thanked the external auditor for their report and the work that they had undertaken.

1.3. Financial Statements for NUA 2018/19

The Committee considered the University's Financial Statements for the 2018/19 financial year.

The Committee reviewed both the 'front-end' narrative of the Report and Consolidated Financial Statements, and considered the financial numbers contained in the report.

The Committee agreed to commend the Financial Statements to Council for approval.

Chair

1.4. Financial Statements for NUA Business Limited 2018/19

The company is a separate legal entity and has its own board.

The financial statements for the University's wholly owned subsidiary, which are consolidated in the University's financial statements, were noted.

The Committee noted the need for a letter of support to be provided by the University for this entity given its net liabilities position.

1.5. Draft Management Representation Letter - NUA

Members reviewed the draft Management Representation Letter 2018/19. The contents and structure of the Letter followed a common format, which was similar to letters issued in previous years and no specific representations required. Members agreed to commend the signing of the letter to Council.

Chair

1.6. US Dept. of Education loan programme – KPMG review

The Committee reviewed the tabled and draft report from KPMG, and the representation and assertions letters to be provided by the University to KPMG.

The Committee agreed to recommend that the two letters to be sent on behalf of the Council to KPMG should go to Council for its approval.

Chair

2. CLOSURE OF THE MEETING

The Chair thanked all attendees for their participation in the meeting, and the University's finance team for their work on the financial statements.