

NORWICH UNIVERSITY OF THE ARTS

Minutes of Audit Committee meeting held by Microsoft Teams on Friday 11 June 2021, commencing at 14.00.

Present

Mr A Grimby (Chair)
Ms A Ferguson
Mr C Owen
Mr T Wood

In attendance

Ms A Beckett, Academic Registrar, NUA
Mr S Belderbos, Director of Finance, NUA
Mr M Jones, RSM UK, Internal Auditor (to Item 12)
Ms E Larcombe, KPMG, External Auditor (to Item 12)
Mrs A Robson, Deputy Vice Chancellor, NUA
Mr D Williams, Clerk

Apologies

None

1. MINUTES OF THE PREVIOUS MEETING

The minutes of the Audit Committee meeting held on 18 February 2021 were agreed.

2. MATTERS ARISING FROM THE MINUTES

There were no matters arising.

3. QUALITY AND COMPLIANCE

3.1. Annual Course Approval and Periodic Review 2020-2021

The Committee received the annual report on course approval and periodic review. Since the report had been prepared, the Master of Architecture (MArch) had received approval.

3.2. Update on External Accreditation

The Committee received an update on the external accreditation of courses.

The Architects Registration Board (ARB) had confirmed Part 1 Prescription renewal for the BA (Hons) Architecture course. The accreditation would run to 20 November 2025. The University would shortly apply for Part 2 Prescription for the MArch.

3.3. GDPR & Cyber Security

There had been no breaches of the University's cyber security.

It was noted that across all sectors of the economy, and not just higher education, there had been an increase in the number of attempted breaches of cyber security. In part this reflected the increase in homeworking, and the corresponding rise in the number potential entry points to an organisation's information technology systems.

The University continued to remind and encourage its staff to remain vigilant as to attempted breaches in cyber security.

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3.4. CMA update

The Committee received an update to the report submitted to its spring meeting. The update confirmed that the University has met, and in many instances exceeded, all of the CMA's self-assessment thresholds, which it was required to meet during the Covid-19 pandemic

The Committee noted the report.

4. EXTERNAL AUDIT

4.1. KPMG External Audit Plan 2020/21

The external auditor introduced the external audit plan and strategy 2020/21. The Committee's attention was drawn to the key areas of risk, the auditor's fees, confirmation of the auditor's independence and the audit of access and participation.

The external auditor suggested that Mr Mark Dawson, KPMG's director with responsibility for education might attend a future meeting of the Committee to provide an update on developments impacting the auditing of higher education providers. It was agreed that the spring 2022 meeting of the Committee would provide an appropriate opportunity for the Mr Dawson to speak to the Committee.

External Auditor

The Committee noted the External Audit Plan and Strategy 2020/21.

5. INTERNAL AUDIT

5.1. Internal Audit Progress Report

The Committee received the Internal Auditor's progress report. Since the Committee's spring meeting, three further pieces of work had been completed.

The Internal Audit Plan for 2020/21 was now complete.

The Annual Report from the Internal Auditor would be presented to the Committee's autumn 2021 meeting. The Internal Auditor was anticipating that the report would show a substantial assurance opinion.

5.2 Report – Data Quality (TRAC Return and HESA Student Record)

The Committee received the report from the Internal Auditors. The Internal Auditors had found that the Board could take substantial assurance as to the controls relating to the University's Transparent Approach to Costing (TRAC) and Higher Education Statistics Agency (HESA) submission. The audit had identified only one low priority action relating to HESA data validation.

5.3 Report – Key Financial Controls

The Internal Auditor had undertaken a review of the University's key financial controls. Only one low priority action relating to the cash management had been identified. Overall, the Internal Auditor had concluded that the Board could take substantial assurance with regard to University's key financial controls.

5.4 Report – Follow up

The Internal Auditor had concluded that the University had made good progress in implementing the agreed management actions. No agreed actions were outstanding.

The Committee noted the report.

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The Chair of the Committee thanked the Internal Auditor for his work and reports.

6. RISK MANAGEMENT

6.1. Significant Risks List

The Committee noted the Significant Risks List (SRL). Content in the SRL in connection with Covid-19 had been highlighted in “red”.

The risks potentially impacting on the University’s financial sustainability remained unchanged.

Although undergraduate applications to University for 2021/22 entry were down, the proposed budget for forthcoming year was projecting a healthy surplus of c.£3.5M. While in the short-term the financial position was sound, there less certainty over the longer-term. Future government policies for higher education remained unclear.

The University had modelled the impact of possible future changes to the public funding. The modelling had assessed the financial impact on the University of the loss of the remaining grant income received from the Office for Students (OfS), a reduction in tuition fee rates, and the loss of funding for Year 0 courses. In practice, should a reduction in income occur, to maintain financial sustainability, the University would adjust its costs.

6.2. SMG Annual Risk Management Report

The Committee received the annual review of the University’s policy and processes for identifying and managing risk. The report confirmed that the full risk management review and recording process had been undertaken for the year.

7. INTERNAL CONTROLS

7.1. List of Donations Received May 2020 – April 2021

Donations received during the period included a generous donation from Lord Agnew and a number of donations to the Chancellor’s scholarship fund.

The list of donations was noted.

7.2. 2019/20 Access & Participation Plan monitoring return

The Committee noted the University’s 2019/20 Access and Participation Plan monitoring return.

8. HEALTH AND SAFETY

8.1. Health and Safety Annual Report

The Committee received the Health and Safety Annual Report. There had been no major injuries or incidents during the reporting period. Only 1 minor injury or incident involving a member of staff, and 3 involving students had occurred.

9. GOVERNOR MATTERS

9.1. Governors’ expenses

The expenses claimed by governors for the period May 2020 – April 2021 were noted.

10. ANY OTHER BUSINESS

There was no other matters of business.

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11. DATE AND TIME OF NEXT MEETING

A joint meeting of the Audit and Finance and Resources Committees would take place on Monday 01 November 2021 at 13.00, followed by a meeting of Audit Committee at 14.00

The external and internal auditors left the meeting.

12. AUDIT RE-TENDER

The Chair updated the Committee on the re-tendering processes for the University's internal and external auditors.

Following completion of the tendering process for the appointment of the University internal auditors, the short-listing and interview panel, was recommending that Scrutton Bland should be awarded a five-year contract to act as the University's internal auditors.

The Committee approved the appointment of Scrutton Bland as the University's internal auditors on a five-year contract.

Chair/Director of Finance

The University had only received limited tenders for the external audit. Other potential providers who had been approached had indicated that they would be interested in tendering for the work in 12 months' time.

Of the tenders submitted, the one submitted by University's existing external auditors had been preferred. However, despite a significant increase in the tender price, there was no current evidence that the University would receive a better or more proactive service should the tender be accepted. After careful consideration, and following further discussions with the external audit firm, it was proposed that the contract with the University's current external auditors be extended by one year (i.e., for 2021/22), with the re-tendering for the University external auditors being re-run early in the calendar year 2022.

The Committee approved the extension of the contract with KPMG, the University's current external auditors for a further year.

Chair/Director of Finance.