

<u>NORTHERN SCHOOL OF CONTEMPORARY DANCE</u>		
<u>THE AUDIT COMMITTEE</u>		
Minutes of the meeting of the Audit Committee held at 6pm on 13 October 2020 via Zoom.		
Present:	Peter Moizer (Chair), Kate Buckham and Vinny Leach	
In attendance:	Principal, Director of Finance and Resources and Clerk to the Governors, Rashpal Khangura (KPMG), Philip Drysdale (KCG)	
Apologies:	None	Action
<u>PRIVATE MEETING WITH AUDITORS</u>		
A20/01	<p>Prior to the start of the meeting, the Committee met privately with the auditors. It was noted that there was nothing additional to report that would not be discussed in open session.</p> <p>The Principal and Director of Finance and Resources joined the meeting and the Chair thanked everyone involved in this year's audit.</p>	
<u>DECLARATIONS OF INTEREST</u>		
A20/02	There were declaration of interest from the Director of Finance and Resources in relation to her role as a Trustee of the West Yorkshire Pension Fund and Kate Buckham in relation to her role at Wrigleys.	
<u>MINUTES OF THE LAST MEETING</u>		
A20/03	The minutes of the meeting held on 16 June 2020 were reviewed and approved as an accurate record.	
<u>MATTERS ARISING ON THE MINUTES</u>		
A20/04	There were no matters arising on the minutes not covered elsewhere on the agenda.	
<u>AUDIT COMMITTEE REPORT TO THE BOARD</u>		
A20/05	<p>The draft Audit Committee report to the Board had been circulated and the Committee confirmed that it supported the opinion that, on the basis of the information presented to it by management, Internal Audit, KPMG and other sources, and the discussion and review of that information with these groups, the School's arrangements for:</p> <ul style="list-style-type: none"> • risk management; • internal control; • corporate governance; • economy, efficiency and effectiveness (value for money); and • the management and quality assurance of data submitted to the funding bodies. <p>were adequate and effective and could be relied upon by the Board of Governors.</p>	
A20/06	RESOLVED: That the Audit Committee report to the Board 2019/20 was approved for submission to the Board.	
<u>COMMITTEE SELF-ASSESSMENT AND TERMS OF REFERENCE</u>		
A20/07	The Committee reviewed its performance against its duties as set out in the terms of reference and KPIs. It was agreed that it had met its responsibilities but that it would be appropriate to update its terms of reference to allow for between 3 and 5 members.	

A20/08	RESOLVED: That it be recommended to the Board that the Committee's terms of reference be amended to provide for between 3 and 5 members.	
	<u>DRAFT FINANCIAL STATEMENTS 2019-20</u>	
A20/09	<p>The Committee had received the following documents:</p> <ol style="list-style-type: none"> i. Audit Highlights Memorandum and Management Letter ii. Draft Financial Statements for 2019-20 iii. Letter of Representation iv. Teachers' Pension Scheme End of Year Certificate <p>It was noted that although there remained some outstanding items at the time of writing, KPMG confirmed that they expected to be in a position to issue the fundamentally similar opinion. It was noted that only estimated figures had been available in relation to the pension fund but should the actual figures be significantly different it may be necessary to revert to the Chair of the Committee. The Director of Finance and Resources reported that she had requested a rerun of the actuary's calculations as there had been issues in relation to incorrect contribution figures being given to the actuaries by West Yorkshire Pension Fund. It was unlikely that there would be any material changes to the accounts but should that be the case, the Audit Committee Chair would be consulted.</p> <p>The Annual Accounts showed a continuing healthy operating position for the School, with an operational surplus for the year of £331K compared with £154K in the previous year and a closing reserves balance of £1,863K compared with £2,509K the previous year. The reduction in the overall level of reserves was due to a large increase in the pension fund liability of £977K primarily due to the impact of Covid19 on investment returns, and this was a non cash adjustment which did not impact on the day to day operation of the School. The Committee recognised that there was a good underlying operating performance and that, despite the pension liability, the School still had a positive cash position.</p> <p>The Auditors had highlighted three minor issues and made recommendations in their Audit Highlights Memorandum and Management Letter which the School had accepted:</p> <ul style="list-style-type: none"> • Priority 1 (<i>issues that are fundamental and material to system of control meaning you might not meet a system objective or mitigate a risk</i>). NONE • Priority 2 (<i>issues with an important effect on internal control but that don't need immediate action</i>). NONE • Priority 3 (<i>minor improvements to internal control that are best practice</i>): <ul style="list-style-type: none"> - Journal Authorisation – evidencing review and authorisation of journals recommended. - West Yorkshire Pension Fund - management review of pension actuarial assumptions recommended. - Access and Participation Expenditure Note (new for 2019/20) – less reliance on management estimates recommended. <p>It was reported that there was one reportable matter in the KPMG report on procedures relating to the Teachers Pensions End of Year Certificate for the year ended 31 March 2020. This related to rounding errors and management had resolved the issue.</p> <p>The Director of Finance and Resources reported that the Yorkshire Young Dancers Audit would be a clean audit and she would sign the letter of representation.</p>	

A20/10	<p>RESOLVED:</p> <ul style="list-style-type: none"> i. That the draft Financial Statements for 2019-20 be recommended to the Board for signature by the Chair of the Board of Governors subject to finalising the outstanding note with the auditors, and the subsequent approval of the Chair of the Audit Committee. ii. That the Letter of Representation be recommended to the Board for signing by the Chair on behalf of the Board of Governors iii. That the Audit Highlights Memorandum and Management Letter 2019/20 be noted iv. That the KPMG Teachers Pension Scheme End of Year Certificate be noted 	
	<u>OfS ANNUAL ACCOUNTABILITY STATEMENT</u>	
A20/11	The Committee received and considered the OfS Annual Accountability Statement, the financial responsibilities section of which had already been reviewed by the Finance Committee.	
A20/12	RESOLVED: That the Annual Accountability Statement be recommended for final approval by the Board.	
	<u>INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP REPORT</u>	
A20/13	The Committee received the Internal Audit recommendations follow up report and noted that the review of student mental well-being was being finalised. The Committee noted that there were 2 or 3 days allocated to reviews specific to the School and was invited to consider topics for those reviews, which would be carried out around April 2021.	
A20/14	RESOLVED: That the Internal Audit recommendations follow up report be noted.	
	<u>RISK REGISTER</u>	
F20/15	The Committee considered the full risk register and noted that there were no changes since the last meeting. It was agreed that the School's approach to risk management remained appropriate and robust, with student risks being well managed.	
A20/16	RESOLVED: That the risk register be noted.	
	<u>HE AUDIT COMMITTEES CODE OF PRACTICE</u>	
A20/17	<p>The Committee received the HE Audit Committees Code of Practice (May 2020) prepared by the Committee of University Chairs, and agreed to adopt the Code, with a mapping of compliance to be considered at the next meeting.</p> <p>The Committee discussed the attendance of the Principal at Audit Committee meetings and agreed that she should only attend the autumn meeting each year.</p>	Clerk to Governors
A20/18	RESOLVED: That the Committee adopt the CUC's HE Audit Committees Code of Practice and that a compliance mapping exercise be carried out.	
	<u>PRIVATE SESSION WITH COLLEGE MANAGEMENT</u>	
A20/19	The Internal and External Auditors left the meeting and the Committee considered possible items for internal audit review. It was agreed that the Director of Finance and Resources should consider the matter for further discussion at the next meeting.	
A20/20	RESOLVED: That the Director of Finance and Resources consider possible topics for internal audit review, for discussion at the next meeting.	Director of Finance & Resources

	<u>DATE OF THE NEXT MEETING</u>	
A20/21	2 March 2021 at 6pm	
	The meeting closed at 7.35pm	

Signed	
Date	