

# NORWICH UNIVERSITY OF THE ARTS

## Minutes of the Joint Audit Committee and Finance and Resources Committee Held on Monday 01 November 2021 in Francis House, Norwich, and commencing at 12.00

### Present

Mr A Grimby (Chair)  
Mrs A Ferguson  
Mr M Jeffries  
Prof. S Ofield-Kerr  
Mr C Owen  
Mr T Wilson  
Mr T Wood

Mr N Ackroyd, KPMG, External Auditor  
Prof. L Anderson, Pro Vice Chancellor  
(Academic), NUA  
Mr S Belderbos, Director of Finance, NUA  
Ms E Larcombe, KPMG, External Auditor  
Mrs A Robson, Deputy Vice Chancellor  
Mr D Williams, Clerk  
Ms A Hynes (Observer)

### In attendance

Mr S Abbott, RSM, Internal Auditors

### 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 2020/21, and make recommendations, as appropriate, to Council.

## 1. FINANCIAL STATEMENTS

### 1.1. Commentary on the results for 2020/21

The Director of Finance introduced the results for 2020/21.

The outturn for 2020/21 was a surplus of £5.43M. When compared to the preceding year, income has risen by 9% and expenditure by 1%. The rise in income largely reflected a 8% increase in the number of undergraduate Home students. There had been no rise in the tuition fee per capita for Home students.

The impact of Covid-19 made 2020/21 an abnormal year. Staff costs had risen by 8% reflecting an increase pension costs, the size of the student body, new courses and the introduction of a strict cleaning regime. Non-staff costs fell by 9% during the year. The change reflected a reduction compared to the previous year in the underwriting of student accommodation for the owners of All Saints Green, and the purchase rather than leasing of information technology (IT) equipment.

Reflecting the construction of Duke Street Riverside (DSR), the value of fixed assets shown on the balance sheet had risen from £24.1M (2019/20) to £36.0M (2020/21). Cash reserves were £30.6M (2020/21), a fall of just over £3M on 2019/20.

Pension liabilities, based on the latest actuarial estimates of the University liability in relation to the Local Government Pension Scheme (LGPS) had increased from £15.4M to £17.8M.

Members attention was drawn to the key financial indicators, including the level of unrestricted reserves as a percentage of income. During the year, the ratio for NUA had increased by 5 percentage points, and stood at 160%.

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### **1.2. Financial Statements for NUA 2020/21**

The Committee considered the University's Annual Report and Financial Statements for 2020/21.

The Director of Finance highlighted the Strategic Review and noted that he had received a number of minor changes to the front-end narrative to the Corporate Governance Statement. The changes would be incorporated in the final version of the Annual Report and Financial Statements.

Note 10 to the Financial Statements provided details of the remuneration received by Higher Paid Staff. The changes to the leadership of the institution during the accounting period were detailed, and information provided on the pay ratios.

Expenditure in relation to Access and Participation was detailed in Note 11.

The University's pension commitments were detailed in Note 24, with changes to the valuation of the LGPS set out in Note 24.2

Members enquired about including commentary on environmental sustainability. The University was in the process of adding information to its website to highlight the actions it had, and was, taking on environmental sustainability. It was agreed that consideration should be given to emphasising the University's actions in next year's Annual Report and Financial Statements.

**Director of Finance**

The Committee endorsed the Annual Report and Financial Statements and recommended them to Council for approval.

**Chair**

### **1.3. Financial Statements for NUA Business Limited 2020/21**

NUA Business Limited is a wholly owned subsidiary of the University, and its financial statements are consolidated in the University's financial statements.

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

The financial statements for NUA Business Limited were noted.

### **1.4. KPMG - External Auditors' Report 2020/21**

The external auditor confirmed to the Committee that their audit was substantially complete.

The external auditor highlighted a number areas to their work, including assessing the risks with regard to revenue recognition, the testing of assumptions with regard to the University's pension liabilities and more generally the work undertaken with regard to establishing that the University was a going concern. The external auditor confirmed that they too had no concerns regarding the University being deemed a going concern.

Appendix 3 detailed a couple of minor recommendations raised from the audit. None were significant.

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The external auditor was in the process of finalising their report, which they would issue shortly.

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

### **1.5. Draft Management Representation Letter - NUA**

Members reviewed the draft Management Representation Letter 2020/21. The contents and structure of the Letter followed a common format. The Letter was similar to the letters issued in previous years and no specific representations were required. Members agreed to commend the signing of the Letter to Council.

**Chair**

## **2. CLOSURE OF THE MEETING**

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