

<u>NORTHERN SCHOOL OF CONTEMPORARY DANCE</u>		
<u>AUDIT COMMITTEE</u>		
Minutes of the meeting of the Audit Committee held at 6pm on 12 October 2021 via Zoom.		
Present:	Vinny leach (Chair), Kate Buckham and Cathy Myles	
In attendance:	Principal, Director of Finance and Resources and Clerk to the Governors, Cara Turtington, Sally Appleton and Harriet Raine (Saffrey Champness)	
Apologies:	Philip Drysdale (KCG)	Action
<u>PRIVATE MEETING WITH AUDITORS</u>		
A21/01	<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>		
A21/02	<p>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.</p> <p>Members noted that Tina Gill had resigned from the Board due to other commitments.</p>	
<u>MINUTES OF THE LAST MEETING</u>		
A21/03	The minutes of the meeting held on 15 June 2021 were reviewed and approved as an accurate record.	
<u>MATTERS ARISING ON THE MINUTES</u>		
A21/04	The Committee received the action tracker and noted the contents.	
<u>AUDIT COMMITTEE REPORT TO THE BOARD</u>		
A21/05	<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> <p>A question was asked about whether a second line of defence was required in relation to data assurance and the Director of Finance and Resources reported that the School itself provided the final sign off of data, but internal audit carried out a check of data as part of the annual work programme.</p>	

A21/06	RESOLVED: That the Audit Committee report to the Board 2020-21 was approved for submission to the Board.	
	<u>COMMITTEE SELF-ASSESSMENT AND TERMS OF REFERENCE</u>	
A21/07	The Committee consider the review of performance against its duties as set out in the terms of reference and KPIs and noted the contents.	
	<u>AUDIT COMMITTEE CODE OF PRACTICE ACTION PLAN UPATE</u>	
A21/08	The Committee received an update on the action plan for compliance with the Audit Committees Code of Practice from the Clerk and noted that there were three items not yet completed, with two not yet due. It was noted that the Clerk would liaise with the internal and external auditors regarding an Audit Committee training session.	
A21/09	RESOLVED: That the Clerk liaise with the internal and external auditors to agree a date for an Audit Committee training session.	Clerk to Governors
	<u>DRAFT FINANCIAL STATEMENTS 2020-21</u>	
A21/10	<p>The Committee had received the following documents:</p> <ul style="list-style-type: none"> i. Audit Highlights Memorandum and Management Letter ii. Draft Financial Statements for 2020-21 iii. Letter of Representation iv. Teachers' Pension Scheme End of Year Certificate <p>Saffrey Champness reported that they still required the updated budget to complete their work and the Director of Finance and Resources confirmed that the 5-year plan including cash flow would be available shortly. She agreed to provide a copy to Saffrey Champness along with the dates for the lift installation work.</p> <p>Saffrey Champness presented the Audit closing report and confirmed that they anticipated issuing an unmodified audit opinion and an unmodified opinion in relation to Going Concern. It was noted that there were uncorrected misstatements of £16k in total which the School had elected to leave uncorrected. Saffrey Champness confirmed that would not alter their audit opinion.</p> <p>The Annual Accounts showed a continuing healthy operating position for the School, with an operational surplus for the year of £214K compared with £331K in the previous year and a closing reserves balance of £2,626K compared with £1,863K the previous year. The increase in the overall level of reserves also being due to a reduction in in the pension fund liability of £549K, compared with an increase of £977K in the previous year. This was primarily due to the bounce back after the impact of Covid19 in the previous year and was a non cash adjustment which did not impact on the day to day operation of the School. It was noted that a note on the financial instrument had to be included and a final set would be ready for circulation to the Board at the end of October, once Saffrey Champness had carried out a final review. Members were asked to let the Director of Finance and Resources know of any amendments to the text.</p> <p>The Auditors had highlighted five recommendations in their Management Letter, all categorised as Important, which the School had accepted. It was noted that the recommendation in relation to controls over the kitchen takings, whilst not a significant amount, were a risk to the School and the Director of Finance and Resources confirmed that she was aware of the issues which would be addressed. A question was asked about contactless facilities and it was confirmed that those were available although a suitable solution would be needed for international students without UK bank accounts.</p>	

	<p>The Teachers' Pension Scheme End of Year Certificate had been circulated and it was noted that opt out forms could not be located for four staff. In response to a question about whether the regulator had to be notified, it was confirmed that only the Teachers Pension Scheme had to be informed. An update would, however, be provided to the next meeting.</p> <p>Thanks were expressed to the Audit team and to the Director of Finance and Resources and the Financial Controller, who had run the audit for the first time.</p>	
A21/11	<p>RESOLVED:</p> <ol style="list-style-type: none"> i. That the Director of Finance and Resources provide the auditors with the 5-year financial plan and details of the lift installation dates. ii. That the draft Financial Statements for 2020-21 be recommended to the Board for signature by the Chair of the Board of Governors iii. That the Letter of Representation be recommended to the Board for signing by the Chair on behalf of the Board of Governors iv. That the Audit Highlights Memorandum and Management Letter 2020-21 be noted v. That the KPMG Teachers Pension Scheme End of Year Certificate be noted and an update on the opted out staff be provided to the next meeting. 	<p>Director of Finance & Resources</p> <p>Director of Finance & Resources</p>
	<u>ANNUAL ACCOUNTABILITY STATEMENT AND LETTER OF REPRESENTATION</u>	
A21/12	The Committee received and considered the Of's Annual Accountability Statement, the financial responsibilities section of which had already been reviewed by the Finance Committee, and the Letter of Representation which were recommended to the Board.	
A21/13	RESOLVED: That the Annual Accountability Statement and Letter of Representation be recommended for final approval by the Board.	
	<u>RISK REGISTER</u>	
A21/14	The Committee considered the full risk register and the Director of Finance and Resources reported that a full review had not yet been undertaken. The Committee agreed that it was a priority to have the revised risk register for the next meeting and asked the Director of Finance and Resources and Clerk to Governors to liaise on the possibility of a special meeting in February 2022 to discuss it.	
A21/15	RESOLVED: That the risk register be noted, with a full review be carried out for the next meeting, and that consideration be given to whether a special meeting be arranged in February 2022 to discuss it.	Director of Finance & Resources/ Clerk to Governors
	<u>INTERNAL AUDIT</u>	
	Internal Audit report: Covid Lessons Learnt	
A21/16	The Committee received the Internal Audit report on Covid Lessons Learnt and noted the contents.	
	Internal Audit Plan 2021-22	
A21/17	The Committee received the Internal Audit Plan 2021-22 which focussed on the transition out of CDD. It was noted that there were no school specific reviews planned in 2021-22.	
A21/18	RESOLVED: That the Internal Audit report: Covid Lessons Learnt and Plan for 2021-22 be noted.	

	<u>INTERNAL AUDIT PROVISION</u>	
A21/19	A paper had been circulated regarding a proposal for tendering for internal audit services from 2022-23 and the Committee noted the challenges around attracting tenders for small providers, particularly since there were so few providers now available. It was recognised that there had recently been a change in external auditor and there was some merit in maintaining some continuity for a period as well as having staggered terms of office. Members acknowledged the resource impact of the tendering process and agreed that at the present time, it would help the School and the Committee manage change and ensure best value if KCG were approached for a tender proposal for an initial 1-year period. Whilst recognising the Committee's responsibility to tender for audit providers, it was agreed that in the circumstances, this would present least risk in the immediate future. Saffrey Champness agreed to provide some benchmarking information on typical day rates for comparison.	
A21/20	RESOLVED: i. That the Director of Finance and Resources approach KCG for a tender proposal and quotation for provision of internal audit services for an initial 1-year period. ii. That Saffrey Champness provide some benchmarking information on typical day rates	Director of Finance & Resources Saffrey Champness
	<u>UPDATED ON AUDIT RECOMMENDATIONS</u>	
A21/21	The Committee had received an update on audit recommendations and it was noted that those were only partially implemented would be completed over the next few months.	
A21/21	RESOLVED: That the Committee note the update on audit recommendations as circulated.	
	<u>UPDATE ON CHARITY STATUS</u>	
A21/22	The Director of Finance and Resources provided a verbal update on the School's charity status and reported that she would prepare a letter to the Charity Commission by the end of October updating them on progress with the School's OfS application. It was noted anticipated that the Charity Commission would wish the School to take any action at this stage.	
A21/23	RESOLVED: That the update on Charity Status be noted and that the Director of Finance and Resources write to the Charity Commission to update them on the School's OfS application.	Director of Finance & Resources
	<u>PRIVATE SESSION WITH MANAGEMENT</u>	
A21/24	The External Auditors left the meeting whilst the Committee had a private meeting with the Director of Finance and Resources. An update on Board membership was provided by the Clerk to Governors and it was agreed that the advert for Governor vacancies should be shared as widely as possible once it was available. An update on penetration testing was requested and the Director of Finance and Resources reported that an IT technician post had been advertised that this work would commence once an appointment was made.	
A21/25	RESOLVED: That, once available, the Clerk to Governors share the advert for Governor vacancies with Committee members and Saffrey Champness for extended reach.	Clerk to Governors
	<u>DATE OF THE NEXT MEETING</u>	
A21/26	2 March 2021 at 6pm	
	The meeting closed at 7.45pm	