

Approved

Minutes of Special Corporation Board – Part 1 31 January 2023

Board Members: B Kaczmarczyk (Chair) H Freeman
J Battye J Hemper
P Bond L McKenzie
T Campbell L Mycroft
J Croot J Richards (Principal and CEO)

In attendance: H Taylor-Toone (Deputy Principal) J Shore (Head of Governance)
D Hoose (Mazars)

Apologies: P Bond, S Martin-Standley

CH = Challenge

35/2223 Declaration of Interest

Members were reminded of the need to disclose an interest in any item of business to be considered at the meeting. Nothing was declared.

36/223 Final Statutory Accounts 2021/22

The final 2021/22 statutory accounts for the Chesterfield College Group (Group), alongside the Annual Report of the Audit Committee, were presented to the Board for approval. A reconciliation of the consolidated position as per the P12 management accounts was also provided. It was noted that the draft statutory accounts for the Group and its four subsidiary companies had been previously scrutinised by the Audit Committee on 22/11/22 and the Finance & Corporate Services Committee on 8/12/22 and were shared with the Board for information at its last meeting on 14/12/23.

CH: The Board asked if there was anything additional that required flagging or discussion since the draft accounts were shared at the meeting in December. HTT advised that the outstanding items previously raised had now been resolved or had progressed. *A detailed update is minuted confidentially under Part 2.*

As a result of the progress made, the College can use the going-concern assumption within the Group's financial statements, which is supported by the external auditors and confirms the Board's position that it is comfortable that the College will not run out of money in the current year.

Subsidiary Company Statutory Accounts

HTT advised that due to the recent reclassification of all colleges as public sector institutions, sign-off is required from the Department for Education (DfE) to use letters of support for the College's four subsidiary companies; Learning Unlimited ATA Ltd, Chesterfield College Enterprises Ltd, Recruit Unlimited Ltd and Training Services 2000 Ltd. The College has submitted the required applications; however, approval has not yet been received and therefore the subsidiary accounts cannot yet be finalised for Board approval. The deadline for submitting the final year-end accounts to Companies House is 30/4/23.

External Audit Completion Report

D Hoose (DH), External Audit Partner – Mazars, gave an overview of the External Audit Completion Report and provided the Board with assurance that the findings were reasonable under the current climate, noting that the audit was clean except for the going-concern uncertainty which had now been resolved.

Two low priority internal control recommendations, relating to VAT returns, were reported. The un-adjusted misstatements for the College Group and two of its subsidiary companies were identified within the report. The total impact of the unadjusted misstatements on net assets for the consolidated financial statements is £24k, however, DH noted there was nothing material or cause for concern.

The significant audit findings in terms of key risk were reported as follows:

- Audit testing did not identify any instances of management override of controls.
- The College's going-concern narrative in the financial statements identifies a material uncertainty around going concern. Without modifying the audit opinion, it has been noted in the going concern section of that this uncertainty exists.

- The actuarial team has reviewed the assumptions used in the calculation of the College's share of the LGPS pension scheme and have concluded that the assumptions used in respect of the liability are reasonable.
- Audit work did not identify any issues regarding income cut off with either ESFA grant funding or non-core income streams.
- No issues were found regarding depreciation.
- No regularity issues were identified during the audit.

In relation to the reclassification of all college corporations as public sector institutions with immediate effect, Mazars concurred with the College's view that this is a non-adjusting post balance sheet event and are satisfied that the disclosure in the financial statements is appropriate.

DH advised that during the course of the audit, Mazars did not encounter any significant difficulties and received full co-operation from College management.

CH: The Board asked DH whether there were other colleges who had faced similar uncertainties around their going-concern position. DH confirmed there was and that the position was reasonably common.

CH: In relation to the going-concern assessment, the Board asked how this would be affected by the reclassification moving forward. HTT advised that as the going-concern is about not running out of cash over the next 12 months, it is likely that the College will face the same going concern scenario for the next foreseeable couple of years until the reclassification is firmly in place and the cost-of-living stabilises. The Board discussed the positive news regarding the small funding increase for 16-18s and prospective increase for adult funding from 2024/25. HTT advised that some high-level cash projections are being undertaken, which will be firmed up nearer the time, and that the strategy to increase income and decrease pay costs remains as the College's financial focus.

Letters of Representation

HTT shared the two Letters of Representation required for signature by the Chair on behalf of the College to the external auditors for purposes of regularity and the external audit of the financial statements.

ESFA Regulatory-Self Assessment

As part of the annual audit process, the Chair of Corporation and Accounting Officer are required to complete and sign the ESFA's Regularity Self-Assessment Questionnaire. This has been reviewed by both the Audit Committee and the External Auditors in providing their regularity assurance; DH assured the Board that the assessment was fit for purpose and no issues had been identified. HTT advised that the College is complying with the regulations, with evidence provided through the College's policies, systems and Board/Committee minutes.

Resolutions: The Board **received** and **noted** the Annual Audit Committee Report for 2021/22 and **approved** the following:

1. The final 2021/22 Statutory Accounts for the Chesterfield College Group based on the Going-Concern assumption.
2. The two Letters of Representation to be signed by the Chair on behalf of the College.
3. The ESFA Regularity Self-Assessment for 2021/22

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Date of Next Meeting

9 February 2023

The meeting concluded.