

## Audit Committee Meeting

Date of Meeting	Thursday 17 January 2019
Paper Title	Letter of Representation
Agenda Item	6
Paper Number	AC3-B
Responsible Officer	Jim Godfrey, Finance & Resources Director
Status	Disclosable
Action	For Decision

### 1. Report Purpose

- 1.1. Review the draft letter of representation requested by the external auditors.

### 2. Recommendations

- 2.1. The Committee is invited to **agree** to recommend to the Board that the letter be signed by the GCRB Executive Director on behalf of the Board.

### 3. Background

- 3.1. The external auditors, as part of the assurances that they receive from GCRB management require the Executive Director to sign a letter of representation on behalf of the Board. The letter sets out the representations that management has made to Scott-Moncrieff for the purposes of its audit of the 2017-18 annual accounts.
- 3.2. GCRB management has reviewed the draft letter (copy attached) and is satisfied with the content.

### 4. Risk Analysis, Equalities Implications, Legal Implications, Financial implications and Strategic Plan implications

- 4.1. There are no additional factors beyond those mentioned in the cover paper to the annual report and accounts.

Scott-Moncrieff  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

Dear Sirs

**Glasgow Colleges' Regional Board**

This representation letter is provided in connection with your audit of the group financial statements of the Glasgow Colleges Regional Board ('the GCRB') for the period ended 31 July 2018 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 1992, the Accounts Direction issued by the Scottish Funding Council, UK Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of recommended practice: Accounting for further and higher education and the Government Financial Reporting Manual (FReM) where applicable.

By a resolution of the Board, passed today, I am directed to confirm to you, in respect of the group financial statements of the GCRB for the period ended 31 July 2018, the following:-

**Financial statements and accounting records**

1. We acknowledge, as members of the Board, our responsibility for preparing a group annual report and financial statements which give a true and fair view in accordance with Further and Higher Education (Scotland) Act 1992, the Accounts Direction issued by the Scottish Funding Council, UK Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of recommended practice: Accounting for further and higher education and the Government Financial Reporting Manual (FReM) where applicable, and for making accurate representations to you.
2. We have provided you with:
  - access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
3. All transactions have been recorded in the accounting records and are reflected in the group financial statements.
4. Except as disclosed in the group financial statements, the results for the year were not materially affected by:
  - any change in accounting policies;

- transactions of a type not usually undertaken by the GCRB;
  - circumstances of an exceptional or non-recurrent nature; or
  - charges or credits relating to prior periods.
5. We have reviewed going concern considerations and are satisfied that it is appropriate for the group financial statements to have been drawn up on the going concern basis. In reaching this opinion we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date on which the financial statements are to be approved.
6. We confirm the group financial statements are free of material misstatements, including omissions.

#### **Fraud**

7. We acknowledge as members of the Board our responsibilities for the design and implementation of internal control in order to prevent and detect fraud and to prevent and detect error.
8. In our opinion, the risks that the group financial statements may be materially misstated as a result of fraud are low for the following reasons:
- measures have been put in place by management to reduce the risk of fraud and improper use or misappropriation of assets; and
  - measures have been put in place by management to reduce commercial risks that the GCRB face without, at the same time, hindering their day to day operations and their ability to operate profitably.

In particular, we have established the following:

#### **Prevention of fraud**

- regular and detailed Board meetings, which involve monitoring financial performance including cash flows, monitoring risks facing the GCRB and recording all major decisions taken.
- segregation of duties in key areas.

#### **Reduction of business risk**

- regular monitoring of business risk at Board level.
  - banking with major UK banks.
9. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
- management;
  - employees who have significant roles in internal control; and
  - others where the fraud could have a material effect on the group financial statements.
10. We are not aware of any allegations of fraud or suspected fraud with a potential effect on the group financial statements which have been communicated to us by employees, former employees, regulators or other third parties.

#### **Compliance with laws and regulation, and contractual agreements**

11. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the group financial statements.

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12. The GCRB has complied with all aspects of contractual agreements that could have a material effect on the group financial statements in the event of non-compliance.
13. All grants and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms and conditions in the application of such incoming resources.
14. We have made available to you all correspondence from the Scottish Funding Council, Scottish Government and Scottish Ministers relevant to your consideration of the group annual report and financial statements.

**Accounting estimates**

15. In our opinion the significant assumptions used by us in making accounting estimates are reasonable.

**Related parties**

16. We have disclosed to you the identity of the GCRB's related parties and all related party relationships and transactions of which we are aware.
17. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of FRS 102.
18. In particular, no member, their connected persons or other officers had any indebtedness, agreement concerning indebtedness or disclosable interest in a transaction with the GCRB at any time during the year, other than as indicated in the group financial statements.

**Assets and liabilities**

19. We have disclosed to you all known actual or possible litigation or claims whose effects should be considered when preparing the group financial statements and that they have been accounted for and disclosed in accordance with FRS 102.
20. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the group financial statements.
21. We confirm that, in our opinion, the assumptions that have been used in determining asset and/or liability values, whether such values are disclosed or applied in the group financial statements, are reasonable and reflect our ability and intent to carry out specific courses of action, where this is relevant to the determination of those values.
22. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.

**Subsequent events**

23. Should any material events occur which may necessitate revision of the figures included in the group financial statements or inclusion in the notes thereto, we will advise you accordingly.
24. All correspondence with regulators has been made available to you, including any serious incidents reports.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

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On .....(date)

The Board of Management member above is signing this letter on behalf of all of the Board of Management confirming that:

- (a) So far as each member is aware, there is no relevant audit information of which the GCRB's auditor is unaware; and
- (b) Each member has taken all the steps that ought to have been taken as a member, including making appropriate enquiries of fellow members and of the GCRB's auditor for that purpose, in order to be aware of any information needed by the GCRB's auditor in connection with preparing their report and to establish that the GCRB's auditor is aware of that information.