

## Audit and Assurance Committee Meeting

Date of Meeting	Tuesday 11 January 2022
Paper Title	Letter of Representation
Agenda Item	11
Paper Number	AAC2-G
Responsible Officer	Jim Godfrey, Finance and Resources Director
Status	Disclosable
Action	For Decision

### 1. Executive Summary

- 1.1. To enable the Committee to 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 Chair on behalf of the Board.

### 3. Report

- 3.1. The external auditors, as part of the assurances that they receive from GCRB management require a member of the Board to sign a letter of representation on behalf of the Board. The letter sets out the representations made to Azets for the purposes of its audit of the 2020-21 annual accounts.
- 3.2. GCRB management has reviewed the draft letter (copy attached) and is satisfied with the content.

### 4. Risk and Compliance Analysis, Financial and Resource Analysis, Equalities Implications, Learner Implications

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

Azets Audit Services Limited  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

**Re: Glasgow Colleges' Regional Board**

Dear Sirs

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of Glasgow Colleges' Regional Board's (the GCRB's) annual report and consolidated financial statements for the period ended 31 July 2021. These enquiries have included inspection of supporting documentation where appropriate and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

**GENERAL**

1. We have fulfilled our responsibilities as members of the Board under 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", the Statement of recommended practice: Accounting for further and higher education and the Government Financial Reporting Manual (FReM) where applicable, for being satisfied that they give a true and fair view and for making accurate representations to you.
2. All the transactions undertaken by the GCRB have been properly reflected and recorded in the accounting records.
3. All the accounting records have been made available to you for the purpose of your audit. We have provided you with unrestricted access to all appropriate persons within the GCRB, and with all other records and related information requested, including minutes of all management meetings.

**ADJUSTMENTS & DISCLOSURES**

4. The financial statements are free of material misstatements, including omissions.
5. We have reviewed and approved all audit adjustments made in the financial statements. (See appendix 1 for detail of such audit adjustments)
6. We have reviewed and approved all disclosures made in the financial statements and we are not aware of any other matters which require disclosure in order to comply with the requirements of 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", the Statement of recommended practice: Accounting for further and higher education and the Government Financial Reporting Manual (FReM) where applicable.

**INTERNAL CONTROL AND FRAUD**

7. We acknowledge our responsibility for the design, implementation and maintenance of internal control systems to prevent and detect fraud and error. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.
8. We have disclosed to you all instances of known or suspected fraud affecting the GCRB involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.
9. We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the GCRB's financial statements communicated by current or former employees, analysts, regulators or others.

10. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we deem necessary to address the likely effects of the COVID-19 pandemic on our system of internal controls.

#### **ASSETS AND LIABILITIES**

11. The GCRB has satisfactory title to all assets and there are no liens or encumbrances on the GCRB's assets except for those that are disclosed in the notes to the financial statements.
12. There were no changes in fixed assets during the period ended 31 July 2021 other than those disclosed in the accounts.
13. We have reviewed the residual values attached to fixed assets and confirm they are still appropriate and reasonable reflections of these assets' condition and usage.
14. All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.
15. We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.
16. We confirm that all bank accounts have been disclosed to you and are included within the financial statements.
17. We confirm that the GCRB has not contracted for any capital expenditure other than as disclosed in the financial statements.

#### **ACCOUNTING ESTIMATES**

18. The methods, data and significant assumptions used by us in making accounting estimates, and their related disclosures, are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework.

#### **LEGAL CLAIMS**

19. We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

#### **LAWS AND REGULATIONS**

20. 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 financial statements and disclosures, including non-compliance matters:
  - a. Involving financial impropriety;
  - b. Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the GCRB's financial statements;
  - c. Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the GCRB's business, its ability to continue in business, or to avoid material penalties; and
  - d. Involving management, or employees who have significant roles in internal control, or others.
21. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies, Scottish Government or Scottish Ministers concerning investigations or allegations of non-compliance, other than those already disclosed.

#### **RELATED PARTIES**

22. Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and we confirm that such information is complete. We are not aware of any other matters which require disclosure in order to comply with the requirements of applicable law or accounting standards.

#### **SUBSEQUENT EVENTS**

23. All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

#### **GOING CONCERN**

24. We believe that GCRB's financial statements should be prepared on a going concern basis on the grounds that sufficient funding has been made available to the GCRB to support the anticipated continuation of the provision of services.

25. We also confirm our plans for future action(s) required to enable the GCRB to continue as a going concern are feasible.
26. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the GCRB's ability to continue as a going concern need to be made in the financial statements.
27. The implications of the Covid-19 pandemic continue to create uncertainty and it is therefore difficult to evaluate the likely effect on the GCRB's activities and the wider economy. Our assessment at the date of approval of these accounts is that the pandemic does not create a material uncertainty related to going concern. The financial statements discloses matters of which we are aware that are relevant to the GCRB's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

28. We acknowledge our legal responsibilities regarding disclosure of information to you as auditor and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.
29. We have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

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Signed on behalf of the Board by:

[Name]

Date:

**Appendix 1 – Adjusted misstatements**

No	Detail	Assets	Liabilities	Reserves	SOCI
Details of adjusted audit differences		Dr / (Cr)	Dr / (Cr)	Dr / (Cr)	Dr / (Cr)
		£'000s	£'000s	£'000s	£'000s
1.	Removal of Historical Creditor	0	28		(28)
Total					(28)