



Scottish Funding Council

Promoting further and higher education



Comhairle Maoineachaidh na h-Alba

A' brosnachadh foghlam adhartach agus àrd ìre

Ref: 253674807

Robin Ashton
Executive Director
Glasgow College's Regional Board
City of Glasgow College
60 North Hanover Street
Glasgow G1 2BP

8 July 2019

Dear Robin

2018-19 Accounts Direction

I am writing to draw your attention to additional matters that will need to be considered in preparing the Glasgow Colleges' Regional Board ("GCRB") report and accounts for the year ending 31 July 2019. Specifically, this concerns the need for consolidated financial statements, as well as disclosures within the corporate governance statement and notes to the financial statements.

Background

The Post-16 Education (Scotland) Act 2013 defined GCRB as a regional strategic body (RSB) on 1 May 2014 and Scottish Ministers by Order assigned City of Glasgow College, Glasgow Clyde College and Glasgow Kelvin College to it on 1 August 2014.

GCRB is subject to the Accounts Direction issued by the Scottish Funding Council (SFC) to colleges on 5 July 2019. Whilst certain provisions of the Accounts Direction are not directly applicable to GCRB itself, we have outlined below the expected disclosures in the GCRB accounts.

Consolidated financial statements

Under the relevant accounting standards, and given the wide ranging powers enshrined in the legislation that RSBs have over assigned colleges, it would appear likely that

Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD
T 0131 313 6500
F 0131 313 6501
www.sfc.ac.uk

consolidated financial statements will again be prepared by GCRB. However, we fully recognise that the decision on whether consolidated financial statements will need to be prepared, based on a review of the specific arrangements which have been in place during the year, rests with the RSB and its auditors.

Corporate governance statement

The corporate governance statement should adequately explain GCRB's unique governance arrangements in describing the operation of the RSB during the year ending 31 July 2019.

As required by paragraph 17 of part 1 of the *Financial Memorandum with Fundable Bodies in the College Sector*, GCRB must comply with the principles of good governance set out in the *Code of Good Governance for Scotland's Colleges*. In line with the principles of comply or explain, an explanation should be provided in the event that GCRB's practices are not consistent with particular principles. Further information on corporate governance disclosures is set out in the Accounts Direction.

Disclosures

Assigned colleges are required to provide in the Performance Report a breakdown of spend of the cash budget for priorities (CBP) allocation for Academic Year 2018-19. Although GCRB does not itself have a CBP, the consolidated position of the assigned colleges should be reflected in GCRB's accounts.

Assigned colleges are also required to include a statement at the foot of the Statement of Comprehensive Income (SOI) and also a note to the accounts explaining the impact of the depreciation budget for government funded assets. GCRB does not itself have a depreciation budget from the Scottish Government, but the position of the assigned colleges should be reflected in the regional accounts.

I hope the above is helpful in preparing GCRB's annual report and accounts but please do not hesitate to contact me or Andrew Millar if you have any questions in relation to the foregoing.

Yours sincerely



Lorna MacDonald
Director of Finance