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REGIONAL BOARD REPORT

Subject: Letter of Representation	Purpose: For Approval <input type="checkbox"/> For Discussion <input checked="" type="checkbox"/> For Information <input type="checkbox"/>
Prepared by: Peter D Smith, Vice Principal – Finance and Resources	Date: 29 November 2017
Purpose: To approve the issue of the Letter of Representation to the College's external auditors. .	
Linked to Strategic Goal 5: Build Sustainability.	
Executive Summary: As part of the process of ensuring that proper governance arrangements are in place when agreeing the final accounts, the College must issue a Letter of Representation to the external auditors giving assurances around the information contained in the financial statements. It must also indicate that it has considered the points in the <i>Independent Auditor's Report for to Regional Board and the Auditor General for Scotland</i> . The letter is prepared in a standard format and has been agreed with the auditors; however Board members are required to indicate their understanding of the contents and approve the issuing of the letter. Copies of the letter and Report are attached for information. The Audit Committee considers the detail of the Report prior to making any recommendation for approval of the annual accounts.	
Recommendation: Board approve the issuing of the Letter of Representation.	
Previous Committee Approvals: n/a	
For publication <input checked="" type="checkbox"/>	For publication with redactions <input type="checkbox"/> Not for publication <input type="checkbox"/>

REF: TJ45/LS

CHARITY NUMBER: SC021180

7 December 2017

PRINCIPAL: Angela Cox

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Dear Sirs

Borders College

This representation letter is provided in connection with your audit of the financial statements of Borders College ('the College') for the period ended 31 July 2017 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", the Statement of recommended practice: Accounting for further and higher education and the Government Financial Reporting Manual 2016-17 (FReM) where applicable.

By a resolution of the board, passed today, I am directed to confirm to you, in respect of the financial statements of the College for the period ended 31 July 2017, the following:-

Financial statements and accounting records

1. We acknowledge, as members of the Regional Board, our responsibility for preparing and 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 2016-17 (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 financial statements.
4. Except as disclosed in the 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 College;
 - circumstances of an exceptional or non-recurrent nature; or



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Borders College
Newtown St Boswells Campus
NEWTOWN ST BOSWELLS
TD6 0PL

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- charges or credits relating to prior periods.
5. We have reviewed going concern considerations and are satisfied that it is appropriate for the 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 financial statements are free of material misstatements, including omissions.

Fraud

7. We acknowledge as members of the Regional 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 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 College assets.
 - measures have been put in place by management to reduce commercial risks that the College 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 Regional Board meetings, which involve monitoring financial performance including cash flows, monitoring risks facing the College and recording all major decisions taken.
- segregation of duties in key areas.

Reduction of business risk

- regular monitoring of business risk at Regional Board level.
 - banking with major UK banks.
 - ensuring College assets are properly insured.
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 financial statements.
 10. We are not aware of any allegations of fraud or suspected fraud with a potential effect on the 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 financial statements.
12. The College has complied with all aspects of contractual agreements that could have a material effect on the 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 or conditions in the application of such incoming resources.
14. We have disclosed to you all voluntary severance agreements and/or compromise agreements and related payments made or agreed to College officers and/or members whose effects should be considered when preparing the annual report and financial statements.
15. We have made available to you all correspondence from the Scottish Funding Council, Scottish Government and Scottish Ministers relevant to your consideration of the annual report and financial statements.

Accounting estimates

16. In our opinion the significant assumptions used by us in making accounting estimates are reasonable.
17. The provision recognised within the financial statement in relation to the Netherdale campus life cycle trust fund reflects the College's best financial estimate of the contractual obligation the College has as at 31 July 2017 in respect of repairs and renewals work required at that time to maintain the campus at the standard referred to in the Agreement for the Provision of Facilities Management Services at Scottish Borders Campus.

Related parties

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

Assets and liabilities

21. The following have been properly recorded and, when appropriate, adequately disclosed in the financial statements:
 - losses arising from sale and purchase commitments;
 - agreements and options to buy back assets previously sold;
 - assets pledged as collateral.
22. We have disclosed to you all known actual or possible litigation or claims whose effects should be considered when preparing the financial statements and that they have been accounted for and disclosed in accordance with UK Generally Accepted Accounting.
23. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
24. The College has satisfactory title to all assets and there are no liens or encumbrances on the College's assets, other than as disclosed in the financial statements.
25. We confirm that, in our opinion, the assumptions that have been used in determining asset and liability values, whether such values are disclosed or applied in the 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.
26. 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

27. Should any material events occur which may necessitate revision of the figures included in the financial statements or inclusion in the notes thereto, we will advise you accordingly.
28. 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

Tony Jakimciw
Chairman

On 7 December 2017

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

- (a) So far as each member is aware, there is no relevant audit information of which the College'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 College's auditor for that purpose, in order to be aware of any information needed by the College's auditor in connection with preparing their report and to establish that the College's auditor is aware of that information.