



City's Cash, City's Cash Trusts, and the Corporation's Sundry Trusts & Other Accounts

Draft Audit Management Report on the 2017-18 Financial Statements Audit

**REPORT TO THOSE CHARGED WITH GOVERNANCE
NOVEMBER 2018**

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Audit Management Report for the year ended 31 March 2018

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1 Purpose of the report

International Standard on Auditing (UK & Ireland) 260, “Communication with those charged with governance” requires Moore Stephens to report to those charged with governance on the significant findings from our audit.

This report aims to provide management and trustees with constructive observations arising from the audit process. We set out in this report details of:

- any expected modifications to our audit reports;
- any unadjusted items in the financial statements (except any unadjusted items which are clearly trivial) including the effect of unadjusted items related to prior periods on the current period;
- any material weaknesses in systems we have identified during the course of our audit work and our views about the quality of accounting practices and financial reporting procedures; and
- any other relevant matters.

Our procedures are carried out solely for the purpose of our audit so that we can form and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Our audit does not necessarily disclose every weakness and for this reason the matters referred to may not be the only shortcomings which exist.

We take this opportunity to remind you that:

- This report has been prepared for the sole use of the City of London Corporation;
- It must not be disclosed to any third party without our written consent; and
- No responsibility is assumed by us to any other person who may choose to rely on it for their own purposes.

The report has been discussed and agreed with the Chamberlain.

We would like to thank the Chamberlain, Dr Peter Kane, Caroline Al-Beyerty and the Finance Team for their co-operation and assistance during our audit.

2 Audit conclusion

In our opinion the financial statements of the following bodies give a true and fair view and comply with FRS 102.

| | |
|--------------------------------|-------------------------------------------------------------------------------------|
| City's Cash | |
| | |
| City's Cash Trusts | Ashtead Common |
| | Burnham Beeches & Stoke Common |
| | Epping Forest |
| | Hampstead Heath |
| | Highgate Wood & Queens Park Kilburn |
| | West Ham Park |
| | West Wickham Common and Spring Park Coulsdon & Other Commons |
| | |
| Sundry and Other Trusts | Ada Lewis Winter Distress Fund |
| | Charities Administered in Connection with (ICW) The City of London Freeman's School |
| | City Educational Trust Fund |
| | City of London Almshouses |
| | City of London Corporation Combined Education Charity |
| | City of London Corporation Relief of Poverty Charity |
| | City of London Freeman's School Bursary Fund |
| | City of London School Bursary Fund |
| | City of London School Education Trust |
| | City of London School Girls Bursary Fund |
| | Corporation of London Charities Pool |
| | Emmanuel Hospital |
| | Guildhall Library Centenary Fund |
| | Hampstead Heath Trust |
| | Keats' House |
| | King George's Field |
| | Samuel Wilson's Loan Trust |
| | Signore Pasquale Favale Bequest |
| | Sir Thomas Gresham Charity |
| | Sir William Coxen Trust Fund |
| | Vickers Dunfee Memorial Benevolent Fund |

We are pleased to report that our audit reports, which are included in each of the above financial statements, are unqualified. In our opinion, from information provided to us during the audit, no events or conditions appear to exist which cast doubt on the ability of the bodies listed above to continue as a going concern. We are therefore satisfied with the disclosures in the financial statements.

Our audit opinions are based on your approval of the financial statements and signing of the Letters of Representation, a draft of which has been included as an appendix to this report. Within the letters, you have confirmed that there are no subsequent events, other than those noted, that require amendment to the financial statements.

3 Respective responsibilities

Responsibilities of Management

The City of London Corporation is responsible for preparing the City's Cash financial statements in accordance with United Kingdom Accounting Standards - FRS 102. It is also responsible for keeping proper accounting records and safeguarding assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibilities of the Trustees

The Trustees are responsible for preparing the Trustees' Report and the financial statements of City's Cash Trusts and the Sundry and Other Trusts in accordance with applicable law and regulations. The Charities Act 2011 requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards – FRS 102. The Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charities and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charities will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charities transactions and disclose with reasonable accuracy at any time the financial position of the charities and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charities and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibilities of the Auditor

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

The audit includes the consideration of internal controls relevant to the preparation of the financial statements but we do not express an opinion on the effectiveness of internal control. We are also required to communicate any significant matters arising from the audit of the financial statements that are relevant to those charged with governance in overseeing the financial reporting process. The matters being reported are limited to those deficiencies in control that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported to those charged with governance.

International Standards on Auditing (UK and Ireland) do not require the auditor to design procedures for the purpose of identifying supplementary matters to communicate with those charged with governance.

Fee

The fee for the 2017-18 audit of City's Cash, City's Cash Trusts and Sundry and Other Trusts amounts to £82,700. A further £10,000 is payable by City's Cash for the 2017-18 audit year for associated audit services at the Guildhall School of Music and Drama.

In our Audit Planning Report we set out that the fee was dependent upon:

- City of London Corporation delivering a complete Annual Report and Accounts of sufficient quality that have been subject to appropriate internal review on the date agreed;
- City of London Corporation delivering good quality supporting evidence and explanations within the agreed timetable; and

- Appropriate City of London Corporation staff being available during the audit.

We have not encountered any significant delays or difficulties during the 2017-18 audit. We have provided no non-audit services during 2017-18.

Materiality

The concept of materiality recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. A matter is material if its omission or misstatement would reasonably influence the decisions of users of the financial statements. The assessment of what is material is a matter of the auditor's professional judgement and includes consideration of both the amount and the nature of the misstatement. In determining materiality, we consider a range of measures relevant to the account.

Materiality levels are generally set as percentages of income or assets. This methodology has been followed for our assessment of materiality for all entities bar City's Cash.

For City's Cash, there is a significant difference in value between income at £260.6m and net assets at £2,611.5m. We therefore assessed materiality based on net assets, which was set at £25m. Recognising that this was a high level of materiality in the context of the income and expenditure account, we treated the income and expenditure account as a sensitive area of testing, and assessed materiality as £4m for income and expenditure transactions.

Full details of all entities' key financials, including materiality are in Appendix 3 to this report.

Independence

International Standard on Auditing (UK & Ireland) 260, "Communication with those charged with governance" requires us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We can confirm that we have complied with the Financial Reporting Council's Ethical Standard with regard to our integrity, objectivity and independence. In our professional judgement the audit process has been independent and our objectivity has not been compromised.

We also perform the audit of Bridge House Estates, information pertaining to which has been excluded from this report as a separate report will be produced and presented at a later date.

4 Significant audit risks and risk factors

Significant audit risks

As noted in our Audit Planning Report submitted to the Audit and Risk Management Committee in March 2018 the following audit risk areas were identified as significant matters and therefore considered in detail during our audit fieldwork.

| Audit risk areas | Audit findings |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Revenue recognition (All funds and entities)</p> <p>Under International Standard on Auditing (UK and Ireland) 240, there is a presumed, albeit rebuttable, significant risk of fraud in revenue recognition. We consider this risk cannot be rebutted for income in all organisations.</p> | <p>We have documented, evaluated and reviewed the controls which ensure income is completely and accurately recorded across all entities and funds. No significant weaknesses in controls have been identified. We have substantively tested material income streams across all entities and funds and performed procedures to ensure the accuracy, occurrence, cut-off and completeness of income.</p> <p>Investment property income procedures on City's Cash included confirming the amounts received on a sample of properties to rent agreements as well as performing analytical procedures to gain assurance on the completeness of income.</p> <p>Non-property investment income procedures included agreeing dividend income obtained as well as confirming realised investments from pooled investment vehicles. We have also considered the movement in fair value on investments and the unrealised gain on investments by comparing yields obtained by the funds to fund manager reports, custodian reports and benchmarks.</p> <p>Conclusion: Satisfactory assurance has been gained in respect of the presumed risk of fraud in revenue recognition.</p> |
| <p>Management override (All funds and entities)</p> <p>Under International Standard on Auditing (UK and Ireland) 240, there is a presumed significant risk of material misstatement owing to fraud arising from the potential for management to override controls.</p> | <p>We have performed journals testing for all entities. We carried out focused testing on journals on City's Cash, reviewing journal entries which had a higher susceptibility to management override – for example, journals posted at weekends and by those who do not normally post journals. No significant issues were identified in our testing.</p> <p>For all entities, we considered the estimation techniques and any significant/unusual transactions. We reviewed significant estimates and judgements made in the financial statements for evidence of bias. No significant issues were noted in our testing.</p> <p>Investment property valuations for City's Cash comprise a significant judgement in the financial statements.</p> <p>Investment property valuations are now all conducted by an external firm of property valuers. We have met with representatives of the external firm of property valuers to discuss the methodology of the valuations overall and to review individual property valuations that were significantly above or below the average increase. We did not identify any indication of management bias in the valuations applied. No significant issues were noted in our testing.</p> |

| Audit risk areas | Audit findings |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>Conclusion: Satisfactory assurance has been gained in respect of the presumed risk of management override.</p> |
| <p>Investment Property Transactions (City's Cash)</p> <p>The Corporation holds a significant portfolio of investment properties. These investments bring about associated risks including that of disclosure, accounting and revaluation. Given the high values associated with investment property transactions, they carry a higher risk of material misstatement.</p> | <p>The value of property held by City's Cash as at 31 March 2018 was £1,817.6m. This represents an increase in value of 5%.</p> <p>Investment property valuations are now all conducted by an external firm of property valuers. We have agreed property valuations to external valuations performed as at 31 March 2018. We have met with representatives of the external firm of property valuers to discuss the methodology of the valuations overall and to review individual property valuations that were significantly above or below the average and benchmark increase.</p> <p>We have discussed and agreed accounting treatments for property transactions during the year.</p> <p>Conclusion: Satisfactory assurance has been gained in respect of the risk identified with regard to investment property transactions.</p> |
| <p>Managed Investments (All funds and entities)</p> <p>The Corporation holds a significant portfolio of managed non-property investments. These investments bring about associated risks including that of disclosure, accounting and valuation.</p> <p>Given the high values associated with managed investment valuations and transactions, they carry a higher risk of material misstatement.</p> | <p>We have agreed the valuation of managed investments back to investment manager and custodian confirmations, confirming that valuation, rights and existence of investments is not materially misstated.</p> <p>We have performed procedures over the movements in the investments held year-on-year, ensuring movements were in line with the market, and have been accurately and completely recorded.</p> <p>We have discussed and agreed accounting treatments and disclosures made in the financial statements, in respect of managed investments.</p> <p>Conclusion: Satisfactory assurance has been gained in respect of the risk identified with regard to managed investments.</p> |

Other risk factors

As noted in our Audit Planning Report submitted to the Audit and Risk Management Committee in February 2018 the following audit risk areas were identified as risk factors which could potentially result in a material misstatement. The table below sets out our approach and conclusions to these risk factors.

| Audit risk areas | Audit findings |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Crossrail contribution (City's Cash)</p> <p>The 2017-18 City's Cash accounts recognised a commitment in the financial statements, with expected payment in the 2018-19 and 2019-20 financial years.</p> | <p>We have discussed with officers and reviewed supporting documentation to assess and agree the financial accounting treatment and disclosure made in the financial statements.</p> <p>We have also reviewed and considered the disclosures made in the financial statements to ensure that they are materially correct, remain appropriate and are in line with FRS 102.</p> <p>Conclusion:</p> <p>Satisfactory assurance has been gained in respect of the risk factor identified.</p> |

Going concern and subsequent events

We are required under International Standard on Auditing (UK & Ireland) 570, "Going concern" to consider the appropriateness of the going concern assumption in the preparation of the financial statements, and to consider whether there are material uncertainties about the organisation's ability to continue as a going concern which need to be disclosed in the financial statements.

The term "subsequent events" is used to refer to events occurring between the period end date of the financial statements and the date of the auditor's report. International Standard on Auditing (UK & Ireland) 560, "Subsequent events" requires us to assess all such matters before signing our audit report.

In order to gain assurance on these matters our work has included:

- performing a review of budgets and cash flow projections covering a period of 12 months from the expected signing of the audit report, together with management accounts for 2018-19;
- reviewing minutes of relevant City of London Corporation sub-committees held since 31 March 2018;
- enquiring of senior management and the organisation's solicitors concerning litigation, claims and assessments; and
- performing sample testing of post reporting date transactions.

There are risks to City's Cash from the vote to leave the EU in June 2016. In particular, the future levels of demand for office accommodation in the City and surrounding areas and the consequential impacts on rent incomes. A close watching brief will be kept on this and other implications as events unfold with financial forecasts being refreshed if and when the picture becomes clearer.

Conclusion

Our work has not highlighted any concerns or issues affecting City's Cash, City's Cash Trusts and Sundry and Other Trusts ability to continue as a going concern.

5 Significant audit and accounting matters

Audit adjustments

To enable those charged with governance to assess the extent to which the draft financial statements presented for audit have been subject to change as a result of the audit process and ongoing management review, we present below the adjustments made to the accounts during the audit process.

As a result of our audit and management review, adjustments were made to the draft financial statements presented for audit. A summary of the effect of the audit adjustments is shown below. A schedule of the actual adjustments can be found in appendix 1. Where the entity or fund is not noted below or in appendix 1, no adjustments were made.

| | Statement of Financial Activities | | Balance Sheet | |
|-------------------------------------------------|-----------------------------------|---------|---------------|-----------|
| | DR £ | CR £ | DR £ | CR £ |
| Sundry & Other Trusts | | | | |
| City of London Girls School Bursary Fund | 106 | 5,727 | 5,727 | 106 |
| Sir William Coxen Trust Fund | - | 25,000 | 25,000 | - |
| City of London Almshouses | - | - | 1,319,751 | 1,319,751 |
| | | | | |
| City's Cash Trusts | | | | |
| | | | | |
| Epping Forest | - | - | 41,265 | 41,265 |
| Highgate Wood and Queen's Park Kilburn | - | - | 16,343 | 16,343 |
| | | | | |

All audit adjustments have been discussed and agreed with the Group Accountant.

Unadjusted items

We are obliged to bring to your attention any errors found during the audit that have not been corrected as not material, unless they are 'clearly trivial', which we have identified as below 1% of assessed materiality, subject to a de-minimis reporting level of £1,000.

We have not identified any unadjusted items in respect of the financial statements for City's Cash, City's Cash Trusts and Sundry and Other Trusts.

Qualitative aspects of accounting practices and financial reporting

During the course of our audit, we consider the qualitative aspect of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. The following observations have been made:

| Qualitative aspect considered | Audit conclusion |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The appropriateness of the accounting policies used. | We have reviewed the significant accounting policies, which are disclosed in the financial statements, and we consider these to be appropriate. |
| The timing of the transactions and the period in which they are recorded. | We did not identify any significant transactions where we had concerns over the timing or the period in which they were recognised. |
| The appropriateness of the accounting estimates and judgements used. | We are satisfied with the appropriateness of accounting estimates and judgements used in the preparation of the financial statements. We met with representatives of the external firm of property valuers to assess the judgements applied in the valuation of investment properties. We consider the judgements used to be appropriate. We also reviewed the assumptions underpinning the valuation of pension liabilities, which we considered to be appropriate. |
| The potential effect on the financial statements of any uncertainties, including significant risks and disclosures such as pending litigation, that are required to be disclosed in the financial statements. | We did not identify any uncertainties including any significant risk or required disclosures that should be included in the financial statements. |
| The extent to which the financial statements have been affected by unusual transactions during the period and the extent that these transactions are separately disclosed in the financial statements. | From our testing performed, we identified no unusual transactions in the period. |
| Apparent misstatements in the annual reports and trustees' reports or material inconsistencies within the financial statements. | Our review of the annual reports and Trustees' reports identified no misstatement or material inconsistency with the financial statements. |
| Any significant financial statement disclosures to bring to your attention. | There are no significant financial statement disclosures that we consider should be brought to your attention. All disclosures made are required by relevant legislation and applicable accounting standards. |
| Disagreement over any accounting treatment or financial statement disclosure. | There was no disagreement during the course of the audit over any accounting treatment or disclosure. |
| Difficulties encountered in the audit. | We did not encounter any delays or difficulties during the audits. |

Management representations

We have requested that a signed representation letter, covering a number of issues, be presented to us at the date of signing the financial statements. Copies of these letters for City's Cash, the City's Cash Trusts, and the Sundry and Other Trusts are included in Appendix 4 to this report.

Fraud and irregularity

Responsibility for preventing and detecting fraud and other irregularities lies with the trustees of the charities. We are not required to search specifically for such matters and our audit should not be relied upon to disclose them. However, we planned and conducted our audit so as to give a reasonable expectation of detecting any material misstatements in the financial statements resulting from improprieties or breach of regulations. We have held discussions with management, reviewed committee minutes and the central fraud/serious incidents register to ensure all identified issues had followed due process.

We are pleased to report that we did not identify any issues of concern in relation to fraud and irregularity.

Legality

We planned and performed our audit recognising that non-compliance with statute or regulations may materially affect the financial statements.

We are pleased to report that we did not identify any instances of concern with regard to the legality of transactions or events.

City's Cash – Consolidation discussions

Parent entity financial statements

City's Cash produces consolidated financial statements according to FRS 102. The consolidated entities include all of the City's Cash Trusts (Open Spaces), City RE Ltd, Keat's House and Sir Thomas Gresham's Charity.

Section 9 of FRS 102 sets out guidance on preparation of consolidated financial statements and when a parent entity should consolidate and when there are exemptions. On the preparation of parent entity statements when consolidated statements are produced, section 9 simply states: *"The requirements for the preparation of individual financial statements are set out in the Act or other statutory framework."*

City's Cash as a fund of the City of London Corporation. The Act referenced in FRS 102 is to the Companies Act 2006. With no statute or other governing document proscribing otherwise, there is no requirement for City's Cash to also present parent entity only financial statements alongside the consolidated statements.

These matters were discussed with management and the Audit Review Panel.

Control of the independent schools

We discussed with the Corporation and the Audit Review Panel the de-facto, operational and legal aspects of City's Cash control over the three independent schools which are included as part of the accounts. It was established that City's Cash have complete control over the operations of the three independent schools. The independent schools have been established to be controlled by the City of London Corporation – The Board of Governors of each school is answerable to and controlled by the Court of Common Council which is the Corporation's primary decision-making assembly. They have the power to govern the financial and operating policies of the schools so as to obtain benefits from its activities.

As no parent accounts have been deemed required it is reasonable for the schools to be included within the consolidated accounts as a department of City's Cash.

6 Accounting systems and internal controls

During the course of our audit of the financial statements, we examined the principal internal controls which have been established to enable them to ensure, as far as possible, the accuracy and reliability of the organisation's accounting records and to safeguard the organisation's assets.

It should be noted that our audit was planned and performed in order to allow us to provide an opinion on the financial statements and it should not be relied upon to reveal all errors and weaknesses that may exist.

Our work did not identify any system weaknesses.

Action plan – audit recommendations

We raised no priority 1 recommendations during our audit of City's Cash, City's Cash Trusts and the Sundry and Other Trusts.

| Grade | Definition |
|-------|---------------------------------------------------------------------------------------------------------------------------------------|
| 1 | major issues for the attention of senior management which may have the potential to result in a material weakness in internal control |
| 2 | important issues to be addressed by management in their areas of responsibility |
| 3 | problems of a more minor nature which provide scope for improvement. |

7 Follow up of prior year recommendations

We raised no priority 1 recommendations during our audit of City’s Cash, City’s Cash Trusts and the Sundry and Other Trusts.

We did raise a number of lower priority recommendations directly with management, which we have reproduced below with an update on progress.

| Point Arising | Update as at 31 March 2018 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| All entities and funds | |
| <p>Active Directory Domain Administrator accounts not adequately set and controlled (Priority 2)</p> <p>The Administrator rights are the most powerful in the system allowing for potentially uncontrolled actions and access to data and functions within the network. Good practice recommends those rights to be assigned to a limited number of employees only. We found that “Enterprise Administrator” and/or “Domain Administrator” right to CoLC network have been granted to more than 70 accounts.</p> <p>We further noted that:</p> <ul style="list-style-type: none"> • 34 are Service accounts with Domain Administrator rights which are in use by systems / applications; we could not confirm that all they are still in use and need to run with such rights. • The default built in ‘Administrator’ account has not been renamed, as recommended by Microsoft. <p>We recommend that the Corporation, in cooperation with Agilisys Management, implement a strict policy on granting of Domain Administrator rights in Active Directory.</p> <p>Suggested measures include:</p> <ul style="list-style-type: none"> • Domain Administrator should be restricted to a limited number of employees; Other IT personnel should be granted with less powerful rights (e.g. server administrator or delegated rights). • Service accounts should be granted minimum rights to run the intended service; unused/obsolete service accounts should be disabled or deleted. <p>We further recommend that the default ‘Administrator’ account is renamed.</p> | <p>A new policy for the provision and management of privileged (Service and Domain Administrator) accounts was developed as part of the IT Transformation Programme. The latest version of the Privileged Access Policy, dated January 2018 was made available to us during the audit process for review.</p> <p>A review of existing privileged accounts was completed during the year, and any accounts no longer required were removed. A process has also been developed to review all privileged accounts (including Doman and Service accounts) every six months, in line with best practice.</p> <p>A project has also been undertaken to rename outstanding ‘Administrator’ accounts in conjunction with the new environment delivered through Transformation.</p> <p>Status: Closed</p> |
| <p>Non-compliance with password policy (Priority 2)</p> <p>Active Directory (AD) is a network service that authenticates and authorises all users and computers in a Windows network by assigning and enforcing user rights and security policies. We confirm that the AD password policy has been deployed to all users. However, we identified that there were a number of user accounts where passwords are not enforced by the system to be changed periodically (‘Password Never Expire’ is set to ‘True’ or ‘Password Not Required’ is set to ‘True’). We also noted that there is a significant number of network user accounts that seem not to have been used for an extended period of time, but are not disabled or deleted.</p> | <p>A new ‘Passphrase Policy’ was implemented during the year as part of the Transformation project. This includes regular reports and review of the accounts at least monthly. The latest version of this policy, dated January 2018 was made available to us during the audit process for review.</p> <p>A data cleansing exercise has been completed, ensuring that only live and valid user accounts exist within the new IT environment. A new ‘Starters, Movers and Leavers Policy’ has also been implemented to enforce good practice. The latest version of this policy, dated April 2018 was made available to us during the audit process for review.</p> |

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>We recommend that CoLC ICT management in cooperation with Agilysis ensure that all user accounts are set up with the approved password policy. In addition, we recommend that a periodic review (e.g. at least annual) is performed to ensure that accounts (including such used to run services, mailboxes, etc.) which are no longer required are disabled or removed from the system.</p> | <p>Status: Closed</p> |
| <p>Database security updates are not applied to Paris Microsoft SQL server (Priority 2)</p> <p>We noted that the process of applying security updates to the Microsoft and Linux/Oracle infrastructure has not included the Microsoft SQL Server 2008 database for the Paris system.</p> <p>We recommend that management in cooperation with Agilysis, extends the patching cycle to include Paris Microsoft SQL database.</p> | <p>Patch Management within the Corporation has been improved following a review in May 2017 and now includes all database servers, underpinning key services, such as Paris, CBIS and iTrent.</p> <p>The 'Patch Management Policy' has been updated and is being followed, evidenced by monthly patching reports. The latest version of this policy, dated June 2018 was made available to us during the audit process for review.</p> <p>Status: Closed</p> |
| <p>DRP for the financial systems not recently tested (Priority 2)</p> <p>We understand that disaster recovery (DR) tests for CBIS, iTrent and Paris systems have not been conducted since 2013. During that period the systems have undergone significant changes, including: outsourcing of the infrastructure and systems management to a third party provider (Agilysis), migration to another data centre and system hardware, replacement of server operating systems, database upgrades, changes to system functionalities.</p> <p>We recommend management conducts disaster recovery testing for the critical business systems at least annually or after any major changes to the system or underlined infrastructure.</p> | <p>The management response to this recommendation stated that a project was being commissioned to define a DR testing plan and schedule, focusing on critical business services including CBIS, iTrent and Paris.</p> <p>Delays to the Network Transformation programme and receipt of all the Business Impact Assessments have led to delays to planning for the 2018 DR plan. However, planning has commenced with a view to testing the resilience of five key services (including iTrent, CBIS and Paris) by the end of September 2018.</p> <p>Status: Ongoing</p> |
| <p>Lack of Review of ISAE 3402 Reports (Priority 2)</p> <p>Based on discussions held with members of the Corporate Treasury team during the audit, we identified that the Corporate Treasury team do not obtain and review ISAE 3402 reports for each fund manager and respective custodian. We were informed that the fund managers have a legal obligation to make the Corporation aware of any control issues. The Corporation have monthly or quarterly correspondence with all fund managers which helps to mitigate any risks, however the Corporate Treasury team should be reviewing ISAE 3402 reports as a further level of assurance.</p> <p>The Corporate Treasury team should request direct receipt of all ISAE 3402 reports directly from fund managers and their respective custodians. These should be reviewed to ensure there are no identified control issues.</p> | <p>The Corporation agreed to obtain ISAE 3402 internal controls reports for each investment mandate to monitor the auditor's opinion on the overall control environment.</p> <p>During our 2017/18 audit, we noted that ISAE 3402 reports are now being requested and obtained for all fund managers and custodians. These are being reviewed within the Corporate Treasury team to ensure no control issues have been identified but we noted that the review is not being formally documented. We have therefore, left this recommendation open.</p> <p>Status: Ongoing</p> |

Annual Declarations (Priority 2)

All members are required to provide an annual declaration of interest. During our review of related parties, we noted 6 instances out of 146 where staff had not returned their conflict of interest declarations to the Finance Manager.

The annual process for completing conflicts of interests checks should be improved, so that all returns are received in a timely manner. Where returns have not been received, these should be followed up promptly, to ensure that all disclosures in the notes to the accounts are complete.

Our testing of related parties for 2017/18 identified 36 annual declarations (out of 146) that had not been received from Chief Officers and Members.

An update from management during the audit completion meeting informed us that this is now down to 21 outstanding declarations. The Corporation are continuing to chase the remaining declarations, with a further reminder being issued by the Deputy Chamberlain, Caroline Al-Beyerty.

As such, we have left this recommendation open.

Status: Ongoing

Appendix 1 – Adjusted Misstatements

As summarised in Section 5, the following adjustments were identified during our audit work and have been incorporated into the financial statements. Where the entity or fund is not noted below, no adjustments were made. All adjustments have been discussed and agreed with the Group Accountant.

| | Statement of Financial Activity | | Balance Sheet | |
|----------------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------|------------------|------------------|
| | Dr £ | Cr £ | Dr £ | Cr £ |
| Sundry and Other Trusts | | | | |
| City of London Girls School Bursary Fund | | | | |
| Managed Investments | | | | 106 |
| Expenditure | 106 | | | |
| <i>Being the write-off of a historical discrepancy within the accounts</i> | | | | |
| City of London Girls School Bursary Fund | | | | |
| Accruals | | | 5,727 | |
| Expenditure | | 5,727 | | |
| <i>Being the correction to remove a duplicate bursary accrual</i> | | | | |
| Sir William Coxen Trust Fund | | | | |
| Expenditure | | 25,000 | | |
| Creditors – Grants Payable | | | 25,000 | |
| <i>*Being the removal of GOSH grant payable at year-end</i> | | | | |
| City of London Almshouses | | | | |
| Deferred grant | | | 1,319,751 | |
| Creditors – Grants Payable | | | | 1,319,751 |
| <i>**Being the prior period correction to reclassify the social housing grant from a liability to a restricted reserve</i> | | | | |
| | 106 | 30,727 | 1,350,478 | 1,319,857 |
| City's Cash Trusts | | | | |
| Epping Forest | | | | |
| Rental debtors | | | 41,625 | |
| Other creditors | | | | 41,625 |
| <i>*Client identified adjustment – being the reclassification of unallocated cash</i> | | | | |
| Highgate Wood and Queen's Park Kilburn | | | | |
| Rental debtors | | | 16,343 | |
| Other creditors | | | | 16,343 |
| <i>*Client identified adjustment – being the reclassification of a credit note for rent deposit</i> | | | | |
| | - | - | 57,608 | 57,608 |

* Identified by client

** Relates to the correction of a prior period error to recognise the social housing grant within restricted endowment funds rather than as a liability. Under the charities SORP it is required to apply the performance model under FRS 102. Based on the terms of the grants, this would result in immediate recognition of income at the point of receipt of the grant in the 1980s. As such, an adjustment has been made to reflect this. Note that this has no impact on the Statement of Financial Activities for the current or prior year. It is a reclassification between liabilities and reserves on the balance sheet.

Appendix 2 – Unadjusted misstatements

As noted in Section 5, we have not identified any unadjusted items in respect of the financial statements for City's Cash, City's Cash Trusts and Sundry and Other Trusts which are above the reporting threshold.

Appendix 3 – List of entities key financials

The list of entities on which we have reported on, and which are covered by this document are included in the table below. We have included in the table income (including net gains on investments), surplus/deficit and net assets along with the materiality level we have used during the audit. Materiality was assessed based on either the income or net assets of the entity.

| Activities | Income £'000 | Surplus/ (Deficit) £'000 | Net Assets £'000 | Materiality £'000 |
|--------------------------------------------------------------------------------|-----------------|--------------------------------|---------------------|----------------------------------------------|
| City's Cash | 260,600 | 72,300 | 2,611,500 | 25,000 (4,000 for Income Statement) |
| City's Cash Trusts | | | | |
| Ashtead Common | | | | |
| Preservation of the common at Ashtead | 487 | - | - | 10 |
| Burnham Beeches | | | | |
| Preservation of the Open Space known as Burnham Beeches | 991 | (18) | 749 | 20 |
| Epping Forest | | | | |
| Preservation of Epping Forest in perpetuity | 6,308 | (393) | 7,320 | 134 |
| Hampstead Heath | | | | |
| Preservation of Hampstead Heath for the recreation and enjoyment of the public | 9,268 | 131 | 52,507 | 180 |
| Highgate Wood & Queens Park Kilburn | | | | |
| Preservation of the Open Space know as Highgate Wood & Queens Park Kilburn | 1,510 | (15) | 367 | 30 |
| West Ham Park | | | | |
| To maintain and preserve the Open Space known as West Ham Park | 1,493 | (17) | 34 | 30 |
| West Wickham Common and Spring Park Coulsdon & Other Commons | | | | |
| Preservation of West Wickham Common and Spring Park Coulsdon & Other Commons | 1,824 | 292 | 446 | 30 |
| Sundry Trusts | | | | |
| Ada Lewis Winter Distress Fund | | | | |
| Assistance and relief for the poor and distressed during winter months | 9 | 7 | 286 | 6 |
| Charities Administered ICW the City of London | | | | |
| Freemen's School | | | | |
| Promotion of education through prizes | 14 | 6 | 198 | 4 |
| City Educational Trust Fund | | | | |
| Advancement of education through grants | 160 | 89 | 3,863 | 79 |

| Activities | Income £'000 | Surplus/ (Deficit) £'000 | Net Assets £'000 | Materiality £'000 |
|--------------------------------------------------------------------------------------------|-----------------|--------------------------------|---------------------|----------------------|
| City of London Almshouses | | | | |
| Almshouses for poor or aged people | 357 | 13 | 1,652 | 65 |
| | | | | |
| Sundry Trusts Continued | | | | |
| City of London Corporation Combined Education Charity | | | | |
| Advancing education by the provision of grants and financial assistance | 48 | 41 | 1,165 | 23 |
| | | | | |
| City of London Corporation Relief of Poverty Charity | | | | |
| Relief of poverty for widows, widowers or children of a Freeman of the City of London | 5 | 5 | 162 | 3 |
| | | | | |
| City of London Freeman's School Bursary Fund | | | | |
| Promotion of education through bursaries | 45 | 22 | 938 | 19 |
| | | | | |
| City of London School Bursary Fund | | | | |
| Promotion of education through bursaries, scholarships and prizes | 176 | 153 | 4,023 | 81 |
| | | | | |
| City of London School Education Trust | | | | |
| Advancing education | - | - | 6 | 1 |
| | | | | |
| City of London School for Girls Bursary Fund | | | | |
| Promotion of education through bursaries, scholarships and prizes | 651 | 82 | 4,302 | 67 |
| | | | | |
| Corporation of London Charities Pool | | | | |
| Investments pool for Sundry Trusts | 1,818 | (3,320) | 19,547 | 391 |
| | | | | |
| Emmanuel Hospital | | | | |
| Payment of pensions and financial assistance to poor persons | 191 | 147 | 2,697 | 54 |
| | | | | |
| Guildhall Library Centenary Fund | | | | |
| Provision of education and training in library, archives, museum, and gallery services | 3 | 3 | 28 | 1 |
| | | | | |
| Hampstead Heath Trust | | | | |
| To meet a proportion of the maintenance cost of Hampstead Heath | 1,614 | 331 | 32,710 | 667 |
| | | | | |
| Keats House | | | | |
| Maintenance of Keats House | 531 | 27 | 253 | 8 |
| | | | | |
| King George's Field | | | | |
| Open space for sports, games and recreation | 17 | - | - | 1 |
| | | | | |
| Samuel Wilson's Loan Trust | | | | |
| Granting of low interest loans to young people who have or are about to set up in business | 92 | 81 | 2,495 | 50 |
| | | | | |

| Activities | Income £'000 | Surplus/ (Deficit) £'000 | Net Assets £'000 | Materiality £'000 |
|------------------------------------------------------------------------------------------------------------------|-----------------|--------------------------------|---------------------|----------------------|
| Sundry Trusts Continued | | | | |
| Signore Pasquale Favale Bequest | | | | |
| Granting of assistance to eligible persons in the form of marriage portions | 1 | - | 15 | 1 |
| Sir Thomas Gresham Charity | 82 | (1) | 148 | 2 |
| To provide a programme of public lectures | | | | |
| Sir William Coxen Trust Fund | | | | |
| Granting of assistance to eligible charitable trusts in the form of donations | 140 | 48 | 2,675 | 59 |
| Vickers Dunfee Memorial Benevolent Fund | | | | |
| Financial assistance to distressed past and present members of the CoL Special Constabulary and their dependents | 8 | 8 | 233 | 5 |

Appendix 4 – Management representation letters for City’s Cash, City’s Cash Trusts and the Sundry and Other Trusts

Dear Sirs

CITY OF LONDON CORPORATION – CITY’S CASH

This representation letter is provided in connection with your audit of the financial statements of City’s Cash for the year ended 31 March 2018 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice (FRS 102).

By a resolution of the Finance Committee, passed today, we are directed to confirm to you, in respect of the financial statements of City’s Cash (and its subsidiaries) for the year ended 31 March 2018, the following:-

1. We have fulfilled our responsibilities for preparing financial statements which give a true and fair view in accordance with UK Generally Accepted Accounting Practice (FRS 102) 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. We acknowledge our responsibilities for the design and implementation of internal control in order to prevent and detect fraud and to prevent and detect error.
5. We confirm that we have disclosed separately to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
6. 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
 - others where the fraud could have a material effect on the financial statements.
7. 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, analysts, regulators or other third parties.
8. 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.
9. In our opinion, the significant assumptions that have been used in determining fair values, whether such values are disclosed or applied in the financial statements, are reasonable and reflect the ability and intent to carry out specific courses of action, where this is relevant to the determination of those values.
10. In our opinion the significant assumptions used in making accounting estimates are reasonable.
11. We have disclosed to you the identity of City’s Cash related parties and all related party relationships and transactions of which we are aware.
12. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice (FRS 102).
13. In particular, no director, shadow director, their connected persons or other officers had any indebtedness, agreement concerning indebtedness or disclosable interest in a transaction with the group at any time during the year, other than as indicated in the financial statements.
14. There are no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

15. There are no plans to abandon activities or other plans or intentions that will result in any excess or obsolete stocks, and no stock is stated at an amount in excess of net realisable value.
16. We are of the opinion that the methodology applied to the valuation of investment properties and the assumptions used are appropriate and therefore the value of investment properties is not materially misstated.
17. We are of the opinion that the costs involved in the reconstruction or analysis of past accounting records of heritage assets or in valuation are onerous compared with the additional benefit derived by users of the accounts in assessing the trustees' stewardship of the assets.
18. The group has satisfactory title to all assets and there are no liens or encumbrances on City's Cash assets, other than as disclosed in the financial statements.
19. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.
20. We confirm that the methodology used and the assumptions underlying the valuation of the Local Government Pension Scheme are reasonable. We also confirm that the methodology applied and the bases used for the allocation of costs and liabilities to City's Cash are reasonable.
21. All events subsequent to the date of the financial statements and for which UK Generally Accepted Accounting Practice (FRS 102) require adjustment or disclosure have been adjusted or disclosed. 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.
22. The group has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
23. 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 group;
 - circumstances of an exceptional or non-recurrent nature; or
 - charges or credits relating to prior periods.
24. 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 Practice (FRS 102).
25. We have reviewed the reasoning for the classification of the proposed contribution by City's Cash to Crossrail as a commitment and consider that given the uncertainties surrounding the finalisations of an agreed contribution, this is the most appropriate classification of the likely costs.
26. 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 were approved.

27. We confirm the financial statements are free of material misstatements, including omissions. We note that there are no uncorrected misstatements identified during the audit.
28. Except as disclosed in the notes to the City's Cash accounts, as at 31 March 2018 there were no significant capital or other commitments contracted for by City's Cash.

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

.....
The Chamberlain of London
Signed on behalf of the City of London Corporation
On (date)

Dear Sirs

CITY'S CASH TRUSTS – OPEN SPACES

This representation letter is provided in connection with your audit of the financial statements of the City's Cash Trusts (Open Spaces) for the period ended 31 March 2018 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice (FRS 102) and the Charities Statement of Recommended Practice FRS 102.

By a resolution of the Finance Committee, passed today, I am directed to confirm to you, in respect of the financial statements of the trusts for the period ended 31 March 2018, the following:-

1. We have fulfilled our responsibilities under the Charities Act 2011 for preparing financial statements which give a true and fair view in accordance with UK Generally Accepted Accounting Practice (FRS 102) and the Charities Statement of Recommended Practice FRS 102 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. We acknowledge as trustee our responsibilities for the design and implementation of internal control in order to prevent and detect fraud and to prevent and detect error.
5. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
6. 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
 - others where the fraud could have a material effect on the financial statements.
7. 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.
8. 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.
9. In our opinion, the significant assumptions that have been used in determining fair 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.
10. In our opinion the significant assumptions used by us in making accounting estimates are reasonable.
11. We have disclosed to you the identity of the Trusts related parties and all related party relationships and transactions of which we are aware.
12. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice (FRS 102) and the Charities Statement of Recommended Practice FRS 102.
13. In particular, no trustee, shadow trustee, their connected persons or other officers had any indebtedness, agreement concerning indebtedness or disclosable interest in a transaction with the Trusts at any time during the year.
14. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements, other than as disclosed in the financial statements.

15. The Trusts have satisfactory title to all assets and there are no liens or encumbrances on the Trusts' assets, other than as disclosed in the financial statements.
16. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.
17. All events subsequent to the date of the financial statements and for which UK Generally Accepted Accounting Practice (FRS 102) and the Charities Statement of Recommended Practice FRS 102 require adjustment or disclosure have been adjusted or disclosed. 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.
18. The Trusts have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
19. 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 Trusts;
 - circumstances of an exceptional or non-recurrent nature; or
 - charges or credits relating to prior periods.
20. 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 Practice (FRS 102) and the Charities Statement of Recommended Practice FRS 102.
21. 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.

We have also considered the adequacy of the disclosures in the financial statements relating to going concern and are satisfied that sufficient disclosure has been made in order to give a true and fair view.
22. We confirm the financial statements are free of material misstatements, including omissions. We believe that those uncorrected misstatements identified during the audit are immaterial both individually and in aggregate to the financial statements as a whole. A list of these items is attached to this letter of representation, together with our reasons for not correcting them.
23. All grants, donations 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.
24. We confirm that we are not aware of any breaches of charity regulations and that we have advised you of the existence of all endowments and funds maintained by us.
25. All income has been recorded, all restricted funds have been properly applied and all constructive obligations have been recognised.
26. All correspondence with regulators has been made available to you, including any serious incidents reports.
27. Except as disclosed in the notes to the City's Cash Trusts accounts, as at 31 March 2018 there were no significant capital or other commitments contracted for by City's Cash Trusts.
28. We are of the opinion that the costs involved in the reconstruction or analysis of past accounting records of heritage assets (open spaces) or in valuation are onerous compared with the additional benefit derived by users of the accounts in assessing the trustees' stewardship of the assets.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

.....

The Chamberlain of London
Signed on behalf of the Trustee
On _____ (date)

Dear Sirs

CITY OF LONDON – SUNDRY AND OTHER TRUSTS

This representation letter is provided in connection with your audit of the financial statements of The City of London Corporation Sundry Trusts and Other accounts for the period ended 31 March 2018 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice (FRS 102) and the Charities Statement of Recommended Practice FRS 102.

By a resolution of the Finance Committee, passed today, I am directed to confirm to you, in respect of the financial statements of the charities for the period ended 31 March 2018, the following:-

1. We have fulfilled our responsibilities under the Charities Act 2011 for preparing financial statements which give a true and fair view in accordance with UK Generally Accepted Accounting Practice (FRS 102) and the Charities Statement of Recommended Practice FRS 102 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. We acknowledge as trustee our responsibilities for the design and implementation of internal control in order to prevent and detect fraud and to prevent and detect error.
5. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
6. 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
 - others where the fraud could have a material effect on the financial statements.
7. 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.
8. 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.
9. In our opinion, the significant assumptions that have been used in determining fair 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.
10. In our opinion the significant assumptions used by us in making accounting estimates are reasonable.
11. We have disclosed to you the identity of the charities related parties and all related party relationships and transactions of which we are aware.
12. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice (FRS 102) and the Charities Statement of Recommended Practice FRS 102.
13. In particular, no trustee, shadow trustee, their connected persons or other officers had any indebtedness, agreement concerning indebtedness or disclosable interest in a transaction with the charities at any time during the year.
14. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

15. The Trusts have satisfactory title to all assets and there are no liens or encumbrances on the Trusts' assets, other than as disclosed in the financial statements.
16. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.
17. All events subsequent to the date of the financial statements and for which UK Generally Accepted Accounting Practice (FRS 102) and the Charities Statement of Recommended Practice FRS 102 require adjustment or disclosure have been adjusted or disclosed. 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.
18. The Trusts have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
19. 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 charities;
 - circumstances of an exceptional or non-recurrent nature; or
 - charges or credits relating to prior periods.
20. 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 Practice (FRS 102) and the Charities Statement of Recommended Practice FRS 102.
21. 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.

We have also considered the adequacy of the disclosures in the financial statements relating to going concern and are satisfied that sufficient disclosure has been made in order to give a true and fair view.
22. We confirm the financial statements are free of material misstatements, including omissions. We note that there are no uncorrected misstatements identified during the audit.
23. All grants, donations 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.
24. We confirm that we are not aware of any breaches of our charity regulations and that we have advised you of the existence of all endowments and funds maintained by us.
25. All income has been recorded, all restricted funds have been properly applied and all constructive obligations have been recognised.
26. All correspondence with regulators has been made available to you, including any serious incidents reports.
27. Except as disclosed in the notes to the Sundry and Other Trusts accounts, as at 31 March 2018 there were no significant capital or other commitments contracted for by Sundry and Other Trusts.

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

.....
The Chamberlain of London
Signed on behalf of the Trustee
On (date)