



MOORE STEPHENS

REPORT TO THOSE CHARGED WITH GOVERNANCE  
OCTOBER 2017



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

**FINAL Audit Management Report on the 2016-17 Financial Statements Audit**

[www.moorestephens.co.uk](http://www.moorestephens.co.uk)

PRECISE. PROVEN. PERFORMANCE.

# Contents

## Audit Management Report for the year ended 31 March 2017

	Page
1. Purpose of the report	3
2. Audit conclusion	4
3. Respective responsibilities	5
4. Significant audit risks and risk factors	7
5. Significant audit and accounting matters	11
6. Accounting systems and internal controls	14
7. Follow up of prior year recommendations	18
Appendix 1 – Adjusted misstatements	20
Appendix 2 – Unadjusted misstatements	21
Appendix 3 – List of entities key financials	22
Appendix 4 – Draft letters of representation	25

# 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 the 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.

<b>City's Cash</b>	
<b>Bridge House Estates</b>	
<b>City's Cash Trusts</b>	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
<b>Sundry and Other Trusts</b>	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 Bridge House Estates, 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 2016-17 audit of City's Cash, Bridge House Estates, City's Cash Trusts and Sundry and Other Trusts amounts to £115,000. Of the total fee, £36,800 has been allocated to Bridge House Estates, with the remaining £78,200 being charged to City's Cash. A further £10,000 is payable by City's Cash for the 2016-17 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.

There was a delay in the preparation of the annual report and financial statements for City's Cash, which resulted in the start of the audit being delayed by two weeks and consequential changes to the reporting and completion process. Other than this, we have not encountered significant delays and difficulties during the 2016-17 audit.

We have provided no non-audit services during 2016-17.

## 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, as in 2015-16, there is a significant difference in value between income at £153.0m and net assets at £2,520.0m. We therefore assessed materiality based on net assets, which was set at £29.2m. 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 £3.1m 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.

## 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 February 2017 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><b>Revenue recognition (All funds and entities)</b></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 tested 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 income is complete.</p> <p>Investment property income procedures on City's Cash and Bridge House Estates 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 (City's Cash and Bridge House Estates) and the unrealised gain on investments by comparing yields obtained by the funds to fund manager reports, custodian reports and benchmarks.</p> <p><b>Conclusion:</b> Satisfactory assurance has been gained in respect of the presumed risk of fraud in revenue recognition.</p>
<p><b>Management override (All funds and entities)</b></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 and Bridge House Estates, reviewing journal entries which had a higher susceptibility to management override – journals posted at weekends and by those who do not normally post journals for example. 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 and Bridge House Estates comprise a significant judgement in the financial statements. The value of property held by City's Cash and Bridge House Estates as at 31 March 2017 was £1,724m and £702m respectively. This represents an increase in value of 8% and 15% respectively.</p> <p>Investment property valuations are conducted internally by the City Surveyor's team and by an external firm of property valuers. We have met with representatives of the City Surveyor and 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</p>

Audit risk areas	Audit findings
	<p>indication of management bias in the valuations applied. No significant issues were noted in our testing.</p> <p><b>Conclusion:</b> Satisfactory assurance has been gained in respect of the presumed risk of management override.</p>
<p><b>Hampstead Heath Ponds (City's Cash Trusts and City's Cash)</b></p> <p>During the 2014-15 financial year, a Judicial Review found in favour of the City of London Corporation and as a consequence work has begun at Hampstead Heath Ponds and has been completed in 2016-17.</p> <p>An asset under construction valued at £8.7m was recorded in the 2015-16 financial statements. The total expected value of the work is £14.7m.</p>	<p>We have reviewed supporting documentation surrounding the Hampstead Heath ponds project and verified the amounts capitalised. A total of £12.9m was transferred in year from infrastructure WIP to infrastructure, as well as a total of £6.8m being recognised as additions in year to land and buildings and infrastructure.</p> <p>We have also reviewed the accounting treatment and disclosures made in the financial statements, and deem these to be reasonable.</p> <p><b>Conclusion:</b> Satisfactory assurance has been gained in respect of the risk identified.</p>
<p><b>Investment Property Transactions (Bridge House Estates and City's Cash)</b></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 and Bridge House Estates as at 31 March 2017 was £1,724m and £702m respectively. This represents an increase in value of 8% and 15% respectively.</p> <p>We have agreed property valuations to internal and external valuations performed as at 31 March 2017. We have met with representatives of the City Surveyor and 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><b>Conclusion:</b> Satisfactory assurance has been gained in respect of the risk identified with regard to investment property transactions.</p>

## Other risk factors

As noted in our Audit Planning Report submitted to the Audit and Risk Management Committee in February 2017 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><b>Crossrail contribution (City's Cash)</b></p> <p>The 2015-16 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><b>Conclusion:</b></p> <p>Satisfactory assurance has been gained in respect of the risk factor identified.</p>
<p><b>Non-Property Investment Transitions (Bridge House Estates and City's Cash)</b></p> <p>We understand that the City of London Corporation has made a further fund manager change during the 2016-17 year. The City of London Corporation's Financial Investment Board is responsible for the appointment of fund managers.</p>	<p>We have reviewed supporting documentation from the transfer of funds between fund managers during the year for City's Cash. We are content that the transactions pre and post-transfer have been accounted for appropriately.</p> <p><b>Conclusion:</b></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 2017-18;
- reviewing minutes of relevant City of London Corporation sub-committees held since 31 March 2017;
- 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 and Bridge House Estates 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.

We understand that there are ongoing discussions regarding the future operation of Emanuel Hospital, in relation to how the charity could better meet its objectives. We are aware that subject to the Charity Commission's agreement, it is intended that

the trusteeship of Emanuel Hospital will be transferred to another charity, achieved by a Charity Commission scheme. Therefore in effect, the City of London will be 'substituted' by this charity as the Trustee. The charity, Emanuel Hospital, will therefore still exist, under its' current registration number, so will continue to operate as a going concern. This change however had not been finalised at the time of writing this report.

## Conclusion

Our work has not highlighted any concerns or issues affecting City's Cash, Bridge House Estates, 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 £
<b>Sundry &amp; Other Trusts</b>				
<b>Hampstead Heath Trust</b>			17,261	17,261
<b>City of London School for Girls Bursary Fund</b>			10,597	10,597
<b>City's Cash Trusts</b>				
<b>Ashtead Common</b>		4,226	4,226	
<b>West Ham Park</b>			10,453	10,453

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

### Unadjusted items

We are obliged to bring to your attention the 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. The items that we are aware of above this amount are set out below.

A summary of the net effect of the unadjusted items is shown below. A schedule of the unadjusted items can be found in appendix 2. Where the entity or fund is not noted below or in appendix 2, no adjustments were made.

	Statement of Financial Activities		Balance Sheet	
	DR £	CR £	DR £	CR £
<b>City's Cash Trusts</b>				
<b>Highgate Wood</b>	12,232			12,232

It was agreed with the Group Accountant that these amounts were not considered material and did not require to be incorporated into the financial statements. We request that the Audit and Risk Management Committee confirm this decision.

## 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.	<p>We are satisfied with the appropriateness of accounting estimates and judgements used in the preparation of the financial statements.</p> <p>We met with representatives of the City Surveyor and 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.</p> <p>We also reviewed the assumptions underpinning the valuation of pension liabilities, which we considered to be appropriate.</p>
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.	There was a delay in the preparation of the annual report and financial statements for City's Cash, which resulted in the start of the audit being delayed by two weeks and consequential changes to the reporting and completion process. Otherwise, we did not encounter any 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, Bridge House Estates, 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 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.

## 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 identified a number of observations which we consider require management action. Recommendations to address the observations are detailed in the action plan below, together with management responses.

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.

#### 1 – Active Directory Domain Administrator accounts not adequately set and controlled

(Priority 2)

<b>Observation</b>	<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"> <li>• 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.</li> <li>• The default built in 'Administrator' account has not been renamed, as recommended by Microsoft.</li> </ul>
<b>Risk</b>	<p>Excessive number of administrator accounts increases the attack surface available for an attacker and thus increases the risk of an attacker successfully gaining administrator privileges. Non-timely terminated privileged accounts increases the risk of unauthorised system activities.</p>
<b>Recommendation</b>	<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"> <li>• 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).</li> <li>• Service accounts should be granted minimum rights to run the intended service; unused/obsolete service accounts should be disabled or deleted.</li> </ul> <p>We further recommend that the default 'Administrator' account is renamed.</p>
<b>Management response</b>	<p>A new policy for the provision and management of privileged (Service and Domain Administrator) accounts has been developed as part of the IT Transformation Programme. This policy will go live with immediate effect for full implementation by 30 November 2017.</p>

	<p>A process has been developed, which reviews all Privileged accounts (including Domain and Service accounts) every six months, in line with best practice.</p> <p>A review of existing privileged accounts is in progress and is due to finish at the end of July 2017.</p> <p>Any privileged accounts no longer required will be removed.</p> <p>Following this review, a project to rename outstanding 'Administrator' accounts will be undertaken in conjunction with the new environment delivered through Transformation.</p>
<b>Responsible Officer</b>	Matt Gosden
<b>Implementation date</b>	With immediate effect for full implementation by 30 November 2017.
<b>2 – Non-compliance with password policy</b>	
<b>(Priority 2)</b>	
<b>Observation</b>	<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').</p> <p>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>
<b>Risk</b>	<p>Lack of strong password controls over user accounts, increases the risk of unauthorised access to the system and its resources.</p> <p>Lack of review of network user accounts could result in failure to terminate unused accounts in a timely manner, thus impacting corporate security.</p>
<b>Recommendation</b>	<p>We recommend that CoLC ICT management in cooperation with Agilysis ensure that all user accounts are set up with the approved password policy.</p> <p>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>
<b>Management response</b>	<p>The password policy has been agreed and will be fully implemented as part of the transformation project. This will include regular reports and reviewing of the accounts at least monthly. This will ensure that the password policy will be enforced with all user accounts.</p> <p>The data cleansing exercise during IT Transformation will ensure that only live and valid user accounts will exist in the new environment. A new Starters, Movers and Leavers policy and process will enforce this good practice.</p>
<b>Responsible Officer</b>	Matt Gosden
<b>Implementation date</b>	With immediate effect for full implementation by 31 December 2017.
<b>3 – Database security updates are not applied to Paris Microsoft SQL server</b>	
<b>(Priority 2)</b>	
<b>Observation</b>	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.
<b>Risk</b>	The lack of patch management process for all Microsoft databases could result in a system that is not secure against known vulnerabilities.
<b>Recommendation</b>	We recommend that management in cooperation with Agilysis, extends the patching cycle to include Paris Microsoft SQL database.
<b>Management response</b>	Patch Management in CoL has been improved following a review in May 2017 and now includes all database servers, underpinning key services, such as Paris, CBIS and iTrent.
<b>Responsible Officer</b>	Matt Gosden
<b>Implementation date</b>	With immediate effect for full implementation by 31 October 2017.

#### 4 – DRP for the financial systems not recently tested

(Priority 2)

<b>Observation</b>	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 (Agilisys), migration to another data centre and system hardware, replacement of server operating systems, database upgrades, changes to system functionalities.
<b>Risk</b>	Lack of regular testing for disaster recovery increases the risk that systems may not be restored in required timescales which could impact on the ability of the Corporation to return to an operational state.
<b>Recommendation</b>	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.
<b>Management response</b>	A project is being commissioned to define a DR testing plan and schedule, focusing on critical business services including CBIS, iTrent and Paris. The requirements and parameters for DR testing is dependent on the work currently being undertaken by the Business Continuity Manager which also involves the Business Continuity Sub Group (this a group of colleagues representing all departments across CoL)
<b>Responsible Officer</b>	Matt Gosden
<b>Implementation date</b>	December 2017

#### 5 – Lack of Review of ISAE 3402 Reports

(Priority 2)

<b>Observation</b>	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.
<b>Risk</b>	There is a risk that there may be control issues with the fund managers and their respective custodians, which are not communicated to the Corporate Treasury team. This could have a potential impact on the recoverability of investments.
<b>Recommendation</b>	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.
<b>Management response</b>	We will request annual ISAE3402 reports for each investment mandate to monitor the auditor's opinion on the overall control environment.
<b>Responsible Officer</b>	Corporate Treasurer/ Group Accountant
<b>Implementation date</b>	With immediate effect for full implementation by 31 March 2018

#### 6 – Annual Declarations

(Priority 2)

<b>Observation</b>	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.
<b>Risk</b>	The Corporation may not be aware of potential conflicts of interest of members. There is also a risk of undisclosed related parties and related party transactions in the Annual Report and Accounts.

<b>Recommendation</b>	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.
<b>Management response</b>	The City of London Corporation is committed to seeking all annual declarations of interest. However, whilst every effort is made to secure all annual declarations, this is sometimes more difficult during election year's such as 2016/17 due to some Members not being re-elected and leaving the City of London Corporation. However, in addition to the annual process, the City of London Corporation has also adopted a Standing Order which requires Members to disclose their interests when they arise during the year and these can be viewed online at <a href="http://www.cityoflondon.gov.uk">www.cityoflondon.gov.uk</a> .
<b>Responsible Officer</b>	Philip Gregory
<b>Implementation date</b>	With immediate effect

## 7 Follow up of prior year recommendations

We raised no priority 1 recommendations during our audit of City's Cash, Bridge House Estates, 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 2017
<b>Bridge House Estates</b>	
<p><b>Accounts Review (Priority 2)</b></p> <p>Lack of full peer review of BHE accounts prior to audit which may result in inconsistent quality, leading to the requirement for additional audit time. We recommended bringing forward the full peer review process to before the first draft is provided for audit.</p>	<p>The 2016/17 BHE accounts had been subject to peer review before presentation for audit. As a consequence there were fewer review points raised on the first draft accounts.</p> <p><b>(Status: Closed)</b></p>
<p><b>Inconsistent Tenancy Management Records (Priority 2)</b></p> <p>Audit testing identified that there is not always a clear audit trail in existence to demonstrate rent increases applied to investment properties. While rent increases have been agreed and there is documentary evidence available, it is not filed with the original rental agreement as would be expected, creating a risk that incorrect rent may be charged on investment properties. We recommended that a regular sample check review is performed for investment properties to ensure that the rental amount recognised on CBIS has been agreed by both parties and that there is appropriate and consistent supporting evidence on file encompassing information from across the Corporation.</p>	<p>Based on our sample testing of investment property income for the 2016/17 audit, we have been able to conclude that sufficient supporting documentation exists for the rental increases applied. Documentary evidence for rental increases was readily available along with the original rental agreement for each of our samples, indicating improvements in the filing system across the Corporation compared to previous years.</p> <p><b>(Status: Closed)</b></p>
<b>Sundry and Other Trusts</b>	
<p><b>Knowledge transfer (Priority 2)</b></p> <p>We raised a recommendation following the 2014-15 audit of the City of London Almshouses Trust (CoLAT), that the Corporation should ensure knowledge transfer takes place before staff turnover. The 2015-16 accounts for CoLAT were prepared by a different member of staff to 2014-15 and there was little evidence of a knowledge transfer having taken place. We recommended that appropriate knowledge transfer processes were put in place.</p>	<p>The Accountant responsible for preparation of the CoLAT accounts changed again in 2016-17. Our audit of the accounts indicated that there had been an effective knowledge transfer process put in place which ensured that accounts were prepared in accordance with applicable reporting requirements.</p> <p><b>(Status: Closed)</b></p>
<b>All entities and funds</b>	
<p><b>Corporate Treasury Scheme of Delegation (Priority 2)</b></p> <p>During the 2015-16 year, over £60m of non-property investments were divested and re-invested. While the decision for the transition of the non-property investments had been appropriately approved by the Investment Committee, we noted that the actual authorisation for the divestment (three transactions of £20m) as allowed in the scheme of delegation, came from two individuals in the same team, thus opening the Corporation to the potential for a fraudulent transaction. We recommended that the scheme of delegation for significant and material non-property transactions was amended.</p>	<p>A new policy was implemented in Autumn 2017 so that authorisation for such transactions will come from a member of the Corporate Treasury team and the Deputy Chamberlain. There have been no transactions of this size post implementation during 2016-17 to verify the new policy is being followed.</p> <p><b>(Status: Closed)</b></p>

### Authorisation of Journal Entries (Priority 2)

City of London Corporation policy is that journal entries over £100,000 are authorised retrospectively. Given the volume of journals that are processed under this value, the value seems high to have no checks performed at all. We recommended that the Corporation review the policy in place regarding journal authorisation and consider either lowering the limit, or introducing a random sample check of journals posted of a lower amount across all funds and entities.

Our review of journals during 2016-17 identified that there have been no changes in the authorisation process for journals. The Corporation consider that only journals over £100k require retrospective approval.

**(Status: Closed)**

## 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 £
<b>Sundry and Other Trusts</b>				
<b>City of London School for Girls Bursary Fund</b>				
Cash			10,567	
Debtors			30	
Creditors				10,597
<i>* Being a manual adjustment for the re-classification between debtors, creditors and cash</i>				
<b>Hampstead Heath Trust</b>				
Bank Overdraft			17,261	
Net Gains/(Losses) on Investments				17,261
<i>* Being a manual adjustment to reflect the movement in cash and gains/losses on investments</i>				
			<b>27,858</b>	<b>27,858</b>
<b>City's Cash Trusts</b>				
<b>Ashtead Common</b>				
Prepayments			2,968	
Expenditure		2,968		
<i>Being the correction for misstatement of expenditure on car hire</i>				
Prepayments			1,258	
Expenditure		1,258		
<i>Being the correction for misstatement of expenditure on car hire</i>				
<b>West Ham Park</b>				
Cash at bank and in hand			10,453	
Creditors – bank overdraft				10,453
<i>Being the reclassification of the 2016/17 bank overdraft from cash to a liability</i>				
			<b>14,679</b>	<b>-</b>
		<b>4,226</b>		
	<b>-</b>			

\* Identified by client

## Appendix 2 – Unadjusted misstatements

As summarised in Section 5, the following unadjusted items were identified during our audit work. It was agreed with the Group Accountant that these amounts were not considered material and thus they have not been incorporated into the financial statements.

	Statement of Comprehensive Income / Statement of Financial Activity		Balance Sheet	
	Dr £	Cr £	Dr £	Cr £
<b>City's Cash Trusts</b>				
<b>Highgate Wood</b>				
Income	12,232			
Prepayments				12,232
<i>Being the correction for misstatement of income</i>				
	<b>12,232</b>	-	-	<b>12,232</b>

## 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
<b>City's Cash</b>	386,900	225,600	2,520,000	29,200 3,100 (I&E)
<b>Bridge House Estates</b>	193,600	157,700	1,341,200	4,000
<b>City's Cash Trusts</b>				
<b>Ashtead Common</b>				
Preservation of the common at Ashtead	519	-	-	10
<b>Burnham Beeches</b>				
Preservation of the Open Space known as Burnham Beeches	887	(18)	767	18
<b>Epping Forest</b>				
Preservation of Epping Forest in perpetuity	6,200	(207)	7,713	128
<b>Hampstead Heath</b>				
Preservation of Hampstead Heath for the recreation and enjoyment of the public	14,957	10,237	52,376	660
<b>Highgate Wood &amp; Queens Park Kilburn</b>				
Preservation of the Open Space know as Highgate Wood & Queens Park Kilburn	1,401	1	382	28
<b>West Ham Park</b>				
To maintain and preserve the Open Space known as West Ham Park	1,473	15	51	29
<b>West Wickham Common and Spring Park Coulsdon &amp; Other Commons</b>				
Preservation of West Wickham Common and Spring Park Coulsdon & Other Commons	1,288	57	164	25
<b>Sundry Trusts</b>				
<b>Ada Lewis Winter Distress Fund</b>				
Assistance and relief for the poor and distressed during winter months	8	27	279	6
<b>Charities Administered ICW the City of London</b>				
<b>Freemen's School</b>				
Promotion of education through prizes	12	23	200	4
<b>City Educational Trust Fund</b>				
Advancement of education through grants	132	342	3,774	78
<b>City of London Almshouses</b>				
Almshouses for poor or aged people	364	181	1,640	65

Activities	Income £'000	Surplus/ (Deficit) £'000	Net Assets £'000	Materiality £'000
<b>Sundry Trusts Continued</b>				
<b>City of London Corporation Combined Education Charity</b>				
Advancing education by the provision of grants and financial assistance	39	86	1,124	23
<b>City of London Corporation Relief of Poverty Charity</b>				
Relief of poverty for widows, widowers or children of a Freeman of the City of London	4	16	157	3
<b>City of London Freeman's School Bursary Fund</b>				
Promotion of education through bursaries	47	124	915	18
<b>City of London School Bursary Fund</b>				
Promotion of education through bursaries, scholarships and prizes	119	416	3,871	78
<b>City of London School Education Trust</b>				
Advancing education	304	-	6	6
<b>City of London School for Girls Bursary Fund</b>				
Promotion of education through bursaries, scholarships and prizes	776	757	4,220	74
<b>Corporation of London Charities Pool</b>				
Investments pool for Sundry Trusts	1,022	1,164	22,867	458
<b>Emmanuel Hospital</b>				
Payment of pensions and financial assistance to poor persons	84	282	5,549	51
<b>Guildhall Library Centenary Fund</b>				
Provision of education and training in library, archives, museum, and gallery services	1	3	26	1
<b>Hampstead Heath Trust</b>				
To meet a proportion of the maintenance cost of Hampstead Heath	1,327	3,470	650	660
<b>Keats House</b>				
Maintenance of Keats House	462	37	226	7
<b>King George's Field</b>				
Open space for sports, games and recreation	44	-	-	1
<b>Samuel Wilson's Loan Trust</b>				
Granting of low interest loans to young people who have or are about to set up in business	77	289	2,415	48
<b>Signore Pasquale Favale Bequest</b>				
Granting of assistance to eligible persons in the form of marriage portions	5	2	15	1

Activities	Income £'000	Surplus/ (Deficit) £'000	Net Assets £'000	Materiality £'000
<b>Sundry Trusts Continued</b>				
<b>Sir Thomas Gresham Charity</b>	95	(1)	149	2
To provide a programme of public lectures				
<b>Sir William Coxen Trust Fund</b>				
Granting of assistance to eligible charitable trusts in the form of donations	132	125	2,627	57
<b>Vickers Dunfee Memorial Benevolent Fund</b>				
Financial assistance to distressed past and present members of the CoL Special Constabulary and their dependents	6	24	225	5

## Appendix 4 – Management representation letters for City’s Cash, Bridge House Estates and the Charities

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 2017 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 2017, 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 2017 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 OF LONDON – BRIDGE HOUSE ESTATES**

This representation letter is provided in connection with your audit of the financial statements of Bridge House Estates (BHE) for the year ended 31 March 2017 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 charity for the period ended 31 March 2017, 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 charity's 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 charity at any time during the year, other than as indicated in the financial statements or, in the case of items not required to be disclosed, in the attached schedule.
14. 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.
15. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
  16. We have 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.
  17. 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.
  18. We are of the opinion that the costs involved in the reconstruction or analysis of past accounting records of heritage assets (bridges) or in valuation are onerous compared with the additional benefit derived by users of the accounts in assessing the trustees' stewardship of the assets.
  19. The charity has satisfactory title to all assets and there are no liens or encumbrances on the charity's assets, other than as disclosed in the financial statements.
  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 BHE are reasonable.
  21. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.
  22. 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.
  23. The charity has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
  24. 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 charity;
    - circumstances of an exceptional or non-recurrent nature; or
    - charges or credits relating to prior periods.
  25. 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.
  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 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.
  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. 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.
  29. All grants paid and any subsequent grant clawbacks have been undertaken in line with the conditions of the grant agreements and have been appropriately reported in the accounts.
  30. 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.

31. All income has been recorded, all restricted funds have been properly applied and all constructive obligations have been recognised.
32. All correspondence with regulators has been made available to you, including any serious incidents reports.
33. Except as disclosed in the notes to the BHE accounts, as at 31 March 2017 there were no significant capital or other commitments contracted for by BHE.

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)

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 2017 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 2017, 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 2017 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 2017 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 2017, 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 2017 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)