



Draft report to the Audit Committee

GUILDHALL SCHOOL OF MUSIC AND DRAMA

Audit Completion: period ended 31 March 2021

WELCOME

We have pleasure in presenting our Completion Report to the Audit Committee. This report is an integral part of our communication strategy with you, a strategy which is designed to ensure effective two way communication throughout the assurance process with those charged with governance.

This report contains matters which should properly be considered by the Board as a whole. We expect that the Audit Committee will refer such matters to the Board, together with any recommendations, as it considers appropriate.

We would also like to take this opportunity to thank the Management and staff of the School for the co-operation and assistance provided during the work.

Paula Willock
7 September 2021



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Audit Director

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal reasonable assurance review procedures which are designed primarily for the purpose of expressing our opinion on the statement of comprehensive income. This report has been prepared solely for the use of the Audit Committee and Those Charged with Governance and should not be shown to any other person without our express permission in writing. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person. For more information on our respective responsibilities please see the appendices.

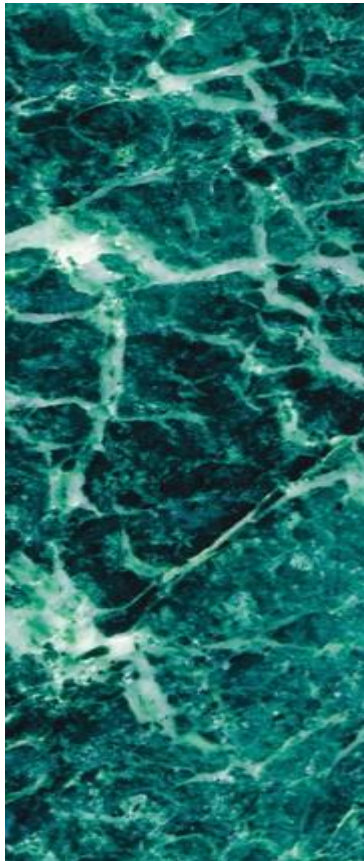
THE NUMBERS

Executive summary

Audit scope

Our approach was designed to ensure we obtained the required level of assurance in accordance with International Standard On Assurance Engagements 3000 (ISAE 3000) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. Subject to the completion of the outstanding matters, this objective will be achieved.

See page 9 for details of the entity that is included within the scope of our engagement.



Final Materiality

Financial Statement Materiality was determined based on Total Income per the draft 2021 financial statements.

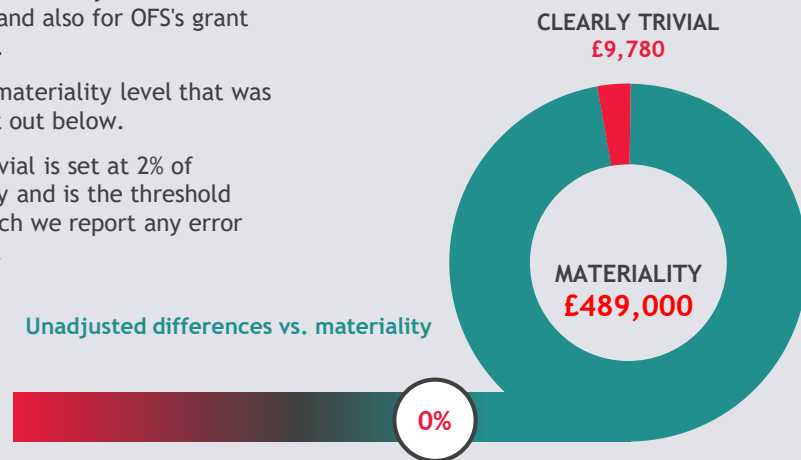
Total income has been selected as the most appropriate benchmark for HEIs as student numbers (and hence income) are the key drivers for each HEI's KPIs and also for OFS's grant allocation.

The final materiality level that was used is set out below.

Clearly trivial is set at 2% of materiality and is the threshold above which we report any error identified.

Unadjusted audit differences

At the date of this report we have not identified any adjustments.



OVERVIEW

Executive summary

This summary provides an overview of the matters that we believe are important to the Audit Committee in reviewing the results of the reasonable assurance procedures on the Statement of Comprehensive Income for the School for the period ended 31 March 2021.

It is also intended to promote effective communication and discussion and to ensure that the results of the engagement appropriately incorporate input from those charged with governance.



Overview

Our work is substantially complete and subject to the successful resolution of outstanding matters (listed on page 9) we anticipate issuing an unmodified reasonable assurance report on the School's financial statements for the period ended 31 March 2021.

The reasonable assurance opinion that has been agreed with the School's regulator, the Office for Students, states that the accounts of the School have been properly extracted from the audited accounts of City's Cash. We cannot issue our opinion until the audit of City's Cash is complete. That work is in progress at the date of this report.

No restrictions were placed on our work.

Financial reporting

- We have not identified any non-compliance with accounting policies or applicable accounting framework
- No significant accounting policy changes have been identified impacting the current period

Other matters that require discussion or confirmation

- We confirm our independence in the Other Matters section of our report
- Confirmations re: fraud, contingent liabilities and subsequent events
- Letter of representation: see page 10

INDEPENDENCE AND FEES

Independence and rotation

Independence

Under Parts A and B of the Code of Ethics for professional Accountants, including independence, issued by the International Ethics Standards Board for Accountants (the IESBA Code) we are required to confirm our independence. We have embedded the requirements of the Standards in our methodologies, tools and internal training programs. Our internal procedures require that audit engagement partners and directors are made aware of any matters which may reasonably be thought to bear on the integrity, objectivity or independence of the firm, the members of the engagement team or others who are in a position to influence the outcome of the engagement. This document considers such matters in the context of our engagement for the period ended 31 March 2021.

Details of services, other than the reasonable assurance engagement, provided by us to the School during the period and up to the date of this report are set out on the following page. We have not identified any other relationships or threats that may reasonably be thought to bear on our objectivity and independence.

We confirm that the firm, the engagement team and other partners, directors, senior managers and managers conducting the engagement comply with relevant ethical requirements including the FRC's Ethical Standard and are independent of the School.

Rotation

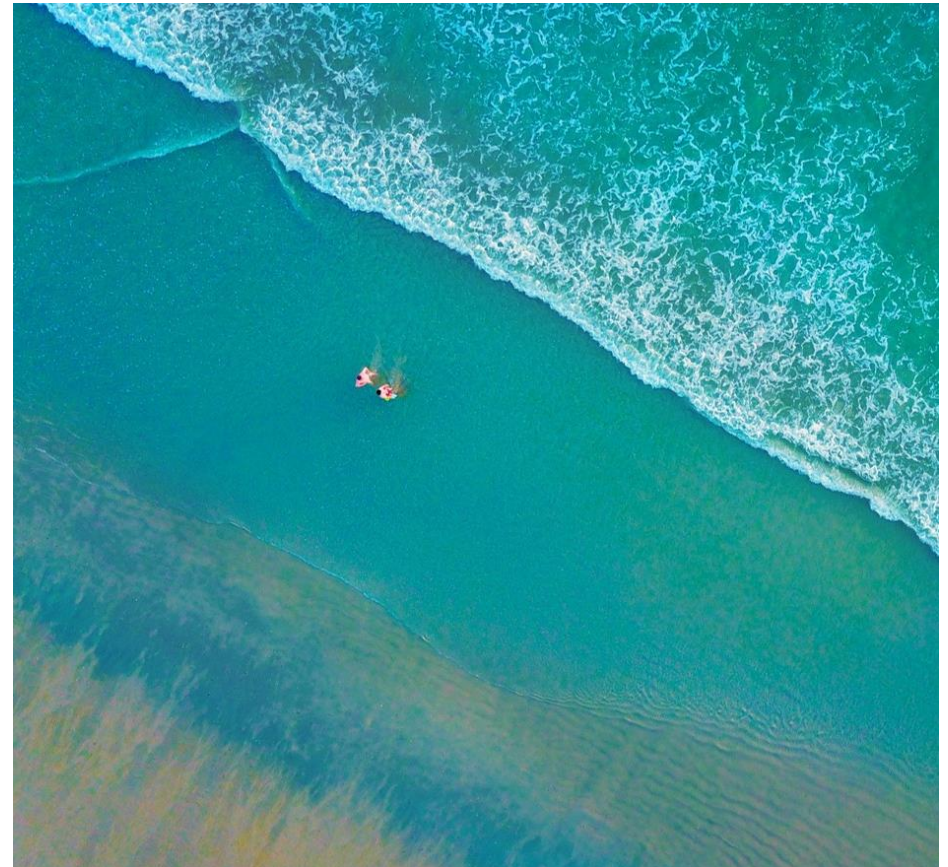
The table below indicates the latest rotation periods normally permitted under the independence rules of the FRC's Ethical Standard. In order to safeguard quality we will employ a policy of gradual rotation covering the team members below as well as other senior members of the engagement team to ensure a certain level of continuity from year to year.

ENGAGEMENT TEAM ROTATION	NUMBER OF YEARS INVOLVED	ROTATION TO TAKE PLACE BEFORE YEAR ENDED
Paula Willock- Audit Director	3	2029
James Badman - Assistant Manager	1	2031

FEES

Fees summary for period ended 31 March 2021

	2021	2020
	£'000	£'000
Reasonable assurance fee for period ending 31 March 2021	10,000	10,000
US Federal Aid compliance report	2,885	2,885
Total fees	12,885	10,800



OUTSTANDING MATTERS



Our work in respect of the statement of comprehensive income for the period ended 31 March 2021 is in progress.

The following matters are outstanding at the date of this report and could impact our reasonable assurance opinion. We will update you on their current status at the Board meeting at which this report is considered:

- Completion of the audit of City's Cash (see page four)
- Finalisation of testing in some areas
- Finalisation of our work on the extract of the accounts for the period from the City's Cash nominal ledger for the period
- Manager and director review of financial statements and those areas noted above
- Receipt of signed engagement letter
- Receipt of signed Financial Statements
- Receipt of signed Letter of Representation
- Review of post balance sheet events up until the date of signing.

There are a number of areas of testing where we rely on the testing performed by the City's Cash Audit team to ensure we take assurance on the data extracted for the Guildhall School of Music and Drama financial statements. Areas where testing performed for the City's Cash Audit where assurance for Guildhall School of Music and Drama is required include:

- Payroll
- Expenditure
- Pensions

AUDIT SCOPE AND OBJECTIVES

Our approach was designed to ensure we obtained the requisite level of assurance across the School. The School prepared their statement of comprehensive income in accordance with UK GAAP.

COMPONENT NAME	ACTIVITY	INCORPORATED UNDER	CHARITABLE STATUS	PROPOSED SCOPE OF WORK
The Guildhall School of Music and Drama	GSMD	Provider of Higher Education	The Guildhall School of Music & Drama (Guildhall School) is owned and governed by the City of London Corporation (City Corporation), the legal status of which is that of a municipal Corporation by Prescription	Charitable Reasonable assurance engagement by BDO



REPRESENTATION LETTER

BDO LLP
55 Baker Street
London W1U 7EU

Dear Madams/Sirs

Independent reasonable assurance report on the Guildhall School of Music and Drama for the period ended 31 March 2021

This representation letter is provided in connection with your engagement to report on the Statement of Comprehensive Income and related notes (“the subject matter”) for the purpose of expressing an independent reasonable assurance conclusion under International Standard on Assurance Engagements 3000 (Revised) as to whether:

- the subject matter has, on the basis of agreed criteria and in all material respects, been correctly extracted from the audited accounts of City’s Cash for the period 1 August 2020 to 31 March 2021 (eight months)
- In all material respects, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the Guildhall School of Music and Drama have been properly applied for the purposes for which they were received.

We confirm that the following representations given to you in connection with your engagement to report on the Statement of Comprehensive Income and related notes are made to the best of our knowledge and belief, and after having made appropriate enquiries of other governors and officials of the school.

We have fulfilled our responsibilities as The Governors of the Guildhall School of Music and Drama and the City of London Corporation for the preparation and presentation of the Statement of Comprehensive Income and related notes as set out in the terms of the engagement letter, and in particular that it is in all respects in accordance with the agreed criteria.

Information Provided

We have evaluated the Statement of Comprehensive Income and related notes against the agreed criteria and confirm that that this has been met.

Measurement methods and significant assumptions used by us in making Statement of Comprehensive Income and related notes information estimates are reasonable.

There have been no events since the 31 March 2021 which either require changes to be made to the Statement of Comprehensive Income and Expenditure and related notes or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.

The effects of instances of uncorrected misstatements that you identified as part of your reasonable assurance engagement procedures are immaterial, both individually and in the aggregate, to the Statement of Comprehensive Income and Expenditure and related notes information as a whole.

REPRESENTATION LETTER

Access provided

We have made available to you all records, underlying records and supporting documentation and all minutes of meetings of the School and City of London Corporation.

We have provided you with:

- Unrestricted access to all information of which we are aware that is relevant to the preparation of the Statement of Comprehensive Income and related notes information such as records, source documentation and other matters;
- Additional information that you have requested from us for the purpose of the engagement; and
- Unrestricted access to persons from whom you determined it necessary to obtain evidence.

We have disclosed to you all changes in the design and documentation of the measures and internal controls included within the Statement of Comprehensive Income and related notes, or breakdowns in the operation of those measures and internal controls that would have a material effect on your assurance report.

All transactions and information have been recorded in the Statement of Comprehensive Income and related notes records and are reflected in the Statement of Comprehensive Income and related notes information, when relevant.

We acknowledge our responsibility for the design, implementation and maintenance of internal control over the Statement of Comprehensive Income and related notes in conformity with the criteria to prevent and detect fraud and error in the preparation of the Statement of Comprehensive Income and related notes.

In relation to those laws and regulations which provide the legal framework within which our business is conducted and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which we are aware and all actual or contingent consequences arising from such instances of non-compliance whose effects should be considered when preparing the Statement of Comprehensive Income and related notes.

Further, we have disclosed to you all communications from regulatory authorities concerning non-compliance with, or deficiencies in, practices relating to the Statement of Comprehensive Income and related notes.

We have disclosed to you and have appropriately accounted for and disclosed in Statement of Comprehensive Income and related notes information in accordance with all known actual or possible litigation and claims whose effects should be considered when preparing the Statement of Comprehensive Income and related notes information.

We have considered the risk that the Statement of Comprehensive Income and related notes may be materially misstated due to fraud and have identified no significant risks.

To the best of our knowledge we are not aware of any fraud or suspected fraud involving management or employees. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the Statement of Comprehensive Income and Expenditure and related notes.

To the best of our knowledge we are not aware of any allegations of fraud or suspected fraud affecting the Statement of Comprehensive Income and Expenditure and related notes that have been communicated by employees, former employees, analysts, regulators or any other party.

REPRESENTATION LETTER

We confirm that the representations made in this letter are 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.

We confirm that the Statement of Comprehensive Income and related notes is free of material misstatements, including omissions.

We acknowledge our responsibilities regarding disclosure of information to you as independent assurance practitioners and confirm that so far as we are aware, there is no relevant information needed by you in connection with preparing your assurance conclusion of which you are unaware. Each responsible party has taken all the steps that they ought to have taken as a responsible party in order to make themselves aware of any relevant assurance information and to establish that you are aware of that information.

Yours faithfully

Name.....

Signed on behalf of The Guildhall School of Music and Drama

Date:.....

Name.....

Signed on behalf of The City of London Corporation

Date:.....



FOR MORE INFORMATION:

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The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the company and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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