

Committee(s): Audit and Risk Management Committee – For decision	Dated: 27/09/2022
Subject: City Fund and Pension Fund audit arrangements	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	All
Does this proposal require extra revenue and/or capital spending?	Y
If so, how much?	£57k
What is the source of Funding?	City Fund (£50k) £7k recharged across all funds
Has this Funding Source been agreed with the Chamberlain’s Department?	Y
Report of: The Chamberlain	For Decision
Report author: Neilesh Kakad – Chief Accountant	

Summary

Following the appointment of Grant Thornton (GT) as the auditor of City Fund and the Pension Fund further discussions have been carried out on other areas of work that would support the auditing and reporting requirements outside of the statutory audit role. Two further areas of work are being proposed for GT to carry out which include an enhanced role in the audit of housing benefit claims and issuing of assurance letters to admitted bodies to the Pension Fund. This work is considered as non-audit service and are therefore brought to the committee for review and agreement that they do not give rise to any integrity, objectivity, or independence issues. GT have concluded that they do not see this as an issue.

Recommendation(s)

Members are asked to:

- Note the audit progress report and sector update provided by GT.
- Agree to the non-audit services being proposed.

Main Report

Background

1. Following agreement by your committee to appoint GT as the auditor of City Fund and the Pension Fund, further discussions have been had on facilitating some

level of audit work whilst awaiting the conclusion of the 20/21 accounts audit, upon which we are reliant before we can fully transition to our new auditor.

2. Having reviewed our requirements, there is an option to progress with two areas of work which are:
 - a. The audit of housing benefit claims including additional support from the specialist team GT maintain in this area.
 - b. Issuing of assurance letters to admitted bodies of the Pension Fund.
3. In relation to the first area of work this additional support will enable outstanding audit requirements to be completed in a timely manner as limited capacity, both internally and with our previous auditors has meant we have fallen behind in submissions. We are not the only authority in this position and DLUHC are aware of these delays.
4. In relation to the second area, our previous auditor had acted across all the City Corporation's funds and for the admitted body (Museum of London), which meant these assurances were provided internally between the relevant teams. Due to the change in audit provider and split in auditors between the City Corporation's funds, these assurances are now required between different auditors requiring more formal submissions.
5. These areas of work would normally be included as part of the audit plan presented to your committee but due to the delay in concluding the 20/21 accounts audit, these are being brought to your attention now to enable these works to be carried out. This will facilitate the timely conclusion of the housing benefit requirements and allow those entities dependent on pension fund assurance to receive this in line with their own reporting timelines.
6. GT have prepared a short progress report, including reference to the above additional work, and a sectoral update which can be found in appendix 1.
7. The City Corporation maintains a policy of allowing non-audit services to be procured so long as fees do not exceed 50% of the audit fee. These additional services will not breach that limit.
8. Auditing standards require that those charged with governance are made aware of these services and are content that they do not pose a risk to the independence of the auditors. The auditors have provided their view of this within their report and do not see this as an issue.
9. The areas of work being covered are within GT's remit in their role as auditor and is therefore not a significant extension in their role.

Corporate & Strategic Implications

Strategic implications – None

Financial implications – additional fees which are covered by existing budgets.

Resource implications - None

Legal implications - None

Risk implications – further delays in concluding audit requirements.

Equalities implications – None

Climate implications - None

Security implications - None

Conclusion

10. It is recommended that your committee agree to the proposed additional work to enable the timely conclusion to audit activity both within the City Corporation and for dependent entities.

Appendices

- Appendix 1 – City of London Progress Report and Sector Update

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