

Committees: Audit and Risk Management	Date: 16 January 2023
Subject: Sundry Trusts Annual Report and Financial Statements 2021/22	Public
Report of: BHE & Charities Finance Director (representing the Chamberlain)	For decision
Report author: Julia Megone, Charities Technical and Strategic Finance Manager, BHE & Charities Finance Team	

Summary

This report seeks approval of the annual reports and financial statements for 12 of the 15 Sundry Trust charities listed at **Appendix 1** for the year ended 31 March 2022.

Of the 15 charities, 4 annual reports and financial statements are audited by Crowe LLP, 7 are subject to an independent examination by Crowe LLP, and 4 are below the threshold for either an audit or an independent examination. These arrangements were in place for the first time this year, following a review in the best interests of each charity, implemented with regard to the threshold for audits and independent examinations, as required under Charity Law.

Where the Corporation is Trustee, the Finance Committee approves the annual reports; if charities have individual trustees, or the Trustee is acting through the Court of Aldermen (as indicated in **Appendix 1**), the reports are approved by the respective trustees or the Aldermen following recommendation by this Committee.

The draft annual report and financial statements for each charity for the year ended 31 March 2022 are attached at **Appendix 2** for approval. The draft annual reports for 3 of the charities¹ are not included in Appendix 2 to this report due to staff shortages resulting in delays to their preparation and as a consequence also to the auditors' work. They will therefore not be submitted to the Charity Commission by the required deadline. The Charity Commission have been notified in advance.

The work for the other charities is in progress at the date this report was submitted (4 January 2023). To date no major issues have been identified and on this basis we understand that Crowe currently intend to issue an unqualified opinion (audit) or unmodified report (independent examination) for each annual report.

Recommendations

The Audit and Risk Management Committee are asked to:

- (i) Consider the contents of the audit management report issued by Crowe LLP (comments related to these charities are included within the paper covering City's Cash);
- (ii) Note that the external auditor Crowe LLP is anticipating giving an unqualified audit opinion on 2 sets of audited charity annual reports, and

¹ (CLS Bursary and Awards Fund, CLSG Bursary Fund (incorporating the CLSG Scholarships & Prizes Fund) and Charities administered in connection with the City of London Freemen's School "ICW charities")

- that work has not yet commenced on 2 others which will be brought for approval separately;
- (iii) Note that the independent examiner Crowe LLP is anticipating giving an unmodified report for the 7 sets of independently examined charity annual reports;
 - (iv) Note for information the 3 of the 4 sets of annual reports which are no longer subject to audit and independent examination, with the fourth set being brought separately for approval due to delays in preparation; and
 - (v) Recommend approval of the annual reports of the 12 charities presented for the year ended 31 March 2022, to the Finance Committee for those charities where the Corporation is Trustee; to the Aldermen for the Emmanuel Hospital charity where the Corporation is acting by the Court of Aldermen as the named corporate trustee; and to the individual trustees of the Sir William Coxen Trust Fund and the Samuel Wilson Loan Charity (see **Appendix 1** for charity registration numbers).

Main Report

1. The 2021/22 Annual Report and Financial Statements for 12 Sundry Trust charities for the year ended 31 March 2022 are presented for review.
2. The annual reports of the Sundry Trusts have been prepared in accordance with the Charities Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.
3. The Charity Commission requires charities to submit their annual report within 10 months of their financial year-end, that is by 31 January 2023. A failure to meet deadlines is recorded on the charity's entry on the Charity Commission website. There are no financial penalties incurred.
4. There are 15 annual reports and financial statements relating to the Sundry Trusts of which the City Corporation is Trustee, or otherwise has rights of nomination or appointment of the majority of trustees. Of these, 4 annual reports and financial statements are audited by Crowe LLP, 7 are subject to an independent examination by Crowe, and 4 do not require any external review. These arrangements were in place for the first time this year, following a review of what was in the best interests of each charity, implemented with regard to the threshold for audits and independent examinations, as required under Charity Law. A summary table is included below:

Type of review	Number of sundry trust charities
Audit	4 (2 of which are included in this report)
Independent examination	7 (all of which are included in this report)
No review required	4 (3 of which are included in this report)

5. As set out in more detail in paragraphs 11 and 12 below, 3 sets of charity annual reports are not yet completed. These will be presented separately once the audit work has been completed.

Audit Opinion / Independent Examiner's Report

6. The external auditor (Crowe LLP) is expected to give an unqualified opinion on the annual reports and financial statements of each of the 2 of the 4 Sundry Trust charities subject to an audit, with work on the further 2 charities yet to commence.
7. For the 7 sets of annual reports and financial statements which are subject to an independent examination, the independent examiner (Crowe LLP) is not expected to modify their report. An independent examination offers negative assurance, that no evidence has been found that the accounts have not been prepared properly, as opposed to an audit opinion that confirms that the accounts show a "true and fair" view.
8. With work still in progress, we are not aware of any significant accounting adjustments, changes to the financial statements, or deficiencies in internal control that have been identified in relation to these charities.

Summary of the financial statements

9. The Sundry Trust charities are listed at **Appendix 1**. Notable activities in the year included:
 - a. A wide-ranging distribution of grants and charitable funds: the Emanuel Hospital charity commenced a significant new strategic grant making programme, committing over £440k in grants for the benefit of the elderly in London, whilst the Combined Relief of Poverty charity made a £60k grant to support local response to the Covid-19 pandemic in the City of London. The Sir William Coxen Trust Fund made 4 grants totalling over £160k for the benefit of hospitals or charitable institutions supporting those with orthopaedic conditions, especially children. The Samuel Wilson's Loan Charity issued 4 new loans totalling £100k to support young entrepreneurs in London and surrounding counties to further their businesses.
 - b. For the first time the charities bore the costs of their own administration, including their audit or independent examination fees (where relevant) and the costs of staff time spent in administering and reporting on the charities' activities. The financial statements now include a support costs note to reflect these changes, following the guidance of the Charities Statement of Recommended Practice (SORP).
 - c. The charities' investments continued to grow, although at a slower rate compared to 2020/21 when previous growth was offset by losses arising from market turbulence at the start of the global Covid-19 pandemic
 - d. Investment income rose slightly compared to 2020/21 across the charities, leading to an increase in funds held in most charities.

Progress and Submission of Signed Annual Reports and Financial Statements

10. Crowe's work remains in progress, with review of the annual reports and some areas of audit work ongoing. It is anticipated that the audits will be concluded satisfactorily to enable Crowe to issue unqualified opinions/unmodified reports as stated within paragraph 3 of this report.

11. This expectation does not cover the draft annual reports for two of the charities (CLS Bursary and Awards Fund, CLSG Bursary Fund (incorporating the CLSG Scholarships & Prizes Fund)) because staff shortages in the Chamberlain's Department resulted in the preparation of these reports being delayed. The audit work has therefore not yet commenced on these and the draft reports for these charities are not included in Appendix 2. The audit work will be undertaken once annual reports are provided to the auditors and therefore these will be submitted late to the Charity Commission (after the deadline of 31 January 2023). The Charity Commission have been notified in advance. The impact of this delay has been stated in paragraph 2.
12. In addition, the Charities administered in connection with the City of London Freeman's School "ICW charities"), which are below the threshold for external review, are not included in Appendix 2 to this report, as these have also not been prepared for the same reason as noted above.
13. Crowe LLP representatives will attend the Audit and Risk Management Committee to present their completion report, update on the status of the audits and to clarify any points or issues raised.
14. Each set of signed annual reports will be submitted to the Charity Commission and will be available to download from its website. The final management report from Crowe on its audit will be presented to the Court of Common Council for information.

Conclusion

The draft annual reports and financial statements of 12 of the 15 Sundry Trust charities are presented for approval. No modifications to audit or independent examiner reports are expected, with Crowe still needing to complete work on all charities subject to audit or independent examination. Three of the 12 annual reports do not require independent review due to their size and are presented for information. A further 3 annual reports and financial statements (2 subject to audit, one below the threshold for external review) will be presented at a future meeting due to delays in their preparation as a result of staff shortages in the Chamberlain's Department.

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Appendix 1: List of the Sundry Trust charities, including charity registration numbers and a note of those charities with individual trustees

Appendix 2: Annual Reports and Financial Statements of the Sundry Trust charities