



City of London Corporation Audit Progress Report

Year ending 31 March 2023

October 23, 2023



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Introduction

Your key Grant Thornton team members are:

Sophia Brown

Director

T 020 7728 3179

E Sophia.Y.Brown@uk.gt.com

Nick Halliwell

Senior Manager

T 020 7728 2469

E nick.j.halliwell@uk.gt.com

This paper provides the Audit and Risk Management Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit and Risk Management Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Audit deliverables

Deliverables External Audit	2021-22	2022-23
<p>Audit Plan</p> <p>We are required to issue a detailed audit plan to the Audit & Risk Management Committee setting out our proposed approach in order to give an opinion on the City Fund and Pension Fund 2021-22 financial statements and to issue a commentary on the Authority's value for money arrangements in the Auditor's Annual Report.</p>	Completed	Completed
<p>Audit Findings Report – City Fund</p> <p>The Audit Findings Report will be reported to the Audit & Risk Management Committee.</p>	Completed	Expected to provide draft version to management by end of December
<p>Auditors Report – City Fund</p> <p>This includes the opinion on your financial statements.</p>	Not possible whilst 20-21 audit ongoing.	
<p>Audit Findings Report – Pension Fund</p> <p>The Audit Findings Report will be reported to the Audit & Risk Management Committee.</p>	Completed	Completed
<p>Auditors Report – Pension Fund</p> <p>This includes the opinion on your financial statements.</p>	Not possible whilst 20-21 audit ongoing.	
<p>Auditor's Annual Report</p> <p>This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.</p>	Completed	Expected February 2024

We have been unable to complete our Grant audits whilst prior year certification work is ongoing.

Progress at October 2023

Financial Statements audit – City Fund 2022-23

We undertook our planning work concurrently with the 2021-22 fieldwork from July-September. Our work is substantially complete except for our final quality checks and the following matters:

- Completion of our consideration of ISA 315 on IT controls that impact relevant controls to our audit.
- Final quality checks of the file.

Our fieldwork phase for the audit began at the end of September 2023. We have prioritised resource on this audit and ensured this extended timeframe has continuity within the team. This continuity combined with the same being the case with the finance team should create additional efficiencies in the 2022-23 audit.

We are working towards to substantially completing the fieldwork and producing an Audit findings report by the calendar year end.

We have made a positive start in this objective and all key samples have been selected for testing. This has been aided by management providing good quality transaction listings building on feedback from the prior year. We have also managed to use learnings from the prior year, adapted our audit approach where possible and used data analytic tools to significantly reduce sample sizes in comparison to the prior year.

In October and the first half of November **our main priority is clearing all samples selected.** To do this we require management to provide sample evidence back to us promptly and meeting the requirements set out. So far, the information provided is significantly better than the prior year. Our sample progress can be found from slide 06 onwards. To ensure we are on track we would expect 75% of samples to be cleared by the 6th November when this report is discussed at Committee. We will provide a verbal update on their overall progress.

Once the sampling work is complete our work will then focus on completing our work on the disclosure notes, dealing with issues identified from our testing and any technical queries identified on our review of the financial statements.

Technical Review of the financial statements/Final quality checks

Due to the tight timing, we are looking to complete the audit in and the impact the Christmas period can have in December there is a risk that our technical review of the accounts/final quality checks of our work will take place in January.

Although this would not be ideal, we would consider the impact of this to be less than if the same occurred for our sample and disclosure note testing procedures. **We have placed on hold our review of the 2022-23 financial statements as some significant changes are expected to the draft accounts. This is a result of management needing to reverse a change made relating to lease premiums and changes coming out of the 2021-22 audit concluding work. Once the accounts are received we will look to send out our technical queries within 1-2 weeks to the finance team.** We would expect though for our work on this area to be more limited due to this being the second-year audit and a full technical review having been undertaken in the prior year.

Financial Statements audit – City Fund 21-22

Our work is substantially complete with our Audit findings report completed. However, with the 2020-21 audit not yet signed we are unable to close the audit as there is a requirement for audits to be signed sequentially. There are also some processes required for us to undertake once BDO finalise the 2020-21 financial statements audit. But we would hope our work could be completed 1-2 weeks after their sign off date

Financial Statements audit – City Pension Fund 22-23

Our work is substantially complete, and an update can be found in the audit findings report. We have also formally reported back to the Museum of London auditors. And have responded to Crowe regarding their requests as they have come through.

Value for Money

Our work is scheduled to start in November, and we expect to report our findings at the February Audit and Risk Management Committee.

Transactional Sample Log

Key to the pace we can complete the audit is the speed we can closedown the transactional samples. To help us collaborate with the finance team in the closure of these we share our sample log on a bi-weekly basis.. As noted earlier, when we present this report to the Committee on the 6th November, to ensure **we remain on track we would expect 75% of the samples below to be cleared**. We will provide a verbal update on progress at the Committee meeting. Note the below table excludes revaluation samples, smaller samples areas and samples specific to last year, with the tracker last year having 1,012 samples altogether on it. The below represent the key transactional samples and their status. From the process so far, we note:

- We have received 60% of initial responses to the samples selected. (Some of which have only been recently selected in the past week).
- 38% of samples have been cleared. With 146 of the 191 samples when first received passing, in the previous year this percentage was markedly lower. This highlights the improvements management have helped implement to the sample process.
- Our sample sizes have reduced by 50% compared to the prior year. This is due to several factors including better quality working papers and transaction listings, the audit team being able to build on the prior year and apply GT data analytic tools to the listings as well us in the second year being able to apply a higher materiality threshold.

Sample Area	Sample size 2021-22	Sample size 2022-23	Samples cleared	Samples in processing by the audit team	Samples with Follow up queries	Outstanding with the finance team
Fees and charges	90	28	17	6	5	0
Debtors	62	38	25	10	Nil	3
Creditors (excluding collection Fund)	100	41	28	2	3	8
Employee cost samples	55	55	nil	nil	Nil	55
PPE (addition/REFCUS/disposal samples)	28	25	13	nil	4	8

Transactional Sample Log

Sample Area	Sample size 2021-22	Sample size 2022-23	Samples cleared	Samples in processing by the audit team	Samples with Follow up queries	Outstanding with the finance team
Operating expenses	104	39	26	2	9	2
Rents Received in Advance	14	14	14	nil	nil	Nil
Collection Fund debtors	11	9	nil	9	Nil	Nil
Collection Fund Creditors	15	9	nil	9	nil	Nil
Grant Income	37	23	Nil	Nil	Nil	23
Grants received in Advance	26	13	Nil	Nil	13	Nil
Completeness expenditure	40	33	12	Nil	3	18
Completeness Income	36	32	11	Nil	8	13
Capital commitments	10	TBC- discussions regarding working papers ongoing				
PPE Existence	112	Nil	Nil	Nil	Nil	Nil
Business rate reliefs	25	25	Nil	Nil	Nil	25
Total	765	384	146 38%	38 10%	45 12%	155 40%



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