

Committee: Finance Committee	Date: 8 November 2023
Subject: Sundry Trusts Annual Report and Financial Statements 2022/23	Public
Report of: CBF & Charities Finance Director (representing the Chamberlain)	For Decision
Report author: Julia Megone, Charities Technical and Strategic Finance Manager, CBF & Charities Finance Team	

Summary

This report seeks approval for the Annual Reports and Financial Statements for the Sundry Trust Funds for the year ended 31 March 2023, listed at **Appendix 1**.

There are 15 Annual Reports and Financial Statements relating to the Sundry Trusts of which the City Corporation is Trustee, or otherwise had rights of nomination or appointment of the majority of trustees. The Finance Committee approves the 11 financial statements of charities where the Corporation is Trustee, which are set out at **Appendix 1**.¹

Of the 11 charities, 3 annual reports and financial statements are audited by Crowe U.K. LLP, 4 are subject to an independent examination by Crowe U.K. LLP ("Crowe"), and 4 are below the threshold for either an audit or an independent examination.

The draft annual report and financial statements for each charity for the year ended 31 March 2023 are attached at **Appendix 2** for approval.

Crowe's work across the charities remains in progress at the date this report was submitted (October 2023). Although some adjustments and control points have been raised, we understand that Crowe currently intend to issue an unqualified opinion (audit) or unmodified report (independent examination) for each annual report.

Recommendations:

The Finance Committee is asked to:

- (i) Consider the contents of the audit management report issued by Crowe (comments related to these charities are included within the paper covering City's Cash);
- (ii) Note that the external auditor Crowe is anticipating giving an unqualified audit opinion for the 3 audited charity annual reports;
- (iii) Note that the independent examiner Crowe is anticipating giving an unmodified report for the 4 independently examined charity annual reports;

¹ Where charities have individual trustees, or where the Trustee is acting through the Court of Aldermen (detailed in Annex 1), the accounts will be approved by the respective trustees or the Aldermen.

- (iv) Note for information the presentation of 4 annual reports which are not subject to either audit or independent examination (at **Appendix 2**);
- (v) Consider the resolution from the Audit and Risk Management Committee and, if appropriate, approve the financial statements of the charities listed at **Appendix 1** for the year ended 31 March 2023, to be signed by the Chairman and Deputy Chairman of the Finance Committee on behalf of the Court of Common Council;
- (vi) Delegate to the Chamberlain, in consultation with the Chairman and Deputy Chairman of Finance Committee, approval of any material changes to the statement of accounts required before the signing of the audit opinion by Crowe – which is expected by early December 2023.

Main Report

1. The 2022/23 Annual Report and Financial Statements for 11 Sundry Trust charities for the year ended 31 March 2023 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, by 31 January 2024. A failure to meet deadlines is recorded on the charity's page on the Charity Commission website. There are no financial penalties. In addition, the City of London Almshouses charity is regulated by the Regulator for Social Housing (RSH) with a submission deadline of 6 months from the financial year end, being 30 September 2023. Due to the timing of the audit across the wider City Corporation, this deadline has not been met but the regulator has been informed and no financial penalties are issued.
4. There are 11 annual reports and financial statements relating to the Sundry Trusts of which the City Corporation is Trustee. A summary of the required assurance provided by Crowe is provided in the table below:

Type of review	Number of sundry trust charities
Audit	3
Independent examination	4
No review required	4

Audit Opinion

5. The external auditor (Crowe) is expected to give an unqualified opinion on the annual reports and financial statements of the 3 Sundry Trust charities subject to an audit.

6. For the 4 sets of annual reports and financial statements which are subject to an independent examination, the independent examiner (Crowe) 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.
7. With work still in progress, the initial audit findings for the audited charities have been included in the report to Audit & Risk Management Committee covering City’s Cash and Other Charities of the City of London. A number of findings were identified as part of Appendix 2 ‘Systems and Controls’:
 - a. A recommendation that the threshold for journals review is lowered for the charities in proportion to the scale of the transactions reported in the charity accounts. Management note other compensating controls and confirm that the current review and authorisation limits are adopted to ensure a consistent approach across all activities of the City Corporation that all staff can follow and implement effectively. Due to the range of entities covered by this framework, introducing local variances to the process would be confusing and would increase the risk of the control framework not being appropriately implemented.
 - b. A recommendation that the capitalisation policy is amended and lowered for the charities to reflect their size. Management response, in line with the above, is that the charities’ capitalisation policies are consistent with the wider City of London Corporation approach. This ensures clarity, consistency and reduces the risk of confusion which could undermine the wider control framework if localised/individual policies were applied to each of the large number of different entities encompassed within City Corporation systems and processes.
 - c. A recommendation that management prepare and review monthly management accounts. Management note that in light of the charities’ size and operations, monthly reporting would be excessive, but confirm that a review of management information provided is underway, including (where reporting is in place already) consideration of the format and content of these reports.
8. In addition to the above, as highlighted in paragraph 3.10 of the findings report there is ongoing work relating to the COL Almshouses which has resulted in the identification of an accounting adjustment and prior year adjustment in respect of capital works on the almshouses, as well as proposed additional narrative disclosures as an entity regulated by the RSH. The attached financial statements will be updated for these changes before signing but finalised changes have not yet been agreed with Crowe and therefore the version attached represent the original draft accounts.
9. We are not aware of any other 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

10. The Sundry Trust charities are listed at **Appendix 1**. Notable activities in the year included:
 - a. Notable distribution of grants and charitable funds, including the CLSG Bursary Fund which awarded over £1m in bursaries; Emanuel Hospital charity which committed over £655k in grants for the benefit of the elderly in London; the City of London Combined Education Charity which confirmed 2 new grants totalling £500k for bursary schemes for London students; and the Combined Relief of Poverty charity which made an £83k grant to provide a food pantry service in the City of London. The Samuel Wilson's Loan Charity issued 11 new loans totalling £327k to support young entrepreneurs in London and surrounding counties to further their businesses.
 - b. For those charities which hold investments, all of which are managed through the City of London Charities Pool (with the exception of the investments of the Sir William Coxen Trust Fund), valuations had reduced at 31 March 2023 compared to at 31 March 2022, resulting in unrealised losses being recognised across these charities. Investment income also declined slightly compared to 2021/22 across these charities.

Progress and Submission of Signed Annual Reports and Financial Statements

11. 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 in paragraph 6 of this report.
12. Crowe representatives will attend Audit and Risk Management Committee on 6 November 2023 to present their completion report, update on the status of the audits and to clarify any points or issues raised.
13. 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.

Approval of the Financial Statements

14. It is recommended that the Finance Committee approve delegated authority for the Chairman and Deputy Chairman of the Finance Committee to approve and sign the financial statements on behalf of the Court of Common Council, taking account of any observations from the Audit and Risk Management Committee on 6 November 2023.

Conclusion

15. The draft annual reports and financial statements of 11 Sundry Trust charities are presented for approval. At the date of this report, 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.

Appendices

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 recommended for approval and signing

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Appendix 1

SUNDRY TRUSTS

The Corporation is Trustee of the charities listed below, for which the financial statements are presented for approval and signature:

Audited entities

1. The City of London Charities Pool (charity no. 1021138)
2. City of London School for Girls Bursary Fund and the City of London School for Girls Scholarships & Prizes Fund (charity nos. 276251 and 276251-5; one set of financial statements for these linked charities)
3. City of London Almshouses (charity no. 1005857)

Entities subject to independent examination

1. City of London School Bursary & Awards Fund (charity no. 276654)
2. City Educational Trust Fund (charity no. 290840)
3. City of London Freeman's School Bursary Fund (charity no. 284769)
4. City of London Combined Education Charity (charity no. 312836)

Entities where no audit or independent examination is required

5. King George's Field (charity no. 1085967)
6. Guildhall Library Centenary Fund (charity no. 206950)
7. City of London Combined Relief of Poverty (charity no. 1073660)
8. Charities administered in connection with the City of London Freeman's School (23 separate charities) (charity no. 312120)

For information:

*In addition to the above charities, financial statements and annual reports are also prepared for the following sundry trusts for which the Trustee is other than the Corporation. Charities marked with a (**) have individual trustees; for the charity marked with (***) the Corporation is Trustee acting through the Court of Aldermen.*

Entities subject to independent examination

1. Emanuel Hospital (charity no. 206952) ***
2. Sir William Coxen Trust Fund (charity no. 206936) **
3. Samuel Wilson's Loan Charity (charity no. 206964) **

Entities where no audit or independent examination is required

4. Vickers Dunfee Memorial Benevolent Fund (charity no. 238878) **