

Committee(s): Pensions Committee – For information Audit and Risk Management Committee – For decision Finance Committee – For decision	Dated: 17/09/2024 23/09/2024 24/09/2024
Subject: City Fund and Pension Fund – 2023-24 Statement of Accounts and Audit Findings Update	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: The Chamberlain	For Decision (Audit and Risk, and Finance) For information (Pensions Committee)
Report author: Daniel Peattie, Assistant Director – Strategic Finance Iain Jenkins - Chief Accountant	

Summary

This report provides an update on the audit of the 2023-24 Statement of Accounts for the City Fund and Pension Fund.

The audited 2023-24 City Fund Statement of Accounts are presented in appendix 1 for approval. This set of accounts reflects all changes agreed with the auditors as part of their work.

The Audit Findings Reports from Grant Thornton are presented at Appendix 2 (in respect of the City Fund audit) and Appendix 3 (in respect of the Pension Fund audit). These documents summarise the results of the audit and include the auditor’s recommendation and details of any audit adjustments which have been made to the accounts.

Recommendation(s)

The **Audit and Risk Management** Committee is asked to:

- **Recommend** approval of the 2023-24 Statement of Accounts to Finance Committee.
- **Authorise** the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee, to approve any material changes to the financial statements required before the signing of the audit opinion by Grant Thornton, which is expected by 30th September 2024.
- **Consider** the Audit Findings Report for the City Fund and Pension Fund 2023-24 as set out in Appendix 2 and Appendix 3.
- **Note** Grant Thornton’s audit progress and sector update as set out in Appendix 4.

The **Pensions Committee** is asked to:

- **Consider** the Audit Findings Report for the Pension Fund 2023-24 as set out in Appendix 3.

The **Finance Committee** is asked to:

- **Approve** the 2023-24 Statement of Accounts and agree that the Financial Statements are signed by the Chairman and Deputy Chairman of the Finance Committee on behalf of the Court of Common Council.
- **Authorise** the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Finance Committee, to approve any material changes to the financial statements required before the signing of the audit opinion by Grant Thornton, which is expected by 30th September 2024.
- **Consider** the Audit Findings Report for the City Fund and Pension Fund 2023-24 as set out in Appendix 2 and Appendix 3.
- **Note** Grant Thornton's audit progress and sector update as set out in Appendix 4.

Main Report

Background and current position

1. The update provided to the Audit and Risk Management Committee on 8th July 2024 presented the draft 2023-24 City Fund Statement of Accounts to the Committee. That report set out the key elements within the City Fund accounts. The key points to raise since that date are as follows:

Public Inspection period

2. The draft, unaudited 2023-24 Statement of Accounts for the City Fund, which includes the accounts for the Pension Fund, were published on the City of London Corporation's website on 31 May 2024. Publishing these accounts by 31 May 2024 met the statutory requirements set out in the Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendment) Regulations 2022.
3. Following the publication of the City Fund Statement of Accounts a period of public inspection was undertaken, as required by the Local Audit and Accountability Act 2014. The inspection period commenced on Monday 3rd June and ran for 30 working days, concluding on 12th July 2024. During the inspection period, members of the public had the opportunity to inspect the accounts, and also to question the auditor or raise objections. No inspection requests, questions or objections were received during the public inspection period.

Audit of the 2023-24 Accounts

4. The audit of the 2023-24 Statement of Accounts commenced in June 2024 and has been undertaken by Grant Thornton.

5. The updated version of the 2023-24 Statement of Accounts for the City Fund and Pension Fund is provided in Appendix 1.
6. This revised version incorporates the following changes and adjustments to the City Fund accounts which have been identified during the audit and results in a reduction in surplus of Total Comprehensive Income and Expenditure from -£33.3m to -£24.3m due to:
 - Overstatement of value of the Exhibition Halls asset -£2.7m. This revaluation was double-counted in the Fixed Asset Register.
 - Overstatement of value of the Barbican Library and New Spitalfields Market asset -£3.4m. This revaluation was duplicated in the Fixed Asset Register.
 - Overstatement of MDX-Petticoat Sq ex commercial and Middlesex St affordable housing assets -£2.9m. These assets were double-counted in the Fixed Asset Register.
 - In addition to the above, there is a £1.1m adjustment in respect of revaluation movement on the Guildhall to reduce an overstatement in the Revaluation Reserve.
 - There is no change to General Fund or Earmarked Reserve balances as a result of these adjustments.
7. Grant Thornton's Audit Findings Report is presented at Appendix 2 in respect of the City Fund audit and at Appendix 3 in respect of the Pension Fund audit.
8. Also attached at Appendix 4 is a progress update report from Grant Thornton which also includes details of updates from across the sector.

Corporate & Strategic Implications

9. Strategic implications – There are no specific links to the Corporate Plan. However, the accounts assist the City Corporation in maintaining a clear and transparent dialogue regarding its activities with residents and other stakeholders.

Conclusion

10. At present, there are no further queries remaining regarding the 2023-24 accounts. Having provided their Audit Findings Report the external auditor is conducting final reviews of the Statement of Accounts, and an unqualified audit opinion is expected to be issued by GT by the end of September 2024.
11. Whilst none are expected, should any material adjustments to the statement of accounts be required before that position is reached, it is recommended that authority to approve such amendments should be delegated to the Chamberlain in consultation with the Chairmen and Deputy Chairmen of the Audit and Risk

Management and Finance Committees in order to ensure compliance with the requirement to sign and publish accounts by the 30th September.

12. Please note that the auditor's work on Value for Money (VfM) arrangements is not yet complete and this will be reported to the Audit and Risk Management Committee at the November 2024 meeting.

Appendices

- Appendix 1 – Revised City Fund Accounts 2023-24 (Audit & Risk and Finance Committees only)
- Appendix 2 – City Fund Audit Findings Report 2023-24 (Audit & Risk and Finance Committees only)
- Appendix 3 – Pension Fund Audit Findings Report 2023-24
- Appendix 4 – Grant Thornton audit progress and sector update September 2024 (Audit & Risk and Finance Committees only)

Background Papers

Audit and Risk Management Committee – 13 May 2024 – City Fund and Pension Fund Statement of Accounts update

Audit and Risk Management Committee – 8 July 2024 - City Fund and Pension Fund Statement of Accounts update

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