

<b>Committee(s):</b> Audit and Risk Management Committee – For decision Finance Committee – For decision Pensions Committee – For decision Local Government Pensions Board – For Information	<b>Dated:</b> 15/09/2025 16/09/2025 22/09/2025 12/01/2026
<b>Subject:</b> City Fund and Pension Fund – Statement of Accounts, Audit Findings and external auditor's Annual Audit Report 2024-25	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>N/A</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/A</b>
<b>Report of:</b> The Chamberlain	<b>For Decision (Audit and Risk, Pensions and Finance)</b>
<b>Report author:</b> Daniel Peattie, Assistant Director – Strategic Finance Iain Jenkins - Chief Accountant	

## Summary

The draft Statement of Accounts for the City Fund and Pension Fund were presented to Audit and Risk Management Committee on 14 July 2025. This report provides an update on the audit of the Accounts, any changes and the Auditor's findings.

The audited 2024-25 City Fund Statement of Accounts are presented in Appendix 1 for approval. This set of accounts reflects the 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. A copy of the draft Management Representation letter for the Pension Fund is presented at Appendix 4. The draft Management Representation letter for the City Fund is included within the Audit Findings Report at Appendix 2.

The external auditor's Annual Audit Report summarises all of the work that Grant Thornton have undertaken in relation to the City Fund during 2024-25. This is presented at Appendix 5. The Annual Audit Report includes their commentary on the City Fund's Value for Money (VfM) arrangements.

## Recommendation(s)

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

- **Recommend** approval of the 2024-25 Statement of Accounts to Finance Committee.
- **Delegate** authority to the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee, approval of any material changes to the financial statements required before the signing of the audit opinion by Grant Thornton, which is expected by 30<sup>th</sup> September 2025.
- **Consider** the Audit Findings Report for the City Fund and Pension Fund 2024-25 as set out in Appendix 2 and Appendix 3.
- **Approve** the management representation letter for the City Fund as set out on pages 52-55 of Appendix 2, and the management representation letter for the Pension Fund as set out in Appendix 4.
- **Consider** the Auditor's Annual Audit Report 2024-25 as set out in Appendix 5

The **Pensions Committee** is asked to:

- **Consider** the Audit Findings Report for the Pension Fund 2024-25 as set out in Appendix 3.

The **Finance Committee** is asked to:

- **Recommend** approval of the 2024-25 Statement of Accounts to Finance Committee.
- **Delegate** authority to the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Finance Committee, approval of any material changes to the financial statements required before the signing of the audit opinion by Grant Thornton, which is expected by 30<sup>th</sup> September 2025.
- **Consider** the Audit Findings Report for the City Fund and Pension Fund 2024-25 as set out in Appendix 2 and Appendix 3.

The **Local Government Pensions Board** is asked to:

- **Note** the Audit Findings Report for the Pension Fund 2024-25 as set out in Appendix 3

### **Main Report**

#### **Background and current position**

1. The update provided to the Audit and Risk Management Committee on 14<sup>th</sup> July 2025 presented the draft 2024-25 City Fund Statement of Accounts to the Committee. That report set out the key elements within the City Fund accounts. The key points to note since that date are set out in paragraphs 2 to 13 below

#### **Public Inspection period**

2. The draft, unaudited 2024-25 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 30 June 2025. Publishing these accounts by 30 June 2025 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 Tuesday 1st June and ran for 30 working days, concluding on 11th August 2025. 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 2024-25 Accounts

4. The audit of the 2024-25 Statement of Accounts commenced in June 2025 and has been undertaken by Grant Thornton.
5. The updated version of the 2024-25 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 total increase in Total Comprehensive (Income) and Expenditure of £90.4m due to:

<b>Description</b>	<b>Effect on Comprehensive Income &amp; Expenditure Statement</b>	<b>Effect on Balance Sheet</b>
<b>Pensions Liability</b> – Application of asset ceiling under IFRIC 14, resulting in remeasurement of pensions liability	Dr Remeasurement of Pension Liability £90.4m	Cr Pension Liability -£90.4m
<b>Rents received in advance</b> – Correction between long term and short-term balances	Nil	Dr Long Term rents received in advance £1.3m  Cr Short Term rents received in advance -£1.3m
<b>Assets under construction (AUC)</b> – The AUC balance in the draft accounts was classified as Property Plant & Equipment AUC, but some of it related to Investment Properties and Intangible assets. This is now reclassified on the balance sheet	Nil	Dr Intangible Assets £6.2m  Dr Investment Props £13m  Cr PPE -£19.2m
<b>Total</b>	Dr £90.4m	Cr £90.4m

7. Further details on these audit adjustments can be seen on page 46 of the audit findings report at Appendix 2. These adjustments have nil effect on the General Fund balance.

8. 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.
9. The Audit Findings Report from prior year audits contained thirteen recommendations. Eight of these have now been implemented, and five remain open. Actions to address these remaining recommendations are in place for 2025-26 and these are set out on pages 43-45 of Appendix 2. Two additional recommendations have been made this year and these are shown on pages 41-42 of the Audit Findings Report.
10. Additional measures to prevent such adjustments in the future are being implemented through a training programme, with assistance from Grant Thornton.

#### Auditor's Annual Report and Value for Money (VfM) opinion

11. The auditors are required to report their commentary on the City Fund's arrangements under specified criteria in relation to VfM –
  - a. Financial sustainability
  - b. Governance
  - c. Improving economy, efficiency and effectiveness (the 3 Es)
12. The full report is included as Appendix 5. Within it there was one key recommendation raised by Grant Thornton in respect of the Housing Revenue Account (HRA) and pressures on the remaining Reserves. See page 20 of the report (Appendix 5). The management actions to address this are then set out on page 34 of Appendix 5.
13. The 2023-24 VFM report included 25 improvement recommendations. Of those, sixteen have been addressed and are now closed, four have been superseded by the new recommendations for 2024-25 and five remain open. Of those that remain open, one was not due to take effect in 2024-25 and one is noted as in progress. Further detail is in Appendix 5 pages 39 to 51.

#### **Corporate & Strategic Implications**

14. The Corporate and Strategic implications are set out below:

- 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
- Financial implications – Recommendations to improve Value for Money scrutiny are responded to within Appendix 5. Additionally, progress is being shared with the Efficiency and Performance Working Party, which is a member officer working group reporting into the Finance Committee.
- Resource implications – None
- Legal implications – None

- Risk implications – Recommendations relating to risk management are responded to within Appendix 5.
- Equalities implications – None
- Climate implications – None
- Security implications – None

## **Conclusion**

15. At present, there are no material queries remaining unadjusted regarding the 2024-25 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 2025.
16. 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 statutory requirement to sign and publish accounts by the 30<sup>th</sup> September.

## **Appendices**

- Appendix 1 – Revised City Fund Accounts 2024-25 (Audit & Risk and Finance Committees only)
- Appendix 2 – City Fund Audit Findings Report 2024-25 (Audit & Risk and Finance Committees only)
- Appendix 3 – Pension Fund Audit Findings Report 2024-25
- Appendix 4 – Pension Fund Letter of Representation 2024-25
- Appendix 5 – City Fund Auditor's Annual Report 2024-25 (Audit & Risk Committee and Finance only)

## **Background Papers**

Audit and Risk Management Committee – 14 July 2025 – City Fund and Pension Fund Statement of Accounts update

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