

# The Audit Findings for London Councils

**Year ended 31 March 2022**

London Councils includes:

- Joint Committee (consolidated)
- Grants Committee
- Transport and Environment Committee
- London Councils Limited

21 February 2023



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with management and the Audit Committee.

Name : Ciaran McLaughlin  
For Grant Thornton UK LLP  
Date : 21 February 2023

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# 1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of London Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2022 for those charged with governance.

## Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the group and Council's financial statements give a true and fair view of the financial position
- the group and Council's income and expenditure for the year; and
- the accounts have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), and Narrative Report is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our findings are summarised in Appendix A & B. We have not identified any material adjustments to the financial statements that have resulted in an adjustment to the Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix B. We have also raised recommendations for management as a result of our audit work in Appendix A.

Our work is substantially complete. As at the date of drafting this report, there are no matters of which we are aware that would require modification of our audit opinion in Appendix D or material changes to the financial statements, subject to the following outstanding matters;

- receipt of signed management representation letter
- review of the final set of financial statements. ; and
- final consideration of post balance sheet events prior to signing the Auditor's report.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Subject to the outstanding matters listed, our anticipated audit report opinion will be an unqualified report.

## 2. Financial Statements

### Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents will be discussed with management and the Audit Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

### Audit approach

Our audit approach was based on a thorough understanding of London Councils and is risk based, and in particular included:

- An evaluation of the group's internal controls environment, including its IT systems and controls;
- An evaluation of the components of the group based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of the component and to determine the planned audit response.
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

### Conclusion

Subject to the satisfactory conclusions of the outstanding items detailed in page 3 of this report, we anticipate issuing an unqualified audit opinion following the audit Committee meeting on 02 Feb 2023.



## 2. Financial Statements



### Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan on 17 Mar 2022.

We detail in the table our determination of materiality for all entities within London Councils.

Entity	Benchmark	Materiality	Performance Materiality	Triviality
Joint Committee (Consolidated)	Gross Expenditure	£1,460,000	£1,095,000	£73,000
Joint Committee	Gross Expenditure	£250,000	£187,500	£12,500
Grants Committee	Gross Expenditure	£180,000	£135,000	£9,000
Transport and Environment Committee	Gross Expenditure	£1,026,000	£769,500	£51,300
London Councils Ltd	Gross Turnover	£52,00	£39,000	£2,600



## 2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
The revenue cycle includes fraudulent transactions	<p>As reported in our Audit Plan, under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. Having considered the risk factors set out in ISA240 and the nature of your revenue streams (which largely consists of income from Borough subscriptions, Freedom passes, Taxi card services, direct services income, tenants license holders and grant funding), we have determined that the risk of fraud arising from revenue recognition can be rebutted because:</p> <ul style="list-style-type: none"> <li>- opportunities to manipulate revenue recognition are very limited;</li> <li>- the culture and ethical frameworks of the Joint Committees mean that all forms of fraud are seen as unacceptable.</li> </ul> <p>Therefore we do not consider this to be a significant risk for London Councils.</p> <p>Although not deemed a significant risk, we have undertaken sufficient audit testing to obtain assurance that revenue disclosed in the financial statements is materially correct.</p>
Management over-ride of controls	<p>We performed the following work:</p> <ul style="list-style-type: none"> <li>• evaluated the design effectiveness of management controls over journals</li> <li>• analysed the journals listing and determined the criteria for selecting high risk unusual journals</li> <li>• identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration</li> <li>• gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness with regard to corroborative evidence.</li> <li>• evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul> <p><b>Conclusion</b></p> <p>Our audit work in this area is complete. We have identified a control finding as detailed in Appendix A. – Action Plan. There are no material issues arising to draw to the attention of the audit committee in respect of the identified risk.</p>

## 2. Financial Statements - Significant risks

### Risks identified in our Audit Plan

### Commentary

#### Pension scheme net liability (valuation)

The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£31m in London Councils balance sheet) and the sensitivity of the estimate to changes in key assumptions.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability.

We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the Council's pension fund net liability as a significant risk.

We performed the following work:

- updated our understanding of the processes and controls put in place by management to ensure that the London Councils pension fund net liability is not materially misstated and evaluate the design of the associated controls;
- assessed the competence, capabilities and objectivity of the actuary who carried out the London Councils pension fund valuation;
- assessed the accuracy and completeness of the information provided by the London Councils to the actuary to estimate the liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.
- obtained assurances from the auditor of LPFA as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

#### Conclusion


Our audit work is complete and we have not identified any issues in respect of this risk. There are no material issues arising to draw to the attention of the audit committee in respect of the identified risk.

## 2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Creditors are understated (Completeness)	<p>We performed the following work:</p> <ul style="list-style-type: none"> <li>documented our understanding of the control processes in place and performed walk through testing to gain assurance that in-year controls were operating in accordance with our documented understanding.</li> <li>obtained the listings required for testing to identify unrecorded liabilities including a review of post year end bank payments.</li> <li>performed an analytical review of operating expenses recorded and tested a sample to invoices to gain assurance that expenditure has occurred and has been correctly classified.</li> </ul> <p><b>Conclusion</b></p> <p>Our audit work is complete and we have not identified any issues in respect of this risk. There are no material issues arising to draw to the attention of the audit committee in respect of the identified risk.</p>
Dilapidation and External decoration Provisions	<p>We performed the following work:</p> <ul style="list-style-type: none"> <li>gained an understanding of the accounting estimates and any critical judgements applied by management and consider their reasonableness with regard to corroborative evidence</li> <li>evaluated the rationale for any changes noted in the methodology used to calculate the estimate</li> <li>reviewed the calculations to ensure that they are fairly stated within the financial statements.</li> <li>undertook procedures to confirm the reasonableness of significant increase or decrease to the provision in year.</li> </ul> <p><b>Conclusion</b></p> <p>Our audit work is complete and we have not identified any issues in respect of this risk. There are no material issues arising to draw to the attention of the audit committee in respect of the identified risk</p>

## 2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Dilapidation and External decoration Provisions - £0.90m	<p>Both provisions are based on legal obligations included within property leases. Management base this estimate on the most recent historic experience which in this case was the dilapidation cost incurred at the end of a lease at Angel Square, Islington in July 2015.</p> <p>An inflation rate is applied to calculate the estimated dilapidation costs when the obligations arise in the future. This future cost is discounted to arrive at the present value of the obligation. The provision is built up over the life of the lease.</p> <p>Due to increase in cost estimate, discount factor and interest rates, the provision increased from £0.740m in 2020/21 to £0.900m in 2021/22</p>	<p>In reviewing this estimate, we:</p> <ul style="list-style-type: none"> <li>• Evaluated the appropriateness of the underlying information used to determine the estimate</li> <li>• Considered the impact of any changes to estimation method</li> <li>• Assessed the reasonableness of decrease in estimate</li> <li>• Reviewed the adequacy of the disclosure of estimate in the financial statements</li> </ul>	 <b>Light Purple</b>

### Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

## 2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment																								
<b>Net pension liability – £31.189m</b>	<p>London Councils total net pension liability at 31 March 2022 is £31.189m (PY £42.496m) comprising of the LPFA pension fund which includes unfunded defined benefit pension scheme obligations. London Councils uses Barnett Waddingham to provide actuarial valuations of the assets and liabilities derived from these schemes. A full actuarial valuation is required every three years.</p> <p>The net pension fund liability for 2021/22 is based on the full actuarial valuation completed as at 31 March 2019. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £14.544m net actuarial gain during 2021/22.</p>	<p>In reviewing this estimate, our work considers the following:</p> <ul style="list-style-type: none"> <li>Assessment of management's expert</li> <li>Assessment of actuary's approach taken, detail work undertaken to confirm reasonableness of approach</li> <li>Use of PwC as auditors expert to assess actuary and assumptions made by actuary – use table to compare with Actuary assumptions</li> </ul> <table border="1"> <thead> <tr> <th>Assumption</th><th>Actuary Value</th><th>PwC range</th><th>Assessment</th></tr> </thead> <tbody> <tr> <td>Discount rate</td><td>2.6%</td><td>2.55% - 2.6%</td><td>● Light Purple</td></tr> <tr> <td>Pension increase rate</td><td>3.2%</td><td>3.05% - 3.45%</td><td>● Light Purple</td></tr> <tr> <td>Salary growth</td><td>4.2%</td><td>4.05% - 4.45%</td><td>● Light Purple</td></tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td><td>45: 23.6 65: 22.8</td><td>45: 21.9 – 24.4 65: 20.5 – 23.1</td><td>● Light Purple</td></tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td><td>45: 26.0 65: 24.6</td><td>45: 24.9 – 26.4 65: 23.4 – 25.0</td><td>● Light Purple</td></tr> </tbody> </table> <ul style="list-style-type: none"> <li>Completeness and accuracy of the underlying information used to determine the estimate</li> <li>Impact of any changes to valuation method</li> <li>Reasonableness of increase in estimate</li> <li>Adequacy of disclosure of estimate in the financial statements</li> </ul>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.6%	2.55% - 2.6%	● Light Purple	Pension increase rate	3.2%	3.05% - 3.45%	● Light Purple	Salary growth	4.2%	4.05% - 4.45%	● Light Purple	Life expectancy – Males currently aged 45 / 65	45: 23.6 65: 22.8	45: 21.9 – 24.4 65: 20.5 – 23.1	● Light Purple	Life expectancy – Females currently aged 45 / 65	45: 26.0 65: 24.6	45: 24.9 – 26.4 65: 23.4 – 25.0	● Light Purple	<div>●</div> <p>Light Purple</p>
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### Assessment

- **Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- **Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- **Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious



## 2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.



Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit Committee . We have not been made aware of any incidents in the period and no issues have been identified during the course of our audit procedures
Matters in relation to related parties	We are not aware of any significant related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from management in respect of the audit. There are no specific representations being sought.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to City of London. This permission was granted and the requests were sent and responses were received with no issues identified.
Accounting practices	We have evaluated the appropriateness of London Councils accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided.

## 2. Financial Statements - other communication requirements



### Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Issue	Commentary
Going concern	<p data-bbox="871 464 2051 603">In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p data-bbox="871 619 2013 671">Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul data-bbox="871 687 2074 927" style="list-style-type: none"> <li>• the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities</li> <li>• for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting.</li> </ul> <p data-bbox="871 943 2040 1082">Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by London Councils meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul data-bbox="871 1098 2067 1273" style="list-style-type: none"> <li>• the nature of London Councils as a Joint Committee acting with the authority of the 32 London Boroughs and the City of London and the environment in which it operates</li> <li>• London Councils financial reporting framework</li> <li>• London Councils system of internal control for identifying events or conditions relevant to going concern</li> <li>• management's going concern assessment.</li> </ul> <p data-bbox="871 1289 2051 1311">On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul data-bbox="871 1327 2051 1418" style="list-style-type: none"> <li>• a material uncertainty related to going concern has not been identified</li> <li>• management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li> </ul>



## 2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement, and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> <li>• if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit,</li> <li>• if we have applied any of our statutory powers or duties.</li> <li>• where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es.</li> </ul> <p>We have nothing to report on these matters</p>



# 3. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We wish to draw your attention to the fact that the Engagement Lead Ciaran McLaughlin is also the lead auditor for the audit of London Pension Fund Authority with London Councils pension fund is an admitted body.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix C.

## Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

## Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the group. No non-audit services were identified which were charged from the beginning of the financial year to current date.

# Appendices

# A. Action plan – Audit of Financial Statements

We have identified three recommendation for the group as a result of issues identified during the course of our audit. We have agreed our recommendations with management. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
● Low – Best practice	<p>As part of our audit work on the testing of journal entries, we have identified that journals above the £100k approval limit are retrospectively approved after posting to the ledger to confirm their appropriateness.</p> <p>Whilst this provides assurance for the purposes of the audit, it is best practice for journal entries to be approved before posting on the ledger.</p>	<p>Where possible, management should encourage journal users to wait for appropriate approval before a journal entry is posted to the ledger. This is because the review process helps prevent errors and reduces the risk of inappropriate journals being posted on the ledger without being picked up.</p> <p><b>Management response</b></p> <p>The accounting system, which is provided by the City of London, does not have in built controls enabling journals to be authorised prior to posting. This financial control prompts the Director of Corporate Resources to review all journal entries over £100k to ensure that they are appropriate. In addition to this control there are checks carried out by senior officers, such as the review of the financial statements, monthly and annual reconciliations and on-going budget monitoring throughout the year which ensures mis-postings are identified.</p>
● Medium – Limited Effect on financial statements	<p>As part of our testing of agreed grant expenditure, we have identified two contract variation documents which were not signed by either management or the relevant third party.</p> <p>However, we noted that part of the variation amount had been paid by the relevant third party organisation suggesting that the agreement to the contract variation is implied.</p>	<p>We recommend that contracts should be appropriately signed by all parties involved as it indicates an intention to accept the terms of the agreement.</p> <p><b>Management response</b></p> <p>Our procedures will be reviewed to ensure all signed agreements are retained. Managers will be advised that where signed agreements don't exist actions are taken to ensure signed copies are obtained.</p>
● Low – Best practice	<p>As part of our testing of related parties, we noted that not all members or directors submit a related party form. Management have stated that when a related party form is not received, this signifies that the member/director has nothing to disclose.</p> <p>However, we noted one director who has a directorship with an organisation that London Councils has transacted with in 2021/22. Whilst the value of the transaction is highly trivial at £2k, a form ensures that instances like this are appropriately identified.</p>	<p>We recommend that all related party forms are collected or confirmed by the relevant individuals.</p> <p><b>Management response</b></p> <p>We will review our procedures to ensure that they comply with best practice.</p>

## Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

# B. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted misstatements

To date, we have not identified any non trivial audit misstatements which impact the key statements and the reported net expenditure for the year ending 31 March 2022. Therefore, we have no matters to report to those charged with governance in this regard.

## Misclassification and disclosure changes

The table below provides details of disclosure changes identified during the audit which have been made in the final set of financial statements.

Entity	Area	Auditor recommendations
Joint Committee [Consolidated]	Note 9 - Pensions	Our review of the note identified that the Closing Defined Benefit Obligation should be changed from £105,059k to £102,773k. This was due casting error. Management agreed to make the required changes.
Transport and Environment Committee	Note 22 – Officers’ Remuneration	Our review of the note identified some disclosure amendments whereby the remuneration of a couple of the officers was not correctly disclosed. This was due to a formatting error. Management agreed to make the required changes.
Joint Committee [Consolidated]	Notes to the accounts	A number of minor disclosure amendments have been recommended to management. Management should review mathematical accuracy, presentation, and/ or prior year disclosures of the notes as discussed.
Transport and Environment Committee		None of theses disclosures are individually significant enough to warrant separate disclosure.
Grants Committee		

# B. Audit Adjustments



## Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2021/22 audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
None identified to date				
Overall impact	Nil	Nil	Nil	

## Impact of prior year unadjusted misstatements

There were no unadjusted misstatements identified during the financial statements audit of 2020/21.

# C. Fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Audit fees	Proposed fee 2021/22	Final fee 2021/22
Financial statements Audit – Joint Committees	£70,000	£65,000
Total audit fees (excluding VAT)	£70,000	£65,000

# D. Audit opinion (Joint Committee- Consolidated)

Our audit opinion is included below.

We anticipate we will provide the group with an unmodified audit report

## Independent auditor's report to the members of London Councils Joint Committee

### Opinion

We have audited the non-statutory consolidated financial statements of London Councils Joint Committee (the 'group') for the year ended 31 March 2022, which comprise the Consolidated Comprehensive Income and Expenditure statement, the Consolidated Movement in Reserves Statement, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the group at 31 March 2022 and of its expenditure and income for the year then ended in accordance with the basis of accounting except that it does not prepare single entity financial statement for London Councils Joint Committee as described in Note 1a General Principles.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) including ISA (UK) 800. Our responsibilities under those standards are further described in the 'Auditor's responsibility for the audit of the consolidated financial statements' section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Kingdom, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

## Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Corporate Resources' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group to cease to continue as a going concern.

In our evaluation of the Director of Corporate Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAC code of practice on local authority accounting in the United Kingdom 2021/22 that the group's consolidated financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and the group disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the consolidated financial statements are authorised for issue.

In auditing the consolidated financial statements, we have concluded that the Director of Corporate Resources' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate.

The responsibilities of the Director of Corporate Resources with respect to going concern are described in the 'Responsibilities of the Joint Committee, the Director of Corporate Resources and Those Charged with Governance for the consolidated financial statements' section of this report.



# D. Audit opinion (Joint Committee- Consolidated)

## Other information

The Director of Corporate Resources is responsible for the other information. The other information comprises the information included in the consolidated statement of accounts, other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the consolidated financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of the Joint Committee, the Director of Corporate Resources and those charged with governance for the consolidated financial statements

As explained more fully in the Statement of Responsibilities, the Joint Committee is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Joint Committee, that officer is the Director of Corporate Resources. The Director of Corporate Resources is responsible for the preparation of the Statement of Accounts, which includes the consolidated financial statements, in accordance with the basis of accounting described in note 1a and for such internal control as the Director of Corporate Resources determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Director of Corporate Resources is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the group lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the group.

The Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements accounts.

A further description of our responsibilities for the audit of the consolidated financial statements accounts is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the members of the joint committee, as a body, in accordance with our letter of engagement dated 7 September 2020. Our audit work has been undertaken so that we might state to the joint committee's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the joint committee and the joint committee's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

[Date]

# D. Audit opinion (Grants Committee)

Our audit opinion is included below.

We anticipate we will provide the Grants Committee with an unmodified audit report

## Independent auditor's report to the members of London Councils Grants Committee

### Report on the Audit of the Financial Statements

#### Opinion on financial statements

We have audited the non-statutory financial statements (the 'financial statements') of London Councils Grants Committee (the 'Committee') for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Committee as at 31 March 2022 and of the Committee's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Committee in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Corporate Resources' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Committee's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Committee to cease to continue as a going concern.

In our evaluation of the Director of Corporate Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2021/22 that the Committee's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Committee. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Committee and the Committee disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Committee's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Director of Corporate Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Director of Corporate Resources with respect to going concern are described in the 'Responsibilities of the Committee, the Director of Corporate Resources and Those Charged with Governance for the financial statements' section of this report.

# D. Audit opinion (Grants Committee)

## Other information

The Director of Corporate Resources is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

## Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Committee, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

## Responsibilities of the Committee, the Director of Corporate Resources and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities, the Committee is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Committee, that officer is the Director of Corporate Resources. The Director of Corporate Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Director of Corporate Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Corporate Resources is responsible for assessing the Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Committee will no longer be provided.

The Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Committee's financial reporting process.

# D. Audit opinion (Grants Committee)

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Committee and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2021/22, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 1972, the Local Government Act 2003 and the Local Government Finance Act 2012.
- We enquired of senior officers and the Audit Committee concerning the Committee's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

- We enquired of senior officers, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Committee's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journals, management estimates and judgements and transactions outside the course of business.
- Our audit procedures involved:
  - journal entry testing, with a focus on unusual and high risk journals;
  - challenging assumptions and judgements made by management in its significant accounting estimates;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to defined benefit pensions liability valuations.
- Assessment of the appropriateness of the collective competence and capabilities of the Committee's engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government sector
  - understanding of the legal and regulatory requirements specific to the Committee including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA, LASAAC and SOLACE
    - the applicable statutory provisions.

## D. Audit opinion (Grants Committee)

- In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Committee's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.

- the Committee's control environment, including the policies and procedures implemented by the Committee to ensure compliance with the requirements of the financial reporting framework.

### Use of our report

This report is made solely to the members of the Committee, as a body, in accordance with our letter of engagement dated 7 September 2020. Our audit work has been undertaken so that we might state to the Committee's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Committee and the Committee's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

[Date]



# D. Audit opinion (Transport and Environment Committee)

Our audit opinion is included below.

We anticipate we will provide the Transport and Environment Committee with an unmodified audit report

## Independent auditor's report to the members of London Councils Transport and Environment Committee

### Report on the Audit of the Financial Statements

#### Opinion on financial statements

We have audited the non-statutory financial statements (the 'financial statements') of London Councils Transport and Environment Committee (the 'Committee') for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Committee as at 31 March 2022 and of the Committee's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Committee in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Corporate Resources' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Committee's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Committee to cease to continue as a going concern.

In our evaluation of the Director of Corporate Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2021/22 that the Committee's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Committee. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Committee and the Committee disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Committee's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Director of Corporate Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Director of Corporate Resources with respect to going concern are described in the 'Responsibilities of the Committee, the Director of Corporate Resources and Those Charged with Governance for the financial statements' section of this report.

# D. Audit opinion (Transport and Environment Committee)

## Other information

The Director of Corporate Resources is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

## Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Committee, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

## Responsibilities of the Committee, the Director of Corporate Resources and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities, the Committee is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Committee, that officer is the Director of Corporate Resources. The Director of Corporate Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Director of Corporate Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Corporate Resources is responsible for assessing the Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Committee will no longer be provided.

The Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Committee's financial reporting process.

# D. Audit opinion (Transport and Environment Committee)

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Committee and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2021/22, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 1972, the Local Government Act 2003 and the Local Government Finance Act 2012.
- We enquired of senior officers and the Audit Committee concerning the Committee's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

- We enquired of senior officers, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Committee's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journals, management estimates and judgements and transactions outside the course of business.
- Our audit procedures involved:
  - journal entry testing, with a focus on unusual and high risk journals;
  - challenging assumptions and judgements made by management in its significant accounting estimates;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to defined benefit pensions liability valuations.
- Assessment of the appropriateness of the collective competence and capabilities of the Committee's engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government sector
  - understanding of the legal and regulatory requirements specific to the Committee including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA, LASAAC and SOLACE
    - the applicable statutory provisions.



## D. Audit opinion (Transport and Environment Committee)

- In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Committee's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.

- the Committee's control environment, including the policies and procedures implemented by the Committee to ensure compliance with the requirements of the financial reporting framework.

### Use of our report

This report is made solely to the members of the Committee, as a body, in accordance with our letter of engagement dated 7 September 2020. Our audit work has been undertaken so that we might state to the Committee's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Committee and the Committee's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

[Date]

# E. Management Letter of Representation

[LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]

Ciaran McLaughlin  
Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2P 2YU

[Date] – {TO BE DATED SAME DATE AS DATE OF AUDIT OPINION}

Dear Sirs,

## London Councils Joint Committee Consolidated, Grants and Transport and Environment Committees Financial Statements for the year ended 31 March 2022

This representation letter is provided in connection with the audit of the financial statements of London Councils Joint Committee Consolidated, Grants and Transport and Environment Committees (the Committees) for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the Committees financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Committees financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Committees and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Committees have complied with all aspects of contractual agreements that could have a material effect on the Committees financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include Dilapidation and External decorations provisions. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

vii. Except as disclosed in the Committees financial statements:

- a. there are no unrecorded liabilities, actual or contingent
- b. none of the assets of the Committees has been assigned, pledged or mortgaged
- c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Committees financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

# E. Management Letter of Representation

xiii. We have updated our going concern assessment. We continue to believe that the Committees financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :

a. the nature of the Committees means that, notwithstanding any intention to cease the Committees operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and

c. the Committees system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Committees ability to continue as a going concern need to be made in the financial statements

## Information Provided

xiv. We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the Committees financial statements such as records, documentation and other matters;

b. additional information that you have requested from us for the purpose of your audit; and

c. access to persons within the Committees via remote arrangements, from whom you determined it necessary to obtain audit evidence.

xv. We have communicated to you all deficiencies in internal control of which management is aware.

xvi. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xvii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xviii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Committees, and involves:

a. management;

b. employees who have significant roles in internal control; or

c. others where the fraud could have a material effect on the financial statements.

xix. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xx. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxi. We have disclosed to you the identity of the Committees related parties and all the related party relationships and transactions of which we are aware.

xxii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

## Annual Governance Statement

xxiii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Committees risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

## Narrative Report

xxiv. The disclosures within the Narrative Report fairly reflect our understanding of the Committees financial and operating performance over the period covered by the financial statements.

## Approval

The approval of this letter of representation was minuted by London Councils Audit Committee at its meeting on 2 February 2023.

Yours faithfully

Name.....

Position.....

Date.....

[Signed on behalf of the London Councils]

