

9 June 2021

**To The Right Honourable The Lord Mayor, Aldermen and Liverymen
of the Several Companies of the City of London in Common Hall
Assembled.**

The City Corporation has submitted a proposal to us, which we support, concerning the audit of the accounts and which can be summarised as follows.

Historically, the audit of the individual funds of the City Corporation was shared between the members of an Audit Panel, comprising representatives from a number of different audit firms. This Panel is appointed via Common Hall.

However, changing regulatory requirements over the past several decades have meant that a full team of auditors is required in the modern era to complete the audit work to the level of detail and degree of complexity appropriate for the size of the organisation. After the City Corporation's Finance Committee resolution to award the audit contract to a single firm by competitive tender in 2000, in 2012 Common Hall agreed that only firms with the required qualifications could enter the open procurement process for the office of Auditor. Consequently, the Corporation now appoints one auditor across all funds, and the Panel is engaged to act as a peer reviewer of that auditor.

In practice, though, it has been difficult to engage representatives from other audit firms to make up the additional members of the Panel, and for the most recent 2019/20 accounts the Panel was made up of the Lead Firm and just three other firms. There is no regulatory requirement to have such a Panel and, indeed, the Panel has not been complete since the signing of the accounts for the year ended 31 March 2015. It now represents an unnecessary and ineffective duplication of process not in keeping with modern practice and, in the opinion of the officers of the Corporation, should be removed.

The City Corporation now wishes to seek approval from Common Hall (which holds the decision-making power in appointing or amending the Panel) for a proposal to replace the requirement for an Audit Review Panel with a requirement for a single Auditor, for the accounts of City's Cash, Bridge House Estates and the Sundry Trusts and Open Spaces charities (see Appendix 1 for full listing). The view of the Livery Committee has been sought in advance of the request being made of Common Hall, together with permission to incorporate the resolution necessary to effect this change within the Livery Committee's report to Common Hall (as is the usual custom to facilitate such resolutions).

There is no suggestion that the right of Common Hall to appoint is to be removed, nor to remove the long-standing practice of presenting the relevant audited accounts to Common Hall; rather, this is intended simply to replace the current practice, whereby Common Hall appoints of a Panel of several individuals, with a new approach of appointing just one single Auditor instead, for reasons of efficiency and effectiveness.

Recommendation: that Common Hall agree to replace the requirement for an Audit Review Panel with a requirement for a single Auditor, for the accounts of City's Cash, Bridge House Estates and the Sundry Trusts and Open Spaces charities.

The Livery Committee accepts the City Corporation's argument that there needs to be a variation to the way in which the accounts are audited.

The Committee accepts that the current arrangement, which includes a form of oversight of the auditing firm by a panel of auditors is no longer practical because, since 2015, it has been difficult for the full number of members of an oversight panel to be found by the Chamberlain and no longer necessary because current auditing practices do involve peer review through the regulatory framework that exists.

The Committee is content that the interests of the Livery will continue to be safeguarded by the assurance given to us by the City Corporation that:

- (a) their proposal would not alter the right of the Livery to approve the auditors of the (relevant) accounts; and
- (b) that the (relevant) audited accounts would continue to be submitted to Common Hall on an annual basis (with all that implies).

On that basis the Livery Committee **recommends** that Common Hall agree to replace the requirement for an Audit Review Panel with a requirement for a single Auditor, for the accounts of City's Cash, Bridge House Estates and the Sundry Trusts and Open Spaces charities.

(If any Liveryman has a question in relation to any of the matters referred to in this report, please contact us via the [website](#)).

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All of which we submit to the judgement of Common Hall.

Dated this 9th Day of June, 2021.

SIGNED on behalf of the Committee

VICTORIA RUSSELL, Chair