The Audit Findings for Westminster City Council

Year ended 31 March 2022

Westminster City Council

15 February 2023

Contents

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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 with the Audit and Performance Committee. This report was prepared as at 15 February and is subject to the conclusion of the outstanding work, set out in this report. We will only conclude and issue our audit opinion, on conclusion of the audit.

Name : Joanne Brown
For Grant Thornton UK LLP
Date : 15 February 2023

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Westminster City 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 of the group and Council and the group and Council's income and expenditure for the year; and
- 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), Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our initial audit findings were reported to the Audit and Performance Committee in October 2022. There have been no substantial changes in matters since then. The value of audit adjustments have been finalised and processed in the final version of the Statement of Accounts.

Our audit work was completed on site and remotely during June 2022 to February 2023. Our findings are summarised on pages 6 to 24. We have identified two adjustments to the financial statements that have resulted in a £2.5m adjustment to the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix C. We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion, subject to the following outstanding matters:

- complete the documentation of our audit testing;
- completion of our subsequent events work;
- final senior management and quality reviews;
- receipt of management representation letters; and
- review of the final sets of financial statements, Annual Governance Statement and Narrative Reports.

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.

Our anticipated audit report opinion subject to the outstanding list will be unmodified.

1. Headlines

Value for Money (VFM) arrangements	
Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit. Auditors are required to report their commentary on the Council's arrangements under the following specified criteria: - Improving economy, efficiency and effectiveness; - Financial sustainability; and - Governance	Our VFM work is substantially complete. We expect to issue our Auditor's Annual Report following the completion of the financial statements audit. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our risk assessment procedures regarding the Council's arrangements to secure value for money have not identified any risks of significant weaknesses in arrangements. We are considering in further detail the Council's procurement arrangements, for capital projects, particularly where procurement was £100,000 or below, following on from an internal review of the controls and governance in this area.
Statutory duties	
The Local Audit and Accountability Act 2014 ('the Act') also requires us to: • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • to certify the closure of the audit.	We have not exercised any of our additional statutory powers or duties. We expect to certify the completion of the audit upon the completion of our work on the Council's VFM arrangements, which will be reported in our Auditor's Annual Report in May 2023, and our work on the Council's Whole of Government Accounts (WGA) return which will likely take place in March/April 2023.

1. Headlines

Significant Matters	
Increased complexity in local government financial reporting	The size and technical complexity of local government accounts in their current form, and the scale of regulatory and audit requirement in respect of those accounts, are significantly greater than they were even 6-7 years ago. In addition, Council finance teams are leaner than they have been historically, in part in response to austerity over the past decade, and capacity is severely constrained, whilst the workload and expectations of finance teams and those preparing accounts is significantly greater than it used to be. In essence, as much as twice the work is needed from finance teams which now have fewer people involved. Capacity is therefore a significant factor affecting many Councils, particularly those as large and complex as Westminster City Council. The regulatory landscape has increased professional scepticism and challenge, particularly in areas of significant estimate and where complex judgements may be required. We appreciate the additional level of audit procedures, areas of challenge and detail of review required add significant pressure to the finance function which faces a number of other competing pressures. We also note that nationally there are pressures within the Local audit market which reflects these challenges. In a recent Public Accounts Committee report it was noted the concerns about the timeliness of Local Government reporting, in the context of the Whole of Government Accounts in 2019/20 not being fully published until 26 months after the year end. Through effective partnership working with the finance team, we have made some good progress in the delivery of the audit within the context of the above.

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 and the Performance 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 the Group's business 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. From this evaluation we determined that there were material balances within other entities within the group, on which audit procedures would need to be completed.
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We are nearing the completion of our audit of your financial statements and, subject to outstanding matters on page 4 being resolved, we anticipate issuing an unqualified audit opinion on the financial statements.

The proposed audit opinion is set out in Appendix E.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff. As highlighted in our audit plan presented to the Audit and Performance Committee on 27th June 2022, during the course of the audit both your finance team and our audit team faced audit challenges again this year. We have increased the level of evidence required to support the financial statements in order to provide greater audit assurance.

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.

We have revised the performance materiality due to the actual gross expenditure changing significantly from that at the planning stage resulting in a review of the appropriateness of the materiality figure.

We detail in the table to the right our determination of materiality for Westminster City Council and group.

	Group Amount (£)	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	15,200,000	15,000,000	Materiality has been based on 1.5% of Gross Operating Expenditure.
Performance materiality	9,890,000	9,750,000	Changed due to a decrease in expenditure in the current year accounts. Prior year unadjusted misstatements also impacted our assessment.
Trivial matters	760,000	750,000	Based on 5% of materiality.
Materiality for senior officer remuneration	20,000	20,000	We design our procedures to detect errors at a lower level of precision in specific accounts.

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
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, and in particular journals, management estimates, and transactions outside the course of business as a significant risk of material misstatement.	During 2021/22 the Council processed over 264,000 journals. In response to the risk highlighted in the Audit Plan, we have: • evaluated the design effectiveness of management controls over journals • analysed the journals listing and determine the criteria for selecting high risk unusual journals • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. Our work is complete in this area subject to any further issues or requirements being identified as part of our review process. We can confirm that the outcome of our testing to date, has not identified any issues or instances where journals have been inappropriately processed. Additional detail on the work performed on the most significant estimates and judgements is included on the following pages of this report.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of Land and Buildings and Council Dwellings (Rolling Revaluation) The Council revalue its land and buildings and Council Dwellings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority and group financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used. We therefore identified valuation of land and buildings and council dwellings, particularly revaluations and impairments, as a significant risk of material misstatement.	In response to the risk highlighted in the Audit Plan, we have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluated the competence, capabilities and objectivity of the valuation expert • written to the valuer to confirm the basis on which the valuation was carried out • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding • engaged our own valuer to assess the instruction to the authority's valuer, the authority's valuer's report and the assumptions that underpin the valuation • tested revaluations made during the year to see if they had been input correctly into the group's asset register. Our work is complete in this area subject to any further issues or requirements being identified as part of our review process. We have in our work identified assets being incorrectly classified in the Group accounts, however this is simply a disclosure issue and not material to the financial statements.
Valuation of Investment Property The Council revalue its Investment Properties on an annual basis to ensure that these assets are held at Fair Value at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£463 million) and the sensitivity of this estimate to changes in key assumptions. Management have engaged the services of a valuer to estimate the current value as at 31 March 2022. We therefore identified valuation of Investment Properties, particularly revaluations and impairments, as a significant risk of material misstatement.	In response to the risk highlighted in the Audit Plan, we have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluated the competence, capabilities and objectivity of the valuation expert • written to the valuer to confirm the basis on which the valuation was carried out • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding • engaged our own valuer to assess the instruction to the authority's valuer, the authority's valuer's report and the assumptions that underpin the valuation • tested revaluations made during the year to see if they had been input correctly into the group's asset register. Our work is complete in this area subject to any further issues or requirements being identified as part of our review process. No significant issues have been identified in our work. However increased attention across the sector in this area has lead us to undertake a more detailed review in a number of areas which has increased the level of time spent on this area.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of pension fund net liability 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 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. In particular the discount and inflation rates, where our consulting actuary has indicated that a 0.1% change in these two assumptions would have approximately 2% effect on the 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.	In response to the risk highlighted in the Audit Plan, we have: • updated our understanding of the processes and controls put in place by management to ensure that the pension fund net liability is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to their management experts (the actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation; • assessed the accuracy and completeness of the information provided by the group to the actuary to estimate the liabilities; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial reports 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; and • Looked to obtain assurances from the auditor of the City of Westminster Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the Fund and the fund assets valuation in the Fund's financial statements. Our initial findings in this area were reported to the Audit and Performance Committee in October 2022. There have been no substantial changes in this matter since then. The upfront payment results in a difference of £102m between the net pension liability and the pension reserve which is being amortised over 13 years. Further details are set out in Appendix C. Our work is complete in this area subject to any further issues or requirements being identified as part of our review process. We have identified some disclosure misstatements in the notes. On top of this we have also identified an issue relating to the councils upfront payment and the way this has been treated through the various elements of Balance Sheet, CIES, Reserves and Cash Flow Statement, which the Council's has adjusted in its final financial statements. No other issues have been identified.

2. Financial Statements – Key findings arising from the group audit

Work performed	Commentary
Westminster Community Homes Limited	The land and building assets of Westminster Community Homes are valued by Sanderson Weatherall alongside the Council's dwellings, using the same approach. We have considered this alongside our work on council dwellings, with no concerns noted. We have confirmed that the deferred grant has been treated in line with the requirements of the Code of Practice.
Westminster Housing Investments Limited	No issues have been noted in the treatment of the loan from the Council to Westminster Housing Investments Limited.
Other procedures	Our review and reperformance of the Council's consolidation calculations identified that both the group's gross income and gross expenditure were overstated by £31m due to an error in the consolidation (net impact £nil), which the Council has adjusted in its final financial statements. We have also identified that the Group MIRS and Group Cash Flow Statement have not been prepared in compliance with the requirements of the Code, although the impact is immaterial. Analytical procedures at a group level have not identified any areas of concern.

2. Financial Statements – Additional Areas of focus in 2021/22 – Other Risk Areas

The significant risks identified in our Audit Plan in March remain unchanged. Here we are noting other key areas of focus in this year's audit.

Issue	Commentary
Collection Fund Income- Business Rates	Business Rate income is an area of increased audit focus in particularly for Westminster City Council, due to the £1.547 billion of income of Business Rate income within the Collection Fund. This has lead to increased audit focus on this area with us undertaking a more detailed substantive analytical procedure, review of reliefs and Income within the Collection Fund. Our initial findings in this area were reported to the Audit and Performance Committee in October 2022. There have been no substantial changes in this matter since then. Changes to this provision between short-term and long-term elements have been identified during the course of the audit which the Council has adjusted in its final financial statements.
NNDR Appeals Provision	The Council's Business Rates Appeal Provision is on an absolute and relative terms one of the largest in the country at £339m in the draft accounts, of which 30% is WCC's share - £101.8m. The Appeals Provision reflects a provision against businesses that have launched the Appeals process with the VOA and the potential refunds the Council would have to pay out if they were successful. Due to the size of this provision, this has been a key focus of regulatory attention and we have expanded our procedures on this area, due to it being a key estimate in the financial statements. In undertaking our work we have undertaken the following procedures: • Reviewed Management's expert Analyse Local. • Challenged management on the key assumptions used in the Appeals Provision. • Performed a sensitivity analysis and reviewed other industry benchmarks to determine the provisions reasonableness. • Reviewed the accuracy of the data sent to Analyse Local and LG Futures. Our initial findings in this area were reported to the Audit and Performance Committee in October 2022. There have been no substantial changes in this matter since then. Changes to this provision between short-term and long-term elements have been identified during the course of the audit which the Council has adjusted in its final financial statements.
Pension Upfront Payment	The council made additional prefunding payments in year, totalling £80m, to reduce the future Penson Liability. In the prior year a similar payment was made totalling £23m. These payments were recorded as expenditure in the CIES instead of Pension Liability. In terms of the accounting of this within the Balance Sheet and CIES we do not deem the treatment appropriate and there are a number of technical statutory accounting adjustments the CIPFA Code requires through the Reserves. In respect of this we identified inconsistencies in the way the Council had treated this balance which has lead to material adjustments in this area. The Council has adjusted this in its final financial statements. Our initial findings in this area were reported to the Audit and Performance Committee in October 2022. There have been no substantial changes in this matter since then.

2. Financial Statements – Additional Areas of focus in 2021/22 – Other Risk Areas Continued

Issue	Commentary
Financial Instruments	During the 2021/22 financial year the Council has increased the long term Loans provided to its subsidiaries. As part of our audit review it was identified that these should be disclosed as part of the financial instruments note as is required by IFRS9. This has lead to a correction of £78.8m for 2021/22 and restatement of the prior year figures amounting to £33.2m within this note. Our initial findings in this area were reported to the Audit and Performance Committee in October 2022. There have been no substantial changes in this matter since then.
Infrastructure Assets	Infrastructure assets contain a variety of assets including highway assets, drainage assets, pavements and lighting. The Code requires infrastructure to be reported in the Balance Sheet at depreciated historical cost, that is historic cost less accumulated depreciation and impairment. In addition, the Code requires a reconciliation of gross carrying amounts and accumulated depreciation and impairment from the beginning to the end of the reporting period. Westminster City Council had material infrastructure assets, at both a gross and net book value basis. There have been issues raised nationally about accounting for infrastructure assets which has delayed all audits across the sector. A Statutory Instrument was laid before Parliament in December 2022 to resolve these issues. The Code includes a temporary relief so that local authorities are not required to report the gross book value and accumulated depreciation for infrastructure assets from 2021/22 up to and including 2024/25. We have considered the reasonableness of the depreciation charge to infrastructure assets and obtained assurance that the useful economic lives applied to infrastructure assets is reasonable. We have also obtained assurance that the infrastructure asset disclosures in the financial statements are not materially misstated.
Leases	Leases are classed as finance leases where the terms of the agreement transfer substantially all the risks and rewards of ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, present value of the minimum lease payments in relation to the asset's fair value and whether the Council obtains ownership at the end of the lease term. All other leases are classified as operating leases. We have carried out testing of the treatment of leases. The accounting treatment and disclosures in the accounts comply with the requirements of IAS 8 par 31.

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

Land and Building valuations (GF & HRA)
Draft: £690m
Final: £690m
	The Council has engaged Sanderson Weatherall to complete the valuation of these properties. Each year, approximately 20% of assets are subject to a full, formal valuation process on a five yearly cyclical basis. The other 80% are subject to a formal desktop valuation to ensure that the values are updated in line with market movements. There are therefore no properties that are not valued at the 31 March each year.
	
	Other land and buildings revalued in 2021/22 comprised £186m of specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings revalued in 2021/22 (£194m) are not specialised in nature and are required to be valued at existing use value (EUV) at year end.
	
	The total year end valuation of other land and buildings was £690m, a net increase of £14m from 2020/21 (£676m). Management and their valuer have taken into account available market data, and considered a range of available indices, and have used this to determine an appropriate estimate for the indexation of the Council's land and buildings.
		We have:
		• Deepened our risk assessment procedures including understanding processes and controls around the identification and determination of estimates. This included understanding methods, assumptions and data used.
		• Confirmed that there have been no changes to the valuation method this year.
		• Considered the source of the inherent risk associated with the accounting estimate.
		• Analysed the method, data and assumptions used by management to derive the accounting estimate, and validated the sources of the information used by management. In particular, we have:
		    • reperformed a sample of valuation calculations; and
		    • tested the inputs into a sample of valuations to source documentation, with no issues noted.
		• Confirmed that we have no concerns over the competence, capabilities and objectivity of the valuation expert used by the Council and considered all evidence obtained during the audit, including both corroborative and contradictory audit evidence, when evaluating the appropriateness of accounting estimates. In particular, our own expectation of the valuation of the assets subject to a desktop valuation was £7.2m lower than that provided by the valuer. After having challenged this, we are satisfied that the difference is not an indication of error.
		• Considered whether there are any indications of management bias in determining the estimate and evaluated whether there is any evidence that contradicts management's assessment.
		• Confirmed that disclosure of the estimate in the financial statements is considered adequate.
			We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic

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
Council dwelling valuations Draft: £1,562m Final: £1,562m	The Council owns 12,000 dwellings and is required to revalue these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties. The Council has engaged Sanderson Weatherall to complete the valuation of these properties. In the draft financial statements, the year end valuation of Council dwellings was £1,562m, a net increase of £13m from 2020/21 (£1,549m). The Council's valuer completed a full, formal review and valuation of the dwellings portfolio at 1 April 2018, with a valuation at 31 March 2022 completed based on a desktop review and market indices. Management and their valuer have considered a range of available indices, and have used this to determine an appropriate estimate for the indexation of the Council's dwellings.	We have: • Deepened our risk assessment procedures including understanding processes and controls around the identification and determination of estimates. This included understanding methods, assumptions and data used. • Considered the source of the inherent risk associated with the accounting estimate. • Analysed the method, data and assumptions used by management to derive the accounting estimate, noting some minor differences in, and omissions from, the valuation approach when compared to the prior year. This differences were immaterial to the financial statements. • Confirmed that we have no concerns over the competence, capabilities and objectivity of the valuation expert used by the Council, and considered whether there are any indications of management bias in determining the estimate and evaluated whether there is any evidence that contradicts management's assessment. • Considered all evidence obtained during the audit, including both corroborative and contradictory audit evidence, when evaluating the appropriateness of accounting estimates. In particular we have considered the indices that the valuer has used in performing the valuation and have noted that the actual indices for February and March 2022 were different to those assumed by the valuer in performing the valuation (extrapolated based on data from earlier in the year). Our own estimate of the value differed to the valuation by circa £22m, but after having challenged this we are satisfied that the difference is largely due to the valuer using more specific indices and is not an indication of error. The valuer has reperformed their calculation based on the most recent data available and have confirmed that, in their view, the potential difference in value would be a £5.4m reduction, which is immaterial to the financial statements. They are happy that their initial valuation remains appropriate, and we do not consider this to be unusual. • Confirmed that disclosure of the estimate in the financial statements is considered adequate.	We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic

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
Investment property valuations Draft: £463m Final: £463m	The Council has a number of assets that it has determined to be investment properties. Investment properties must be included in the balance sheet at fair value (the price that would be received in an orderly transaction between market participants at the measurement date) so these assets are valued every year at 31 March. The Council has engaged Sanderson Weatherall to complete the valuation of these properties. The year end valuation of the Council's investment property was £463m, a net decrease of £4m from 2020/21 (£467m). Management and their valuer have taken into account available market data at 31 March 2022.	We have: • Deepened our risk assessment procedures including understanding processes and controls around the identification and determination of estimates. This included understanding methods, assumptions and data used. • Confirmed that there have been no changes to the valuation method this year. • Considered the source of the inherent risk associated with the accounting estimate. • Analysed the method, data and assumptions used by management to derive the accounting estimate, and validated the sources of the information used by management. At the time of writing this report, this detailed testing is ongoing, but no issues have been identified to date. • Confirmed that we have no concerns over the competence, capabilities and objectivity of the valuation expert used by the Council and considered whether there are any indications of management bias in determining the estimate and evaluated whether there is any evidence that contradicts management's assessment. • Considered all evidence obtained during the audit, including both corroborative and contradictory audit evidence, when evaluating the appropriateness of accounting estimates. In particular we have considered movements in the valuations of individual assets and their consistency with indices provided by Gerald Eve as our auditor's expert, and focussed our detailed testing on those assets where the movement in valuation was outside of our expectations. • Confirmed that disclosure of the estimate in the financial statements is considered adequate.	We consider management's process is appropriate and key assumptions are neither optimistic or cautious

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 - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Net pension liability Draft: £503.3m Final: £503.3m	The Council's net pension liability at 31 March 2022 is £503.3m (PY £704.9m) relating to the Westminster City Council Pension Fund and London Pension Fund Authority Local Government Pension Schemes. The Council uses Hymans Robertson and Barnet Waddingham to provide actuarial valuations of the Council's assets and liabilities derived from these schemes. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 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 £120.9m net actuarial gain during 2021/22.	• We have assessed the actuaries, Hymens Robertson, to be competent, capable and objective. • We have used PwC as our auditor's expert to assess the actuary and assumptions made by the actuary – see table below for out comparison of actuarial assumptions	We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Assumption	Actuary Value	PwC range	Assessment
Discount rate	2.7%	2.7% - 2.75%	✓
Pension increase rate	3.2%	3.15% – 3.30%	✓
Salary growth	4.2% (CPI: 3.05% to 3.45%)	0.5% to 2.5% above CPI	✓
Life expectancy – Males currently aged 45 / 65	22.9 / 21.4	21.4 – 24.3 20.1 - 22.7	✓
Life expectancy – Females currently aged 45 / 65	26.1 / 24.1	24.8 -26.7 22.9 – 24.9	✓

- We have confirmed the controls and processes over the completeness and accuracy of the underlying information used to determine the estimate.
- We have confirmed there were no significant changes in 2021/22 valuation method.
- We have confirmed that the Council's share of the pension scheme assets is in line with expectations.

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 - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Grants Income Recognition and Presentation	The government has provided a range of new financial support packages to the Council and all local authorities throughout the Covid-19 pandemic, including funding to support the cost of services, and amounts to be paid out to support local businesses. The Council has needed to consider the nature and terms of each of the various Covid-19 measures in order to determine the appropriate accounting treatment, including whether there was income or expenditure to be recognised in the Comprehensive Income and Expenditure Statement (CIES) for the year. The main considerations made by management in forming their assessment were: • Where funding is to be transferred to third parties, whether the Council was acting as a principal or agent, and therefore whether income should be credited to the CIES or whether the associated cash should be recognised as a creditor or debtor on the Balance Sheet • Whether there were any conditions outstanding at year-end, and therefore whether the grant should be recognised as income or a receipt in advance • Whether the grant was awarded to support expenditure on specific services or was in the form of an un-ringfenced government grant – and therefore whether associated income should be credited to the net cost of services or taxation and non-specific grant income within the CIES.	Our work on the Council's grant income has identified one adjustment to the Council's accounts where income and expenditure were included in the financial statements that should have been excluded as the Council was acting as agent in the arrangement. The net impact of these adjustments is £nil. No other issues were noted. In particular: • We are satisfied that management have effectively evaluated whether the Council is acting as the principal or agent for each relevant scheme, which has determined whether any income is recognised. • Schemes for which the Council has recognised income include the Business Rates Relief s31 Grant (£361m), Covid-19 Local Authority Support Grant (£20.0m), Covid-19 Income Loss Compensation (£28.0m), and other, smaller grants (£15.7m). We are satisfied from review that this treatment is consistent with the nature and terms of the relevant schemes. • We have evaluated the underlying information used to determine whether there were conditions outstanding (as distinct from restrictions) at the year-end that would determine whether the grant should be recognised as a receipt in advance or income, and concluded that this treatment was appropriate. • We have considered management's assessment, for grants received, of whether the grant is specific or non specific grant (or whether it is a capital grant) – which impacts on where the grant is presented in the CIES. We are satisfied that the presentation in the CIES is appropriate. • Management's disclosure of the Council's accounting treatment for grant income in both the financial statements and Narrative Report is sufficient.	We consider management's process is appropriate and key assumptions are neither optimistic or cautious

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 - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Provision for business rates appeals Draft: £102m Final: £102m	The Council are responsible for repaying a proportion of successful rateable value appeals. Management uses an external organisation, Analyse Local, to calculate the level of provision required. This calculation is based upon the latest information about outstanding rates appeals provided by the Valuation Office Agency (VOA) and previous success rates.	• We have assessed management's expert, Analyse Local, to be competent, capable and objective. • Analyse Local have used up to date data around outstanding appeals and potential information around un-lodged appeals and historic success rates to form a reliable estimate of the impact on Rateable Values in the future, and timings based on historic observations. • The methodology used is consistent with comparable local authorities and previous years. • The Council have also engaged LG Futures to provide a second opinion on the level of provision required. • The disclosure of the estimate in the financial statements was found to be adequate.	We consider management's process is appropriate and key assumptions are neither optimistic or cautious
Minimum Revenue Provision Draft: £18m Final: £18m	The Council is responsible on an annual basis for determining the amount charged for the repayment of debt known as its Minimum Revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance. The MRP charge for 2021/22 was £18.3m, a net increase of £0.2m from 2020/21.	• We are satisfied that the Council's policy on MRP complies with the methodologies permitted in the statutory guidance. • We are satisfied that the MRP has been calculated in line with the Council's policy and statutory guidance. • The Council's policy on MRP was discussed with, and approved by, full council as part of the Treasury Strategy. • We are satisfied that the level of increase in the MRP charge is reasonable in the context of the Council's Capital Financing Requirement and financing.	We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Assessment

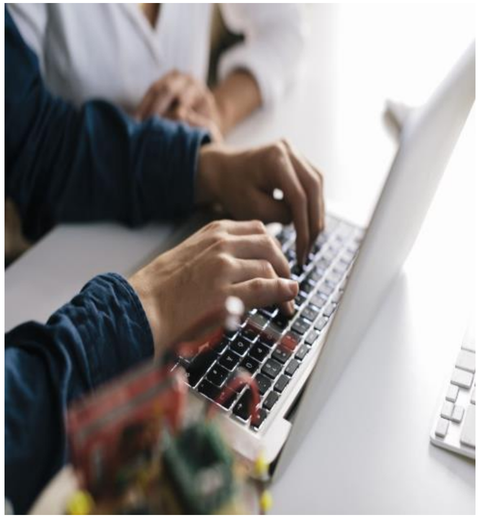
- Dark Purple We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- Blue We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider 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 and Performance 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 related parties or related party transactions which have not been disclosed, except mentioned in other parts of this document.
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 the Council, including specific representations in respect of the group, the wording of which is included in Appendix F.

2. Financial Statements - other communication requirements



Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Council's bank and investment counterparties. This permission was granted and the requests were sent. The majority of these requests were returned with positive confirmation. Where responses were not received we have undertaken alternative procedures to obtain the assurance that we require over these balances. We requested management to send letter to the Principle Solicitor for the Council during the year. Responses was received.
Accounting practices	We have evaluated the appropriateness of the Council's 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

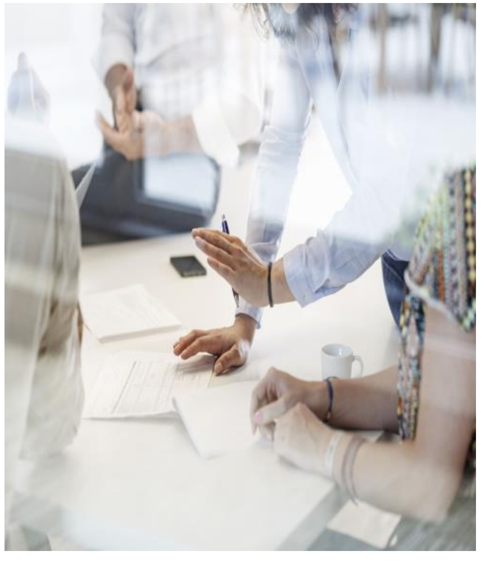
Our responsibility

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	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. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • 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 • 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. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. 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 the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Council and the environment in which it operates • the Council's financial reporting framework • the Council's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement, Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect, as detailed in Appendix E.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • 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, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness/es. We have nothing to report on these matters.



2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. As the Council exceeds the specified group reporting threshold of £2 billion we examine and report on the consistency of the WGA consolidation pack with the Council's audited financial statements. This work is not yet complete as group instructions were issued later than planned by the NAO. We anticipate completing this work in March/April 2023.
Certification of the closure of the audit	We intend to delay the certification of the closure of the 2021/22 audit of Westminster City Council in the audit report, as detailed in Appendix E, due to the following work being incomplete: • required procedures on the Council's WGA return.

3. Value for Money arrangements

Approach to Value for Money work for 2021/22

The National Audit Office issued its guidance for auditors in April 2020. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)

Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:

Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.

Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.

Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

3. VFM - our procedures and conclusions

As part of our work, we consider whether there are any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have not identified any risks.

Nothing has arisen through our VFM work that would impact on our planned audit opinion. Subject to the conclusion on the Council's internal review of procurement controls, for capital projects, under £0.1 million, referred to in the executive summary.

4. 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 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 D.

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)

4. Independence and ethics

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. The following non-audit services were identified/ which were charged from the beginning of the financial year to the current date, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related			
Certification of Teacher's Pension	10,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the total scale fee for the audit of £147,004 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Housing Benefit	36,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £36,500 in comparison to the total scale fee for the audit of £147,004 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Pooling of Housing Capital Receipts	5,000	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £5,000 in comparison to the total fee for the audit of £147,004 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
GLA Compliance Checklist	60,000	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £60,000 in comparison to the total fee for the audit of £147,004 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

Appendices

A. Action plan – Audit of Financial Statements

We have identified 2 recommendations as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2022/23 audit. 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
Medium	Asset registers PPE additions are captured by the Group and the Council and are then journalled into the FAR. The Council and subsidiaries operate on a separate ledger and are bought together as part of a consolidation exercise. From our review we identified a weakness in this process as there was no consideration of removing intercompany transactions from PPE additions.	We recommend that the Council performs a review to identify and remove intercompany PPE additions **Management response** With the number of intercompany sales between group entities increasing the Council will review this process and look to set up quarterly Group Asset Management meetings to document material intercompany transactions. This will ensure material transactions are captured in the related parties disclosure and removed on consolidation of the group entities.
Low	Journals access We noted that there are more than 800 unique user ids through which transactions has been posted in the General Ledger. This number of users increases the chances of mis-statement and error in the accounts. Management should limit the number of people having access to the general ledger.	We recommend that management should limit the number of people having access to the general ledger. **Management response** The 800 unique user ids includes officers that can approve service orders and goods receipt. This access is needed for day-to-day service work and conforms with the standard operating model of the Council's finance system. Management therefore considers this a reasonable number. The number of unique users that can post journals is 114 which aligns with the size of the Finance department and is also considered reasonable access to the general ledger. This risk is therefore considered to be low.

The Council will also need to ensure that, in the future, it has arrangements in place to maintain the evidence to support the treatment of leases under IFRS 16 and to support the treatment of infrastructure assets once the current statutory override expires.

B. Follow up of prior year recommendations

We identified the following issues in the audit of Westminster City Council's 2020/21 financial statements, which resulted in 2 recommendations being reported in our 2020/21 Audit Findings report. We are pleased to report that management have implemented our recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	Provision for doubtful debts/credit loss impairments	The Council reviewed its provision estimate at the year end.
✓	External audit planning enquiries	Responses were collated from across the Council and follow on queries were discussed with Grant Thornton.

Assessment

✓ Action completed

X Not yet addressed

C. 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

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Dr Net pension liability Cr Pension prepayment Pension prepayment – accounting treatment		101,931 (101,931)	
Dr CIES – other operating income Cr Assets held for sale Assets held for sale – revaluation adjustment	2,495	(2,495)	
Overall impact	£2,495	(£2,495)	£-

C. Audit Adjustments

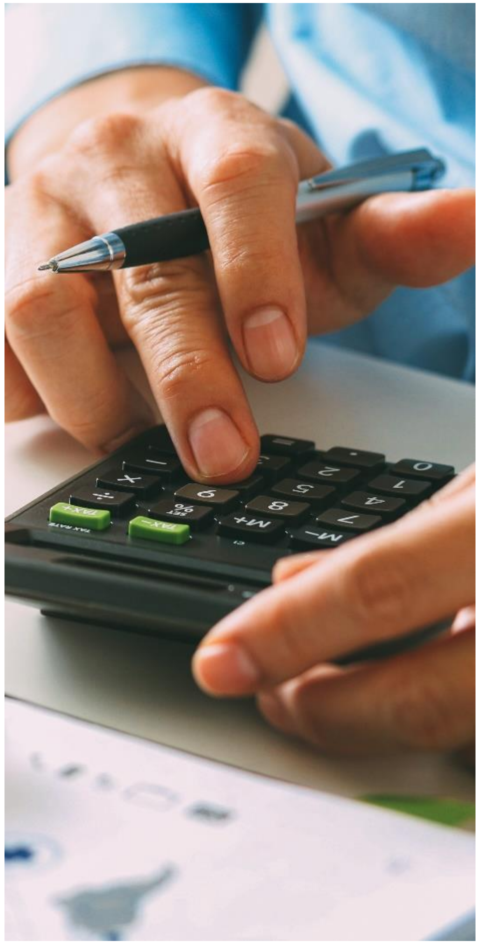
We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Misclassification and disclosure changes

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

Disclosure	Detail	Adjusted?
Prior year disclosures	The following items have been restated: • the opening and closing asset ceiling adjustment (£3.2m) was presented under obligations in the prior year accounts; • the financial instrument note did not previously include financial instrument balances related to group balances (£78.8m); and • the capital financing requirement for 2020/21 has been adjusted to reflect changes to the apportionment of the Luxborough site (£5.8m) and capital loan repayments (£9.9m). These have now been amended in the comparative of 21/22 accounts.	✓
Various	A number of other changes have been made to disclose notes to improve accuracy, clarity and user understanding.	✓

C. Audit Adjustments

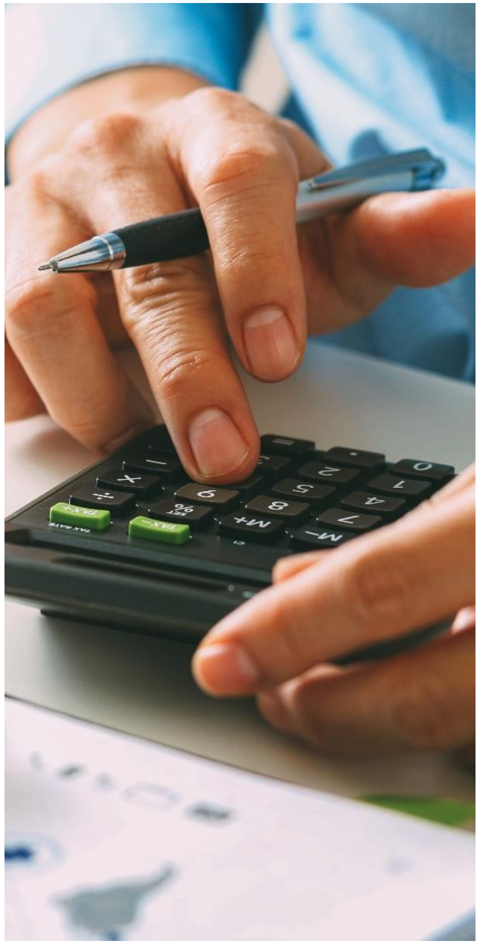


Impact of unadjusted misstatements

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 and Performance 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
Dr Cash Cr CIES – HB expenditure Housing benefit expenditure – difference between accounts and final claim	(773)	773		Timing difference, and not material
Overall impact	(£773)	£773	£-	

C. Audit Adjustments



Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2020/21 financial statements

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
Our testing of the Council's property revaluations identified an error in the treatment of the revaluations in the financial statements.				Immaterial to the financial statements
Correcting this would have the following impact:				
Dr Gains/losses taken to the revaluation reserve	(2,825)		(2,825)	
Cr Gains/losses taken to the CIES		2,825		
Our testing of historic S106 grants received in advance has identified historic balances which the Council has yet been unable to provide full supporting agreements and evidence for. If these balances were removed from the financial statements, the impact would be as follows:			nil	Immaterial to the financial statements
Dr Grants received in advance		2,496		
Cr Creditors		(2,496)		

Continued on next page

C. Audit Adjustments

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
Our sample testing of S106 grants received in advance also identified variances between the amount recorded in the accounts and the supporting information. We have calculated the total projected misstatement to be an overstatement of the balance of £1,996k.			nil	Immaterial to the financial statements
Dr Grants received in advance		1,996		
Cr Creditors		(1,996)		
Our sample testing of expenditure items paid in the period after the end of the financial year has identified three errors whereby expenditure has been recorded in the 2021/22 financial year, rather than 2020/21. We have calculated the total projected misstatement, which would indicate the following correction:				Immaterial to the financial statements
Dr Expenditure	467		467	
Cr Creditors		(467)		
Note: The extrapolated error is (£' 000) 4,404 however the factual error is only (£' 000) 467				
Our testing of grant income has identified that the Council has accounted for income from Test and Trace grants as principal, where we consider that the Council was an agent in the transaction. Correcting this would remove both income and expenditure from the financial statements:			nil	Immaterial to the financial statements
Dr Income	1,050			
Cr Expenditure	(1,050)			
Our testing of PPE disposals identified an accrual in HRA capital receipts relating to a lease. We have been unable to corroborate the treatment of this transaction as management have not provided us with sufficient information or sufficient detail on the accounting treatment of the transaction. On this basis, we do not have assurance that the accounting treatment is correct. If it were incorrect then the impact would be as follows:				Immaterial to the financial statements
Dr Gain on disposals	6,700		6,700	
Cr Debtors		(6,700)		

Continued on next page

C. Audit Adjustments

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
Our testing of Collection Fund debtors has identified a difference of £1.6m between the amounts recognised in relation to Business Rates and supporting information, due to an historic difference in the returns made to the GLA. As the Council cannot support this debtor, our view is that this balance should be written out as follows:				Immaterial to the financial statements
Dr Income	1,600		1,600	
Cr Debtors		(1,600)		
Work performed on the Agency Transactions disclosure note has identified that the Council has incorrectly included elements of income and expenditure relating to arrangements where it is acting as agent in the CIES. This should not be the case, and the transactions required to correct this are as follows:			nil	Immaterial to the financial statements
Dr Income	1,299			
Cr Expenditure	(1,299)			
Overall impact	**£5,942**	**(£7,458)**	**£4,342**	

D. Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit fees *	Proposed fee	Final fee
Council Audit	213,004	tbc
Total audit fees (excluding VAT)	£213,004	£tbc

Non-audit fees for other services **	Proposed fee	Final fee
Audit Related Services e.g. Grant Claims	111,500	tbc
Other	-	Tbc
Total non-audit fees (excluding VAT)	**£111,500**	**£tbc**

* Our final audit fee will include variations for work performed on pension upfront payment, infrastructure, leases, collection fund and prior period adjustments.

** Details of these services are set out on page 28.

The fees reconcile to the financial statements, as follows:

- Proposed external audit fee 2021/22 (£147,000)
- External audit fee relating to prior years (£58,000)
- Other (£8,000)

E. Audit opinion

Our audit opinion is included below. We anticipate we will provide the group with an unmodified audit report subject to the conclusion of outstanding work as highlighted in this report

Independent auditor's report to the members of Westminster City Council

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Westminster City Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Comprehensive Income and Expenditure Account, Housing Revenue Account Statement Movement in Reserves Statement, the Collection Fund Statement, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet and the Group 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 group and of the Authority as at 31 March 2022 and of the group's expenditure and income and the Authority'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 group and the Authority 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 Executive Director – Finance and 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 Authority or 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 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 Authority or the group to cease to continue as a going concern.

In our evaluation of the Executive Director – Finance and 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 Authority and group'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 group and the Authority. 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 Authority and the group and Authority's disclosures over the going concern period.

E. Audit opinion

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 Authority's or the group'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 Executive Director – Finance and Resources use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Executive Director – Finance and Resources with respect to going concern are described in the 'Statement of Responsibilities for the Statement of Accounts and Those Charged with Governance for the financial statements' section of this report.

Other information
The Executive Director – Finance and 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 and our auditor's report on the pension fund financial statements. 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 Authority, 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 Authority, the Executive Director – Finance and Resources and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities, the Authority 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 authority, that officer is the Executive Director – Finance and Resources. The Executive Director – Finance and 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 Executive Director – Finance and Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

E. Audit opinion

In preparing the financial statements, the Executive Director – Finance and Resources is responsible for assessing the Authority's and 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 there is an intention by government that the services provided by the Authority and the group will no longer be provided.

The Audit and Performance 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 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. 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 group and Authority 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 Government Act 1972,the Local Government and Housing Act 1989, the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992), the Local Government Finance Act 2012, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003.
- We enquired of senior officers and the Audit Panel, concerning the group and Authority'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 Panel, 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 Authority and group'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:
  - journal entries posted which met a range of criteria determined during the course of the audit, in particular those posted around the reporting date which had an impact on the Comprehensive Income and Expenditure Statement, and
  - accounting estimates made in respect of the valuation of assets and liabilities in the Balance Sheet

E. Audit opinion

- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that the Executive Director – Finance and Resources has in place to prevent and detect fraud;
  - journal entry testing, with a focus on entries meeting the risk criteria determined by the audit team;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of valuation of land and buildings including council dwellings, and the valuation of the defined benefit pensions asset valuations;
  - 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. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as 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 valuation of land and buildings, including council dwellings and investment property, and the valuation of the net defined pensions asset.
- Our assessment of the appropriateness of the collective competence and capabilities of the group and Authority'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 Authority and group including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA, LASAAC and SOLACE
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Authority and group'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 Authority and group's control environment, including the policies and procedures implemented by the Authority and group to ensure compliance with the requirements of the financial reporting framework.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in respect of the above matter

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

E. Audit opinion

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Westminster City Council for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2022.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2022.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority'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 Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:

Joanne Brown, Key Audit Partner

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

London

Date:

F. Management Letter of Representation

Grant Thornton UK LLP

30 Finsbury Square

London

EC2A 1AG

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

Dear Sirs

Westminster City Council
Financial Statements for the year ended 31 March 2022

This representation letter is provided in connection with the audit of the financial statements of Westminster City Council for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the group and Council 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 group and Council's 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 group and Council and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the group and Council 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 Valuation of property plant and equipment (including investment properties and surplus assets), Pension liability, Provisions and Provision for Bad Debts. 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.

F. Management Letter of Representation

v. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.

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

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

vii. We have updated our going concern assessment. We continue to believe that the Group and Council's 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 group and Council means that, notwithstanding any intention to cease the group and Council 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 group and Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the group and Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

i. We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the group and Council's 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 Council via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.

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

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

iv. 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.

F. Management Letter of Representation

v. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Council, 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.

vi. 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.

vii. 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.

viii. We have disclosed to you the identity of the group and Council's related parties and all the related party relationships and transactions of which we are aware.

ix. 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

i. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks, up to the date the statement of accounts are approved, that are not disclosed within the AGS.

Narrative Report

i. The disclosures within the Narrative Report fairly reflect our understanding of the group and Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council’s Audit and Performance Committee at its meeting on [DATE].

Yours faithfully

Name……………………………

Position…………………………

Date……………………………

Signed on behalf of the Council

Grant Thornton

grantthornton.co.uk