

Audit and Corporate Governance Committee  
London Borough of Camden  
Camden Town Hall  
Judd Street  
London  
WC1H 9JE

01 March 2024

## Audit of financial statements of London Borough of Camden for the year ended 31 March 2020

### Update/Conclusion of pending matters included in the Audit Completion Report June 2023

Following on from our correspondence and as required by International Standards on Auditing (UK and Ireland), we are writing to confirm that the matters that were marked as outstanding within our Audit Completion Reports presented to the Audit and Corporate Governance Committee on 15 June 2023 have now been completed.

The outstanding matters and the conclusions reached are detailed in the following tables.

Matter	Update/Conclusion reached
Cashflow statement and supporting notes	We have completed our audit procedures and have nothing to report on this.
Review and closure procedures	<p>We have received a final set of updated statements. These include a small number of further amendments as follows:</p> <ul style="list-style-type: none"> <li>• <b>Related Party Transactions</b> – The note was revised to include a table disclosing payments to and receipts from organisations where a Council Member is judged to have significant influence or control over those other organisations and where the Council has total transactions with them in 2019/20 over £50,000.</li> <li>• <b>Dedicated School Grants</b> – The note was revised in response to request from ESFA to reclassify £11.3m from Final DSG for the final year to Academy figures recouped and post year-end adjustments in the ISB expenditure of £1,080k. Additional changes were then made for internal consistency within the note.</li> <li>• <b>Trust Funds and Other Accounts</b> – The note was restated to correct the opening balances for trust funds and to correct the receipts and payments into the funds in 2019/20. As a result, the note now casts correctly.</li> </ul> <p>We have also noted two areas where the Council's accounts remain non-compliant with the requirements of the CIPFA Code because required disclosures have been omitted as follows:</p>

Matter	Update/Conclusion reached
	<ul style="list-style-type: none"> <li>• <b>Accounting Policies</b> – There is no disclosure in respect of the accounting policy in place for calculating the Expected Credit Loss.</li> <li>• <b>Note 27 Reconciliation of Financial liabilities from Financing Activities</b> – this note is missing a comparator disclosure note for the prior year as required.</li> </ul> <p>Subject to reporting these matters to you, we have completed our final review and closure procedures.</p>
Annual Governance Statement and Narrative Report	We have received an updated Annual Governance Statement and have completed our review. There are no matters to report.
Signed final statements, Annual Governance Statement and signed Management Representation Letter	We have received the signed statements and signed management representation letter.
Whole of Government Accounts (WGA)	The NAO has finalised its Group Audit for 2019/20. There is no longer a requirement for the Council or its auditor to submit a consolidation pack for 31 March 2020
File closure procedures	We are in the process of completing our file closure procedures so that we can sign the audit report.

### Materiality

Our provisional materiality at the planning stage of the audit was set at £19.6m using a benchmark of 1.5% of gross operating expenditure.

Our final assessment of materiality, based on the draft financial statements, is £15.5m using the same benchmark.

We set our trivial threshold at £466k based on 3% of final materiality. Individual errors below this level have not been reported to the Audit and Corporate Governance Committee.

### Misstatements

We have not identified any further misstatements to those already reported to the committee on 15 June 2023 in our audit completion report.

### Internal control observations

While completing our outstanding audit procedures, we noted the following additional internal control matter:

**Description of deficiency**

The Council has a policy to review the rents charged for properties it leases to commercial entities every three years. However, our testing identified some lease properties where this review had not been undertaken in line with the policy. Furthermore, the Council does not have a lease register in place to track when rent reviews are due. As a result, rent reviews only occur after other events trigger it

**Potential effects**

The Council is not complying with its policy. This gives rise to a risk the Council may be under-charging rent in respect of some leases.

**Recommendation**

The Council should aim to have more regular reviews of their commercial lease properties to ensure rents are reviewed and set in the context of the market value.

**Management response**

Management is aware of the backlog in rent reviews. This is due to inadequate resourcing and will take time to resolve.

Management intend to seek a change to the policy so that lease reviews are required on a 5 year cycle. This would both ease the workload and be in line with the 5 year cycle of the market.

To address properties missing their rent review date, the Council is in the process of acquiring a new property management system. Additionally, the Council plans to allocate more resources to the team to allow them to keep on top of all outstanding rent reviews going forward.

If you wish to discuss the points above, or any other points then please do not hesitate to contact me.

Yours faithfully,



**Karen Murray**

**Partner**

Mazars LLP