

## **AUDIT AND RISK MANAGEMENT COMMITTEE**

**Tuesday, 9 September 2014**

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall, EC2 on Tuesday, 9 September 2014 at 2.15 pm

### **Present**

#### **Members:**

Alderman Nick Anstee (Chairman)  
Alderman Charles Bowman  
Alderman Timothy Hailes  
Alderman Ian Luder  
Jamie Ingham Clark  
Kenneth Ludlam (External Member)  
Caroline Mawhood (External Member)  
Roger Chadwick (Ex-Officio Member)  
Jeremy Mayhew (Ex-Officio Member)  
Revd Dr Martin Dudley  
Graeme Smith

#### **In attendance:**

Jeremy Simons – for item 5  
Deputy John Barker – for item 6

#### **Officers:**

Neil Davies	Town Clerk's Department
Julie Mayer	Town Clerk's Department
Peter Kane	Chamberlain
Suzanne Jones	Chamberlain's Department
Paul Nagle	Chamberlain's Department
Chris Keesing	Chamberlain's Department
Matt Lock	Chamberlain's Department
Michael Cogher	Comptroller and City Solicitor
Angus Fish	External Auditor, Deloitte
Lucy Nutley	External Auditor, Moore Stephens

#### **1. APOLOGIES**

Apologies were received from Nigel Challis, Oliver Lodge, Hugh Morris and Hilary Daniels.

#### **2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

There were no declarations.

3. **MINUTES OF THE PREVIOUS MEETING**

**RESOLVED, that:**

The minutes and non-public summary of the meeting held on 22 July 2014 were approved.

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

The Committee received its outstanding actions list and noted the following updates and additions:

Anti-fraud on-line training course

A refresher policy would be agreed with HR and presented to the Audit and Risk Management Committee in January 2015, as part of the update report on Fraud Awareness Training.

**RESOLVED, that:**

The Committee's Outstanding Actions list be noted.

5. **MITIGATION OF CR11 - HAMPSTEAD HEATH PONDS PROJECT - RISK UPDATE**

The Committee received a report of the Director of the Built Environment on the Mitigation of Corporate Risk 11 (Hampstead Heath Ponds Project) and noted that the Judicial Review had been submitted. Members noted that officers were continuing to progress the detailed design and taking all possible steps to ensure the project remained on schedule for estimated completion in Summer 2016.

**RESOLVED, that:**

The report be noted and the Audit and Risk Management Committee receive a further update at their November meeting.

6. **CORPORATE RISK REVIEW - CR18 - WORKFORCE PLANNING**

The Committee received a report of the Director of HR in respect of Corporate Risk 18 (Workforce Planning). The report reviewed the current position, taking into account the economic climate, recent legislative changes, the employment market environment and whether the controls in place were sufficient to minimise the risk.

During the discussion of this item, the following matters were raised/noted:

- In the Autumn, the Establishment Committee would receive a report on the City of London Corporation's Graduate Trainee scheme.

Also in the Autumn cycle, the Establishment Committee would receive its first Chief Officer Flexible Retirement request. Members noted that the general policy was to only agree flexible retirement for employees aged 60 or over as this was at nil cost to the organisation. In exceptional circumstances if a business case demonstrated a financial/business

benefit for a flexible retirement of any employee under 60 years of age, this would need the approval of Members.

- HR had identified some 'hot spots' where officers felt unable to progress their careers and sought to improve promotion prospects by limiting specialists and recruiting more 'general managers'. Members noted that the number of Chief Officers was down from 33 to 17 over the past ten years.
- The Appraisal Process had been streamlined, with more emphasis on judgement and less on process.
- Members asked if the next update could include examples of cost benefit analysis. The Director explained briefly how self-service was achieving this, i.e.; reducing the number of staff required to process and input recruitment applications..

**RESOLVED, that:**

The report be noted, with the next update report to include examples of cost benefit analysis.

**7. CORPORATE RISK REVIEW - CR16 - INFORMATION SECURITY AND GOVERNANCE**

The Committee received a report of the Chamberlain, in respect of CR16 (Information Security and Governance) and in response to the actions from the Minutes of the May meeting of the Audit and Risk Management Committee. The report provided a status update in relation to information security and governance.

During the discussion of this item, the following matters were raised/noted:

- Members asked for more information about the breaches referred to in the report and if future reports could provide a more detailed breakdown on training numbers, roll-out and refresher periods.
- A view was expressed in that no member of staff would be completely exempt; i.e. a lost wallet containing personal data could be found by a park keeper.
- Monitoring data from the actual number of breaches might not always be sufficient.

**RESOLVED, that:**

The report be noted and the next iteration of this report include more detail on breaches and a more detailed breakdown on training numbers and rollout/refresher periods.

**8. RISK MANAGEMENT UPDATE**

The Committee received a report of the Chamberlain, which provided an update on the Corporate Risk Register and progress on the Risk Management Information System. Members noted that, at the last Audit and Risk Management Committee, a rolling programme of engagement with Chief Officers, to discuss their Departmental Risk Registers, would be introduced at the close of each Audit and Risk Management Committee meeting.

In respect of a query about the net position on the 'heat maps'; Members noted that all risks were on the heat map at their current risk scoring, taking into consideration existing mitigation measures. It was agreed future heat maps would show movement in corporate risks over time. Officers agreed to add timescales as to when the risks were expected to reach their respective targets.

**RESOLVED, that:**

1. The Corporate Risk Register be noted.
2. The progress of the Risk Management Information System be noted.
3. The forward programme of Departmental and Corporate Risk reviews be undertaken at the close of each Audit and Risk Management Committee, commencing with the Chamberlain's Department on the rising of today's meeting.

**9. INTERNAL AUDIT PROGRESS REPORT**

The Committee received a report of the Head of Internal Audit, which provided an update on internal audit activity since the Committee last met on 13 May 2014.

During the discussion of this item, the following matters were raised/noted:

- The Head of Internal Audit and Risk Management advised that two interim Senior Auditors had been retained until October and recruitment was underway for the full time vacancy.
- Members noted that there was an error in the appendix to the report in that the City of London Corporation is the Commissioning Body and not the Health and Wellbeing Board who agrees the Joint Strategic Needs Assessment.
- The Service Based Review proposals had been presented to the Policy and Resources Committee on 4<sup>th</sup> September 2014. All Service Committees would receive the proposals during the Autumn Cycle and the next meeting of the Audit and Risk Management Committee would receive an update.

**RESOLVED, that:**

The Internal Audit Update Report be noted.

**10. INTERNAL AUDIT RECOMMENDATIONS FOLLOW-UP REPORT**

The Committee received a report of the Head of Internal Audit and Risk Management, which provided an update on the implementation of audit recommendations, by management, since last follow-up report to the Audit and Risk Management Committee on 13 May 2014. Members noted that a new procedure for streamlining the process of closing Green' recommendations will be introduced. The Chairman commended very good compliance and sustained improvement in performance.

**RESOLVED, that:**

1. The recommendations in the follow-up report be noted.
2. The performance in the timely implementation of recommendations, following the agreement of internal audit reports be noted.

**11. INVESTIGATIONS UPDATE REPORT**

The Committee received a report of the Head of Internal Audit and Risk Management, which provided an update on investigation activity since the last report to the Audit and Risk Management Committee in May 2014.

**RESOLVED, that:**

The report be noted.

**12. SOCIAL HOUSING TENANCY FRAUD - ANTI-FRAUD AND PROSECUTION POLICY AND DELEGATED AUTHORITY TO AUTHORISE CRIMINAL PROCEEDINGS**

The Committee received a report of the Chamberlain, in respect of the Social Housing Tenancy, Anti-Fraud and Prosecution Policy. The report also proposed delegation to officers to authorise criminal proceedings, where social housing tenancy fraud was identified. The Deputy Chairman of the Community and Children's Services Committee was in attendance and fully endorsed the report.

**RESOLVED, that:**

The Community and Children's Services Committee be recommended to approve the proposed delegation to officers to authorise criminal proceedings, where social housing tenancy fraud is identified.

**13. COMMITTEE WORK PROGRAMME**

The Committee's Work Programme, which included the new programme of Chief Officer's Risk Management Reviews was noted.

**14. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

15. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**  
 The Town Clerk advised that item 20 had been withdrawn. **Members noted that future reports to the Risk Challenge Sessions would be circulated separate to the main agenda.**
16. **EXCLUSION OF THE PUBLIC**  
**RESOLVED:** That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.
- | Item | Paragraph |
|------|-----------|
| 17   | 3         |
17. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**  
**RESOLVED:**  
 That the Non-Public Minutes of the Meeting held on 22 July 2014 be approved.
18. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**  
 There were no questions.
19. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**  
 There were no items of urgent business.

**The meeting ended at 3.45**

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 Chairman

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