

AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 8 December 2014

Minutes of the meeting of the Audit and Risk Management Committee held at the Guildhall EC2 at 1.45 pm

Present

Members:

Alderman Nick Anstee (Chairman)
Nigel Challis (Deputy Chairman)
Alderman Charles Bowman
Roger Chadwick (Ex-Officio Member)
Hilary Daniels (External Member)
Revd Dr Martin Dudley
Jamie Ingham Clark
Oliver Lodge

Alderman Timothy Hailes
Alderman Ian Luder
Kenneth Ludlam (External Member)
Caroline Mawhood (External Member)
Jeremy Mayhew (Ex-Officio Member)
Hugh Morris (Ex-Officio Member)
Graeme Smith

In Attendance

Officers:

Simon Murrells	Assistant Town Clerk
Julie Mayer	Town Clerk's
Peter Kane	Chamberlain
Paul Dudley	Chamberlain's Department
Caroline Al-Beyerty	Chamberlain's Department
Suzanne Jones	Chamberlain's Department
Paul Nagle	Chamberlain's Department
Michael Cogher	Comptroller and City Solicitor
Chris Keesing	Chamberlain's Department
Nick Bennett	Moore Stephens
Lucy Nutley	Moore Stephens

1. APOLOGIES

There were no apologies.

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 public minutes and non-public summary of the meeting held on 4th November 2014 be approved.

4. OUTSTANDING ACTIONS OF THE COMMITTEE

The Committee received its outstanding actions list and the following items were added:

Anti-fraud Investigations Update

Officers agreed to provide a cost analysis of recovery action as part of the next report.

Risk Management Update

- In respect of Air Quality: there was a strongly held, collective view that this should be added to the Corporate Risk Register and the Director agreed to take this back to the Summit Group. Members also suggested that the risk be considered at the Health and Wellbeing Board and the Director of Public Health should be consulted.
- In respect of CR16 - Information Security: Members asked for three monthly updates on the training programme, with effect from January 2015 and for the next report on Risk Management to include a further update on implementing the policy; with target dates for risk mitigation and for the relevant officer to be present. Members suggested officers give consideration to sanctions on those staff that had not completed the training and other possible measures to ensure compliance.
- CR18 – Workforce Planning: Members asked for a short, non-public report to the next meeting, clarifying the cost.
- Risk Challenge sessions: Members noted the Risk Challenge session dates had changed and the Chairman asked if the relevant Chairmen of the Committees could be invited to attend.

Committee's Terms of Reference

Further to the discussion under agenda item 10 (Risk Management Update – Air Quality), Members asked if the Committee's Terms of Reference could align with the responsibilities of the Summit Group in respect of the addition of new items to the Corporate Risk Register.

5. THE CARE QUALITY COMMISSION (CQC) ROUTINE INSPECTION OF ADULT SOCIAL CARE REABLEMENT SERVICE

The Committee received a report of the Director of Community and Children's Services in respect of the recent Care Quality Commission (CQC) announced routine inspection of the Adult Social Care Reablement Service, which took place on 2nd September 2014. Members were pleased to note that the Reablement Service was found to meet the standard for each area, without any additional conditions or requirements being placed upon the City of London Corporation.

RESOLVED, that:

The outcome of the CQC routine inspection of the Adult Social care reablement service be noted.

6. MOORE STEPHENS ANNUAL AUDIT PLAN FOR THE NON-LOCAL AUTHORITY FUNDS

The Committee received the External Audit Strategy and Planning Report for the Non-Local Authority funds. Members noted that, in order to comply with new standards being introduced in 2015/16, all changes in fair value would need to be fed into the profit and loss account and this would include movements in property investment. The External Auditor advised that preparation for the new standards was underway and the balance sheet would be audited in advance of the main works. Members were also reminded that, in accordance with CIPFA Guidelines, they would be able to meet with the External Auditors, in private session, at the end of this Committee meeting.

RESOLVED, that:

Moore Stephens Annual Audit Plan for the Non-Local Authority Funds be noted.

7. INTERNAL AUDIT UPDATE REPORT

The Committee received a report of the Head of Internal Audit and Risk Management in respect of the Internal Audit activity since the Committee met on 9th September 2014.

Members were advised that the Head of Internal Audit and Risk Management would be taking up an internal secondment with effect from January 2015, for a period of 1 year. The Chamberlain advised Members of the arrangements for covering this post and assured them of a smooth transition and hand over period.

RESOLVED, that:

The Internal Audit Update report be noted.

8. INTERNAL AUDIT RECOMMENDATIONS FOLLOW-UP REPORT

The Committee received a report of the Head of Internal Audit and Risk Management in respect of the audit recommendations, by Management, since the last follow-up report to the Audit and Risk Management Committee, on 9th September 2014.

RESOLVED, that:

1. The Internal Audit Recommendations Follow-up report be noted.
2. It be noted that performance in the timely implementation of recommendations, following the agreement of internal audit reports, continues to be evident.

9. ANTI FRAUD AND INVESTIGATION UPDATE REPORT

The Committee received a report of the Chamberlain in respect of anti-fraud and investigation activity since the last report to the Committee in September 2014. Officers agreed to provide a cost analysis of recovery action as part of the next report.

RESOLVED, that:

The Anti-fraud and investigations update report be noted.

10. **RISK MANAGEMENT UPDATE**

The Committee considered a report of the Chamberlain which presented an update on the Corporate Risk Register. During the discussion of this item, the following matters were raised/noted:

In respect of Air Quality there was a strongly held, collective view that this should be added to the Corporate Risk Register. The Director advised that the matter had been discussed at the Chief Officers' Summit Group and, since the risk was being mitigated, the Summit Group had decided to keep it on the Departmental Risk Register. The Director agreed to take the Committee's view back to the Summit Group. Members also suggested that the risk be considered at the Health and Wellbeing Board and the Director of Public Health should be consulted.

In respect of CR16: Information Security, Members remained concerned at the low take up on training but were assured, by the Chamberlain, that the new e-learning module, which would be implemented in January 2015, would provide more sophisticated management information, with clearer targets and expectations. Whilst noting that the recent breaches had been relatively minor, Members asked for three monthly updates on the training programme, with effect from January 2015. Members also asked for the next report on Risk Management to include a further update on implementing the policy; with target dates for risk mitigation and for the relevant officer to be present.

Given the risk of very heavy fines in the event of breaches, Members suggested that officers give consideration to the following sanctions:

- Staff to be personally liable for any fines for breaches of Data Protection, if they have not completed the appropriate training. It was suggested that this be referred to the Establishment Committee for their consideration, particularly if it required a change to terms and conditions. The Comptroller and City Solicitor provided some initial advice and suggested that current disciplinary arrangements were sufficiently robust to cover this, if staff were sufficiently culpable. Furthermore, given this was a civil and not criminal matter, Members would need to consider the wider implications.
- Staff would need to have undertaken the training before they could access their desk top or lap top. Members noted that this had been tried successfully in central government.

RESOLVED, that:

1. The Corporate Risk Register be noted.
2. The progress of the Risk Management Information System be noted.
3. The inclusion of Risk Management as a standing item on all Grand Committee agendas and the revised arrangements for the informal risk challenge sessions be noted.

11. TERMS OF REFERENCE AND FREQUENCY OF MEETINGS OF THE AUDIT AND RISK MANAGEMENT MEETING

Further to the discussion under agenda item 10 (Risk Management Update – Air Quality) Members asked if the Committee's Terms of Reference could align with the responsibilities of the Summit Group; ie in respect of the addition of new items to the Corporate Risk Register. Members noted that, under the current Terms of Reference, the role of the Audit and Risk Management Committee was to monitor and oversee the Corporate Risk Register.

RESOLVED, that:

1. The Terms of Reference of the Audit and Risk Management Committee be approved, subject to further consideration of the Committee's role in monitoring and overseeing the Corporate Risk Register, as set out above.
2. Any changes to the Committee's Terms of Reference, in respect of monitoring and oversight of the Corporate Risk Register, be delegated to the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee.
3. The frequency of the meetings remain at 6 per annum, with an additional meeting in July each year, to consider the Financial Statements for City Fund and Bridge House Estates.

12. COMMITTEE WORK PROGRAMME

The Committee received its work plan for 2015 and the additions since the last meeting, which were shown in italics. Members noted that, following the last meeting, the Risk Challenge session dates had changed and the Chairman suggested that the relevant Committee Chairmen be invited to attend.

Members noted that the Audited 2014/15 City's Cash and City's Cash Trust Fund Financial Statements would be presented to the Committee in November 2015 and not July 2015.

13. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There were no questions.

14. ANY OTHER BUSINESS WHICH THE CHAIRMAN CONSIDERS URGENT

There were no items of urgent business.

15. 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 item, on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local government Act.

Item no (s)	Para no (s)
16	-
17	1, 2 & 3
18	3

19-20	-
21	1, 2 & 3

16. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

RESOLVED, that:

The non-public minutes of the meeting held on 4th November 2014 be approved.

17. SERVICE BASED REVIEW

The Committee considered and approved a joint report of the Chamberlain and the Head of Internal Audit and Risk Management.

18. HAMPSTEAD HEATH PONDS PROJECT - PRE-AUTHORITY TO START WORK - ISSUE REPORT

Members received a joint report of the Director of the Built Environment and the Director of Open Spaces in respect of the Hampstead Heath Ponds Project.

19. NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There were no questions.

20. 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.

21. CHIEF OFFICER FLEXIBLE RETIREMENT

The Committee received a report of the Director of HR in respect of a recent Chief Officer flexible retirement, which had been approved by the Establishment Committee in September 2014.

The meeting ended at 3.15 pm

Chairman

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