

## **AUDIT AND RISK MANAGEMENT COMMITTEE**

**Tuesday, 10 October 2017**

Minutes of the meeting of the Audit and Risk Management Committee held at  
Guildhall on Tuesday, 10 October 2017 at 2.00 pm

### **Present**

#### **Members:**

Alderman Ian Luder (Chairman)  
Randall Anderson  
Alexander Barr  
Chris Boden  
Hilary Daniels (External Member)  
Deputy Jamie Ingham Clark (Ex-Officio)  
Kenneth Ludlam (External Member)  
Paul Martinelli  
Caroline Mawhood (External Member)  
Jeremy Mayhew  
Hugh Morris (Ex-Officio)

### **In Attendance**

#### **Officers:**

|                        |   |   |
|------------------------|---|---|
| Peter Kane             | - | Chamberlain                                   |
| Caroline Al-Beyerty    | - | Chamberlain's                                 |
| Philip Gregory         | - | Chamberlain's                                 |
| Paul Dudley            | - | Chamberlain's                                 |
| Pat Stothard           | - | Head of Internal Audit and Risk Management    |
| Michael Cogher         | - | Comptroller and City Solicitor                |
| Julie Mayer            | - | Town Clerk's Department                       |
| Commissioner Ian Dyson | - | City of London Police                         |
| Adrian Brook           | - | Moore Stephens (External Auditor)             |
| Tharshiha Thayabaran   | - | Moore Stephens (External Auditor)             |
| Leigh Lloyd-Thomas     | - | BDO (External Auditor)                        |
| Andrew Carter          | - | Director of Community and Children's Services |
| Chris Pelham           | - | Community and Children's Services             |
| Carolyn Dwyer          | - | Director of the Built Environment             |
| Richard Steel          | - | Department of the Built Environment           |
| Cllr David Lindsay     | - | (Royal Borough of Kensington and Chelsea)     |
| Wendy Mead             | - | Chief Commoner                                |

### **1. APOLOGIES**

Apologies were received from Alderman Nick Anstee (Deputy Chairman), Alderman Charles Bowman, Henry Colthurst and Alderman Peter Estlin.

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

- Mr Randall Anderson declared a disclosable pecuniary interest in respect of the minutes of the previous meeting (Item 4 – Fire Safety) by virtue of being a Long Leaseholder of a City of London Corporation property.
- Mr Alexander Barr declared a disclosable pecuniary interest in respect of agenda item 11 (City's Cash Financial Statements) by virtue of his employment with Aberdeen Standard Life.

3. **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 24 July 2017 were approved.

Matters arising

In respect of item 4 (Fire Safety), Members noted the following amendment; '*Officers should (not would) take Counsel's Opinion as to whether some of the additional safety works could be recharged to Leaseholders*'. The Director of Community and Children's Services confirmed that Counsel's opinion had been sought and the Audit and Risk Management Committee would receive an update at their next meeting.

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Members received a report of the Town Clerk in respect of the Committee's outstanding actions and noted the following item, which had been actioned and could be removed:

- HMIC - City of London Police Inspection update (on today's agenda)

5. **COMMITTEE WORK PROGRAMME**

Members received the Committee's Work Programme and noted a request for future updates to be as detailed as possible.

6. **INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP**

Members received a report of the Head of Internal Audit and Risk Management and noted that, since the previous Meeting, Internal Audit had implemented a revised process for monitoring recommendations; increasing the frequency of updates, accepting only evidenced recommendations as implemented and reinforcing the expectation of implementation by agreed target dates.

Members commended the new format as an excellent move forward but suggested that Chief Officers should be invited to attend the Audit and Risk Management Committee where they had not provided an adequate explanation of delayed implementation. There was a further suggestion that audit report recommendations be linked to Chief Officers' objectives at their annual appraisals.

RESOLVED, that – the report be noted.

## 7. **RISK MANAGEMENT UPDATE**

Members considered a report of the Chamberlain which provided an update on the corporate and top red departmental risk registers following the review by the Chief Officer Risk Management Group (CORMG) on 4 July 2017 and the Summit Group on 27 July 2017.

Members noted the following changes to the Corporate Risk Register since May 2017:

1. **CR20** Road Safety, moved from a risk score of red 16 to amber 12 (completed works at Bank Junction).
2. A new corporate risk **CR 24 Operational security** has been added to the register following approval by the Summit Group at their meeting on 27 July 2017. The Committee is asked to confirm the inclusion of this risk on the corporate risk register.

RESOLVED, that:

1. Corporate Risk CR24 (Operational Security) be added to the Corporate Risk Register.
2. The changes to 1 and 2 above, to both the Corporate and Top Red Departmental Risk Registers, be noted.

## 8.1 **ROAD SAFETY DEEP DIVE RISK REVIEW**

Members received a report of the Director of the Built Environment in respect of Corporate Risk CR20 (Road Safety).

During the discussion and questions on this item, the following points were highlighted:

- The success of radical intervention schemes such as Holborn Circus and Bank Junction and particularly the excellent plaudits for the Road Danger Reduction Programme. Bank Junction had been received positively by key stakeholders, the business community and the GLA. The relevant committees would receive a further report on the success of the scheme and further options in respect of the pilot.
- A campaign was underway on the needs of pedestrians and officers advised that there had been some evidence to suggest that changes to the physical environment might change behaviours.
- A Member suggested that more could be done for wheelchair and buggy users and whether initiatives such as different lighting schemes on pavements could be helpful?

- In respect of Bishopsgate, Members noted that this was a Transport for London (TfL) road and the City of London Corporation were working with its stakeholders to positively influence TfL decisions. Given the possibility of some 50,000 new pedestrians coming into the City over the next few years, Members asked to receive a report on the risk management aspect of Crossrail before it opened; noting that the Streets and Walkways Sub Committee would be considering this in greater detail.
- Whilst noting the reputational consequences, Members strongly agreed that pedestrian safety was paramount. However, Members were mindful of the behaviour of some pedestrians; i.e. inattention caused by looking at mobile phones whilst crossing roads. Officers advised that the Planning Committee had considered a model for pedestrian movements in the Eastern Cluster, which would be fed into the Local Plan Review.

RESOLVED, that – the report be noted.

## **8.2 SAFEGUARDING DEEP DIVE RISK REVIEW**

Members received a report of the Director of Community and Children's Services in respect of Corporate Risk CR17 (Safeguarding). Members were very pleased to note that Safeguarding in the City, for both Adults and Children's Services, was very robust and Ofsted had rated the City and Hackney Safeguarding Board as 'outstanding'. Members noted that the Safeguarding Board was independently chaired and therefore subject to very detailed scrutiny and challenge.

During the discussion the following points were noted:

- The City of London Corporation lead in mitigating the risks of child exploitation and financial abuse of vulnerable adults. The City Corporation's social workers worked closely with Health, Police and Voluntary Sector.
- Safeguarding was a standing item on Education and Multi Academy Trust Board meetings. The Designated Officer in Schools was required to report any safeguarding issues to the Multi Academy Trust and the Education Strategy Director. The Education Strategy Director conducted an Annual Review in all schools; updated every half term and, as part of the review, ensured that all staff and governors were trained in safeguarding and that safer recruitment procedures were in place. The Director stressed that he would rigorously challenge non-compliance and schools were required to complete training audits. Members noted that the above annual review was in addition to national requirements.
- Members noted the training offered to staff and governors, by way of induction, and were invited to observe a session. Staff and governors were also required to attend a 2-day comprehensive course on Safeguarding and Prevent, delivered by the London Borough of Hackney, drawing on their vast experience in these areas.

- The Multi Academy Trust had recently taken over a school in special measures, which had seen major improvements as a result of the City of London Corporation's intervention.
- Whilst the City Corporation did not have a legal responsibility for some of the schools within the Trust, the reputational risks of all schools with City of London Corporation endorsement were fully understood.
- The small size of the City's Safeguarding Team was an advantage as caseloads were kept at manageable levels and there was a very high quality of supervision. Members noted that failures in these areas often had severe impact. The City of London Corporation's Team were also able to build strong working relationships with colleagues across London; i.e. the Knowledge Transfer Programme; Pathfinder Teaching Partnerships and the City's team has capacity to conduct high level research. The Chairman of the Safeguarding Sub Committee was in attendance and endorsed this position and added that the size of the team was very advantageous to its working relationship with Hackney and in reducing silo working.

RESOLVED, that – the report be noted.

#### 9. **CITY FUND AND PENSION FUND FINANCIAL STATEMENTS - AUDIT COMPLETION REPORTS**

Members received a report of the Chamberlain, further to their consideration at the last meeting of the Committee, of the interim audit completion reports on the City Fund and Pension Fund financial statements for the year ending 31 March 2017. Members noted that, following completion of the audit, BDO LLP had issued their final report on the City Fund (at appendix 2 to the report) and that the overall change to the City Fund was increase in net assets of £2.5m, in relation to total net assets of £1.25 billion. Members also noted a summary of the changes to the City Fund balance sheet set out at Appendix 1 to the report and that there had been no changes to the Pension Fund. The audited statements were published on the City's website on the 29 September.

During the discussion the following points were noted:

- The External Auditors (BDO) were in attendance and confirmed a set of true and fair accounts. Members were pleased to note there had been no change in fees, which also reflected a good quality set of working papers and commended the Chamberlain and his team.
- In respect of the level of seized funds, Members noted that this was high as the seizures had resulted from economic crime. One case was likely to be particularly long and complex as the rightful recipients had not been identified.

- In respect of investment properties, there were 3 levels of valuation which made no difference to the values but carried a different level of disclosure. Members noted that Brexit would be noted as a 'subsequent event', with a level 2 or 3 disclosure.
- Finally, Members asked if officers could review navigations to the Statements of Accounts on the City of London Corporation Website.

RESOLVED, that – the report be noted.

**10. CITY'S CASH FINANCIAL STATEMENTS 2016/17**

Members considered a report of the Chamberlain in respect of the City's Cash Financial Statements for 2016/17.

Members were reminded that 2 briefing sessions had been arranged for all Members of the Court and the questions raised at those sessions had been tabled and would be circulated to all Members of the Audit and Risk Management and Finance Committees and those Members who attended the sessions. The External Auditors were in attendance and confirmed that they would be giving an unqualified opinion on the accounts. Members also noted that an unqualified opinion had been issued in respect of the Bridge House Estates Accounts, which members had received at the last meeting.

At the Briefings:

- Members had requested further background on the £4.5m for management fees on non-property investments, as related to both segregated and pooled mandates.
- Members wanted the wording on members expenses tightened, to reflect exactly what this includes.

In respect of 'Related Party Transactions', given the number of new Members this year, the Committee felt that completion rates had been very good. There were a couple of outstanding disclosures from officers and these would be followed up by promptly.

RESOLVED, that - the contents of Moore Stephens LLP Management Letter be noted and approval of the Annual Reports and Financial Statements for City's Cash for the year ended 31 March 2017, be recommended to the Finance Committee.

**11. CITY'S CASH TRUST FUNDS AND SUNDRY TRUST FUNDS ANNUAL REPORTS AND FINANCIAL STATEMENTS 2016/17**

Members considered a report of the Chamberlain in respect of the City's Cash Financial Statements for 2016/17.

RESOLVED, that - the contents of Moore Stephens LLP Management Letter be noted and approval of the Annual Reports and Financial Statements for City's Cash Trust Funds and the Sundry Trust Funds, for the year ended 31 March 2017, be recommended to the Finance Committee.

**12. FUTURE ARRANGEMENTS FOR THE APPOINTMENT/RE-APPOINTMENT OF EXTERNAL MEMBERS**

The Chairman was heard in respect of the appointment/re-appointment of the External Members of the Audit and Risk Management Committee. Members noted that Caroline Mawhood's second term as an external Member was due for renewal in March 2018. Members were very pleased at Ms Mawhood's willingness to serve again and noted the valuable contribution she made to the Committee and particularly on the Auditor Appointment Panel and in her recent appointment to the Police Performance Sub Committee.

Members were reminded that CIPFA Guidance recommended that External Members should not serve more than 3 terms and therefore the Chairman suggested that, at the first Committee Meeting of the Municipal Year, Members be asked to appoint a Nominations Committee to consider future External Member appointments. Members also noted that 3 terms of 3 years was accepted good practice for charity trusts.

RESOLVED, that:

1. Caroline Mawhood's appointment as an External Member of the Audit and Risk Management Committee be recommended for a third time, subject to formal approval by the Court of Common Council.
2. The Committee receive a report of the Town Clerk to the January Committee seeking to appoint a Nominations Panel, at the first meeting of the Municipal Year, to consider future appointments of External Members.

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

There were no questions.

**14. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

The Chairman suggested and Members agreed that, going forward, it might be prudent to consider just one Risk Challenge Session before the Committee rather than 2. The Town Clerk agreed to canvass members as to the following options:

- Keeping the sessions at 12 noon.
- Moving the sessions to 1pm, with a Working Lunch.
- Moving the sessions to the rising of the Audit and Risk Management Committee.

**15. EXCLUSION OF THE PUBLIC**

RESOLVED, that – the 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 may involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act.

Item no(s)  
16 – 19

Paragraph No (s)  
3

**16. DEMAND AND VALUE FOR MONEY REVIEW - SHORT TERM RECOMMENDATIONS AND NEXT STEPS; INCLUDES INDICATIVE TIMELINE**

Members received a report of the Commissioner, City of London Police.

**17. DEMAND AND VALUE FOR MONEY REVIEW**

Members received a report of the Commissioner, City of London Police.

**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 was one item considered while the public were excluded.

**The meeting ended at 4pm**

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Chairman

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