



Audit and Risk Management Committee

Date: MONDAY, 13 MAY 2024
Time: 11.00 am
Venue: COMMITTEE ROOMS, GUILDHALL

Members: Deputy Randall Anderson
Alderman Alexander Barr
Deputy Christopher Boden
Alderman Prem Goyal, OBE
Deputy Elizabeth King BEM JP
Alderman and Sheriff Bronek Masojada
Judith Pleasance
Karen Sanderson (External Member)
Ruby Sayed
Naresh Hari Sonpar
Dan Worsley (External Member)
Gail Le Coz (External Member)
Alderman Kawsar Zaman

Enquiries: Ben Dunleavy
ben.dunleavy@cityoflondon.gov.uk

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<https://www.youtube.com/@CityofLondonCorporation/streams>

A recording of the public meeting will be available via the above link following the end of the public meeting for up to one civic year. Please note: Online meeting recordings do not constitute the formal minutes of the meeting; minutes are written and are available on the City of London Corporation's website. Recordings may be edited, at the discretion of the proper officer, to remove any inappropriate material.

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Ian Thomas CBE
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**

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

3. **ORDER OF THE COURT**

To receive the Order of the Court of Common Council dated 25 April 2024 appointing the Committee and setting its Terms of Reference.

For Information
(Pages 5 - 6)

4. **ELECTION OF A CHAIR**

To elect a Chair in accordance with Standing Order 29.

For Decision

5. **ELECTION OF DEPUTY CHAIRS**

To elect a Deputy Chair in accordance with Standing Order 30 and an External Deputy Chair in accordance with a convention adopted by the Committee on 6 March 2018.

For Decision

6. **MINUTES OF THE PREVIOUS MEETING**

To agree the public minutes and non-public summary of the previous meeting held on 26 February 2024.

For Decision
(Pages 7 - 12)

7. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Member are asked to note the Committee's Outstanding Actions List.

For Information
(Pages 13 - 14)

8. **COMMITTEE WORK PROGRAMME**
Member are asked to note the Committee's Work Programme.
For Information
(Pages 15 - 22)
9. **APPOINTMENT OF SUB-COMMITTEES**
Report of the Deputy Town Clerk.
For Decision
(Pages 23 - 28)
10. **ANNUAL GOVERNANCE STATEMENT (CITY FUND) 2023/24**
Report of the Chief Strategy Officer.
For Decision
(Pages 29 - 32)
11. **HEAD OF INTERNAL AUDIT ANNUAL OPINION**
Report of the Chamberlain.
For Decision
(Pages 33 - 40)
12. **CITY OF LONDON CORPORATION RISK MANAGEMENT STRATEGY 2024-2029**
Report of the Chief Strategy Officer.
For Decision
(Pages 41 - 46)
13. **CITY FUND AND PENSION FUND STATEMENT OF ACCOUNTS UPDATE**
Report of the Chamberlain.
For Information
(Pages 47 - 50)
14. **INTERNAL AUDIT UPDATE**
Report of the Chamberlain.
For Information
(Pages 51 - 54)
15. **ANTI-FRAUD & INVESTIGATIONS - 2023/24 ANNUAL REPORT**
Report of the Chamberlain.
For Information
(Pages 55 - 60)

16. **RISK MANAGEMENT UPDATE**

Report of the Chief Strategy Officer.

For Decision
(Pages 61 - 68)

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

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

19. **EXCLUSION OF THE PUBLIC**

MOTION, 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.

For Decision

Part 2 - Non-Public Agenda

20. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**

To agree the non-public minutes of the previous meeting held on 26 February 2024.

For Decision
(Pages 69 - 70)

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

22. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

Agenda Item 3

MAINELLI, Mayor	RESOLVED: That the Court of Common Council holden in the Guildhall of the City of London on Thursday 25 th April 2024, doth hereby appoint the following Committee until the first meeting of the Court in April, 2025
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AUDIT & RISK MANAGEMENT COMMITTEE

1. **Constitution**

A Non-Ward Committee consisting of,

- ten Members elected by the Court of Common Council* at least one of whom shall have fewer than five years' service on the Court at the time of their appointment
- three external representatives (i.e. non-Members of the Court of Common Council with no voting rights)
- the Chairman and Deputy Chairman of the Finance Committee or their representatives (ex-officio with no voting rights)
- a representative of the Policy & Resources Committee (ex-officio with no voting rights)

**NB:- The Chairmen of the Policy and Resources, and Finance Committees are not eligible for election to this Committee and the Deputy Chairman of the Audit & Risk Management Committee for the time being may not be a Chairman of another Committee.*

From April 2017 onwards, Members of the Court of Common Council are appointed for terms of three years. The maximum continuous period of service (except when serving as Chairman or Deputy Chairman) shall be nine years in any twelve-year period.

The Committee shall also have a second Deputy Chairman, appointed from the External Membership of the Committee.

2. **Quorum**

The quorum consists of five Members i.e. at least three Members elected by the Court of Common Council and at least one external representative.

3. **Membership 2024/25**

- 8 (3) Alexander Robertson Martin Barr, Alderman
- 3 (3) Bronek Masojada, Alderman
- 3 (3) Judith Pleasance
- 5 (3) Ruby Sayed
- 3 (3) Naresh Sonpar
- 8 (2) Randall Anderson, Deputy
- 8 (2) Christopher Boden, Deputy
- 5 (2) Alderman Prem Goyal OBE JP, Alderman
- 1 (1) Elizabeth King BEM JP, Deputy
- 1 (1) Kawsar Zaman, Alderman

together with three external representatives :-

Dan Worsley (*appointed for a three-year term expiring in April 2026*)

Gail Le Coz (*appointed for a three-year term expiring in April 2027*)

Karen Sanderson (*appointed for a three-year term expiring in April 2025*)

and together with the Members referred to in paragraph 1.

4. **Terms of Reference**

Audit

- (a) To consider and approve the annual External Audit Plan.
- (b) To commission and to receive reports from the Chief Internal Auditor on the extent that the City of London Corporation can rely on its system of internal control and to provide reasonable assurance that the City of London Corporation's objectives will be achieved efficiently and within any time expectations set.
- (c) To meet with the external auditors as necessary prior to the presentation of the Accounts to the Court, consider the audited annual accounts of the City Fund and the various non-local authority funds (other than for Bridge House Estates) to receive and consider the formal reports, letters and recommendations of the City of London Corporation's external auditors (other than for Bridge House Estates) and to make recommendations relating to the approval of the accounts to the Finance Committee (other than for Bridge House Estates).
- (d) To report back, as necessary and at least annually, to the Court of Common Council.

- (e) To appoint an Independent Audit Panel to make recommendations on the appointment of external auditors to the Court of Common Council.

Risk Management

- (f) To monitor and oversee the City of London Corporation's risk management strategy and to be satisfied that the City Corporation's assurance framework properly reflects the risk environment and that the risk management framework for the identification and mitigation of existing and emerging risks is robust and effective.
- (g) To receive an annual report from the Head of Internal Audit, to include a review of the effectiveness of the City of London's risk management strategy.
- (h) To consider and report back to the Court on any risks related to all governance and value for money issues arising from the operational activities of the City Corporation.
- (i) To undertake periodic reviews of the risk management procedures, financial capabilities, controls, and safeguarding procedures of the City of London School, the City of London School for Girls, the City of London Freemens' School, the City of London Academies Trust (including its embedded academies) and the City Academies which are free-standing entities.

Anti-Fraud and Anti-Corruption Arrangements

- (j) To monitor and oversee the City of London Corporation's anti-fraud and anti-corruption arrangements.

AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 26 February 2024

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall, EC2 on Monday, 26 February 2024 at 11.00 am

Present

Members:

Alderman Prem Goyal, OBE (Chairman)
Gail Le Coz (Deputy Chairman)
Naresh Hari Sonpar (Deputy Chairman)
Deputy Randall Anderson
Alderman Alexander Barr
Alderman and Sheriff Broniek Masojada
Dan Worsley (External Member)

Officers:

Caroline Al-Beyerty	- Chamberlain's Department
Dionne Corradine	- Chief Strategy Officer
Alison Littlewood	- Chief People Officer
Kate Limna	- Chamberlain's Department
Matthew Lock	- Chamberlain's Department
Daniel Peattie	- Chamberlain's Department
Liton Rahman	- Chamberlain's Department
Sonia Virdee	- Chamberlain's Department
Nathan Omane	- City Bridge Foundation
John Galvin	- City Surveyor's Department
Peter Young	- City Surveyor's Department
Alan Bennetts	- Comptroller and City Solicitor's Department
Daniel O'Byrne	- Innovation and Growth
Simi Shah	- Innovation and Growth
Ben Dunleavy	- Town Clerk's Department
Olivia Plunkett	- Town Clerk's Department
Tabitha Swann	- Town Clerk's Department

Also in attendance

Sophia Y Brown	- Grant Thornton
Paul Dossett	- Grant Thornton

1. APOLOGIES

Apologies for absence were received from Deputy Christopher Boden, Deputy Henry Colthurst, Karen Sanderson and Ruby Sayed.

Judith Pleasance and Paul Singh observed the meeting virtually.

The Chairman informed the Committee that two reports had been circulated as late papers. These related to the Statement of Accounts for both City Fund and City's Estate, and the Chairman hoped that Members would support moving these up the agenda, to be considered after item 6. The Committee supported this change.

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**

The public minutes and non-public summary of the previous meeting held on 6 November 2023 were approved as a correct record.

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Members received the Committee's list of outstanding actions.

At the request of the Deputy Chair (External), officers undertook to add RAG ratings to the outstanding actions.

The Chief Strategy Officer provided an update on several actions. Members noted that officers would provide an update on the donated assets item at the Committee's May meeting.

5. **COMMITTEE WORK PROGRAMME**

Members received the Committee's work programme.

6. **EXTERNAL MEMBER - RE-APPOINTMENT**

The Town Clerk informed the Committee that the Nominations and Effectiveness Sub-Committee had met immediately before the Committee meeting, to consider the reappointment of Gail Le Coz. While the Sub-Committee meeting had been inquorate, the Chairman and Deputy Chair (Court) were supportive of the reappointment.

Accordingly, Members were asked to support a recommendation to the Court of Common Council that Gail Le Coz be reappointed to a second three-year term.

RESOLVED, that – Members recommend the reappointment of Gail Le Coz as an External Member of the Audit and Risk Management Committee for a second three-year term, expiring April 2027, to the Court of Common Council for approval.

7. **CITY FUND STATEMENT OF ACCOUNTS UPDATE**

Members received a report of the Chamberlain concerning the City Fund Statement of Accounts.

The Chamberlain and the external auditors took the Committee through the highlights in the Statement of Accounts.

Following discussion, the Deputy Chair (External) requested that officers provide updates on how the recommendations made by the auditors were being implemented.

RESOLVED, that – Members:

- a) Recommend approval of the 2022-23 Statement of Accounts to Finance Committee.
- b) Delegate authority to the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee, approval of any material changes to the financial statements required before the signing of the audit opinion by Grant Thornton, which is expected on 26th February 2024.
- c) Consider the Audit Progress Report for the City Fund 2022-23 as set out in Appendix 2.
- d) Consider the Auditor's Annual Audit Report 2022-23 as set out in Appendix 3

8. CITY'S ESTATE STATEMENT OF ACCOUNTS

Members received a report of the Chamberlain concerning the City's Estate Statement of Accounts.

RESOLVED, that – Members note the progress made on the audit of the Annual Report and Financial Statements for City's Estate, and for the Open Spaces and Sundry Trusts.

9. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY (RELATING TO TREASURY MANAGEMENT) 2024/25

Members received a report of the Chamberlain concerning treasury management.

RESOLVED, that – the report be received and its contents noted.

10. INTERNAL AUDIT UPDATE

Members received a report of the Chamberlain providing an update on the work of Internal Audit.

Members sought assurance that the ratings on the Barbican Estate Office would be followed up on, noting the concerns of affected residents. In reply, officers said that the Executive Director of Community and Children's Services had given a full commitment to implement Internal Audit's recommendations, and it was the role of the relevant service committees to oversee this implementation.

RESOLVED, that – the report be received and its contents noted.

11. RISK MANAGEMENT UPDATE

Members received a report of the Chief Strategy Officer providing an update on risk management.

Officers in the Innovation & Growth Department provided a verbal update on CR30 Climate Action.

The Chief Strategy Officer provided Members with an update on actions following the fire incident at the Central Criminal Court.

RESOLVED, that – Members note:

- This report and the corporate and top red departmental risk registers attached. Since the previous update:
 - The total number of corporate risks has reduced to 14. CR17 Safeguarding has been removed from the Corporate Risk Register (with Chief Officers ensuring safeguarding risks are appropriately captured, mitigated and overseen at a local level).
 - The likelihood of CR36 Protective Security and CR39 Recruitment and Retention has been reduced so both now have a rating of Amber 12.
 - The number of departmental red risks has decreased from 21 to 18. Three risks have been added to the register and six risks have been removed (two deactivated and four de-escalated). A summary of the top red departmental risks is at Appendix 3.
- The briefing note on the work of the Reinforced Autoclaved Aerated Concrete (RAAC) Working Group.
- The continuing work on the Risk Appetite Review and the updating of the Risk Management Policy – both of which are due to be reported back to the Committee at their next meeting (May).
- The verbal update on CR30 Climate Action given by officers from Innovation & Growth, as requested by Members at the November 2023 Committee meeting.

12. DEEP DIVE RISK REVIEWS

12.1 CR16 Information Security and CR33 Major Capital Schemes

Members received a report of Chamberlain concerning two corporate risks.

RESOLVED, that – the reports be received and their contents noted.

12.2 CR35 Unsustainable Medium-Term Finances - City Fund, CR37 Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets) and CR38 Unsustainable Medium-Term Finances - City's Cash

Members received a report of Chamberlain concerning three corporate risks.

RESOLVED, that – the reports be received and their contents noted.

12.3 CR39 Recruitment and Retention

Members received a report of Chamberlain concerning a corporate risk.

RESOLVED, that – the reports be received and their contents noted.

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 Town Clerk provided an update on the status of the Effectiveness and Skills Audit that Members had been asked to complete, noting that only six responses had been received. The Chairman said that this was an extremely important exercise in understanding how the Committee was operating, and in informing the future recruitment of Members, and urged Members to complete the surveys.

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 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

16. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

The non-public minutes of the meeting held on 6 November 2023 were approved as a correct record.

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

There was one question in the non-public session.

18. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED

There were two items of non-public business.

The meeting ended at 12.33 pm

Chairman

Contact Officer: Ben Dunleavy
ben.dunleavy@cityoflondon.gov.uk

AUDIT AND RISK MANAGEMENT COMMITTEE – Action Tracker – February 2024

Items from meeting held 22 November 2022			
ITEM	Action	Officer and target date	RAG Rating
12. Any Other Business	Ensure that existing risk appetite levels are reviewed, along with broader stance on risk appetite and handling moving forwards, with a section on risk appetite to be added to the Annual Governance Statement moving forwards.	Chief Strategy Officer 31 March 2024	A Risk Culture and Appetite Review has been completed – see the report at item 15

Items from meeting held 10 July 2023			
ITEM	Action	Officer and target date	
8. Internal Audit Charter	Include information on next year's Audit Plan in the covering report for the Internal Audit Annual Report.	Head of Internal Audit – May 2024	Information on this, including the resourcing impact, is included in the report
11. Risk Management Update	Carry out a Deep Dive on CR39 Recruitment and Retention	Head of Internal Audit – February 2024	This was included on the February agenda
15. Non-Public Minutes	Investigate governance structures for donated assets	Chief Strategy Officer – May 2024	An update is provided in the Risk Management update report

Items from meeting held 6 November 2023			
ITEM	Action	Officer and target date	
13. Risk Management Update	Arrange for the Executive Director of Innovation & Growth to attend a future meeting to discuss CR30	Chief Strategy Officer – February 2024	Senior I&G officers attended the February meeting
18. Non-Public Questions	Arrange meeting with the Chairs of the City School Boards on financial controls	Head of Internal Audit – February 2024	The diaries of the relevant Members

AUDIT AND RISK MANAGEMENT COMMITTEE – Action Tracker – February 2024

			did not allow a meeting to be set up
	Report on fraud allegations to set out clear recommendations that the Community and Children’s Services Committee can take up to allow oversight	Head of Internal Audit	Head of Internal Audit contacted all Committee Members following the February meeting

Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

13 May 2024	
Work Item	Link to CIPFA Position Statement
Draft Annual Governance Statement (decision) In accordance with the Accounts and Audit Regulations (2015), the Committee should review and feed into the Annual Governance Statement. Note that this is a requirement only for City Fund activity.	Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.
Head of Internal Audit Annual Opinion (information) Annual report of the Head of Internal Audit providing an overall opinion on the adequacy and effectiveness of the Internal Control Environment, Risk Management and Governance arrangements, as required by the Public Sector Internal Audit Standards.	In relation to the authority's internal audit functions: <ul style="list-style-type: none">▪ oversee its independence, objectivity, performance and conformance to professional standards▪ support effective arrangements for internal audit▪ promote the effective use of internal audit within the assurance framework.
Internal Audit Update Report (information) Regular (approx. quarterly) update from the Head of Internal Audit, covering: <ul style="list-style-type: none">▪ key findings from work completed during the period since the last Committee update (including recommendation follow-up)▪ status update for work in progress▪ intended programme of work for the period up to the next Committee update	

Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

<p>City Fund and Pension Fund Statement of Accounts Update (information)</p>	<p>Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.</p> <p>Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.</p> <p>Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.</p>
<p>Counter Fraud and Investigations 12 Month Report (information) Report summarising the outcomes from Counter Fraud and Investigation activity for the 12 months from April to March.</p>	<p>Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.</p>
<p>Risk Management Strategy (Decision) Risk management objectives to be delivered through an agile and robust risk manage strategy, in alignment with organisational ambitions</p>	<p>Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.</p>
<p>Risk Management Update (information) Annexes included:</p> <ul style="list-style-type: none"> ▪ Full Corporate Risk Register (first meeting of new municipal year) ▪ Summary report of corporate risks ▪ Summary report of red departmental risks 	

Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

8 July 2024	
Work Item	Link to CIPFA Position Statement
<p>Annual Report of the Committee (decision) To be prepared following a self-evaluation of the effectiveness of the Committee, to be approved by the Committee before presentation to the Court of Common Council.</p>	Report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.
<p>Internal Audit Update Report (information) Regular (approx. quarterly) update from the Head of Internal Audit, covering:</p> <ul style="list-style-type: none"> ▪ key findings from work completed during the period since the last Committee update (including recommendation follow-up) ▪ status update for work in progress ▪ intended programme of work for the period up to the next Committee update 	<p>In relation to the authority’s internal audit functions:</p> <ul style="list-style-type: none"> ▪ oversee its independence, objectivity, performance and conformance to professional standards ▪ support effective arrangements for internal audit ▪ promote the effective use of internal audit within the assurance framework.
<p>Internal Audit Charter (information) Report of the Head of Internal Audit, setting out the Internal Audit Charter. The Public Sector Internal Audit Standards require an annual review of the Charter.</p>	
<p>New Internal Audit Standards (information)</p>	

Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

<p>Corporate Risk In-Depth Review (information)</p> <p>Report of the Head of Internal Audit covering findings from the programme of Corporate Risk Assurance Work undertaken by Internal Audit in consultation with the Corporate Strategy and Performance Team. Corporate Risks are reviewed on a rolling basis as minimum coverage, noting that the sequencing may be determined by proximity of risk, changing risk profile or other relevant factors.</p>	<p>Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.</p>
<p>Risk Management Update (information)</p> <p>Annexes included:</p> <ul style="list-style-type: none">▪ Corporate Risk register above appetite▪ Summary report of corporate risks▪ Summary report of red departmental risks	
<p>CBF External Audit Plan (information)</p> <p>External Audit planning for City Bridge Foundation</p>	<p>Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.</p> <p>Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.</p> <p>Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.</p>

Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

23 September 2024	
Work Item	Link to CIPFA Position Statement
<p>Draft City's Estate Accounts (decision) Annual review of the Financial Statements for City's Estate</p>	<p>Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.</p> <p>Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.</p> <p>Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.</p>
<p>Draft City Fund Accounts (decision) Annual review of the Financial Statements for City Fund</p>	
<p>Draft City Bridge Foundation Annual Report and Financial Statements (decision) Annual Review of the Annual Report and Financial Statements for City Bridge Foundation.</p>	
<p>Draft Sundry Trusts Annual Report and Financial Statements (Decision) Annual review of the Financial Statements for the Sundry Trusts</p>	<p>In relation to the authority's internal audit functions:</p> <ul style="list-style-type: none"> ▪ oversee its independence, objectivity, performance and conformance to professional standards ▪ support effective arrangements for internal audit ▪ promote the effective use of internal audit within the assurance framework.
<p>Internal Audit Update Report (information) Regular (approx. quarterly) update from the Head of Internal Audit, covering:</p> <ul style="list-style-type: none"> ▪ key findings from work completed during the period since the last Committee update (including recommendation follow-up) ▪ status update for work in progress ▪ intended programme of work for the period up to the next Committee update 	

Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

<p>Internal Audit Conformance with Public Sector Internal Audit Standards (information)</p> <p>Report of the Head of Internal Audit following completion of an assessment of conformance with the Public Sector Internal Audit Standards, the standards require an annual self-assessment supported by a periodic External Quality Assessment.</p>	<p>In relation to the authority’s internal audit functions:</p> <ul style="list-style-type: none"> ▪ oversee its independence, objectivity, performance and conformance to professional standards ▪ support effective arrangements for internal audit ▪ promote the effective use of internal audit within the assurance framework.
<p>Corporate Risk In-Depth Review (information)</p> <p>Report of the Head of Internal Audit covering findings from the programme of Corporate Risk Assurance Work undertaken by Internal Audit in consultation with the Corporate Strategy and Performance Team. Corporate Risks are reviewed on a rolling basis as minimum coverage, noting that the sequencing may be determined by proximity of risk, changing risk profile or other relevant factors.</p>	<p>Consider the effectiveness of the authority’s risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.</p>
<p>Risk Management Update (information)</p> <ul style="list-style-type: none"> ▪ Summary report of corporate risks ▪ Summary report of red departmental risks 	
<p>Counter Fraud and Investigations 6 Month Report (information)</p> <p>Report summarising the outcomes from Counter Fraud and Investigation activity for the 6 months from April to September.</p>	<p>Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority’s exposure to the risks of fraud and corruption.</p>

Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

4 November 2024	
Work Item	Link to CIPFA Position Statement
<p>Internal Audit Update Report (information)</p> <p>Regular (approx. quarterly) update from the Head of Internal Audit, covering:</p> <ul style="list-style-type: none"> ▪ key findings from work completed during the period since the last Committee update (including recommendation follow-up) ▪ status update for work in progress <p>intended programme of work for the period up to the next Committee update</p>	<p>In relation to the authority’s internal audit functions:</p> <ul style="list-style-type: none"> ▪ oversee its independence, objectivity, performance and conformance to professional standards ▪ support effective arrangements for internal audit ▪ promote the effective use of internal audit within the assurance framework.
<p>Risk Management Update (information)</p> <ul style="list-style-type: none"> ▪ Summary report of corporate risks ▪ Summary report of red departmental risks 	<p>Consider the effectiveness of the authority’s risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.</p>
<p>Corporate Risk In-Depth Review (information)</p> <p>Report of the Head of Internal Audit covering findings from the programme of Corporate Risk Assurance Work undertaken by Internal Audit in consultation with the Corporate Strategy and Performance Team. Corporate Risks are reviewed on a rolling basis as minimum coverage, noting that the sequencing may be determined by proximity of risk, changing risk profile or other relevant factors.</p>	<p>Consider the effectiveness of the authority’s risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.</p>

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Committee Audit and Risk Management Committee	Dated: 13 May 2024
Appointment of Sub-Committees	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	n/a
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Deputy Town Clerk	For Decision
Report author: Ben Dunleavy, Governance Officer	

Summary

This report asks the Audit and Risk Management Committee to appoint the Nominations and Effectiveness Sub-Committee and approve its composition and Terms of Reference; and to appoint one Member to serve on the Resource, Risk and Estates Committee of the Police Authority Board.

Recommendations

The Committee is asked to:

1. agree the appointment of the Nominations and Effectiveness Sub-Committee, and consider its composition and Terms of Reference; and,
2. appoint one Member to the Resource, Risk and Estates Committee of the Police Authority Board.

Main Report

1. The purpose of this report is to consider the appointment of the Nominations and Effectiveness Sub Committee for 2024/25 and to approve its composition and Terms of Reference. Additionally, the Audit and Risk Management Committee is asked to appoint one of its Members to serve on the Resource, Risk and Estates Committee of the Police Authority Board.

Nominations and Effectiveness Sub-Committee

2. At your Committee on 16 January 2018, Members agreed to establish a Nominations Sub-Committee. The composition of the Sub-Committee was amended at the May 2022 meeting to include both Deputy Chair roles as members.
3. The Sub-Committee was renamed the Nominations and Effectiveness Committee in January 2023, and its terms of reference revised, to give it a clearer remit over reviewing the effectiveness of the Committee and its members (see background reports). The current composition and Terms of Reference are included at Appendix 1.
4. Sub Committee meetings are arranged as and when required, including for the purposes of reviewing applications and interviewing candidates, with the terms of reference stating that it must meet no less than two times a year.

Resource, Risk and Estates Committee of the Police Authority Board

5. The Committee appoints one Member to serve on the Resource, Risk and Estates Committee of the Police Authority Board. Deputy Randall Anderson served as the Committee's appointee in 2023/24.
6. Members have been asked to indicate whether they wish to serve on this Sub-Committee. The current terms of reference and composition of the Resource, Risk and Estates Committee are listed at Appendix 2, along with the meeting dates for the next civic year.

Conclusion

7. Members are asked to note the contents of this report and consider the appointments, composition and Terms of Reference as set out in the recommendations and appendices.

Appendices

- Appendix 1 – Terms of Reference and Composition of the Nominations and Effectiveness Sub-Committee of the Audit and Risk Management Committee
- Appendix 2 – Terms of Reference and Composition of the Resource, Risk and Estates Committee of the Audit and Risk Management Committee

Ben Dunleavy

Governance Officer E: ben.dunleavy@cityoflondon.gov.uk

APPENDIX 1

Terms of Reference and Composition of the Nominations and Effectiveness Sub Committee

Membership: 6 Members, including the Chairman and Deputy Chairs of the Grand Committee and at least one External Member to give an independent perspective.

- 2023/25 Membership:
 - Alderman Prem Goyal (Committee Chairman)
 - Gail Le Coz (Deputy Chair)
 - Naresh Sonpar
 - Rehana Ameer
 - Alderman Bronek Masojada
 - Karen Sanderson
 - Paul Singh

Meeting frequency: to meet no less than two times a year

1. To make recommendations to the Audit and Risk Management Committee on the appointment of all External Members to that Committee.
2. To consider the most appropriate way to recruit External Members to the Audit and Risk Management Committee, including the placing of advertisements or the use of personal contacts.
3. To consider proactively potential External Member talent outside of the recruitment cycle which naturally arises on the expiry of any current External Members' term, such that the City Corporation can engage at early stage with interested parties.
4. To promote the role of the Audit and Risk Management Committee to Members of the Court such that a wide pool of future Committee Member talent can be identified and encouraged to consider putting themselves forward as Members of the Committee.
5. To consider the aggregate skills and capability of the Audit and Risk Management Committee by reference to a periodically compiled skill matrix in order that Member training and development needs can be effectively established and actioned.

n.b. The Sub Committee will have advisory powers only and make recommendations on nominations to the grand Committee.

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Appendix 2

Resource, Risk and Estates Committee

Composition

- Up to six Members of the Police Authority Board appointed by the Police Authority Board, in addition to the Chair and Deputy Chair;
- One co-opted Member to be appointed by the Audit and Risk Management Committee; and
- Up to two co-opted Members of the Court of Common Council to be appointed by the Police Authority Board.
- The Chair of Finance Committee or their nominee.
- Up to two external independent members, to be appointed by the Police Authority Board.

Frequency of meetings

- The Committee shall meet four times per annum.

Quorum

Three Members (of which at least two must be Common Councillors).

Terms of Reference

To be responsible for:

- a) monitoring and challenging City of London Police's use of resources to deliver its strategic priorities efficiently and effectively
- b) overseeing City of London Police's financial management including monitoring in-year financial performance against revenue and capital budgets, scrutiny of proposed revenue and capital budgets and the Medium Term Financial Plan;
- c) overseeing the City of London Police's human resource management including strategic workforce planning and establishment strength;
- d) overseeing commercial projects and major change programmes and scrutinising capital spend and other investment to ensure value for money;
- e) monitoring the corporate risks and mitigations of the City of London Police and Police Authority;
- f) scrutinising internal audit reporting and implementation of recommendations; and
- g) scrutinising police estates strategy requirements to ensure effective delivery of services that meet community needs.

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Committee(s): Audit & Risk Management	Dated: 13 May 2024
Subject: Annual Governance Statement (City Fund) 2023/24	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	All
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Chief Strategy Officer	For Decision
Report author: Barbara Hook, Town Clerks Department	

Summary

This report presents the Annual Governance Statement (AGS) 2023/24, which is published alongside the 2023/24 City Fund and Pension Fund Statement of Accounts, as required by the Accounts and Audit (England) Regulations 2015 and prepared in accordance with practice guidance: “Delivering Good Governance in Local Government” (issued jointly by the Society of Local Authority Chief Executives and Senior Managers and the Chartered Institute of Public Finance and Accountancy).

Recommendation(s)

Members are asked to:

- Consider and approve the AGS, at Appendix 1, for signing by the Chair of the Policy and Resources Committee and the Town Clerk and Chief Executive
- Note that the AGS will be published alongside the 2023/24 City Fund and Pension Fund Statement of Accounts
- Delegate authority to the Town Clerk, in consultation with the Chairman and Deputy Chairmen of this Committee, to amend the AGS for any relevant significant events or developments that occur prior to the date on which the Statement of Accounts is signed by the Chamberlain.

Main Report

Background

1. This report presents the City Corporation's Annual Governance Statement (AGS) (City Fund) 2023-24, required by The Accounts and Audit (England) Regulations 2015 which apply to the City of London's City Fund activities. Specifically, as an audited body, the City Corporation must conduct a review each financial year of the effectiveness of its system of internal control and publish an AGS, alongside the authority's Statement of Accounts.
2. The Chartered Institute of Public Finance and Accountancy (CIPFA), in association with the Society of Local Authority Chief Executives and Senior Managers (SOLACE), publishes a Delivering Good Governance in Local Government: Framework and an accompanying guidance note, which represents the proper practice guidance in relation to this.
3. The AGS must be signed by the most senior officer (Chief Executive or equivalent) and the most senior Member (Leader or equivalent). Following a resolution of this Committee in March 2012, the Policy and Resources Committee approved a report on the process for producing the AGS, and approved the practice whereby the AGS is approved by this Committee and signed by the Chairman of the Policy and Resources Committee.
4. The Audit and Risk Management Committee has a key role within the 'review of effectiveness' of the City's governance framework, including the system of internal control. One of its prime responsibilities is to review the work of the internal auditors, consider the risk management framework, and consider comments made by the external auditors and other review agencies and inspectorates.

Current Position

5. The intended purpose of the AGS is to describe what steps the organisation has taken to evaluate the adequacy and effectiveness of its systems of governance and provide an overall conclusion thereon.
6. The AGS at Appendix 1 seeks to enable public accessibility and to help drive improvement in the Corporation's overall effectiveness, as allowed for by CIPFA guidance. Changes to the AGS format for the 2023-24 year are the addition of more performance indicators (paragraph 10) and detail on the identified actions that are to be taken during 2024-25 year and the Chief Officer who has Lead responsibility (paragraph 43). All Chief Officers will contribute to the delivery of these actions. The Chief Officer with Lead responsibility will ensure that delivery is joined up across the City Corporation.
7. The AGS was reviewed by the Executive Leadership Board in April 2024.
8. In accordance with the practice adopted in previous years, Members are asked to delegate authority to the Town Clerk, in consultation with the Chairman and

Deputy Chairmen of this Committee, to amend the AGS for any relevant significant events or developments that occur prior to the date on which the Statement of Accounts is signed by the Chamberlain. Publication of the Statement of Accounts is due by 31st May.

Corporate & Strategic Implications

Strategic implications – Publication of an Annual Governance Statement (City Fund) alongside the Annual Statement of Accounts (City Fund) is a statutory requirement and, as such, supports delivery of the Corporate Plan outcomes.

Financial implications - None

Resource implications - None

Legal implications - None

Risk implications - None

Equalities implications – None

Climate implications - None

Security implications - None

Conclusion

9. Members are asked to consider and approve the AGS, prepared in accordance with the requirements of The Accounts and Audit Regulations 2015 and associated recognised practice guidance. Once approved by this Committee, the AGS will be presented to the Town Clerk and Chief Executive and Chair of Policy and Resources for signature and will subsequently be published alongside the financial statements for the City Fund and Pension Fund.

Appendices

- Appendix 1 – Draft Annual Governance Statement (City Fund) 2023-24

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Committee(s)	Dated:
Audit and Risk Management Committee	13/05/2024
Subject: Head of Internal Audit Annual Opinion	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: the Chamberlain	For Decision
Report author: Matt Lock	

Summary

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide the Audit and Risk Management Committee with an annual Internal Audit opinion on the effectiveness of the organisation’s system of internal control and arrangements for governance and risk management.

The following opinion is provided for the 12 months ended 31 March 2024:

*“On the basis of Internal Audit work undertaken in 2023/24, I am able to draw a reasonable conclusion as to the adequacy and effectiveness of the City’s risk management, control and governance processes. In my opinion, **the City has adequate and effective systems of internal control in place to manage the achievement of its objectives.** In giving this opinion, it should be noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in risk management, governance and control processes. The matters raised by Internal Audit are only those which came to my attention during the course of our Internal Audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.*

Notwithstanding the overall opinion, Internal Audit’s work identified a number of opportunities for improving controls and procedures which are documented in each individual audit report to management.”

Recommendation(s)

Members are asked to:

- Note the report and the opinion provided by the Head of Internal Audit.
- Consider the proposal of the Head of Internal Audit to request additional funding of £165k to expand and enhance the programme of Internal Audit work.

Main Report

Background

1. The Accounts and Audit Regulations 2015 came into effect on 1 April 2015 and require the City to undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards and associated guidance.
2. The professional responsibilities of Internal Auditors are set out within the Public Sector Internal Audit Standards (PSIAS) produced by the Internal Audit Standards Advisory Board. Supplementary guidance is also provided by CIPFA in their "Local Government Application Note".
3. The work of Internal Audit forms the basis of an Annual Head of Internal Audit Opinion which is part of the framework of assurances that is received by the City of London Corporation and helps to inform the Annual Governance Statement. Internal Audit also has an independent and objective role to support management in improving governance, control and risk management through the provision of advice and guidance.
4. This report summarises the overall outcomes from Internal Audit work during 2023/24, represented in the Internal Audit Dashboard at Appendix 1. The report does not include detail in relation to the findings of individual audit reviews, as previously reported to the Audit and Risk Management Committee during the year as part of the routine Internal Audit Update reports.

Basis of Annual Opinion

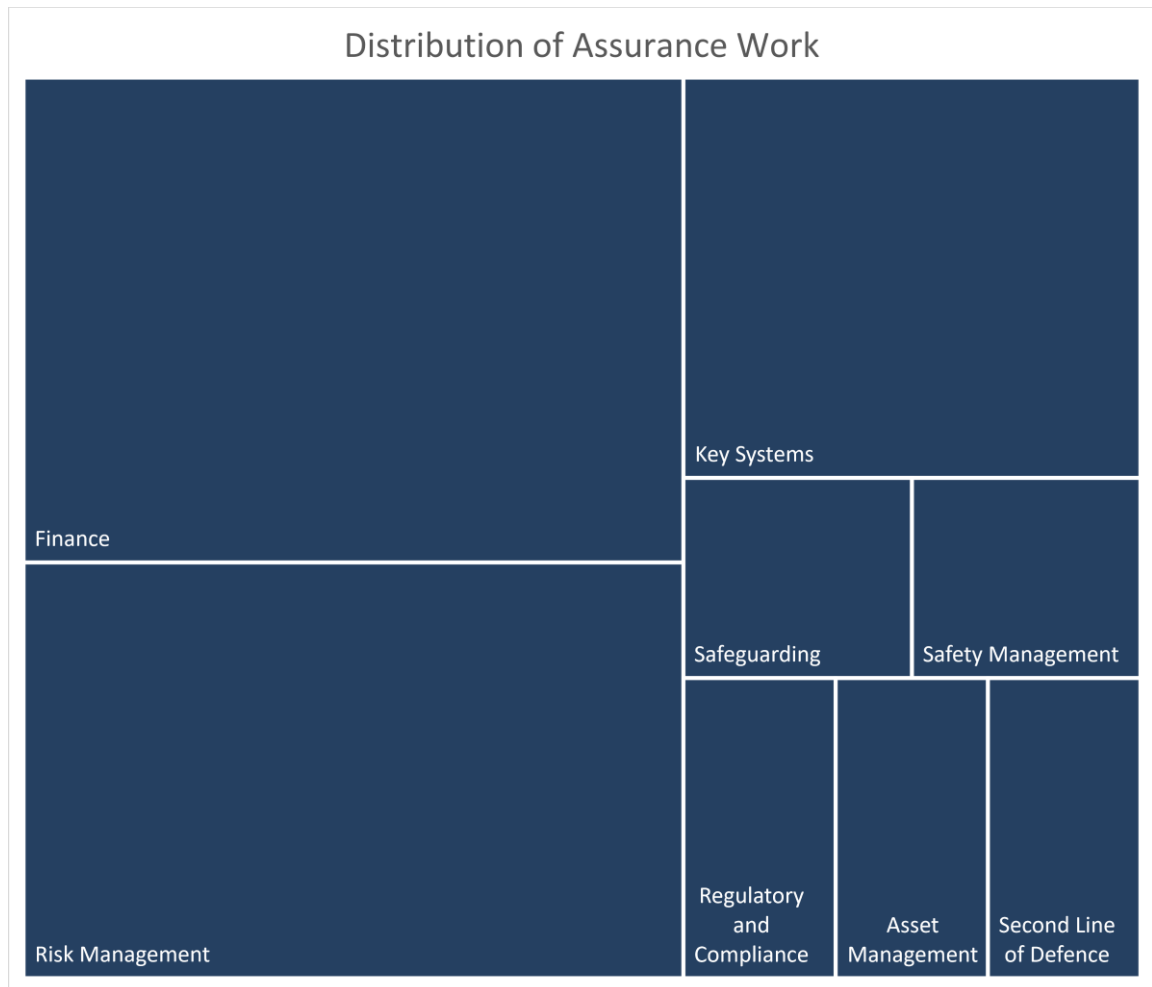
5. In forming an annual opinion, the Head of Internal Audit has considered:
 - Work completed by the Internal Audit team throughout the year, key issues arising from this and assurance opinions provided.
 - Management responses to Internal Audit work, with particular attention to the acceptance of recommendations made to address significant issues (no exceptions reported).
 - Progress made by management in implementing Internal Audit recommendations.
 - The effects of any significant changes in the City's objectives, systems or external factors.
 - Any limitations which may have been placed on the scope of Internal Audit (of which there were none).

Head of Internal Audit Annual Opinion

6. Owing to vacancies and long-term sickness absence at the Senior Auditor level, at no point in the year was the Internal Audit team fully staffed. Consequently, a smaller programme of work was delivered than had been anticipated at the start of the year; with capacity for some 425 Audit days vs the base target of 600 Audit Days. The Head of Internal Audit provides an opinion the adequacy and

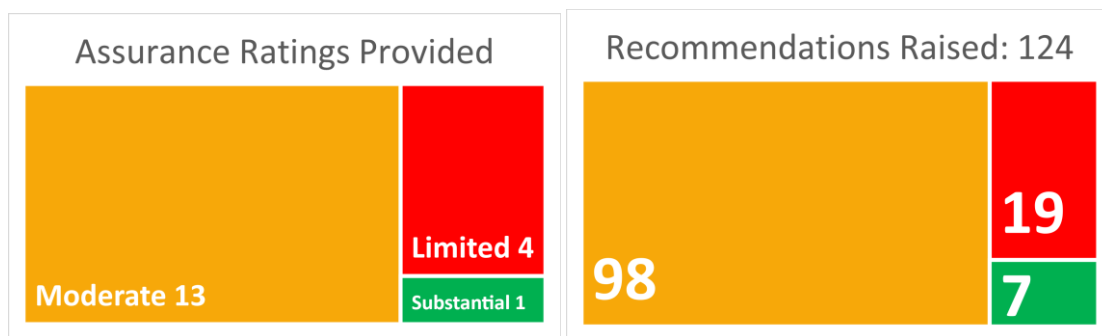
effectiveness of the City Corporation’s control, governance and risk management processes based on work undertaken. It is the Head of Internal Audit’s view that so small a programme of work is not sustainable in the longer term for an organisation of the scale and complexity of the City of London Corporation. Should the size and spread of the Internal Audit Programme of work not be increased, it may not be possible to provide an opinion in future years.

- The programme of Internal Audit work for 2023/24 was actively managed throughout the year to reflect the resources available and also to accommodate emerging priorities. Regular updates have been provided to the Audit and Risk Management Committee, covering outcomes from completed work and detail on the forward programme of work. A total of 18 final Internal Audit reports were issued in 2023/24, covering Finance, Key Systems, Risk Management, Safety Management, Safeguarding, Regulatory and Compliance, Asset Management and Second Line of Defence. The proportionate distribution is shown below.



- Having considered the findings of completed Internal Audit reviews, there are no apparent themes other than that, in the main, issues raised relate to the consistent and correct application of internal controls rather than an absence of controls.

9. On the basis of work undertaken, **it is the Head of Internal Audit’s opinion that the City of London Corporation has adequate and effective systems of internal control in place to manage the achievement of its objectives.** In giving this opinion, it should be noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in these processes or that no fraud exists within the systems and processes examined or, indeed, those not examined. It is also important to note that a smaller programme of Internal Audit work results in a lower level of confidence in this opinion.
10. Internal Audit’s work identified a number of opportunities for improving controls and procedures, set out in our Audit reports to management. The range of assurance levels provided in our audit coverage and the number of Red, Amber and Green priority recommendations made is summarised below.



11. While the number of individual Limited, Moderate and Substantial assurance ratings provided is relevant in forming the Head of Internal Audit annual opinion, there are other factors that must be considered: Responses from management to Audit reviews; the integrity of action/recommendation implementation plans and the timescales agreed for resolving issues raised. Internal Audit reports have been well received and management action plans have been suitably robust.
12. Internal Audit have undertaken 34 follow-up reviews to verify the implementation of recommendations made, some of which have been 2nd or 3rd examinations of previously completed audits. A higher number of recommendations have been raised in the year than have been closed from the work of previous years, there are two drivers for this; a large proportion of the recommendations raised were from 3 Audit reviews and, the limited capacity within the team prevents follow-up review from taking place promptly after the agreed implementation dates.

External Factors Having a Bearing on the Annual Opinion

13. Financial pressures and organisational redesign have impacted the level of resource available for Internal Audit work. Priority has been given to work which most directly informs the annual opinion. It has also been necessary to consider the skills and experience of the team in managing the programme of work, in accordance with the Public Sector Internal Audit Standards.

Conformance with the Public Sector Internal Audit Standards

14. The Public Sector Internal Audit Standards (PSIAS) require an External Quality Assessment (EQA) to be undertaken at least once every 5 years with a self-assessment in the intervening years. Conformance with the standards is assessed as one of the following categories (defined in Appendix 2):
- Generally Conforms
 - Partially Conforms
 - Does Not Conform
15. The EQA was last completed in 2022/23 and reported in July 2023, confirming that the Internal Audit function *Generally Conforms* to the standards. The self-assessment for 2023/24 confirms the *Generally Confirms* outcome although raises one point of non-conformance in relation to resourcing, moving from partial to non-conformance.
16. The Global Institute of Internal Auditors (the standard setter for the profession) has published new Global Internal Audit Standards, these are mandatory from January 2025. It is anticipated that CIPFA will issue an update to the PSIAS although in the meantime, the Internal Audit Service will work towards alignment to the Global Standards. The Internal Audit Standards don't just apply to the operation of the Internal Audit function but include expectations of the organisation, it is commonly the case that it falls to the Head of Internal Audit to educate and inform the wider organisation in this regard and will be the subject of further reports to this Committee and other communication across the organisation. The requirements of the new standards have become more specific and rigorous, while the Head of Internal Audit will lead in influencing organisational conformance, the Audit and Risk Management Committee will have a key role to play in supporting and driving this.

Resourcing

17. The financial resource allocation for the City of London's Internal Audit service has reduced by 37% in real terms over the past 4 years (considering cumulative inflation of 23% over this period).
18. Reductions to the resource allocation for Internal Audit since 2019/20 are not proportionate to or in line with the changes to the expenditure profile and operations of the City of London Corporation which have, in fact, increased. The Head of Internal Audit considers the current resource allocation to be insufficient to support the provision of an effective Internal Audit service for the organisation. This is supported by internal and external analysis, outlined in the "Internal Audit – Additional Resource Request Business Case" attached as Appendix 3.

19. Vacancy and sickness absence combined with the limited experience of Auditors in training (50% of the current operational team structure) have resulted in a 75% reduction in the number of Internal Audit reviews delivered in 2023/24 compared to 2019/20. With this level of coverage, it is significantly more challenging to be able to form an overall opinion on the adequacy of the internal control environment.
20. An increase in the level of non-compliance with Financial Regulations and other standard operating procedures has also been observed over recent years and this is, in part, considered to be attributable to a reduced Internal Audit presence across the organisation.
21. The reduction in Internal Audit Management capacity has meant that it is not possible to maintain regular liaison with all Chief Officers and their Senior Leadership teams. This, and the lack of suitably qualified and experienced Auditors to complete Internal Audit reviews, are drivers in the move away from longer term Internal Audit planning which, as well as attracting criticism from External Audit is proving operationally demanding on the Head of Internal Audit to manage on an ongoing basis. Detailed Internal Audit planning, however, requires an investment of time at specific points of the year, there is no capacity in the current structure to support this.

Proposal

22. The Head of Internal Audit seeks the support of the Audit and Risk Management Committee to request £165k of additional funding to:
 - i. Fund the creation of a new Deputy Head of Internal Audit position at grade G (£102k including on-costs) to support the effective management of the Internal Audit service.
 - ii. Provide for the buy-in of additional, temporary, Senior Auditor resource to supplement the delivery capability of the existing team (£63k).
23. It is expected that the demand for temporary resource will diminish as the professional development of the current Auditors in training progresses.
24. The source of funding will be determined following Audit and Risk Management Committee consideration of this proposal, although likely that additional funding for 2024/25 will be sought from a combination of Finance Committee Contingency and Chamberlain's Local Risk budget and for subsequent years via the budget setting process as a future budget pressure.

Key Data

25. Various data is included in the business case at Appendix 3 in support of this request, the key metrics are summarised below:

	City of London Gross Expenditure £m		
	2019/2020	2023/2024	Change
City Fund	131	160	22%
City Estate	235	265	13%
City Bridge Foundation	63	137	117%
Guildhall Administration	74	79	7%
Internal Audit	0.819	0.626	-24%

26. The City of London Corporation had the second smallest Internal Audit Programme in 2023/24 from a survey of 22 London Authorities, 50% of the size of the largest respondent.

Lessons Learned in Relation to Resourcing Challenges

27. Reflecting on the resourcing challenges over 2023/24, the main contributing factors were unanticipated absence (long-term sickness) and unsuccessful recruitment. The Internal Audit team lacked resilience at the start of the year, the risk presented by this was, perhaps, overlooked. The following specific points are noted:

- Introduction of 3 Auditor in training positions has been a stretch, in future we would look to take on only one trainee at a time.
- The current structure of the team was designed to fit the agreed financial budget rather than specifying the needs for the Internal Audit function.
- The absence of a more detailed Internal Audit plan has obscured visibility of the lack of capacity within the team, additional management resource will enable a more systematic approach to planning and setting out resource requirements in future years. The Internal Audit Dashboard will be amended to include an indicator to highlight early any resourcing shortfalls.

28. Had the team not experienced resource shortages in 2023/34, it is unlikely that this resource analysis would have been undertaken and the service would have found a way to maintain basic coverage and this may have been sustained for a number of years.

Corporate & Strategic Implications

29. The Internal Audit Plan is designed to provide assurance as to the adequacy of the City of London Corporation's systems of internal control and governance. This programme of activity is aligned with the Corporate Plan, Corporate Risk Register and Departmental Top Risks and managed in accordance with the resources available to Internal Audit.
30. Should additional resource not be available to Internal Audit in 2024/25 and beyond, it may not be possible for the Head of Internal Audit to be able to provide an opinion on the adequacy and effectiveness of the internal control environment and governance and risk management arrangements.

Conclusion

31. While Internal Audit work continues to identify improvement areas for management, the overall opinion provided on the City's internal control environment is that it remains adequate and effective. There are a number of recommendations open, past their due dates, some of which may have been implemented but not yet followed up on by Internal Audit, owing to insufficient capacity to review any action taken by management.

Appendices

- **Appendix 1** - Internal Audit Dashboard
- **Appendix 2** - Public Sector Internal Audit Standards – Definitions of Conformance Assessment
- **Appendix 3** - Internal Audit Resource Analysis and Benchmarking
- **Appendix 4** – Internal Audit Staffing Structure

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Committee(s): Audit and Risk Management Committee	Dated: 13 May 2024
Subject: City of London Corporation Risk Management Strategy 2024-2029	Public
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Dionne Corradine, Chief Strategy Officer	For Decision
Report author: Olivia Plunkett, Corporate Strategy Officer	

Summary

This report seeks the endorsement from the Audit and Risk Management Committee (A&RMC) for the draft risk Management Strategy 2024-2029. The strategy outlines a set of ambitious objectives delivered through an agile and robust risk management approach, to ensure that the City Corporation upholds its duties and delivers its priorities now and in the future. It supports and aligns with organisational ambitions including our Corporate Plan 2024-2029 strategic outcomes.

Recommendation(s)

Members are asked to:

- Endorse the draft Risk Management Strategy 2024-2029.
- Authorise the Chief Strategy Officer to agree and finalise any minor changes to the content of the draft Risk Management Strategy 2024-2029, in consultation with the Chair of the Audit and Risk Management Committee.

Main Report

Background

1. The current Risk Management Policy and Strategy was written in 2019 and was last endorsed by this Committee in May 2021 following the annual review.
2. Risk Management transferred to Corporate Strategy and Performance in April 2022. The Strategy has been periodically checked; however, a complete review was postponed pending the appointment of a Risk Manager and delivery of the Corporate Plan 2024-2029.
3. The review took place during January to March 2024, enabling the Risk Strategy to be aligned to ambitions being outlined under the Town Clerk's 'Fantastic Five Years' (including the new Corporate Plan, the People Strategy, Digital Strategy,

Transformation Programme, Enterprise Resource Planning (ERP), etc.). It was also informed by Audit and Risk Management Committee feedback on culture and approach, the Chief Officer Risk Management Group (CORMG), the Executive Leadership Board, Internal and External Audit reviews and best practice. Officers were additionally engaged via the Risk Management Forum (RMF), which comprises risk coordinators and others across the City Corporation.

The Strategy

4. The Risk Management Strategy 2024-2029 consists of:
 - a. Introduction/context
 - b. Strategic objectives
 - c. Action plan, including performance measures
 - d. Governance

5. The Risk Management Strategy 2024-2029 differs from the current iteration in:
 - a. The articulation of five-year strategic objectives aligned with the Corporate Plan and People Strategy
 - b. The inclusion of an action plan to guide work to achieve the strategic objectives
 - c. Measurements to help assess progress and success of the strategy
 - d. Separation of the overarching Risk Management Strategy from the Risk Management Policy document.^{1,2}

6. Four strategic objectives ensure that risk management is embedded, there is clear direction, and the City Corporation can strive towards becoming a leader in risk management. The strategic objectives are:
 - a. ***An agile and effective risk management approach***

We will simplify risk management approaches and ensure risk is an enabler embedded within activities (e.g. business planning, budget setting, etc.) to support greater accuracy and efficiency overall. Early risk identification and escalation will be prioritised over issue management, and mitigating actions regularly reviewed, with clear accountabilities understood across City Corporation.

 - b. ***Enhanced risk culture***

We will foster a culture where employees understand and prioritise risk, where equity, equality, diversity, and inclusion is an established aspect of our risk management framework, and all are proactively engaged and committed to risk management. This unified, collaborative approach to risk management will combat siloed approaches and foster shared knowledge and practices among departments and Institutions.

² The Risk Management Strategy 2024-2029 sets our strategic direction for corporate risk management and outlines the activities we will undertake to achieve our objectives. The Risk Management Policy will support the identification, logging, updating, and reporting of risks in line with the direction of the overarching strategy. An updated Risk Management Policy will be drafted following the endorsement of the strategy.

c. Informed decision making

We will embed risk management as a cornerstone of our organisation, guiding strategic decisions and providing decision-makers with data-driven insights. We will ensure that decision makers have a thorough understanding of their role in risk management and use scoring and appetite levels to plan for the future.

d. An appetite for risk

We will increase our organisational understanding of risk appetite and identify opportunities for growth and innovation, promoting and facilitating an environment that encourages informed risk-taking, supported by an embedded trust of officers. Risk appetite will enable us to adjust our operations in response to changing circumstances and ensure continued alignment with organisational objectives.

7. An action plan detailing short, medium, and long-term activities supporting delivery of the strategic objectives is outlined. These actions include measurements that will be evaluated and reported to this Committee annually. The action plan will evolve over the life of the strategy.
8. The achievement of the strategic objectives is dependent on a number of factors. While risk management processes and risk frameworks are in place, the successful delivery of this strategy will only be possible if cultural change across the organisation that is already in train is fully enacted. This includes, but is not limited to, work to define our corporate values and behaviours, manage operational transformation and change, establish a no-blame culture, and develop our data and analytics maturity. The annual reviews of this strategy will capture any progress on these dependencies.
9. On 25 April 2024, CORMG approved the strategy authorising the Chief Strategy Officer to seek endorsement from A&RMC.

What's Next?

10. Following endorsement by this Committee the strategy will follow a yearly cycle beginning with agenda setting, followed by communication with risk officers, implementation, and then progressing to the yearly review with CORMG and A&RMC (see figure 1 and 2).



Figure 1. Progress over the lifetime of the Strategy



Figure 2. Risk Management Strategy yearly process

Corporate & Strategic Implications

Strategic implications

11. When endorsed, the Risk Management Strategy 2024-2029 will work to support the City of London Corporation corporate strategy (outlined in the Corporate Plan 2024-2029), covering the five-year period as well as providing context and direction longer term.

Financial implications

None

Resource implications

None

Legal implications

12. The Risk Management Strategy 2024-2029 seeks to meet its obligations under the Accounts and Audit Regulations 2015 to have “effective arrangements for the management of risk”.

Risk implications

13. The Risk Management Strategy 2024-2029 sets out the City Corporation’s approach to taking and managing risks. The strategy, alongside the forthcoming Risk Management Policy, is a key element of the City Corporation’s corporate

governance and internal control framework and will help to ensure appropriate and comprehensive management of all City Corporation risks.

Equalities implications

None

Climate implications

None

Security implications

None

Conclusion

14. This report provides the draft Risk Management Strategy 2024-2029 and outlines the approach to its development.

15. A&RMC endorsement will enable the Risk Management Strategy 2024-2029 to be finalised for adoption by the City of London Corporation and embedded into its risk management practices.

Appendices

Appendix 1 – Draft Risk Management Strategy 2024-2029

Background Papers

[Endorsement of previous Risk Management Policy and Strategy](#) – Audit and Risk Management Committee 25 May 2021

Olivia Plunkett

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Committee(s): Audit and Risk Management Committee – For information Finance Committee – For information Pensions Committee – For information	Dated: 13 May 2024 04 June 2024 18 June 2024
Subject: City Fund and Pension Fund Statement of Accounts Update	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: The Chamberlain	For information
Report author: Iain Jenkins, Chief Accountant	

Summary

This report provides an update on the production of the 2023-24 Statement of Accounts and planning for the 2023-24 audit of the City Fund and Pension Fund.

The attached External Auditor’s reports outline their work plan for undertaking the audit of the City Fund and Pension Fund Accounts for 2023-24. In addition, the reports outline the work they will undertake to reach a Value for Money conclusion on the Authority’s arrangements to secure economy, efficiency and effectiveness in the use of resources. The report also identifies specific risks and includes a statement of their fees.

The election of the Auditor of Chamberlain’s and Bridgemasters’ Accounts takes place on 1st May, after which point the reappointment of Crowe to audit City’s Estates and Sundry Trusts statement of accounts can continue for 2023-24. An update on the production of the 2023-24 City’s Estates and Sundry Trusts Statement of accounts and planning will be provided at the July committees.

Recommendation(s)

The **Audit and Risk Management** Committee is asked to:

- **Note** the Indicative City Fund Audit Plan for 2023-24 as set out in Appendix 1
- **Note** the Indicative Pension Fund Audit Plan for 2023-24 as set out in Appendix 2
- **Note** the responses from Management for both the City Fund and Pension Fund as per Appendix 3 and Appendix 4

The **Finance Committee** is asked to:

- **Note** the responses from Management for the City Fund as per Appendix 3

The **Pensions Committee** is asked to:

- **Note** the indicative Pension Fund Audit Plan for 2023-24 as set out in Appendix 2
- **Note** the responses from Management for the Pension Fund as per Appendix 4

Main Report

Background and current position

1. The Audit and Risk Management Committee oversees the City of London Corporation's systems of internal control and makes recommendations to the Finance Committee relating to the approval of the City Fund Annual Statement of Accounts – this includes the Pension Fund accounts.
2. The Authority will publish its draft accounts for the City Fund for the 2023-24 financial year on or before the statutory deadline of 31 May 2024.
3. Grant Thornton (GT) will be carrying out the external audit of the City Fund and Pension Fund accounts for 2023-24. The audit is due to commence in July 2024 and is scheduled to run through to September 2024. It is considered good practice and part of the assurance framework for the External Auditor to report to the Audit and Risk Management Committee at regular intervals.
4. Grant Thornton will report the findings arising from their work on the 2023-24 audit to this Committee following the conclusion of the audit.
5. As the Pension Fund accounts form part of the City Fund accounts as a whole, the Audit and Risk Management Committee retain ultimate responsibility for receiving and considering audit plans as well as receiving any reports arising from the audit. The Pension Fund Audit Plan for 2023-24 is included in Appendix 2; the audit plan and any reports arising from the audit will also be reported to the Pension Fund Committee.
6. As part of their audit planning procedures, the auditors have engaged in a series of inquiries with the management regarding various aspects such as fraud and compliance with laws and regulations. The responses to these inquiries are presented in Appendices 3 and 4 (for the City Fund and the Pension Fund respectively) for your review. Members are encouraged to take note of these responses and provide any additional comments for further consideration.

Corporate & Strategic Implications

7. Strategic implications – There are no specific links to the Corporate Plan. However, the accounts assist the City Corporation in maintaining a clear and transparent dialogue regarding its activities with residents and other stakeholders.
8. Financial implications – The fees for the audits are included within the appendices and can be met from the existing budget provision.

9. Legal implications – The recommendations of the report request the Audit and Risk Management Committee to note indicative Audit Plans for 2023-24, which outlines Grant Thornton’s planning and approach to the audit, including the audit timetable. The Committee is not requested to make any decision and there are no significant legal implications arising from the content of this report.

Conclusion

10. The attached External Auditor’s report outlines their work plan for undertaking the audit of the City Fund and Pension Fund Accounts for 2023-24. In addition, the report also outlines the work they will undertake to reach a Value for Money conclusion on the Authority’s arrangements to secure economy, efficiency and effectiveness in the use of resources. The report also identifies specific risks and includes a statement of their fees which have been reviewed and queried by officers as appropriate.

Appendices

- Appendix 1 - City Corporation City Fund Audit Plan 2023-24
- Appendix 2 - City Corporation Pension Fund Audit Plan 2023-24
- Appendix 3 - City Corporation City Fund Inquiries of Management 2023-24
- Appendix 4 - City Corporation Pension Fund Inquiries of Management 2023-24

Background Papers

Audit and Risk Management Committee – 11 September 2023 – City Fund and Pension Fund Audit Plans 2022-23

Iain Jenkins
Chief Accountant

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Committee(s)	Dated:
Audit and Risk Management Committee	13/05/2024
Subject: Internal Audit Update	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: the Chamberlain	For Information
Report author: Matt Lock, Head of Internal Audit	

Summary

This report provides an update on Internal Audit activity between 1 February 2024 and 31 March 2024. 3 Internal Audit reviews have been completed to Final Report stage and work is in progress at various stages for a number of Audit reviews.

During this period, the team currently had one Senior Auditor vacancy (Interviews being held late April) and one Senior Auditor long-term sickness absence. Some of the resulting shortfall in resources has temporarily been met by the Head of Internal Audit and the Audit Manager taking on direct delivery of some assurance work, although it has meant that, overall, it has only been possible to deliver a smaller programme of work than hoped for.

Recommendation(s)

Members are asked to:

- Note the outcomes of completed Internal Audit work.

Main Report

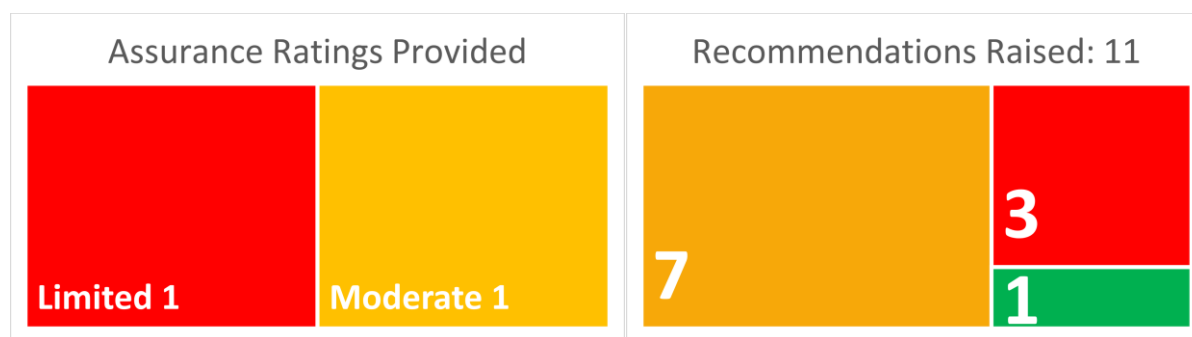
Background

1. This report provides an update on the work of Internal Audit during February and March 2024, further to the update report provided to the February meeting of this Committee, specifically, an overview of the outcomes from completed Internal Audit reviews. Appendix 1 to the report shows analysis in relation to completed Audit work, since the Annual report of the Head of Internal Audit is also submitted to this same meeting, the cumulative summary of work completed in 2023/24 is not repeated here.

Current Position

2. Final Audit Reports have been issued in respect of 3 Audit Reviews since the last update, resulting in 1 Limited and 1 Moderate Assurance opinion, the third review was an Internal Audit investigation of a suspected control failure and so adopted a different format. The overall outcomes from the recently completed Audit reviews are summarised in the following table with further information provided in relation to the Limited Assurance opinion and the investigation:

Audit Assignment	Assurance Rating	Recommendations Made		
		Red	Amber	Green
Deputy Town Clerk – Members Financial Support	Limited	0	1	0
City of London Police – Cost Recovery and Income Collection	Moderate	3	3	0



Deputy Town Clerk – Members Financial Support

3. While there are two schemes in operation to provide financial support and compensation for time and expenses, it was confirmed that only the “Extended Member Support Scheme” has been utilised. This Audit examined the following:
- Calculating and approving the rates of payment under the Scheme;
 - Submitting, reviewing and approving claims for payment in line with the provisions of the Scheme;
 - Timely and accurate processing of payments.
4. The overall conclusion was that the current arrangements in place for the administration of the Extended Member Support Scheme are effective or fit for purpose. The contract with the current scheme administrator has expired and is operating on a rolling basis pending a decision on future administration requirements, an overarching audit recommendation has been made to introduce alternative arrangements for administration.
5. Audit testing indicates that there are weaknesses in the overall internal control framework. Potential discrepancies have been identified in respect of the eligibility of some claims sampled and opportunities have been identified to strengthen arrangements to ensure:
- Timely submission of claims, avoiding financial penalties.

- Validity of claims i.e. correct meetings stated and attendance confirmed.
- Identification of potential duplicate claims / payments.

Pensions Auto-Enrolment – Casual Workers

6. Senior Leadership had identified a potential issue in relation to the application of Pensions Auto-Enrolment obligations for casual (weekly paid) workers, specifically at the Barbican Centre. Internal Audit undertook a review to examine the issue in greater detail and determine the extent to which this issue was present across the organisation.
7. The Audit review confirmed that casual workers at the Barbican Centre had not been correctly notified that the organisation was applying “postponement” to the assessment of eligibility for automatic enrolment to the City of London Corporation’s Local Government Pension Scheme. Further, Internal Audit confirmed that, while this issue had not occurred across the whole organisation, there were several other service areas impacted. The matter was reported to The Pensions Regulator, following advice from the Head of Internal Audit.
8. Recommendations were made to address this matter and the Head of Internal Audit continues to work with HR colleagues to resolve this.

Follow-up Work

9. Follow-up work has been undertaken in respect of 4 Internal Audit reviews covering 16 recommendations, of which 6 have been closed. This is a somewhat smaller programme of follow-up work than had been intended for the final 2 months of the year, reduced owing to the limited capacity in the team resulting from long-term sickness absence.
10. Further Analysis of open recommendations is incorporated within the Head of Internal Audit Annual Report.

Forward Programme of Internal Audit Work

11. Appendix 2 shows the forward programme of Internal Audit work for the first quarter of 2023/24. This plan will be extended over the coming weeks to incorporate the second quarter of 2023.24, following conclusion of the current Senior Auditor recruitment campaign.

Corporate & Strategic Implications

12. The work of Internal Audit is designed to provide assurance as to the adequacy of the City of London Corporation’s systems of internal control and governance. This programme of activity is aligned with the Corporate Plan, Corporate Risk Register and Departmental Top Risks.

Conclusion

13. Given the capacity and delivery capability of the Internal Audit team, delivery of planned Audit work is good. With one vacancy and one team member suffering poor health, the team is operating below intended capacity.
14. While Internal Audit work identifies areas for improvement within the systems and processes examined, the findings of Audit work have been well received by Management and appropriate actions have been identified to resolve the control weaknesses raised.

Appendices

- Appendix 1 – Internal Audit Dashboard
- Appendix 2 - Internal Audit Current Programme of Work (Q1)

Matt Lock

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Committee(s)	Dated:
Audit & Risk Management Committee	13 May 2024
Subject: Anti-Fraud & Investigations – 2023/24 Annual Report	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending	N/A
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: the Chamberlain	For Information
Report author: Chris Keesing, Counter Fraud & Investigations Manager	

Summary

In total 56 investigations, across all disciplines were completed during the 2023/24 reporting year with an associated value of £977,174. The majority of this relates to notional or preventative savings.

The Counter Fraud & Investigations Manager has had a strong focus on the use of ‘big data’ through utilising the NFI London Fraud Hub and has led the way for London Authorities in tackling new and emerging fraud risks. The team has also successfully focused on fraud prevention with the Transactional Finance team with the aim of designing out the risks of fraud.

Our 2024/25 proactive counter fraud plan is designed to provide a strategic path to protecting the City’s assets from the risks of fraud.

Recommendation(s)

- Members are asked to note the report.

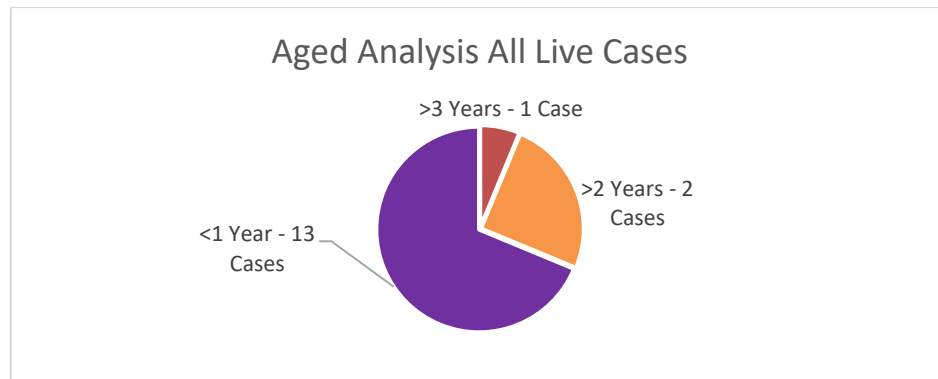
Main Report

Background

1. This report provides Members with an update on the activity of the Anti-Fraud and Investigation team during the 2023/24 reporting year. It also provides Members with an update against key anti-fraud initiatives, developments to assist in the prevention detection and reporting of fraud and any emerging risks.

Investigation Activity Summary

2. An analysis of the number of cases investigated during the 2023/24 reporting year compared to the 2022/23 reporting year can be found at Appendix 1 to this report, showing all fraud types along with the value of frauds detected. An aged analysis of all current live investigations has been summarised below.



Corporate Investigation Activity

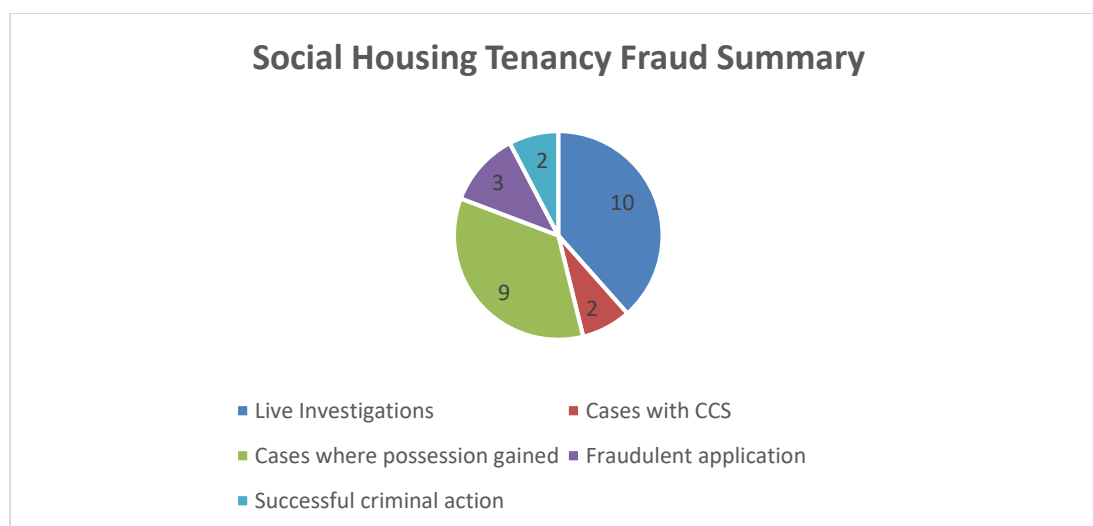
3. Eight corporate investigations have been completed during the reporting year. Corporate investigations relate to fraud, theft and misconduct allegations investigated by, or investigations supported by, the Corporate Anti-Fraud Team.
4. Two notable corporate investigations – one relating to a payroll change of bank account fraud, and the other, a successful mandate fraud were subject to formal investigation during the reporting year. While no funds were recovered as a result of the investigations, a number of control weaknesses in processes and procedures were identified with three red and five amber recommendations made, and accepted by management, to strengthen counter fraud controls.
5. In related matters, there are positive reports as to the effectiveness of the improved counter fraud control environment in the Accounts Payable process, following cases of bank mandate fraud in previous years. The Accounts Payable team have identified and prevented various attempts at this particular fraud, the most notable in the year was the prevention of a £301,599 payment.

Social Housing Tenancy Fraud

6. The team provides a full investigative response across all aspects of housing, from initial applications to the investigation of civil and criminal tenancy breaches and right to buy screening. We consider social housing tenancy fraud to be one of the City's top fraud risks.
7. The City, along with other London Borough housing providers have identified succession fraud as a growing fraud risk, with dishonest applications from family members, friends and acquaintances of deceased tenants increasing with the aim of securing a secured tenancy by 'jumping the queue'. The team has, therefore, had an increased focus over the past year on this fraud risk and moving forward will be assessing all succession applications for fraud in a similar fashion to the assessment work we provide for right to buy applications.
8. There has been a reduction of 25% in volume of tenancy fraud referrals from Housing Estates Officers during the year, and a substantial decrease of 90% in the volume of right to buy referrals, although this may, in some regard, be owing to the cost-of-living crises and increases in interest rates, deterring tenants from exercising the right to buy. An increased focused in the use of data analytics

through the NFI and NFI Fraud Hub has provided a 20% increase in tenancy fraud investigations through data matching. Data matching is a key element of our programme of proactive counter-fraud activity, through this work we aim to identify fraud early. It stands to reason that early identification could naturally lead to a reduction in public referrals.

9. During the reporting year the team recovered nine tenancies, took criminal action in two cases and stopped three fraudulent housing applications from progressing. Two further cases are currently subject to criminal (1) and civil (1) action, of which one case is listed for trial in November 2024.
10. A detailed summary of our work in this area, during the 2023/24 reporting year vs the same period in 2022/23 can be found at Appendix 2 to this report and a summary of noteworthy cases is included as Appendix 4. A snapshot of the tenancy fraud position at 2023/24-year end can be found below.



Council Tax Fraud

11. We have worked closely with the City’s Council Tax team and utilised data-analytics through the NFI London Fraud Hub during the reporting year. The Counter Fraud team directly investigated three Council Tax Single Person Discount (SPD) cases linked to tenancy fraud investigations, with recoveries of £727. The Council Tax team have focused on reviewing NFI data matches with the following successes.

NFI Matches processed	493
Frauds identified	19
Matches under investigation	4
Value or fraud/recoveries	£12,518

12. The total value of Council Tax fraud identified in the reporting year amounted to £13,218.

Whistleblowing

13. The City’s Whistleblowing Policy identifies the Head of Audit & The Counter Fraud & Investigations Manager as the main contacts for reporting a concern.

Internal Audit is responsible for maintaining a confidential and secure register of all concerns raised through the Whistleblowing Policy.

14. The Head of Internal Audit and the Counter Fraud Manager have been working with HR colleagues to review the City's whistleblowing mechanisms, recording, triaging and classification of concerns raised through the current mechanisms; this work is ongoing.
15. A review of concerns raised in recent years has found that over 50% of reports do not fall within the legal definition of whistleblowing and, therefore, do not offer the protection of a protected disclosure by law. These reports are, in the main, treated as grievances or complaints, and dealt with under alternative policies.
16. During the reporting year, nine concerns have been received through the City's whistleblowing channels, including three where these have been passed to HR and management to review and action as grievances, two that have been passed to management to deal with as a complaint and four that we have classified as whistleblowing concerns.
17. Of the four cases classified as whistleblowing concerns three have been investigated and closed and one remains open and is subject to the outcome of a wider Internal Audit review.
18. The table below provides an overview of the allegation and outcome of the three completed whistleblowing concerns during the reporting year:

Allegation		Outcome
1	Anonymous concern that a member of the court of common council was using his involvement with the City of London Corporation to conduct personal business activities that both because of its nature and the people he does business with could lead the City of London Corporation to reputational issues.	Referred to the Comptroller & City Solicitor who advised that with the lack of any substance, it was not advisable to refer the concern further as Member Standards would only be able to convene and meeting and decide that there was no basis for any investigation due to lack of substance to the allegations. This was also confirmed by a Deputy Town Clerk to the Head of Internal Audit.
2	An Officer raised concern about the conduct of another Officer abusing his position.	Internal Audit provided advice and guidance to management in this case, who proceeded to take formal action against the Officer for abuse of position. The Officer in question has been dismissed.
3	An Officer raised concern about the poor culture with a team in a City of London department. The caller was concerned about colleagues not working their contracted hours either from home or from the office and that staff are generally demotivated.	Matter discussed with the Chief Officer who advised that they have acted on the concern and spoken to the respective manager with whom an agreed action plan has been developed to ensure more transparency and accountability for team members, who have been reminded about their conduct and working time responsibilities. No disciplinary action taken against any Officer.

NFI & NFI Fraud Hub

19. The NFI 2024/25 biennial exercise commences in October this year; the Counter Fraud & Investigation Manager remains the key contact for both the City Corporation and the City of London Police and will be overseeing the exercise and working with Officers across Departments in both organisations to review output.
20. The City of London has recorded £76,470 in Housing, Council Tax and Waiting Lists outcomes so far from the NFI Fraud Hub, a significant increase on 2022/23 outcomes. This demonstrates an excellent yield for the low cost annual subscription, these savings figures are included in the Investigation Activity Summary.
21. Members will recall that the Counter Fraud & Investigation Manager has taken a key role across London to progress an initiative through the London NFI Fraud Hub to identify and tackle the emerging fraud risk of agency and permanent staff working across multiple contracts simultaneously. This exercise, run as a proof of concept, reported its initial findings to the 26 London Fraud Hub members in February 2024, and released a second run in April 2024.
22. For City of London, we received seven matches from the February release; five were duplicate matches where temp contracts were extended, whilst the remaining two were in respect of City of London casuals working elsewhere, and upon further investigation were not found to pose any risk to working across multiple contracts simultaneously.
23. From the April release, five matches were received of which three are subject to further enquiries as part of ongoing investigations, one case related to a City of London Casual that posed no risk, and one match in respect of an Officer who had recently resigned before disciplinary action for other fraud related offences.

Proactive Counter Fraud Activity

24. We have recently developed our proactive counter fraud plan for 2024/25, with key themes summarised below. The plan is designed to strengthen our counter fraud response through fraud risk activity, through fraud prevention measures, and through the review and relaunch of key counter fraud strategy.
 - Programme of Fraud Risk Assessments across City of London Departments.
 - Reviewing, benchmarking and relaunch of the Corporate Anti-Fraud and Corruption Strategy.
 - Reviewing, benchmarking and relaunch of the Whistleblowing Policy and its reporting lines.
 - Continued development of the NFI London Fraud Hub to respond to key and new and emerging fraud risks.
 - Launch of a new and user-friendly fraud reporting tool and smartphone app.

25. Whilst this plan is ambitious and subject to the volume of reactive work received by the team, it provides a strategic path to strengthening and focusing on protecting the City's assets from the risks of fraud.

Corporate & Strategic Implications

26. The work of the Team is designed around preventing and detecting fraud risks across the organisation by providing a comprehensive counter fraud and investigation response with a clear focus on fraud risk assessment and safeguarding the City's assets and recovering any losses due to fraud; this is underpinned by our Anti-Fraud & Corruption Strategy and Proactive Counter Fraud plan. The NFI London Fraud Hub with the City's Counter Fraud & Investigation Manager taking a key and leading role in its development with peers from neighbouring London Authorities provides a strong basis for better use of 'big data' to mitigate the risks of fraud and to respond to new and emerging fraud risks effectively. The confidential whistleblowing and fraud referral arrangements managed by the team ensure that a safe and secure mechanism for raising concerns is maintained and that these concerns are acted upon.

Conclusion

27. The team continues to perform strongly, identifying and responding to fraud referrals, whilst our Proactive Counter Fraud Plan maps out activity to continue strengthening the organisations response to mitigate fraud risk. The recovery of properties lost to fraud enables the City to provide good quality, affordable housing to those in the greatest need.

28. Focus on data analytics through the NFI London Fraud Hub and in preventative measures have proved particularly successful for the team during the reporting year and provide a strong basis to continue to protect the City's assets against the risks of fraud.

Appendices:

- **Appendix 1 – Analysis of the number of cases investigated during the 2023/24 reporting year vs the 2022/23 reporting year**
- **Appendix 2 - during the 2023/24 reporting year vs the 2022/23 reporting year**
- **Appendix 3 – Social housing tenancy fraud investigations summaries 2023/24**

Contact:

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Committee(s): Audit and Risk Management Committee	Dated: 13/05/2024
Subject: Risk Management Update	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N/A
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Chief Strategy Officer	For Information
Report author: Thomas Wrench, Corporate Strategic Development Lead	

Summary

This report provides the Committee with an update on the corporate and top red departmental risk registers since last reported to the Committee in February 2024. Further details can be found in the appendices listed at the end of this report.

Recommendation

Members are asked to note:

- This report and the corporate and top red departmental risk registers attached to this report. Since the previous update:
 - The total number of corporate risks has increased by one to 15 with the addition of CR 40 PSTN Switch off 2025 (formerly CHB DITS 045). This has been raised from a departmental risk in recognition of the severity and cross cutting nature this risk poses.
 - The risk score of CR30 Climate Action has been reduced from Amber 12 (impact major 4 x likelihood possible 3) to Amber 8 (impact major 4 x likelihood unlikely 2).
 - A corporate risk covering ‘tree failure’ in the City Corporation’s Open Spaces is being developed, following an in-principle decision by the Chief Officer Risk Management Group to escalate the risk.
 - The number of departmental red risks has increased from 18 to 19. Four risks have been added to the register (one new, three escalated) and three removed (one escalated to a Corporate Risk, two de-escalated). One red risk has increased in score.
- The update on the governance of charity assets (relating to understanding responsibilities and risks).
- That a Risk Management Strategy 2024-2029 has been developed and will be presented to this Committee for endorsement as a separate paper.
- That a Risk Culture and Appetite Review has been completed, with a summary of findings to be presented to the Committee at its next meeting.

Main Report

Background

1. The corporate and red departmental risks are reported to this Committee as a minimum on a quarterly basis to enable the Committee to exercise its role in the monitoring and oversight of risk management within the City of London Corporation (CoLC).
2. The corporate and red departmental risk registers were provided to the Chief Officers Risk Management Group (CORMG) on 19 April 2024 and the Executive Leadership Board (ELB) on 8 February 2024 as Senior Officers accountable for CoLC risk management actions, decisions and outcomes (including consideration of developing risk areas and cross-Corporation risk management themes).
3. The City Corporation’s Risk Management Strategy has been refreshed for 2024-2029 (see separate paper prepared for Committee endorsement at this meeting).
4. A Risk Culture and Appetite Review has been conducted by Zurich’s Risk and Resilience Team. This included one-to-one interviews with Chief Officers, and a survey completed by members of the ELB and the Risk Management Forum (RMF). The report and recommendations are being finalised. The Committee will receive a summary of the findings at its next meeting and the recommendations will be built into the action plan of the refreshed Risk Management Strategy.

Current Position

All Risks

5. Table 1 below shows the overall number and risk ratings of all risks recorded on the Ideagen risk management system as of 29 April 2024 compared with 12 February 2024 (the figures last seen by the Committee).

Risk rating (RAG)	April 2024	February 2024	Difference
Red	59	63	-4
Amber	239	249	-10
Green	109	109	0
Total	407	421	-14

Table 1: April 2024: Overall Risk Numbers by RAG Rating on Ideagen

6. Table 2 below shows the breakdown of the red, amber and green rated risks by risk level as of 29 April 2024 compared to 12 February 2024.

Risk rating	Red		Amber		Green	
	Apr 2024	Feb 2024	Apr 2024	Feb 2024	Apr 2024	Feb 2024
Risk level						
Corporate	4	3	11	11	0	0
Departmental	19	18	90	99	22	22
Service	36	42	138	139	87	87

Team	0	0	0	0	0	0
PPM	0	0	0	0	0	0
Total	59	63	239	249	109	109
Difference	-4		-10		0	

Table 2: April 2024: Breakdown of RAG Risks by Risk Level

Corporate Risks

7. A full risk register of all corporate risks can be found at Appendix 1. There are 15 Corporate Risks (4x Red, 11x Amber), an increase of one since the last update: CR40 PSTN Switch Off 2025 (formerly CHB DITS 045) has been added to the register with a score of Red 16 (impact major 4 x likelihood likely 4) and the risk score for CR30 Climate Action has been reduced from Amber 12 to Amber 8 (impact major 4 x likelihood unlikely 2). There have been no other changes.
8. The RAG matrices below show the distribution of corporate risks as of 29 April 2024 (Table 4) and 12 February 2024 (Table 5):

	Minor	Serious	Major	Extreme
Likely			3	
Possible		1	7	1
Unlikely			3	
Rare				

Table 4: Apr 2024 Corporate Risk Heatmap

	Minor	Serious	Major	Extreme
Likely			2	
Possible		1	8	1
Unlikely			2	
Rare				

Table 5: Feb 2024 Corporate Risk Heatmap

9. The highest scoring corporate risks – 1x Red 24 (impact extreme 8 x likelihood possible 3) and 3x Red 16 (impact major 4 x likelihood likely 4) – are:
- CR16 Information Security – Red 24
 - CR37 Maintenance and Renewal of Corporate Physical Operational Assets – Red 16
 - CR38 Unsustainable Medium Term Finances City's Estate – Red 16
 - CR40 PSTN Switch Off 2025 – Red 16
10. CORMG approved the escalation of the Red Departmental Risk ENV-SLT 005 Tree failure at Red 32 (impact extreme 8 x likelihood likely 4) to the Corporate Risk Register in principle at its meeting on 6 March, subject to confirmation that mitigating actions are cross-cutting and agreed with the relevant departments. This will be actioned as soon as the risk has been updated.

11. Table 3 below shows a summary of all CoLC corporate risks as of 29 April 2024.














































Risk reference	Title	Current Risk Score	Current risk score icon	Trend Icon	Risk flight path (last 12 assessments)	Risk Creation Date (Ideagen)	Risk added to CR Register (year)
CR16	Information Security (formerly CHB IT 030)	24				10 May 2019	Pre-Pentana (2014)
CR37	Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets)	16				04 Nov 2019	2022
CR38	Unsustainable Medium-Term Finances - City's Estate	16				31 Oct 2022	2022
CR40	PSTN Switch Off 2025 (formerly CHB DITS 045)	16				18 August 2023	2024
CR01	Resilience Risk	12				20 Mar 2015	Pre-Pentana (2014)
CR02	Loss of Business Support for the City	12				22 Sept 2014	Pre-Pentana (2014)
CR09	Health, Safety and Fire Risk Management System	12				22 Sept 2014	Pre-Pentana (2014)
CR29	Information Management	12				08 Apr 2019	Pre-Pentana (2014)
CR33	Major Capital Schemes	12				14 Feb 2020	2020
CR35	Unsustainable Medium-Term Finances - City Fund	12				19 Jun 2020	2020
CR39	Recruitment and Retention	12				21 Feb 2023	2023
CR10	Adverse Political Developments	8				22 Sept 2014	Pre-Pentana (2014)
CR30	Climate Action	8				07 Oct 2019	2019
CR36	Protective Security	8				10 Jan 2022	2022
CR21	Air Quality	6				07 Oct 2015	2015

Table 3: April 2024: List of Current Corporate Risks by Current Risk Score

Red Departmental Risks

12. There are currently 19 departmental red risks. Since the last report to the Committee, four risks have been added to the register and three risks have been removed (two deactivated and one escalated to a corporate risk) and one risk has been escalated to Red 32 from Red 24. A summary of the top red departmental risks can be found at Appendix 2.

13. Changes to the register

Change	Risk	Note
Risks added	CHB 004 <i>Casual Staff Pensions Entitlement/Enrolments</i>	A new risk, CHB004 Casual Staff Pensions Entitlement/Enrolments with a risk score of Red 16 (impact major 4 x likelihood likely 4) has been added to the register. This relates to pensions entitlement for casual workers. Work to handle this is underway across the organisation.
	SUR MKT WM001 <i>MCP disruption/ cancellation necessitating the Markets remaining in end-of-life/ deteriorating market infrastructure</i>	Escalated from Amber 8 to Red 24 (impact extreme 8 x likelihood possible 3) to reflect the impact of the ongoing review of options and the scale of potential liability if the markets co-location programme is not progressed.
	SUR SMT 011 <i>Contractor Failure</i>	Escalated from Amber 12 to Red 16 (impact major 4 x likelihood likely 4). This risk relates to failure of market conditions due to a main or substantial contractor where delays or an increase in costs is experienced.
	ENV SLT 005 <i>Tree Failure</i>	New to the register with a rating of Red 32 (impact extreme 8 x likelihood likely 4). This relates to a number of older trees that require inspection and works to prevent failure.
Risks escalated	CHB DITS 045 <i>PSTN Switch Off 2025 – now CR40 PSTN Switch Off 2025</i>	Escalated from red departmental to corporate risk (Impact major 4 x likelihood likely 4). Added following the completion of mitigating actions and cross-Corporation ownership.
	BBC Buildgs 027 <i>Failure to maintain and renew Buildings and Estates Infrastructure</i>	Escalated from Red 24 to Red 32 (Impact extreme 8 x likelihood likely 4) increased to the highest level as building failure is now a regular event. Though work is due to start on some of the urgent works, the Building Safety Act is likely to delay the start and procurement of these works.
Risks de-escalated to Amber	GSMD SUS 001 <i>Inability to Invest in New Infrastructure and teaching spaces</i>	De-escalated from Red 32 to Amber 12 (impact major 4 x likelihood possible 3) due to improved financial controls, budget reforecast position and amalgamating FM services resulting in efficiencies and freeing further resources.
	GSMD CROSC 010 <i>Risk of not preparing for</i>	De-escalated from Red 16 to Amber 8 (impact major 4 x likelihood unlikely 2) as business

Change	Risk	Note
	<i>or managing a significant disruptive event</i>	continuity plan being put in place, including accommodation for during emergencies and IT contingency plans.
Risks renamed	BBC H&S 005 <i>Non-compliance with Fire regulations</i>	Renamed from BBC H&S 005 <i>Failure to Deliver the Fire-Related Projects</i> following Barbican's review of risks (March 2024).

Additional Risk Updates

14. EDI risks have been reviewed and will be redrafted (and finalised when a new Equalities Director is in post - summer/autumn) to ensure they are appropriate and address key areas. In the meantime, CORMG have agreed that EDI risks are likely to focus on areas including compliance, resources and services / service users (internal and external). The Chief Strategy Officer as the Chief Officer responsible for the EDI portfolio is monitoring these, putting in place interim arrangements to mitigate the likelihood of these or related risks materialising.
15. During a previous discussion on the Gresham Almshouses, the Committee asked officers to outline governance for donated assets (relating to understanding responsibilities and risks). The City Corporation is the corporate trustee, or has appointing rights, to 25 charities. These include open spaces, alms houses, small grants making charities, and City Bridge Foundation.
16. A corporate charity review is underway, due for completion in March 2025. This review has supported the reconciliation of City of London charities while ensuring adherence to Charity Commission best practice. This included the implementation of a charity risk protocol in 2022, which has been rolled out across City of London charities. With a few exceptions, all City of London charities have a risk register that is regularly updated and taken to the relevant committee acting as trustee of each respective charity. A larger review of the Natural Environment charities includes the development of an asset register to determine what each charity holds in terms of assets. The assets will continue to be managed by the City Corporation's Cyclical Works Programme.

Corporate & Strategic Implications

- Strategic implications – Reporting in line with CoLC Corporate Risk Management Strategy.
- Financial implications – None applicable
- Resource implications – None applicable
- Legal implications – None applicable
- Risk implications – None applicable
- Equalities implications – None applicable
- Climate implications – None applicable
- Security implications – None applicable

Conclusion

This risk update and accompanying document (see appendices) are aimed at providing assurance to the Audit and Risk Management Committee that risks within the City of London Corporation are being effectively handled.

Appendices

- Appendix 1: Corporate Risk Register Report – detailed report
- Appendix 2: All Red Departmental Risks – short summary report

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