

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 25 September 2018

Minutes of the meeting of the meeting held at Guildhall, EC2 at 2pm

Present

Members:

Alderman Ian Luder (Chairman)
Alexander Barr (Deputy Chairman)
Hilary Daniels (Deputy Chairman)
Alderman Nick Anstee
Chris Boden
Anne Fairweather
Marianne Fredericks
Alderman John Garbutt
Deputy Jamie Ingham Clark (Ex-Officio Member)
Kenneth Ludlam (External Member)
Caroline Mawhood (External Member)
Jeremy Mayhew (Ex-Officio Member)
Andrien Meyers

Officers:

Michael Cogher	- Comptroller and City Solicitor
Paul Dudley	- Chamberlain's Department
Philip Gregory	- Chamberlain's Department
Peter Kane	- Chamberlain
Pat Stothard	- Head of Internal Audit and Risk Management
Carolyn Dwyer	- Director of the Built Environment
Richard Steel	- Department of the Built Environment
Damian Nussbaum	- Director of Economic Development
Leigh Lloyd-Thomas	- External Auditor, BDO
Julie Mayer	- Town Clerk's Department
Alistair Sutherland	- Assistant Commissioner, City of London Police
Stuart Phoenix	- City of London Police

1. APOLOGIES

Apologies were received from Paul Martinelli, Randall Anderson and John Petrie.

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

The Deputy Chairman declared a general (non-pecuniary) interest in respect of item 4 and, as it concerned her appointment for a further term, would leave the room when this item was considered.

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED, that - the public minutes and non-public summary of the meeting held on 17 July 2018 be approved.

4. **MINUTES OF THE NOMINATIONS SUB COMMITTEE**

Members received the approved minutes of the Nominations Sub Committee of 17 July 2018.

Members noted that, at today's meeting of the Sub Committee, Members had discussed the content of a skills audit, in which all Members would be asked to participate.

In respect of the appointment of an External Member, for a third term, Members noted and confirmed the recommendation of the Nominations Sub Committee of 17th July 2018 and it was RESOLVED, that – the appointment of Hilary Daniels (External Member and Deputy Chairman), for a third term of three years, commencing in 2019, be recommended to the Court of Common Council.

5. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Members received the Committee's latest outstanding actions list and noted that the action in respect of police seized goods had been followed up and would be removed.

6. **COMMITTEE WORK PROGRAMME**

Members received the Committee's work programme and noted that an update on GDPR and the Whistleblowing Policy would be presented to the November meeting of the Committee.

Furthermore, in light of the discussions at today's Risk Challenge Session, in respect of the Multi Academy Trust, there would be a report on governance across all of the City schools, in January 2019, and the Chairman of the Education Board and the Education Strategist would be invited.

7. **2017-18 CITY FUND AND PENSION FUND FINANCIAL STATEMENTS - AUDIT COMPLETION REPORT**

Members received a report of the Chamberlain and External Auditors in respect of this year's closure of accounts. The External Auditor advised of an additional, non-material recommendation in respect of over-accruing expenditure, which had been caused by a system error and was being rectified.

RESOLVED, that – the report be noted.

8. **INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP**

Members received the Internal Auditor's Recommendations Follow Up Report and welcomed the new 'Appendix 3' in respect of accepted risks. The Chairman reminded Members of the Committee's non-executive status and the

need for some tolerance of accepted risks, as had been the case with seized goods. The Assistant Commissioner was in attendance and gave assurance that the Police Professional Standards Team would be conducting quarterly audits of seized property and new software was in place.

In respect of the report generally, Members reiterated the importance of only allowing target dates to be changed once and noted that some; i.e. the ICT strategies, were 3 years old and likely to need updating.

RESOLVED, that – the report be noted.

9. **RISK UPDATE**

Members received a report of the Chamberlain which provided the Committee with an update on the corporate and top red departmental risk registers, following the review by the Chief Officer Risk Management Group (CORMG) on 3 July 2018 and Summit Group on 25 July 2018.

Members noted a new corporate risk; ‘Failure to deliver fire safety projects in the Barbican Centre’, would be considered by CORMG on 10 October 2018. In addition Sir Nick Keyon, Managing Director, Barbican Centre would be attending the Committee’s November informal risk challenge session where Members might wish to discuss progress on managing this risk. CORMG would also be considered two other emerging risks on “Brexit for the City Corporation” and “Organisational change for corporate status.

Members were reminded that CR02: ‘Loss of Business Support’ was a separate risk which focused on the potential causes for the loss of business support for the City of London.; at 11 (A) on this agenda. Members asked about the impact of a change of government on CR02 and the Chamberlain agreed to refer this to the Remembrancer.

RESOLVED, that – the decision of the Summit Group to remove both CR19 IT Service provision and CR22 Barbican Fire safety risk from the corporate risk register be endorsed and the report be noted.

10. **PUBLICATION STATUS OF RISK UPDATE REPORT**

Members received a report of the Chamberlain in respect of a question raised by Zurich Municipal during the recent corporate risk profiling exercise, as to the public availability of the City Corporation’s Risk Register (included within the regular risk update reports to the Audit and Risk Management Committee on the public agenda). Members noted that Risk was reported in greater depth at the City Corporation than many other local authorities. However, given the non-executive status of the Audit and Risk Management Committee, it was unlikely that they would consider commercially sensitive risks in detail.

Members noted that Members of the City Corporation were keen to keep as much information in the public domain as possible and it was City Corporation Policy to apply the Local Government (Access to Information) Act 1985 in respect of City’s Cash reports, even though it was not required to do so. Furthermore, the City Corporation had recently amended the template for non-

public reports, to make them more specific as to their reason(s) for exclusion. Officers were required to make a case for a report being non-public, with the final decision resting with the Town Clerk. Members also noted that it was good practice for a public report to have a non-public appendix, if possible, and not to exclude the entire report.

RESOLVED, that –

1. The existing approach of including the risk update report (and corporate risk register) within the Public part of the Committee's agenda be agreed.
2. The Chairman's discretion in moving discussion about one or more risks, where appropriate, to the Non-Public part of the meeting be noted.

11. DEEP DIVE RISK REVIEWS

(A) CR20: ROAD SAFETY

Members received a report of the Director of the Built Environment in respect of Road Safety. During the discussion and questions on this item, the following points were noted:

- Members noted the success of schemes at Holborn Circus, Aldgate Street and Bank but remained concerned in respect of Ludgate Circus. The Director had met with Transport for London in respect of Ludgate Circus to ensure it was being given priority.
- The Department worked with the Police in respect of safety campaigns and enforcement, and in 'engineering out' risks, and the new Transport Strategy sought to put pedestrians first. The Draft Transport Strategy focussed on river transport, consolidation centres and redefining 'peak times', given the City's night-time economy. There were further comments in respect of automatic vehicles and scooters being ridden on pavements etc.
- An analysis of the dip in figures in 2013 had been inconclusive but accidents at roadwork sites were studied carefully. The charts in the report were reflective of London generally; i.e. a general downward trajectory with a recent slight uplift. The Director offered more information to Members on request.
- Following accidents, data in respect of age, circumstances, vehicles, weather and time of day were fully scrutinised; with inattentive pedestrians and undisciplined cyclists being a major contributor. Officers looked for common themes, which were reviewed annually, with extra focus on serious injuries or fatalities.
- Some Members raised concern about poor signage on temporary pedestrian routes. The Director advised that it was possible to manage phasing of lights and traffic movement, in consultation

with TfL. The Director can commission an independent road safety audit for any site where there were specific road safety concerns.

- Members noted the rigid safety code for contractors and the Director encouraged them to report areas of concern. However, Members were asked to be mindful of emergency roadworks; i.e. gas/drainage works, which required immediate action and, therefore, had less planning time.

RESOLVED, that – the report be noted.

(B) CR02: LOSS OF BUSINESS SUPPORT TO THE CITY

Members received a report of the Director of Economic Development in respect of the risk of loss of business support to the City. During the discussion and questions, the following points were noted:

- By now, more clarity had been expected in respect of Brexit and businesses were planning for ‘no deal’ contingencies, focussing on the legally binding aspects of transactions. The department had been tracking job numbers and there had been less movement than expected.
- This year’s Lord Mayor ‘Trust’ Theme had been well received outside London and internationally and London’s reputation was still strong. London would aim to be at the forefront of sustainable investment and green finance and were very strong on ‘rule of law’.
- The Department would continue to work for a balance; i.e. 45% of financial exports with the UK and London’s competitiveness and reputation.
- In order to promote a dynamic image of London for the future, and to support young professionals, the Department had produced a ‘Resource Pack’ aimed a middle level management; i.e. the next generation of leaders.

RESOLVED, that – the report be noted.

12. HMIC - CITY OF LONDON POLICE

Members considered a report of the City of London Police which provided Members with an overview of Her Majesty’s Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) continuing programme of inspections and published reports, together with the City of London Police (CoLP) response where relevant. It additionally provided assurance that the recommendations from reports were being addressed by the Force.

RESOLVED, that – the report be 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**

There were no items.

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 no

16-19

Para no

1, 2 & 3

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

RESOLVED, that - the public minutes and non-public summary of the meeting held on 17 July 2018 be approved.

17. **CITY OF LONDON POLICE, KEY FINANCIAL CONTROLS UPDATE**

Members received a report of the Head of Internal Audit and Risk Management.

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

There were no questions.

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

There were no items.

The meeting ended at 4pm

Chairman

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