

## **AUDIT AND RISK MANAGEMENT COMMITTEE**

**Tuesday, 28 April 2015**

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

### **Present**

#### **Members:**

Alderman Timothy Hailes (in the Chair)  
Alderman Nick Anstee  
Nigel Challis  
Jamie Ingham Clark  
Oliver Lodge  
Hilary Daniels (External Member)  
Caroline Mawhood (External Member)  
Jeremy Mayhew (ex-officio Member)  
Hugh Morris (ex-officio Member)  
Graeme Smith

#### **Officers:**

Simon Murrells	- Assistant Town Clerk
Neil Davies	- Town Clerk's Department
Julie Mayer	- Town Clerk's Department
Dr Peter Kane	- Chamberlain
Michael Cogher	- Comptroller and City Solicitor
Anna Simmonds	- Chamberlain's Department
Paul Dudley	- Chamberlain's Department
Chris Keesing	- Chamberlain's Department

#### **In attendance:**

Nick Bennett	- Moore Stephens, External Auditor
Heather Bygrave	- Deloitte, External Auditor
Philip Everett	- Director of the Built Environment
Esther Sumner	- Department of Open Spaces
Sue Ireland	- Director of Open Spaces

It was proposed by Jeremy Mayhew, seconded by Hugh Morris and agreed that Alderman Tim Hailes take the Chair.

#### **1. APOLOGIES**

Apologies were received from Alderman Charles Bowman, Roger Chadwick, Revd. Dr Martin Dudley, Oliver Lodge, Alderman Ian Luder and Kenneth Ludlam.

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

There were no declarations.

3. **ORDER OF THE COURT OF COMMON COUNCIL**

The Committee received the Order of the Court of Common Council dated 23 April 2015.

4. **ELECTION OF CHAIRMAN**

The Committee proceeded to elect a Chairman in accordance with Standing Order No 29. The Town Clerk read the list of Members eligible to stand and Alderman Nick Anstee, being the only member willing to serve, was duly elected Chairman for the ensuing year and took the Chair.

5. **ELECTION OF DEPUTY CHAIRMAN**

The Committee proceeded to elect a Deputy Chairman in accordance with Standing Order No 30. The Town Clerk read the list of Members eligible to stand and Nigel Challis, being the only member willing to serve, was duly elected Deputy Chairman for the ensuing year.

6. **MINUTES OF THE PREVIOUS MEETING**

The public minutes and non-public summary of the meeting held on 24 February 2015 were approved as a correct record.

7. **OUTSTANDING ACTIONS OF THE COMMITTEE**

The Committee received the outstanding actions list and noted those items which would be discharged, as follows:

- **Hampstead Heath** - following a presentation at today's meeting, Members agreed that this item could be removed from the Outstanding Actions list.
- **Anti Fraud, Data Protection and Responsible for Information On-line training** - the latest response figures had been tabled; i.e. Responsible for Information - 78%; Data Protection - 85% and Fraud Awareness - 94%. The Chairman acknowledged the efforts of Chief Officers and accepted that different learning approaches would need to be taken for staff who did not have regular on-line access, and that some staff may have completed similar courses as part of their professional development.

The Chairman and Members were satisfied with the Chief Officer and Summit Groups' interventions and the additional focus provided as part of the Chief Officer Risk Challenge Sessions. The Head of Internal Audit and Risk Management further advised that an Internal Audit Review on learning and development had been planned for this year. It was therefore agreed that this item could be removed from the Committee's outstanding actions list.

- **Anti-Fraud Investigations** – this had been covered on today's agenda.

## 8. COMMITTEE WORK PROGRAMME

The Committee received its work programme and noted the updates and additions, since the last meeting of the Committee:

- City's Cash Statements and Deloitte's Annual Audit letter would be presented to the Committee in September.
- The next Risk Management Update in June would include a 'root and branch' review of all corporate risks.
- Agenda item 18 on today's agenda in respect of Cyber Fraud was deferred to the June meeting.

## 9. THE PONDS' PROJECT: MANAGING RISK

The Committee received a presentation from the Departments of the Built Environment and Open Spaces in respect of the Hampstead Heath Pond Project. The presentation had been requested as an exemplar of risk and project management skills and cross working and covered the following:

- Throughout the project, the City of London had proven its ability to work together and draw expertise from a wide range of external professionals.
- Very few organisations could have managed such a complex project. Stakeholder involvement at an early stage had been a significant factor in its success.
- The Chairman of Hampstead Heath, Highgate Wood and Queens Park Committee was in attendance and commended the leadership of Philip Everett; the co-ordination skills of Esther Sumner and the excellent team work and initiative of all staff involved.
- Although there had been a Judicial Review, this had given closure and external relationships had improved by the end of the process.
- Given the excellent outcome to the project, Members agreed that the item could be removed from the Committee's Outstanding Actions list but it would remain on the Corporate Risk Register until the project was complete.

## 10. RISK MANAGEMENT UPDATE

The Committee received a report of the Chamberlain, which presented an update on the Corporate Risk Register and reported on progress in implementing the Covalent Risk Management Information System. During the discussion on this item, the following matters were raised/noted:

- Members commended the new format and clear presentation of the report.
- In response to questions about risk owners, the Risk Manager explained that including this information in each report would make them extremely lengthy. Members were therefore content to receive this extra detail annually.
- Also annually, starting in June this year, Members would receive an update on the top departmental risks.
- In respect of the 5 risks without a target date, the Risk Manager explained that action was being taken within those risks but the immediate or medium term impact might be beyond officers' control. However, effective risk management and mitigation would be further tested as part of the root and branch review of corporate risks, which would be presented to the next meeting of the Committee.

**RESOLVED, that:**

1. The Corporate Risk Register be noted.
2. The Chief Officer Risk Management Group's (CORMG) 'root and branch' review of the existing corporate risks in June 2015 be noted.
3. The operation of the Covalent Risk Management Information System be noted.

**11. MEMBERS' BRIEFINGS - REPORTING ARRANGEMENTS**

The Committee considered a report of the Head of Internal Audit and Risk Management, which sought to streamline the process of providing Member briefings in respect of Internal Audit assurance reviews. Members welcomed the proposed efficiency but asked officers to be mindful of summarising too much detail, particularly on red reports.

**RESOLVED, that:**

The Members' Briefing Summary Report be distributed monthly to Members of the Audit and Risk Management Committee and the Chairmen and Deputy Chairmen of other, relevant committees.

**12. INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP REPORT**

The Committee considered a report of the Head of Internal Audit in respect of the implementation of audit recommendations by management since the last report to the Committee in December 2014. Members were reminded that the Department of Open Spaces' Risk Challenge Session would take place before the June Committee and would provide an opportunity to consider, in more detail, the amber recommendation in respect of Chingford Golf Course. The Senior Audit Manager further advised that officers would be reviewing the follow up and reporting of recommendations in order to avoid duplication and improve efficiency.

**RESOLVED, that:** the recommendations follow up report and the performance in respect of the recommendations be noted.

**13. INTERNAL AUDIT UPDATE REPORT**

The Committee received a report of the Head of Internal Audit and Risk Management. Members were pleased at the 90% completion rate, which was an improvement on the previous year, particularly as there had been some recent staffing changes. The Senior Audit Manager advised that a new tracking procedure would identify any departmental weaknesses. Members asked to be provided with performance/compliance data before each risk challenge session.

In respect of the Police's red recommendation (IT Disaster Recovery), Members noted that the City of London Police had recently outsourced their IT function to Agilisys and this would address a previous lack of resources. The Senior Audit Manager advised that future reports would include updates on progress.

**RESOLVED, that:**

The Internal Audit update report be noted.

**14. INTERNAL AUDIT INVESTIGATIONS UPDATE REPORT**

The Committee received a report of the Chamberlain, which provided an update on anti-fraud and investigation activity. Members noted that decisions to prosecute on proven cases of fraud were taken by the DWP, based on the commercial viability of achieving a successful prosecution. Given that the DWP were solely responsible for taking such decisions, Members agreed to receive investigation update reports twice yearly, rather than bi-monthly.

**RESOLVED, that:**

The report be noted.

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

There were no questions.

**16. ANY OTHER BUSINESS WHICH THE CHAIRMAN CONSIDERS URGENT**

There were no items of urgent business

**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 1 of the Schedule 12A of the Local Government Act.

**Items  
17 - 19**

**Para  
3**

**17. INTERNAL AUDIT INVESTIGATIONS UPDATE – CYBER FRAUD**

The Committee received a report of the Chamberlain in respect of the risk of Cyber Fraud, following Members' requests at an earlier meeting. As this report has been produced jointly with an IT professional, who was not in attendance, Members agreed to defer it to the June Committee.

**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**

Members noted that this would be the last meeting of Mr Hugh Morris (ex-officio Member representing the Policy and Resources Committee). The Chairman invited Members to join him in thanking Mr Morris for his contributions to the work of the Committee over the past few years.

**The meeting closed at 3.10 pm**

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Chairman

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