AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 8 March 2016

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall on Tuesday, 8ᵗʰ March 2016 at 1.45 pm

Present

Members:

Alderman Nick Anstee (Chairman)
Nigel Challis (Deputy Chairman)
Sheriff & Alderman Charles Bowman
Deputy Roger Chadwick (Ex-Officio Member)
Henry Colthurst (Ex-Officio Member)
Hilary Daniels (External Member)
Deputy Jamie Ingham Clark
Alderman Ian Luder
Kenneth Ludlam (External Member)
Caroline Mawhood (External Member)
Jeremy Mayhew (Ex-Officio Member)
Graeme Smith

In Attendance:

Officers:

Peter Kane	-	Chamberlain
Graham Bell	-	Chamberlain's
Neil Davies	-	Town Clerk's Department
Julie Mayer	-	Town Clerk's Department
Paul Dudley	-	Chamberlain's Department
Caroline Al-Beyerty	-	Chamberlain's Department
Michael Cogher	-	Comptroller and City Solicitor
Chris Harris	-	Chamberlain's Department
Leigh Lloyd-Thomas	-	External Auditor, BDO

1. **APOLOGIES**
   Apologies were received from Alderman Tim Hailes.

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 Minutes of the meeting held on 8 March 2016 were approved.

4. **OUTSTANDING ACTIONS LIST**
Members received the Committee's outstanding actions list and noted the following updates:

Peer Review – expected completion at the end of April 2016.

Cyber Risks – work was on-going and the subject of a 'Deep Dive' review at item 7 on today's agenda.

Community and Children's Services – Risk Challenge Session to include the work of the Education Board. Members noted that, as the next review of Community and Children's Services was due in May 2017, it would allow sufficient time for the new Multi Academy Trust (MAT) to embed**.**

5. **COMMITTEE WORK PROGRAMME**
The Committee received its work programme and made the following suggestions:

- The Risk Challenge Session for the Town Clerk and Comptroller and City Solicitor in November 2016 would need appropriate timings.

- Could the scheduling of Risk Challenge Sessions generally be reviewed in light of the outcome of the first round of sessions and align with the deep dive reviews? This might require some departments being called back for a second review earlier than others.

- The Member only session with the External Auditor be held after the June Meeting, when this year's Audit would be close to completion.

6. **CORPORATE RISK REGISTER REVIEW**
The Committee received a report of the Chamberlain in respect of the Corporate Risk Register and during the discussion the following points were raised/noted:

- Should 'Adverse Political Developments' be reviewed in light of the Court's decision in relation to the EU.

- For on-going risks, eg 'Resilience', targets were generally set a year ahead and then reviewed.

- Some issues had arisen from the Risk Challenge sessions; i.e. inconsistencies with naming the risk owners and missing targets in a small minority. However, Members agreed that the sessions had seen improvements and were reinforcing risk management as more than just a process.

7. **DEEP DIVE RISK REVIEW: INFORMATION SECURITY (CR16)**
    The Chief Information Officer was heard in respect of the management of the Information Security Corporate Risk. During the discussion, the following points were raised/noted:

    - Local authorities could be perceived as easy targets, given recent budget cuts and many were working with Central Government via the Local Authority Cyber Security Network. Members noted that during the November protests in 2015, some major City of London Corporation Systems were taken down as a precaution.

    - The latest round of security accreditations in April would include multiple vendors, penetration testing and closer working with the City of London Police. The shared work programme with the Police would include a re-assessment of Corporate Risk CR16 and the IS Sub Committee would receive a report in June 2016.

    - Members noted that viruses continually attacked the City of London Corporation and virtually all were detected immediately. However, such attacks were likely to increase and become more sophisticated.

    - Whilst the CoLC i-pads were very secure, further resilience could be introduced by using Egress for sensitive and confidential emails. In respect of a question about patching and security gaps, the Chief Information Officer advised that they would be built into KPIs and performance reports. Examples from the City of London Police were available to Members on request.

    - Whilst all Local Authorities retained responsibility for their insurance arrangements, Members noted that the Government had backed a scheme for insurance against terrorism and this might extend to cyber crime.

    - All CoLC staff were required to undertake mandatory training in Data Protection and the Town Clerk also led intensive sessions for managers showing case studies. Classroom based sessions were offered to staff, taking into account the type and volume of personal information handled and the level of risk of breaches. Members noted that, in light of the new EU General Data Protection Regulations, due to be enacted later this year, refinements to the training programme were being considered.

    In concluding, the Chairman thanked the Chief Information Officer for his best endeavours and heavy workload in a challenging environment.

8. **ANTI FRAUD INVESTIGATIONS**
    - The Committee received a report of the Chamberlain in respect of anti-fraud and investigation activity.

    During the discussion, the following points were raised/noted:

Members received an update on the Billingsgate fraud prosecution and verdict, which had been scrutinised closely by the Audit and Risk Management Committee. Members were reminded that the Financial Services Director, also in attendance at this meeting, had led the disciplinary process. Members were reminded that, as a result of lessons learnt from the process, there was now far less cash handling in the City of London Corporation (CoLC). Members were reminded that the CoLC internal control mechanism had highlighted this fraud.

The Head of Internal Audit and Risk Management advised that anti fraud work was both pro-active and re-active; an increased requirement in one area would temporarily direct resources away from the other. However, the Chamberlain would be consulted if either requirement was consistently high.

RESOLVED, that – the report be noted.

9. **ANNUAL GOVERNANCE STATEMENT METHODOLOGY**
The Committee considered a report of the Town Clerk in respect of the annual review of its system of internal controls. Members suggested that a paragraph be added to include the work of the Standards Committee.

RESOLVED , that – the proposals set out in this report for the production and presentation of the Annual Governance Statement (2015/16) be approved with the additional reference to the Standards Committee as set out above.

10. **AUDIT PLANS FOR THE 2015/16 CITY FUND AND PENSION FUNDS FINANCIAL STATEMENT**
Members received a report of the external auditors in respect of the plans for the Audit of the City Fund and Pension Fund Financial Statements for 2015/16. In response to a question, the External Auditor advised that he expected the most challenging areas to be NNDR Appeals and Charitable Relief for hospitals. Members noted that the auditors had started work on site the previous day and a further update would be provided during the Member-only session in June.

RESOLVED – That the report be noted.

11. **CERTIFICATION OF CLAIMS AND RETURNS 2014/15**
   ▪ The Committee received a report of the External Auditor which Certified the Claims and Returns for 2014/15, as required as part of the sign of the 2014/15 Financial Statements

RESOLVED – That the report be noted.

12. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
A Member had emailed the Town Clerk in respect of the profile of risk management within the organisation. The Town Clerk had offered to include this in the corporate report writing guidance and highlight it further during training sessions. Members were content with this suggestion and asked to see the update to the guidance before it was circulated more widely.

A Member raised a query about the format for reports to the Projects Sub Committee as he felt that, by being different to those of other Committees, they could cause confusion. The Member also felt that the sub committee appeared to undo the work of other committees. The Town Clerk offered to pass this comment on to the Assistant Town Clerk with responsibility for the Projects Sub Committee and the Corporate Programme Manager.

13. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
There were no items.

14. **EXCLUSION OF THE PUBLIC**
RESOLVED – that under Section 100 (A) of the Local Government Act 1972, public be excluded from the following items on the grounds that they may involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act.

Item No	Paragraph no
15 – 17	1 and 2

15. **NON PUBLIC MINUTES**
The non-public minutes of the last meeting were approved.

16. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were no questions.

17. **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 3.20 pm

Chairman

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