

## **AUDIT AND RISK MANAGEMENT COMMITTEE**

**Tuesday, 19 November 2019**

**Minutes of the meeting of the Audit and Risk Management Committee held at the Guildhall EC2 at 2.00 pm**

### **Present**

#### **Members:**

Alderman Ian Luder (Chairman)	Alderman John Garbutt
Alexander Barr (Deputy Chairman)	Kenneth Ludlam (External Member)
Hilary Daniels (Deputy Chairman)	Paul Martinelli
Randall Anderson	Caroline Mawhood (External Member)
Deputy Jamie Ingham Clark (Ex-Officio Member)	Jeremy Mayhew (Ex-Officio Member)
Anne Fairweather	Andrien Meyers
Marianne Fredericks (Ex-Officio Member)	John Petrie

#### **Officers:**

John Barradell	- Town Clerk and Chief Executive
Chloe Rew	- Town Clerk's Department
Gary Locker	- Town Clerk's Department
Justin Tyas	- Town Clerk's Department
Peter Kane	- Chamberlain
Caroline Al-Beyerty	- Chamberlain's Department
Paul Dudley	- Chamberlain's Department
Matthew Lock	- Chamberlain's Department
Chris Keesing	- Chamberlain's Department
Steven Reynolds	- Chamberlain's Department
Cecilie Booth	- City of London Police
Michael Cogher	- Comptroller & City Solicitor
Chrissie Morgan	- Director of Human Resources

#### **Also in Attendance:**

Alderman Prem Goyal	- Court of Common Council
Fiona Condron	- External Auditor, BDO
Leigh Lloyd-Thomas	- External Auditor, BDO

### **1. APOLOGIES**

Apologies were received from Alderman Anstee.

### **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**

RESOLVED, that – the public minutes and non-public summary of the previous meeting held 24 September 2019 be agreed as a correct record, subject to one amendment to the minute for agenda item 17. The minute was amended to reflect the agreement in the 24 September meeting that the risk description for CR16 Information Security be revised to reflect an emphasis on City of London preparedness.

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

RESOLVED, that – the outstanding actions of the committee be received and their contents noted. With respect to the update for the City of London Police regarding Freedom of Information Request areas, the committee requested a formal report be submitted in January 2020.

4 a). **INTERPRETATION OF OFFICE FOR STUDENTS GUIDANCE CONCERNING THE INDEPENDENCE OF MEMBERS**

With respect to the outstanding action regarding a governance matter for the Board of Governors of Guildhall School of Music and Drama (GSMD), Members received a joint report of the Comptroller & City Solicitor and the Head of Audit and Risk Management relative to interpretation of Office for Students guidance concerning the independence of Members. Following the Chairman's request for guidance on whether there were any criteria that would mean that Common Councillors serving on the Board of Governors of GSMD would not be considered independent, the guidance stated that there are no such criteria. It was noted that recruitment of external Members was underway through a formalised process overseen by a nominations sub-committee.

Further discussion regarding sensitive information took place during confidential session.

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

5. **COMMITTEE WORK PROGRAMME**

RESOLVED, that – the Committee workplan be received and its contents noted. The Chairman noted that the City of London School for Girls Internal Audit Recommendation Implementation Update would be brought to the Committee in January 2020.

6. **CITY'S CASH FINANCIAL STATEMENTS 2018/19**

Members considered a report of the Chamberlain relative to the City's Cash Financial Statements for 2018/19. The report was read in conjunction with the City's Cash Annual Report and Financial Statements for the Year Ended 31 March 2019 at Agenda Item 8, and the BDO City's Cash and the Sundry Trust Audit for the Year Ending 31 March 2019 at Agenda Item 9. Following discussion with the Chamberlain and BDO, with particular emphasis on issues of tax liability on the Barking Power Station, Members agreed that the Committee would not recommend the City's Cash Financial Statements for the year ended 31 March 2019 to the Finance Committee.

RESOLVED, that:

1. the Chairman be provided with the most recent Barking Power Station accounts, the last accounts prior to acquisition, a balance sheet update and explanation of any changes made to accounts. This was requested by 26 November 2019 in order for the amended accounts to be dealt with under Delegated Authority for approval by the Chairmen of Finance and Audit and Risk Management, and published by the 30 November 2019 deadline.

**7. CITY'S CASH TRUST FUNDS AND SUNDRY TRUST FUNDS ANNUAL REPORTS AND FINANCIAL STATEMENTS 2018/19**

Members considered a report of the Chamberlain relative to the City's Cash Trust Funds and Sundry Trust Funds Annual Reports and Financial Statements for 2018/19. The report was read in conjunction with the BDO City's Cash and the Sundry Trust Audit for the Year Ending 31 March 2019 at Agenda Item 9.

RESOLVED, that Members:

1. consider the contents of the Audit Management report issued by BDO LLP; and,
2. recommend approval of the City's Cash Financial Statements for the year ended 31 March 2019 to the Finance Committee.

**8. CITY'S CASH ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

The City's Cash Annual Report and Financial Statements for the Year Ended 31 March 2019 was considered with the Report of the Chamberlain at Agenda Item 6.

**9. BDO CITY'S CASH AND THE SUNDRY TRUST AUDIT FOR THE YEAR ENDING 31 MARCH 2019**

The BDO City's Cash and the Sundry Trust Audit for the Year Ending 31 March 2019 was considered with the reports of the Chamberlain at Agenda Items 6 and 7.

**10. END OF YEAR TREASURY MANAGEMENT REVIEW 2018/19**

Members received a report of the Chamberlain relative to the End of Year Treasury Management Review for 2018/19, in accordance with the Court of Common Council's adoption of CIPFA's Code of Practice on Treasury Management which requires an end of year report be presented to Members.

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

**11. INTERNAL AUDIT UPDATE REPORT**

Members received a report of the Head of Audit and Risk Management relative to the Internal Audit Update, which reported on internal audit activity since July 2019 and recommendation implementation status since September 2019.

It was noted that the City of London School for Girls accounted for 21 out of 117 high-priority recommendations which were overdue for implementation. The Committee agreed that a report on the matter be brought to Committee in

January 2020, and that the Chairman of the Board of Governors of the City of London School for Girls, the Bursar and the School Head be invited to attend the meeting.

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

**The Committee agreed to extend the meeting**

**12. ANTI-FRAUD & INVESTIGATIONS - 2019/20 UPDATE REPORT**

Members received a report of the Head of Audit and Risk Management relative to Anti-Fraud & Investigations for 2019/20. The report updated Members on activity of the anti-fraud and investigation team from 1 April 2019 to 30 September 2019.

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

**13. REVIEW OF RISK MANAGEMENT STRATEGY**

Members considered for discussion a report of the Chamberlain relative to a review of the Risk Management Strategy. It was noted that the strategy was not a departure from the City Corporation's existing approach, which had worked well, but sought to bring the strategy up to date with development from the last few years.

The draft strategy was submitted to Members for comments. Following further comments from the Summit Group at its meeting in December 2019, the strategy would be brought be presented again to the Committee in January 2020 meeting for final approval.

Member discussion addressed Member engagement prior to the strategy being presented to Committee; clarifying the definition of target risk date in risk registers; and, timelines for future risk management strategy revisions and updates.

RESOLVED, that – Members agree the Risk Management Strategy be brought to Summit Group at its next meeting, and finally to the Audit and Management Committee in January 2020 for final approval.

**14. RISK MANAGEMENT UPDATE**

Members considered a report of the Chamberlain relative to a Risk Management Update which provided Members with updates on corporate and top red departmental risks.

Members received an oral update of the Comptroller & City Solicitor relative to CR25 GDPR Compliance. It was proposed that the risk be de-escalated to a departmental risk.

In light of the matters discussed during the Open Spaces Informal Risk Challenge Session, the Chairman proposed escalating risks associated with the Wanstead Park cascade of ponds and high-level reservoirs (Open Spaces Departmental Risk OSD007) to a Corporate Risk to oversee the mitigation

efforts to protect the Corporation should an incident occur that could result in Corporate liability. It was suggested that this risk would only be maintained on the corporate risk register until contracts for works had been let.

Members expressed concern regarding the recent growth in the number of corporate risks leading to a possible loss of management focus and attention.

RESOLVED, that Members:

1. note the risk report including changes to both corporate and top red departmental risk registers since July 2019;
2. endorse the decision of the Summit Group to include both the CR30 Climate Action and CR31 Fundamental Review Delivery risks on to the corporate risk register.
3. agree to recommend to the Chief Officer Risk Management Group/Summit Group the escalation of OSD007 to a Corporate Risk;
4. agree to recommend to Summit Group the de-escalation of CR25 GDPR Compliance to a Departmental Risk.

## 15. **DEEP DIVE RISK REVIEWS**

### a) **Deep Dive: CR01 Resilience**

Members received a report of the Town Clerk & Chief Executive relative to a Deep Dive of CR01 Resilience. It was reported that the risk is being managed in the context of a new era of awareness and engagement of environmental protests. Lessons learned are taken forward to enhance resilience, and the Town Clerk's Department is working across departments and with the City of London Police to manage this risk.

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

### b) **Deep Dive - CR09: Health and Safety**

Members received a report of the Director of Human Resources relative to a Deep Dive of CR09 Health and Safety. It was reported that the risk is reviewed annually to ensure the department is compliant with regulations. Recent actions include improvements to fire safety measures and a new lone-working policy. Other initiatives include information sessions for suicide awareness and prevention, and mental health awareness, and it was suggested that these initiatives be better reflected in the risk register.

Further discussion regarding sensitive information took place during non-public session.

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

## 16. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

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

There was no other business.

18. **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 of 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.

Item	Paragraph
19	3
20	1, 2, 3
21	3
24	1, 2, 3

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

RESOLVED, that – the non-public summary of the previous meeting held 24 September 2019 be agreed as a correct record, subject to one amendment to the minute for agenda item 17. The minute was amended to reflect the agreement in the 24 September meeting that the risk description for CR16 Information Security be revised to reflect an emphasis on City of London preparedness.

20. **APPOINTMENT OF EXTERNAL MEMBER TO THE AUDIT AND RISK MANAGEMENT COMMITTEE**

Members considered a report of the Town Clerk & Chief Executive relative to the Appointment of an External Member to the Audit and Risk Management Committee.

RESOLVED, that – the recommendation be agreed.

21. **RISK MANAGEMENT UPDATE: NON-PUBLIC APPENDIX 3**

Members read the Non-Public Appendix 3 in conjunction with the Report of the Chamberlain at Agenda Item 14.

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

There were no questions.

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

There was one item of other business.

24. **CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING**

RESOLVED, that – the confidential minutes of the previous meeting held 24 September 2019 be agreed as a correct record.

**25. CONFIDENTIAL QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

**26. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED DURING CONFIDENTIAL SESSION**

There was one item of other business.

**The meeting closed at 5.00 pm**

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Chairman

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