

## **AUDIT AND RISK MANAGEMENT COMMITTEE**

**Tuesday, 28 January 2020**

Minutes of the meeting of the Audit and Risk Management Committee held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Tuesday, 28 January 2020 at 2.00 pm

### **Present**

#### **Members:**

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

### **In Attendance**

#### **Officers:**

Chloe Rew	- Town Clerk's Department
Peter Kane	- Chamberlain
Caroline Al-Beyerty	- Chamberlain's Department
Alistair Cook	- Chamberlain's Department
Paul Dudley	- Chamberlain's Department
Matthew Lock	- Chamberlain's Department
Cecilie Booth	- City of London Police
David Evans	- City of London Police
Michael Cogher	- Comptroller and City Solicitor
Jon Averbs	- Director of Markets & Consumer Protection
Ruth Calderwood	- Department of Markets and Consumer Protection
Jenny Brown	- City of London School for Girls
Alan Bubbear	- City of London School for Girls

#### **Also in attendance:**

Nick Bensted-Smith	- Chairman, Board of Governors of the City of London School for Girls
Alderman Prem Goyal	- Court of Aldermen
Alderman Bronek Masojada	- Court of Aldermen
Dan Worsley	- External Member (commencing April 2020)
Fiona Condron	- External Auditors, BDO

1. **APOLOGIES**

Apologies were received from Deputy Chairman (External) Hilary Daniels, Alderman Nick Anstee, Anne Fairweather and Marianne Fredericks.

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 minutes of the previous meeting held on 19 November 2019 were agreed as a correct record.

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

RESOLVED, that – the list of outstanding actions of the Committee be received and its contents noted.

5. **COMMITTEE WORK PROGRAMME**

RESOLVED, that – the Committee work programme be received and its contents noted.

6. **MEMBERSHIP TERMS FOR APRIL 2020 COMMITTEE APPOINTMENTS**

Members considered a report of the Town Clerk & Chief Executive relative to the membership terms for the April 2020 Committee appointments. As six out of 10 Members' terms will expire at once, the report proposed staggered terms be implemented for the upcoming court appointments to mitigate against the risk of excessive Member turnover in any one year in the future.

RESOLVED, that Members agree:

1. staggered terms be implemented when Members are elected to the Audit and Risk Management Committee at the Court of Common Council meeting on 23 April 2020;
2. the terms commencing April 2020 will be 4 terms of 3 years; 1 term of 2 years, and 1 term of 1 year; and,
3. all future terms thereafter be for three years.

7. **EXTERNAL AUDIT PROCUREMENT: NEXT STEPS**

Members considered a report of the Chamberlain relative to the next steps in external audit procurement.

RESOLVED, that Members:

1. endorse the procurement approach for the new external audit service contract;
2. agree that Hilary Daniels serve as Chairman of the IAAP;
3. agree Alderman Ian Luder and Jamie Ingham Clark sit on the IAAP.

8. **2020/21 DRAFT INTERNAL AUDIT PLAN**

Members considered a report of the Head of Audit and Risk Management relative to the 2020/21 Draft Internal Audit Plan. Members considered the two categories of prioritisation and the Chamberlain's provided justification for both

categories with a view to move to a smaller number of areas of higher risk in the future.

RESOLVED, that Members:

1. review the proposed Internal Audit Plan for 2020/21 as set out in Appendix 1 and consider the extent to which:
  - the plan covers the organisation's key risks as they are recognised by Audit and Risk Management Committee;
  - the plan incorporates the areas that the Audit and Risk Management Committee believe should be covered as priority; and,
2. agree, subject to the above, the 2020/21 Draft Internal Audit Plan.

#### 9. **INTERNAL AUDIT RECOMMENDATIONS UPDATE**

Members considered a report of the Head of Audit and Risk Management relative to the Internal Audit Recommendations Update. Members were supportive of the Audit Recommendations follow-up process. Following a question from a Member in relation to the timelines of follow-up activity, the Head of Audit and Risk Management confirmed that the target would be to undertake follow-up reviews within 6 months of issuing Final Audit Reports, in line with the current target timelines for implementing Internal Audit recommendations.

With respect to the City of London School for Girls outstanding recommendations, the Bursar noted that action had been taken on all 23 outstanding recommendations, and 6 items had been closed. The Finance and Estates Sub-Committee of the Board of Governors of the City of London School for Girls had been established and would oversee outstanding audit recommendations. The School confirmed it would provide an update on the status of outstanding recommendations prior to the next meeting.

RESOLVED, that Members:

1. note the current status of live audit recommendations;
2. endorse the proposed changes to the way that audit follow-up work is undertaken.

#### 10. **CORPORATE RISK UPDATE**

Members considered a report of the Chamberlain relative to the Corporate Risk Update, including the final City of London Corporation Risk Management Policy and Strategy, following the receipt of the draft Risk Management Strategy at the previous committee meeting. Members expressed concern over the growing number of corporate risks although the Chairman noted that there had been one risk which had recently been removed from the register (GDPR) and other risks which were candidates for removal later in 2020. There was also a discussion concerning the meaning of target risk score/date. The Deputy Chairman made a suggestion to amend the definition within the glossary of the risk management strategy which clarified this point. The strategy would be amended accordingly.

RESOLVED, that Members:

1. note the risk report including changes to both corporate and top red departmental risk registers since November 2019;
2. endorse Summit Group's decision to include CR32 Wanstead Park Reservoirs risk on to the corporate risk register;
3. note the development of two potential corporate risks to be considered by Summit Group relating to capacity and capability of the City Corporation's ability to simultaneously deliver 3-4 major capital schemes over the next few years as well as general competency in managing projects;
4. agree the proposed reporting arrangements for corporate risks to the Committee set out as follows:
  - a detailed corporate risk register including all corporate risks to be provided on an annual basis, categorising risks into appetite levels (above, at, below) and an indication of the approach to managing each risk;
  - for the other three Committee meetings per year, only risks above risk appetite to be reported in a detailed risk register format;
  - a list of all corporate risks indicating risk appetite levels to be provided in summary format at each meeting.
5. endorse the City Corporation's Risk Management Strategy.

**11. DEEP DIVE CR21: AIR QUALITY**

Members received a Deep Dive report of the Director of Markets and Consumer Protection (M&CP) relative to CR21 Air Quality. It was noted that emission sources include road traffic and non-traffic sources such as boilers and generators. Fine particles found in air come from both City sources and blown from other parts of London. M&CP reported it was working with the Department for the Built Environment to manage idling and encourage use of electric vehicles in the City. In addition to the work undertaken within the City, an emissions reduction bill had gone through a first reading in Parliament and would be considered in a second reading in due course.

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

**12. CITY OF LONDON POLICE FREEDOM OF INFORMATION REQUESTS UPDATE**

Members received a report of the Commissioner of Police relative to the City of London Police Freedom of Information (FOI) Requests. Members were informed that the historic backlog of requests received prior to April 2019 had been cleared. Since April 2019, there had been 1112 requests; 479 were completed within the statutory timeframe of 28 days and of the remaining 633, only 169 were past the statutory deadline. All outstanding requests would be completed by 31 March and any requests that had not yet been cleared by that date would be less than 28 days old.

RESOLVED, that –

1. the report be received and its contents noted; and,

2. the Committee is to receive a note of the 31 March position on FOI Requests at the 2 June 2020 meeting, with a view to remove the subject from outstanding actions moving forward.

13. **RESOLUTION OF THE POLICE AUTHORITY BOARD MEETING**

Members considered a resolution of the Police Authority Board from its meeting on 28 November 2019 requesting the Committee consider whether it would be appropriate to adopt Strategic Project Management as a Corporate Risk.

RESOLVED, that – a Major Capital Projects risk would be considered by the Committee at a future meeting.

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

There were no questions.

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

The Chairman congratulated Caroline Mawhood on being awarded an MBE in the New Year's Honours.

16. **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
17-19, 22	3
23	1-3

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

RESOLVED, that – the non-public minutes of the previous meeting held on 19 November 2019 be agreed as a correct record.

18. **DEEP DIVE CR23: POLICE FUNDING**

Members received a Deep Dive report of the Police Authority Treasurer relative to CR23: Police Funding.

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

19. **APPENDIX 3: CORPORATE RISK UPDATE**

Members received the non-public appendix in conjunction with the report of the Chamberlain, Corporate Risk Update, at agenda item 11.

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

There were no questions.

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

There was no other business.

22. **CONFIDENTIAL MINUTES**

RESOLVED, that – the confidential minutes of the previous meeting held 19 November 2019 be agreed as a correct record.

23. **INTERNAL AUDIT RESOURCES**

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

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

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

There were no questions.

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

There was no other business.

**The meeting closed at 4:00 pm**

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Chairman

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