

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 24 May 2022

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall, EC2 on Tuesday, 24 May 2022 at 2.00 pm

Present

Members:

Alderman Alexander Barr
Alderman Prem Goyal
Deputy Rehana Ameer
Deputy Randall Anderson
Deputy Christopher Boden
Deputy Henry Colthurst (Ex-Officio Member)
Gail Le Coz (External Member)
Judith Pleasance
Karen Sanderson (External Member)
Paul Singh
Dan Worsley (External Member)

Officers:

Ben Dunleavy	- Town Clerk's Department
Matthew Lock	- Chamberlain's Department
Chris Keesing	- Chamberlain's Department
Alan Bennetts	- Comptroller and City Solicitor's Department
Peter Collinson	- City Surveyor's Department
Dionne Corradine	- Town Clerk's Department
John Galvin	- Town Clerk's Department
Neilesh Kakad	- Chamberlain's Department
Nathan Omane	- Chamberlain's Department
Sonia Virdee	- Chamberlain's Department
Tabitha Swann	- Town Clerk's Department
Kehinde Olagunju	- Town Clerk's Department
Tina Allison	- Crowe LLP
James Hay	- Crowe LLP

1. APOLOGIES

Apologies for absence were received Alderman Bronek Masojada, Paul Martinelli and Dan Worsley.

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

Deputy Chris Boden made a declaration in respect of agenda item 20, stating that he was a member of the Audit Registration Committee of the Institute for

the Chartered Accounts of England and Wales, and recused himself from the discussion on this item.

3. **ORDER OF THE COURT**

Members received the Order of the Court of Common Council dated 21 April 2022 appointing the Committee and setting its Terms of Reference.

4. **ELECTION OF A CHAIR**

The Committee proceeded to elect a Chairman in accordance with Standing Order No. 29. Alexander Barr, as the only Member expressing their willingness to serve, was duly elected as Chairman for the ensuing year and took the Chair.

RESOLVED – That Alexander Barr be elected Chair of the Audit and Risk Management Committee for the ensuing year.

5. **ELECTION OF A DEPUTY CHAIR**

The Committee proceeded to elect a Deputy Chairman in accordance with Standing Order No. 30. Alderman Prem Goyal, as the only Member expressing their willingness to serve, was duly elected as Deputy Chair for the ensuing year.

Members elected a Deputy Chair (External) in accordance with a convention adopted by the Committee on 6 March 2018. Gail Le Coz, as the only Member expressing their willingness to serve, was duly elected as Deputy Chair for the ensuing year.

RESOLVED, that – Alderman Prem Goyal and Gail Le Coz be elected as the Deputy Chairs for the ensuing year.

6. **MINUTES OF THE PREVIOUS MEETING**

The public minutes and non-public summary of the meeting held on 18 January 2022 were approved as a correct record.

7. **COMMITTEE WORK PROGRAMME**

The Committee's Work Programme was noted.

The Chair requested that any amendments to the Work Programme be highlighted in an addendum.

8. **APPOINTMENT OF SUB-COMMITTEES**

Members received a report of the Town Clerk & Chief Executive relative to the appointment of the Nominations Sub-Committee and its composition and terms of reference, and the appointment of a Member to serve on the Resource, Risk and Estates Committee of the Police Authority Board.

A Member asked for clarification on the quoracy rules for the sub-committee.

The Chair suggested that both Committee Deputy Chair roles be made ex-officio positions on the Nominations Sub-Committee.

RESOLVED, that – Members:

- Agree the appointment, composition and terms of reference for the Nominations Sub-Committee as amended, and appoint the following Members to serve on the Sub-Committee in addition to the Chairman and Deputy Chairs:
 - Rehana Ameer
 - Karen Sanderson
- express no clear preference for whether the representative on the Resource, Risk and Estates Committee be an external or court member; and
- Appoint Randall Anderson to the Resource, Risk and Estates Committee of the Police Authority Board.

9. ANNUAL REPORT OF THE COMMITTEE

Members received a Report of the Town Clerk relative to the annual report of the Committee.

The Chair commended the report to the Committee and drew attention to the changes to the informal risk challenge session process. The sessions would now be held on an exception basis and managed in a dynamic and agile way. The Deputy Chair (external) commented that it was important how these sessions were provoked; the report mentioned Internal Audit activity but the Deputy Chair felt that the Committee should also be able to request a session if it was felt necessary.

A Member drew the Committee's attention to the reports mention of the Annual Governance Statement. They felt that it was important to highlight governance issues surrounding democratic accountability in the City of London Corporation, particularly due to the impact of postponing the 2021 Common Court elections due to the pandemic.

RESOLVED, that – Members agree the 2021/22 Annual Report of the Audit and Risk Management Committee for onward submission to the Court of Common Council.

10. ROLES AND RESPONSIBILITIES

Members received a Report of the Chief Strategy Officer relative to the roles and responsibilities of officers involved in corporate risk management. Agenda Item 14, a report providing a risk update, was considered alongside this item. Officers clarified that deactivated risks remain on the risk register invisibly and can be reactivated if necessary, with no requirement for them to be returned to departmental level.

With regards to CR02 Loss of Business Support, the Chair commented that the mitigating actions focused on mitigating the impact of the loss of support, rather than the likelihood, but that the document did not reflect this. An Officer replied that they would return with further details on this risk.

Members discussed the subject of inflation and whether it should be dealt with as a single line item risk, or included, where appropriate, in corporate and departmental risks. The following points were discussed:

- A Member noted that inflation was considered under CR35 Unsustainable Medium Term Finances
- Members felt that the risk level for CR35 was too low at Amber 12
- An Officer said that the Chamberlain's team were working on the impact of inflation, where the pressures were, and how they will be mitigated. The Executive Leadership Board had held a session to consider what inflation meant for each Chief Officer's department. Recommendations would be taken to the RASC away-day.
- The Chair said that inflation would be one of the single biggest risks facing the City Corporation and felt that it would be most efficiently dealt with in the line item of individual risks.

A Member, in reference to CR10, said there that the City of London Corporation was vulnerable to criticism and questions of democratic legitimacy. The Chair suggested that it might be helpful to invite the Remembrancer to a future meeting to discuss this risk.

A Member requested a more granular risk description on CR17 Safeguarding. The Head of Internal Audit replied that there was planned Internal Audit work to look at the whole City Corporation's safeguarding framework.

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

11. HEAD OF INTERNAL AUDIT ANNUAL OPINION

Members received a Report of the Head of Internal Audit providing the annual opinion.

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

12. INTERNAL AUDIT UPDATE

Members received the report of the External Auditors, Crowe LLP, for the year ending 31 March 2022 for Bridge House Estates, and City's Cash and Other Charities.

The Chair welcomed the new External Audit team from Crowe LLP.

The following points were noted:

Crowe are dedicating time to learn about the City of London Corporation, and have had planning meetings with Bridge House Estates and City's Cash. Their initial steps are to understand the City Corporation's systems and controls, primarily those used to produce financial statements;

Section 4 of the reports, on Fraud and Irregularity, reflected the change in auditing standards requiring auditors to provide greater detail when they saw risks of fraud in an organisation. Specific work is planned to cover these risks;

The initial audit work will be undertaken in June and July, with follow-up work being undertaken before the final reports are presented in November;

Crowe gave a guarantee that staffing would allow for the timetable for the external audit would be met;

At the request of a Member, Crowe said they would consider simplifying the narrative statements at the start of the accounts, or providing a summary of the narrative statement;

It would be difficult to realign with the External Audit team working on the City Fund accounts for this financial year, but in the future the teams can consider how to co-operate.

RESOLVED, that – the reports be received and their contents noted.

13. **AUDIT PLANNING**

Members received the reports of the External Auditors, Crowe LLP, for the year ending 31 March 2022 for Bridge House Estates, and City's Cash and Other Charities.

The Chair welcomed the new External Audit team from Crowe LLP.

The following points were noted:

- Crowe are dedicating time to learn about the City of London Corporation, and have had planning meetings with Bridge House Estates and City's Cash. Their initial steps are to understand the City Corporation's systems and controls, primarily those used to produce financial statements;
- Section 4 of the reports, on Fraud and Irregularity, reflected the change in auditing standards requiring auditors to provide greater detail when they saw risks of fraud in an organisation. Specific work is planned to cover these risks;
- The initial audit work will be undertaken in June and July, with follow-up work being undertaken before the final reports are presented in November;
- Crowe gave a guarantee that staffing would allow for the timetable for the external audit would be met;
- At the request of a Member, officers undertook to consider simplifying the narrative statements at the start of the accounts, or providing a summary of the narrative statement;
- It would be difficult to realign with the External Audit team working on the City Fund accounts for this financial year, but in the future the teams can consider how to co-operate.

RESOLVED, that – the reports be received and their contents noted.

14. **RISK UPDATE**

Members received a Report of the Chief Strategy Officer providing a risk update. This was considered alongside agenda item 10 (please refer to that item for a record of the discussion).

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

- The deactivation of one corporate risk (CR34 COVID-19)
- The merger of two corporate risks (CR23 Police Funding into CR35 Unsustainable Medium-Term Finances)

- The addition of one new corporate risk, previously monitored at departmental level (Surveyor's) as SUR SMT 004 Maintenance and Renewal of Physical Assets.

15. ANTI-FRAUD & INVESTIGATIONS - 2021/22 ANNUAL REPORT

Members received a Report of the Head of Internal Audit providing the Anti-Fraud and Investigations Annual Report for 2021/22.

The Chair requested that officers return with a presentation on the methodologies and resources employed by the Anti-Fraud team.

A Member raised concerns that the public relations office had taken the decision not to proactively publicise the outcome of a successful prosecution by the Anti-Fraud team. The Chair requested that officers look into this decision.

A Member expressed concern on the number of cases on single person discount fraud, and requested further information on this. The Chair suggested that this should be included in the presentation.

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

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

In response to a question from a Member on auditing Common Council and Aldermanic elections, the Chair undertook to write a letter to the Chairman of the Policy & Resources Committee to highlight the concerns of the Committee.

17. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

A Member asked if the Committee should be considering risks around residential wards. The Chair commented that these risks sit across a number of departments and the issues are periodically raised in Deep Dives to the Committee. A Member suggested that the Head of Internal Audit investigate the function of major works operations on the Corporation's social housing and the Barbican Estate. The Head of Internal Audit replied that this topic tied in with key themes that were already being considered by Internal Audit.

Members agreed to extend the meeting under SO40.

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 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

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

The non-public minutes of the previous meeting held on 18 January 2022 were agreed as a correct record.

20. **EXTERNAL AUDITOR APPOINTMENT**

Members received a report of The Independent Auditor Appointment Panel and The Chamberlain relative to the appoint of an external auditor.

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

There were no non-public questions.

22. **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.

The meeting ended at 4.02 pm

Chairman

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