

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 12 July 2022

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall, EC2 on Tuesday, 12 July 2022 at 2.00 pm

Present

Members:

Alderman Prem Goyal (Deputy Chairman)
Deputy Christopher Boden
Gail Le Coz (Deputy Chairman)
Paul Martinelli
Alderman Bronek Masojada
Judith Pleasance
Karen Sanderson (External Member)
Paul Singh
Naresh Hari Sonpar

Officers:

Ben Dunleavy	- Town Clerk's Department
Omkar Chana	- Innovation and Growth
Dionne Corradine	- Town Clerk's Department
Michael Cogher	- Comptroller and City Solicitor
Kehinde Haastrup-Olagunju jnr	- Town Clerk's Department
Barbara Hook	- Town Clerk's Department
Matthew Lock	- Chamberlain's Department
Bruce Hunt	- Remembrancer's Department
Damian Nussbaum	- Director of Innovation & Growth
Tabitha Swann	- Town Clerk's Department

1. APOLOGIES

Apologies for absence were received from Alderman Alexander Barr, Ruby Sayed and Dan Worsley.

Deputy Randall Anderson observed the meeting virtually.

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

There were none.

3. ELECTION OF A CHAIR

The Committee proceeded to elect a Chairman in accordance with Standing Order No. 29. Alderman 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 Alderman Alexander Barr be elected Chair of the Audit and Risk Management Committee for the ensuing year.

4. **MINUTES OF THE PREVIOUS MEETING**

The public minutes and non-public summary of the meeting held on 24 May 2022 were approved as a correct record.

5. **OUTSTANDING ACTIONS OF THE COMMITTEE**

The Committee's Outstanding Actions list was noted.

6. **COMMITTEE WORK PROGRAMME**

The Committee's Work Programme was noted.

7. **ANNUAL GOVERNANCE STATEMENT 2021/22**

Members received a joint report of the Town Clerk and the Chamberlain relative to the Annual Governance Statement for 2021/22 (AGS).

Members discussed the AGS and suggested the following amendments:

- Emphasise in the Executive Summary that the Head of Internal Audit had provided an annual opinion on the systems of internal control (para 4)
- Clarify that the Court of Common Council has a majority independent membership, rather than non-party political (page 2, chart);
- Add a reference to the external Members who serve on some Committees (page 2, chart)
- Confirm that all red (critical) priority recommendations were promptly resolved (table, page 4);
- Reorder the key governance issues (page 8);
- Remove 'accurate' when talking about City Database (para 26);
- Emphasise the exceptional circumstances of the cancellation of the Court elections and the final impacts of the pandemic interrupting *normal process* when electing Aldermen, Sheriffs and Lord Mayors (para 27);
- Change terminology to say that there are 'key' governance issues rather than 'significant' (para 34); and
- Fix any broken links

Members also discussed subjects that could be included in the next AGS. These included:

- a review of the governance changes that have been implemented in consequence of the Governance Review such as the introduction of lead members for policy priorities; and
- post pandemic challenges such as recruitment.

RESOLVED, that – Members:

- Consider and approve the AGS, as amended, for signing by the Chair of the Policy and Resources Committee and the Town Clerk and Chief Executive

- Note that the AGS will be published alongside the 2021/22 City Fund and Pension Fund Statement of Accounts
- Delegate authority to the Town Clerk and Chief Executive, in consultation with the Chairman and Deputy Chairmen of this Committee, to amend the AGS for any relevant significant events or developments that occur prior to the date on which the Statement of Accounts is signed by the Chamberlain.

8. **INTERNAL AUDIT UPDATE**

Members received a report of the Head of Internal Audit providing an update on Internal Audit activity.

RESOLVED, that – Members note the outcomes of completed Internal Audit work.

9. **RISK MANAGEMENT UPDATE**

Members received a report of the Chief Strategy Officer providing an update on the corporate and top red departmental risk registers.

A Member was concerned that there had been no changes to CR35 Unsustainable Medium-Term Finances, despite the current inflation situation. In reply, an officer said that CR35 had been considered by the Finance Committee, and the Chamberlain had explained at that the meeting that it had been kept unchanged due to the mitigating actions being taken. The Member accepted the explanation but said that they still felt it was a significant risk and were worried that it was being presented at a steady state.

A Member said the impact of supply chain issues was also a critical risk. They suggested it would be worth having a deep dive into this issue. An officer replied that officers were looking at broader areas than just inflation and that they could feed this back to the Risk Officer Group.

RESOLVED, that – Members:

- Note the report and the corporate and top red risk registers, which now reflect the changes reported at the last Committee meeting, and that there had been no additions/de-escalations since then
- Note that further to discussion at the May Committee:
 - CR02 (Loss of Business Support to the City) and CR10 (Adverse Political Developments) have been reviewed by the Internal Audit Team and are included in Committee papers separately (Corporate Risk – Deep Dive Review: CR02 Loss of Business Support for the City and CR10 Adverse Political Developments). CR17 (Safeguarding) had been updated.
 - CR35 (Unsustainable Medium-Term Finances) had been updated and was discussed at Finance Committee on 14 June.

10. **CORPORATE RISK - DEEP DIVE REVIEW: CR02 LOSS OF BUSINESS SUPPORT FOR THE CITY AND CR10 ADVERSE POLITICAL DEVELOPMENTS**

Members received a report of the Head of Internal Audit relative to Deep Dives into CR02 Loss of Business Support for the City and CR10 Adverse Political Developments.

A Member asked if it was realistic to expect monthly updates on risks, given their changing nature. Officers replied that they would try to adopt a pragmatic approach to risk updates and work with risk officers to ensure there were sufficient reviews.

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

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

Members suggested that a reference to the election process for the Lead Members roles on the Policy and Resources Committee, outlined by the Policy Chairman at that Committee's meeting in July, should be included in future Annual Governance Statements.

12. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

The Deputy Chair provided Members with an update from Alderman Alexander Barr on the issue of elections, which had been raised at the Committee's previous meeting.

Members noted that Alderman Barr had raised the issue of a review into electoral services with the Policy Chairman and, separately, the Head of Electoral Services, and further formal meetings would follow.

The Committee expressed their thanks to Alderman Barr for undertaking this work during a busy period, including the aldermanic elections.

13. 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.

14. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

The non-public minutes of the meeting held on 24 May were approved as a correct record.

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

There were no questions in the non-public session.

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

There was no non-public urgent business.

The meeting ended at 3.11 pm

Chairman

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