



Audit and Risk Management Committee

Date: MONDAY, 8 JULY 2024
Time: 11.00 am
Venue: COMMITTEE ROOMS, GUILDHALL

Members:

Alderman Prem Goyal, OBE (Chairman)	Karen Sanderson (External Member)
Deputy Elizabeth King BEM JP (Deputy Chairman)	Ruby Sayed
Deputy Randall Anderson	Naresh Hari Sonpar
Alderman Alexander Barr	Gail Le Coz (External Member)
Deputy Christopher Boden	Alderman Kawsar Zaman
Alderman and Sheriff Bronek Mas ojada	James St John Davis, Finance Chairman
Judith Pleasance	Dan Worsley

Enquiries: Blair Stringman
blair.stringman@cityoflondon.gov.uk

Accessing the virtual public meeting

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<https://www.youtube.com/@CityofLondonCorporation/streams>

A recording of the public meeting will be available via the above link following the end of the public meeting for up to one civic year. Please note: Online meeting recordings do not constitute the formal minutes of the meeting; minutes are written and are available on the City of London Corporation's website. Recordings may be edited, at the discretion of the proper officer, to remove any inappropriate material.

Whilst we endeavour to livestream all of our public meetings, this is not always possible due to technical difficulties. In these instances, if possible, a recording will be uploaded following the end of the meeting.

Ian Thomas CBE
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**

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

3. **MINUTES OF THE PREVIOUS MEETING**

To agree the public minutes and non-public summary of the previous meeting held on 13 May 2024.

For Decision
(Pages 5 - 10)

4. **MINUTES OF THE NOMINATIONS AND EFFECTIVENESS SUB COMMITTEE**

To receive the minutes of the meeting of the Nominations and Effectiveness Sub Committee held on 6 June 2024.

For Information
(Pages 11 - 14)

5. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Member are asked to note the Committee's Outstanding Actions List.

For Information
(Pages 15 - 16)

6. **OUTSTANDING ACTIONS OF THE SUB-COMMITTEE**

Member are asked to note the Nomination and Effectiveness Committee's Outstanding Actions List.

For Information
(Pages 17 - 18)

7. **COMMITTEE WORK PROGRAMME**

Member are asked to note the Committee's Work Programme.

For Information
(Pages 19 - 26)

8. **INTERNAL AUDIT CHARTER**
Report of the Chamberlain.

For Decision
(Pages 27 - 30)
9. **CITY FUND AND PENSION FUND STATEMENT OF ACCOUNTS UPDATE 2023/24**
Report of the Chamberlain.

For Information
(Pages 31 - 34)
10. **CITY'S ESTATE 2023/24 - AUDIT PLANNING UPDATE**
Report of the Chamberlain.

For Information
(Pages 35 - 36)
11. **CITY BRIDGE FOUNDATION AUDIT PLANNING REPORT FOR YEAR ENDING 31 MARCH 2024**
Report of the BHE & Charities Finance Director.

For Information
(Pages 37 - 38)
12. **2024 GLOBAL INTERNAL AUDIT STANDARDS**
Report of the Chamberlain.

For Information
(Pages 39 - 42)
13. **RISK MANAGEMENT UPDATE**
Report of the Chief Strategy Officer.

For Information
(Pages 43 - 50)
14. **CORPORATE RISK - DEEP DIVE REVIEWS: CR01 RESILIENCE; CR36 PROTECTIVE SECURITY**
Report of the Chamberlain.

For Discussion
(Pages 51 - 54)
15. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

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

17. **EXCLUSION OF THE PUBLIC**

MOTION, 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.

For Decision

Part 2 - Non-Public Agenda

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

To agree the non-public minutes of the previous meeting held on 13 May 2024.

For Decision
(Pages 55 - 56)

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

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

AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 13 May 2024

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall, EC2 on Monday, 13 May 2024 at 11.00 am

Present

Members:

Alderman Prem Goyal, OBE (Chair)
Deputy Elizabeth King BEM JP (Deputy Chair)
Deputy Randall Anderson
Alderman Alexander Barr
Deputy Christopher Boden
Judith Pleasance
Karen Sanderson (External Member)
Naresh Hari Sonpar
Alderman Kawsar Zaman

Officers:

Caroline Al-Beyerty	- Chamberlain
Dionne Corradine	- Town Clerk's Department
Matthew Lock	- Chamberlain's Department
Chris Keesing	- Chamberlain's Department
Daniel Peattie	- Chamberlain's Department
Sonia Virdee	- Chamberlain's Department
Jack Joslin	- City Bridge Foundation
Kuar Kirpal	- City Solicitor's Department
Ben Dunleavy	- Town Clerk's Department
Barbara Hook	- Town Clerk's Department
Olivia Plunkett	- Town Clerk's Department
Tabitha Swann	- Town Clerk's Department
Thomas Wrench	- Town Clerk's Department

Also in attendance:

Sophia Brown	- Grant Thornton
Jasmine Kemp	- Grant Thornton
Grant Patterson	- Grant Thornton

1. APOLOGIES

Apologies for absence were received from Gail Le Coz and Alderman Bronek Masojada.

Ruby Sayed and Dan Worsley observed the meeting virtually.

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

There were none.

3. **ORDER OF THE COURT**

Members received the Order of the Court of Common Council dated 25 April 2024 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. Alderman Prem Goyal, 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 Prem Goyal be elected Chair of the Audit and Risk Management Committee for the ensuing year.

5. **ELECTION OF DEPUTY CHAIRS**

The Committee proceeded to elect a Deputy Chairman in accordance with Standing Order No. 30. Deputy Elizabeth King, as the only Member expressing their willingness to serve, was duly elected as Deputy Chairman 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 – Deputy Elizabeth King 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 26 February 2024 were approved as a correct record.

7. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Members received the Outstanding Actions and noted the updates from officers.

8. **COMMITTEE WORK PROGRAMME**

The Committee's Work Programme was noted.

9. **APPOINTMENT OF SUB-COMMITTEES**

Members received a report of the Town Clerk & Chief Executive relative to the appointment of the Nominations and Effectiveness 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.

The Chairman informed Members that a meeting of the Sub-Committee had been arranged to review the results of the effectiveness and skills survey.

RESOLVED, that – Members:

- a) agree the appointment of the Nominations and Effectiveness Sub-Committee, and consider its composition and Terms of Reference; and appoint the following Members to serve on the Sub-Committee in addition to the Chairman and Deputy Chairs:
 - Ruby Sayed
 - Randall Anderson
- b) Appoint Ruby Sayed to serve on the Resource, Risk and Estates Committee of the Police Authority Board.

10. **ANNUAL GOVERNANCE STATEMENT (CITY FUND) 2023/24**

Members received a report of the Chief Strategy Officer concerning the Annual Governance Statement.

During their introduction, officers noted several minor corrections to be made to the Annual Governance Statement (AGS). A Member also asked for the AGS to be amended to reference the Common Council elections in 2025 and to highlight the importance of the induction process for new Members.

It was noted that the new Corporate Plan would provide a lens for future versions of the AGS. It was also noted that there would be changes to the presentation of KPIs following changes to how business plans were produced.

A Member queried whether the AGS correctly reflected the recommendations of the Head of Internal Audit. In reply, officers noted that the Statement covered 2023/24. They also confirmed that the Head of Internal Audit was directly involved in the drafting of the AGS, but that the timing of publication meant that some of his recommendations may not have been included.

RESOLVED, that Members

- a) Approve the AGS, at Appendix 1, for signing by the Chair of the Policy and Resources Committee and the Town Clerk and Chief Executive, subject to the above amendments
- b) Note that the AGS will be published alongside the 2023/24 City Fund and Pension Fund Statement of Accounts
- c) Delegate authority to the Town Clerk, 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.

11. **HEAD OF INTERNAL AUDIT ANNUAL OPINION**

Members received a report of the Chamberlain concerning internal audit.

Members discussed the resource issues facing the Internal Audit team and supported the request for additional funding.

RESOLVED, that – Members:

- a) Note the report and the opinion provided by the Head of Internal Audit.
- b) Support the proposal of the Head of Internal Audit to request additional funding of £165k to expand and enhance the programme of Internal Audit work.

12. CITY OF LONDON CORPORATION RISK MANAGEMENT STRATEGY 2024-2029

Members received a report of the Chief Strategy Officer concerning risk management.

Members discussed the status of the Strategy within the City Corporation's governance framework, including at officer and Member levels. It was noted that the outcomes of the risk appetite review would be presented at a future Committee meeting.

It was noted that the Strategy was a living document, and Members asked for the following changes to be included:

- Strengthen the quantitative measures used in reporting progress.
- Greater information on benchmarking against comparable organisations, including both local authorities and complicated corporate entities.
- Updated wording to state that risk appetite should be 'increased and maintained.'

RESOLVED, that – Members:

- a) Endorse the draft Risk Management Strategy 2024-2029.
- b) Authorise the Chief Strategy Officer to agree and finalise any minor changes to the content of the draft Risk Management Strategy 2024-2029, in consultation with the Chair of the Audit and Risk Management Committee.

13. CITY FUND AND PENSION FUND STATEMENT OF ACCOUNTS UPDATE

Members received a report of the Chamberlain concerning the Statement of Accounts for City Fund and Pension Fund.

A Member requested that officers provide Members with further information on immaterial errors under the threshold. In reply, the Chamberlain said that she could share the list but was concerned it would not be an appropriate use of resources, including officer and member time.

RESOLVED, that – Members:

- a) Note the Indicative City Fund Audit Plan for 2023-24 as set out in Appendix 1
- b) Note the Indicative Pension Fund Audit Plan for 2023-24 as set out in Appendix 2

- c) Note the responses from Management for both the City Fund and Pension Fund as per Appendix 3 and Appendix 4

14. INTERNAL AUDIT UPDATE

Members received a report of the Chamberlain concerning internal audit.

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

15. ANTI-FRAUD & INVESTIGATIONS - 2023/24 ANNUAL REPORT

Members received a report of the Chamberlain concerning anti-fraud and investigations.

At the request of a Member, officers undertook to consider the benefits of prosecuting single person discount fraud as a deterrent, taking into account public interest and use of public money.

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

16. RISK MANAGEMENT UPDATE

Members received a report of the Chief Strategy Officer concerning risk management.

A Member requested that officers consider alternative wording to ‘tree failure’ for ENV-SLT 005.

RESOLVED, that – Members note:

- a) This report and the corporate and top red departmental risk registers attached to this report. Since the previous update:
- b) The total number of corporate risks has increased by one to 15 with the addition of CR 40 PSTN Switch off 2025 (formerly CHB DITS 045). This has been raised from a departmental risk in recognition of the severity and cross cutting nature this risk poses.
- c) The risk score of CR30 Climate Action has been reduced from Amber 12 (impact major 4 x likelihood possible 3) to Amber 8 (impact major 4 x likelihood unlikely 2).
- d) A corporate risk covering ‘tree failure’ in the City Corporation’s Open Spaces is being developed, following an in-principle decision by the Chief Officer Risk Management Group to escalate the risk.
- e) The number of departmental red risks has increased from 18 to 19. Four risks have been added to the register (one new, three escalated) and three removed (one escalated to a Corporate Risk, two de-escalated). One red risk has increased in score.
- f) The update on the governance of charity assets (relating to understanding responsibilities and risks).
- g) That a Risk Management Strategy 2024-2029 has been developed and will be presented to this Committee for endorsement as a separate paper.

h) That a Risk Culture and Appetite Review has been completed, with a summary of findings to be presented to the Committee at its next meeting.

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

There were no questions.

18. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There was no other business.

19. 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.

20. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

The non-public minutes of the meeting held on 26 February 2024 were approved as a correct record.

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

Following a question from a Member, officers undertook to circulate further information on the risk assessments for an event at Tower Bridge.

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

Officers provided Members with further information on two successful fraud prosecutions.

The meeting ended at 12.43 pm

Chairman

Contact Officer: Ben Dunleavy
ben.dunleavy@cityoflondon.gov.uk

NOMINATIONS AND EFFECTIVENESS SUB COMMITTEE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

Thursday, 6 June 2024

Minutes of the meeting of the Nominations and Effectiveness Sub Committee of the Audit and Risk Management Committee held at the Guildhall EC2 at 4.00 pm

Present

Members:

Alderman Prem Goyal, OBE (Chairman)	Deputy Randall Anderson
Gail Le Coz (External Member)	Deputy Elizabeth King BEM JP

Officers:

Dionne Corradine	- Chief Strategy Officer
Matthew Lock	- Chamberlain's Department
Ben Dunleavy	- Town Clerk's Department
Tabitha Swann	- Town Clerk's Department

1. APOLOGIES

Apologies for absence were received from Ruby Sayed.

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 13 March 2023 were approved as a correct record.

4. REVIEW OF COMMITTEE EFFECTIVENESS AND SKILLS - RESULTS

Members received a report of the Town Clerk concerning the review of the Committee's effectiveness and skills.

Members considered the results of the review by each separate section, as laid out in the appendices to the report.

Effectiveness Review

Noting that three Members had scored 'Contributing to the development of an effective control environment' as 'Needs Improvement', the Head of Internal Audit said that he felt it was the application of internal controls that required improvement. During discussion, Members hoped that recent steps to address the resourcing challenges facing the Head of Internal Audit's team would help to address this area.

Although only one Member had scored 'Promoting effective public reporting to the authority's stakeholders and local community and measures to improve

transparency and accountability' as 'Needs Improvement', Members felt that there would be benefit in exploring changes to the presentation of External Audit reports to help convey information more effectively.

Skills Matrix

Members noted that the lowest average scores were on the Internal Audit, Treasury Management and Counter Fraud knowledge areas. The Head of Internal Audit felt that the Committee had good discussions on his Internal Audit reports. There were several areas he would not expect Members to have detailed knowledge of, and a report on the Internal Audit Charter would be coming to a Committee meeting soon, which he hoped would help to address any knowledge gaps.

As Treasury Management had the lowest average score, and it was agreed to consider whether Members of the Committee could be invited to the Treasury Management training sessions provided to Members of the Finance and Investment Committees.

It was agreed that officers should be asked to provide an update on Counter Fraud to address this areas' score.

A Member expressed concern that two Members had scored themselves as only having a 'basic' organisational knowledge. During discussion, the Sub-Committee reflected that these scores may have been from External Members, and the Town Clerk undertook to review the induction process for External Members, and for Members joining the Committee.

Self-Assessment of Good Practice

Considering Question 4 'Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?' scored as 'Minor Improvement', Members noted that the Committee had a broader remit than the Position Statement. Accordingly, the Chairman requested that the next Terms of Reference review should provide context on any items in the terms of reference that were not in line with the CIPFA position.

Officers undertook to explore how methods to engage with Chief Officers as and when any audit findings or risks in their departments were on the Committee's agenda to help address the 'Moderate Improvement' rating of Question 24 'Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?'

The Chairman said that he would like to see the actions from the meeting as standing item on the Committee's agenda. He would also ask Members at each meeting for their feedback, and if there were any areas where they felt they could benefit from development.

5. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB COMMITTEE

There were no questions.

6. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There was no other business.

The meeting closed at 4.54 pm

Chairman

Contact Officer: Ben Dunleavy

ben.dunleavy@cityoflondon.gov.uk

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AUDIT AND RISK MANAGEMENT COMMITTEE – Action Tracker – July 2024

Items from meeting held 6 November 2023			
ITEM	Action	Officer and target date	
18. Non-Public Questions	Arrange meeting with the Chairs of the City School Boards on financial controls	Head of Internal Audit – February 2024 Update – the Financial Services Director undertook to speak to the Chairs	Officers have still been unable to arrange meetings with the Chairs

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NOMINATIONS AND EFFECTIVENESS SUB-COMMITTEE – Action Tracker – June 2024

Items from meeting held 6 June 2024			
ITEM	Action	Officer and target date	
4. REVIEW OF COMMITTEE EFFECTIVENESS AND SKILLS - RESULTS	Explore options to improve understanding of Treasury Management	Town Clerk – June 2024	TC has spoken to Corporate Treasurer. The most recent training sessions are recorded and can be shared with ARM Members. ARM Members can be invited to the next sessions – likely to be 2025.
	Provide briefing on Counter Fraud	Corporate Anti-Fraud Manager – November 2024	Corporate Anti-Fraud Manager to provide Committee with briefing on Counter Fraud as part of regular report
	Review induction process for Members	Town Clerk – July 2024	TC to consider the induction process for new Committee members
	Include statement on CIPFA Position in next Annual Terms of Reference Review	Town Clerk – September 2024	The ToR Review will come to September's meeting
	Include Action Tracker as regular item on Audit and Risk Management Committee agenda	Town Clerk – ongoing	Included on the agenda for July and added as a default item

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Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

8 July 2024	
Work Item	Link to CIPFA Position Statement
<p>Internal Audit Charter (decision) Report of the Head of Internal Audit, setting out the Internal Audit Charter. The Public Sector Internal Audit Standards require an annual review of the Charter.</p>	<p>In relation to the authority’s internal audit functions:</p> <ul style="list-style-type: none"> ▪ oversee its independence, objectivity, performance and conformance to professional standards ▪ support effective arrangements for internal audit ▪ promote the effective use of internal audit within the assurance framework.
<p>New Internal Audit Standards (information) Report of the Head of Internal Audit providing an overview of the standards</p>	
<p>Corporate Risk In-Depth Review (information) Report of the Head of Internal Audit covering findings from the programme of Corporate Risk Assurance Work undertaken by Internal Audit in consultation with the Corporate Strategy and Performance Team. Corporate Risks are reviewed on a rolling basis as minimum coverage, noting that the sequencing may be determined by proximity of risk, changing risk profile or other relevant factors.</p>	<p>Consider the effectiveness of the authority’s risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.</p>
<p>Risk Management Update (information) Annexes included:</p> <ul style="list-style-type: none"> ▪ Corporate Risk register above appetite ▪ Summary report of corporate risks ▪ Summary report of red departmental risks 	

Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

<p>Draft City Fund Accounts (decision) Annual review of the Financial Statements for City Fund</p>	<p>Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.</p> <p>Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.</p> <p>Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.</p>
<p>CBF External Audit Plan (information) External Audit planning for City Bridge Foundation</p>	<p>Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.</p> <p>Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.</p> <p>Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.</p>

Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

23 September 2024	
Work Item	Link to CIPFA Position Statement
Annual Report of the Committee (decision) To be prepared following a self-evaluation of the effectiveness of the Committee, to be approved by the Committee before presentation to the Court of Common Council.	Report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.

Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

<p>Draft City's Estate Accounts (decision) Annual review of the Financial Statements for City's Estate</p>	<p>Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.</p>
<p>City Fund Accounts (decision) Audit Report</p>	<p>Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.</p>
<p>Draft City Bridge Foundation Annual Report and Financial Statements (decision) Annual Review of the Annual Report and Financial Statements for City Bridge Foundation.</p>	<p>Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.</p>
<p>Draft Sundry Trusts Annual Report and Financial Statements (Decision) Annual review of the Financial Statements for the Sundry Trusts</p>	
<p>Internal Audit Update Report (information) Regular (approx. quarterly) update from the Head of Internal Audit, covering:</p> <ul style="list-style-type: none"> ▪ key findings from work completed during the period since the last Committee update (including recommendation follow-up) ▪ status update for work in progress ▪ intended programme of work for the period up to the next Committee update 	<p>In relation to the authority's internal audit functions:</p> <ul style="list-style-type: none"> ▪ oversee its independence, objectivity, performance and conformance to professional standards ▪ support effective arrangements for internal audit ▪ promote the effective use of internal audit within the assurance framework.

Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

<p>Internal Audit Conformance with Public Sector Internal Audit Standards (information)</p> <p>Report of the Head of Internal Audit following completion of an assessment of conformance with the Public Sector Internal Audit Standards, the standards require an annual self-assessment supported by a periodic External Quality Assessment.</p>	<p>In relation to the authority’s internal audit functions:</p> <ul style="list-style-type: none"> ▪ oversee its independence, objectivity, performance and conformance to professional standards ▪ support effective arrangements for internal audit ▪ promote the effective use of internal audit within the assurance framework.
<p>Corporate Risk In-Depth Review (information)</p> <p>Report of the Head of Internal Audit covering findings from the programme of Corporate Risk Assurance Work undertaken by Internal Audit in consultation with the Corporate Strategy and Performance Team. Corporate Risks are reviewed on a rolling basis as minimum coverage, noting that the sequencing may be determined by proximity of risk, changing risk profile or other relevant factors.</p>	<p>Consider the effectiveness of the authority’s risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.</p>
<p>Risk Management Update (information)</p> <ul style="list-style-type: none"> ▪ Summary report of corporate risks ▪ Summary report of red departmental risks 	
<p>Counter Fraud and Investigations 6 Month Report (information)</p> <p>Report summarising the outcomes from Counter Fraud and Investigation activity for the 6 months from April to September.</p>	<p>Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority’s exposure to the risks of fraud and corruption.</p>

Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

4 November 2024	
Work Item	Link to CIPFA Position Statement
<p>City's Estate Accounts (information) Update on the external audit</p>	<p>Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.</p> <p>Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.</p> <p>Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.</p>
<p>Internal Audit Update Report (information) Regular (approx. quarterly) update from the Head of Internal Audit, covering:</p> <ul style="list-style-type: none"> ▪ key findings from work completed during the period since the last Committee update (including recommendation follow-up) ▪ status update for work in progress <p>intended programme of work for the period up to the next Committee update</p>	<p>In relation to the authority's internal audit functions:</p> <ul style="list-style-type: none"> ▪ oversee its independence, objectivity, performance and conformance to professional standards ▪ support effective arrangements for internal audit ▪ promote the effective use of internal audit within the assurance framework.
<p>Risk Management Update (information)</p> <ul style="list-style-type: none"> ▪ Summary report of corporate risks ▪ Summary report of red departmental risks 	<p>Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.</p>

Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

Corporate Risk In-Depth Review (information) Report of the Head of Internal Audit covering findings from the programme of Corporate Risk Assurance Work undertaken by Internal Audit in consultation with the Corporate Strategy and Performance Team. Corporate Risks are reviewed on a rolling basis as minimum coverage, noting that the sequencing may be determined by proximity of risk, changing risk profile or other relevant factors.	Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.
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Agenda Item 8

Committee(s)	Dated:
Audit and Risk Management Committee	08/07/2024
Subject: Internal Audit Charter	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: the Chamberlain	For Decision
Report author: Matt Lock Head of Internal Audit	

Summary

The Internal Audit Charter provides a blueprint for how Internal Audit will operate and allows the governing body to clearly signal the value it places on the independence of Internal Audit. The Charter is a mandatory requirement of the Global Internal Audit Standards, which also specify what the Charter should contain.

The Head of Internal Audit has prepared the Internal Audit Charter for the City of London Corporation using the model charter template provided by the standard setter.

Recommendation(s)

In accordance with the requirements of the Global Internal Audit Standards, the Audit and Risk Management Committee is asked to approve the Internal Audit Charter.

Main Report

Background

1. It is a mandatory requirement of the Global Internal Audit Standards that an Internal Audit Charter is in place to help govern the Internal Audit function. This is a formal document that defines the purpose, authority, responsibility, and position of Internal Audit within the organisation. While an Internal Audit Charter has been a requirement for many years, the Global Standards, issued in 2024, specify greater depth. The key elements of an Internal Audit Charter are:
 - **Introduction:** Explaining the overall role, mission, and purpose of Internal Audit.
 - **Authority:** Stating Internal Audit's full access to the records, physical property, and personnel required to perform its work.
 - **Professional Standards:** Specifying the requirement to conform to the Global Standards.
 - **Organisation and Reporting Structure:** Establishing reporting lines for the Head of Internal Audit.
 - **Independence and Objectivity:** Signalling the value placed on Internal Audit's independence.
 - **Responsibilities:** Defines the scope of Internal Audit activities.
 - **Quality Assurance and Improvement:** Committing to continuous improvement in relation to Internal Audit Activity.

Current Position

2. The Global Institute of Internal Auditors provides a template for a model Internal Audit Charter, this template has been adopted for the City of London Corporation's Internal Audit function, Appendix 1 to this report. The model charter contains all mandatory elements and, other than to adapt some terminology to that more familiar to the organisation, has only limited scope and requirement for customisation. The following adaptations have been made for the Internal Audit Charter for the City of London Corporation:
 - i. Inserted "The City of London Corporation" throughout
 - ii. Replaced "the Board" with "the Audit and Risk Management Committee", in accordance with guidance from CIPFA. Note that Court of Common Council is "the Board", the Audit and Risk Management Committee receives its authority directly from the Court of Common Council and, therefore, fulfils the functions of the "Board" in relation to Internal Audit matters.
 - iii. Replaced throughout "Chief Audit Executive" (the internationally recognised designation for the role) with Head of Internal Audit.
 - iv. The "Board Oversight" section is content that has not previously been included within the Audit Charter, there is some overlap with Terms of Reference for the Committee, inclusion within the Charter provides greater transparency in demonstrating conformance with the standards.
 - v. The following points have been removed from the "Board Oversight" section on the basis that this is not within the current remit or authority of the Audit and Risk

Management Committee, it may be that forthcoming revised Public Sector Internal Audit Standards provide further guidance on these elements:

- Approve the Internal Audit function's human resources administration and budgets.
- Approve the internal audit function's expenses.
- Collaborate with senior management to determine the qualifications and competencies the organisation expects in a chief audit executive, as described in the Global Internal Audit Standards.
- Authorise the appointment and removal of the chief audit executive.
- Approve the remuneration of the chief audit executive.
- Review the chief audit executive's performance.

Similarly, the following was removed from "Communication with the Audit and Risk Management Committee and Senior Leadership":

- The Head of Internal Audit will report periodically to the Audit and Risk Management Committee and Senior Leadership regarding:
 - The Internal audit budget

3. Approval of the Internal Audit Charter is a key part of establishing the Internal Audit function's remit and authority.

Corporate & Strategic Implications

4. Internal Audit provides assurance as to the adequacy of the City of London Corporation's systems of internal control and governance and risk management arrangements.

Conclusion

5. The Internal Audit Charter is vital to the success of Internal Audit, the Standards require this to be reviewed annually and approved by the governing body. In the case of the City of London Corporation, the Audit and Risk Management Committee is deemed the governing body.

Appendices

- Appendix 1 – Internal Audit Charter 2024

Matt Lock

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Committee(s): Audit and Risk Management Committee – For information Finance Committee – For information	Dated: 08 July 2024 23 July 2024
Subject: City Fund and Pension Fund Statement of Accounts Update 2023/24	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: The Chamberlain	For information
Report author: Iain Jenkins, Chief Accountant	

Summary

This report provides an update on the publication and audit of the 2023/24 Statement of Accounts for the City Fund and Pension Fund.

Recommendation(s)

The **Audit and Risk Management** Committee is asked to:

- **Note** the progress made on the 2023/24 Statement of Accounts
- **Note** the progress made on the external audit of the 2023/24 Statement of accounts

The **Finance Committee** is asked to:

- **Note** the progress made on the 2023/24 Statement of Accounts
- **Note** the progress made on the external audit of the 2023/24 Statement of accounts

Main Report

Background

1. The Audit and Risk Management Committee oversees the City of London Corporation’s systems of internal control and makes recommendations to the Finance Committee relating to the approval of the City Fund Annual Statement of Accounts – this includes the Pension Fund accounts.
2. The draft, unaudited 2023/24 Statement of Accounts for the City Fund, which includes the accounts for the Pension Fund, was published on the City of London Corporation’s website on 31st May 2024. The document can be access here ([link](#)), and is also presented as Appendix 1 to this report. Publishing these accounts by

31 May 2024 met the statutory requirements set out in the Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendment) Regulations 2022.

3. Following the publication of the City Fund Statement of Accounts a period of public inspection commenced, as required by the Local Audit and Accountability Act 2014. The inspection period commenced on Monday 3rd June and runs for 30 working days, concluding on 12th July 2024. During the inspection period, members of the public may inspect the accounts, and may also question the auditor or raise objections. Further details of the inspection period are set out in the public notice which is available to view on the City Corporation's website at the following link - [Notice of inspection \(cityoflondon.gov.uk\)](https://www.cityoflondon.gov.uk/notice-of-inspection) To date, no inspection requests or objections have been received.
4. Grant Thornton (GT) are undertaking the external audit of the City Fund and Pension Fund accounts for 2023/24. This will be the third year of City Fund accounts audited by GT following their work on 2021/22 and 22/23 over the last twelve months. The audit is due to commence on 24 June 2024 and is scheduled to run through to September 2024. It is considered good practice and part of the assurance framework for the External Auditor to report to the Audit and Risk Management Committee at regular intervals.
5. Grant Thornton will report the findings arising from their work on the 2023-24 audit to this Committee following the conclusion of the audit. Appendix 2 sets out the progress made to date in relation to the audit of the 2023/24 City Fund accounts.
6. The statutory deadline for the conclusion of the audit is 30 September 2024, by which time the audited accounts are required to be published on the City of London Corporation website. It should be noted that the Government has recently consulted on "backstop" dates for outstanding local government audits, owing to a large number of outstanding audits across the country in the sector. The proposed backstop date for 2023-24 accounts is 31 May 2025, so in the event that the audit was not concluded by this date then a disclaimer opinion would apply. As the City of London Corporation has cleared all of its prior year audits and is up to date with its accounts it is anticipated that the audit opinion will be in place by 30 September, so the backstop will not be required. It should also be noted that the legislation bringing the backstop dates into statute has been delayed as it was not enacted before the calling of the General Election.
7. As the Pension Fund accounts form part of the City Fund accounts as a whole, the Audit and Risk Management Committee retain ultimate responsibility for receiving and considering any reports arising from the audit. Any reports arising from the audit will also be reported to the Pension Fund Committee.

Current position

8. The draft 2023/24 Statement of Accounts for the City Fund are presented at Appendix 1 to this report. The Committee should note the following key points.
9. The Accounts are prepared using the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (referred to as The Code) which is

published annually by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code is based upon International Financial Reporting Standards (IFRS), adapted for public sector use. There have been minimal changes to the Code compared to the previous financial year. Consequently, the format, content and layout of the Accounts are unchanged.

10. The City Corporation's Accounting Policies are also unchanged, except for updating references to the current financial year. A summary of the Accounting Policies is included within the document at page 141 onwards.
11. It should be noted that there will be a significant change to the Code in 2024/25 in respect of IFRS16, accounting for leases. The expected effect of this change is set out in the disclosure on page 158 of the Accounts. As this Code change will be adopted on 1 April 2024 it does not affect the balances within the 2023/24 Accounts.
12. The provisional outturn position for the City Fund for 2023/24 is a surplus of £45.7m, as set out in the table on page 12 of the Accounts. As at 31 March 2024 there were unallocated revenue funds of £121.6m. £20m of this will be retained within the General Fund balance, and the remainder will be transferred to earmarked reserves in 2024/25.
13. The overall movement on the City Fund balance sheet is an increase in net assets of £33.3m. This movement is comprised of the following items:
 - Increase in Property, Plant & Equipment (PPE) of +£34.8m
 - Decrease in Investment Properties of -£53.4m
 - Decrease in Short Term Investments of -£89.7m
 - Increase in Cash and Cash Equivalents of £15.1m
 - Movement in Pensions Liability of +£37.6m
 - Movement in Creditors of +£31m
 - Movement in Grant of Contributions receipts in advance of £46.5m
 - Other movements of +£11.4m

Corporate & Strategic Implications

14. Strategic implications – There are no specific links to the Corporate Plan. However, the accounts assist the City Corporation in maintaining a clear and transparent dialogue regarding its activities with residents and other stakeholders.

Conclusion

15. The City Fund and Pension Fund Accounts for 2023-24 were published in line with statutory deadlines on 31st May 2024. The public inspection period commenced on 3 June 2024 and runs for 30 working days. The audit of the accounts commenced on 24 June 2024. It is anticipated that Grant Thornton will provide their audit opinion by the end of September 2024, subject to the conclusion of the audit. Further updates will be provided to the Committee at future meetings.

Appendices

- Appendix 1 - City Corporation City Fund draft Statement of Accounts 2023-24
- Appendix 2 – Grant Thornton Audit Progress Report June 2024

Background Papers

Audit and Risk Management Committee – 13 May 2024 – City Fund and Pension Fund Statement of Accounts update

Iain Jenkins

Chief Accountant

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Committee(s): Audit and Risk Management Committee	Dated: 8 th July 2024
Subject: City's Estate 2023/24 – Audit Planning Update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/a
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/a
What is the source of Funding?	N/a
Has this Funding Source been agreed with the Chamberlain's Department?	N/a
Report of: The Chamberlain	For Information
Report author: Daniel Peattie – Assistant Director, Strategic Finance	

Summary

This report provides an update on the 2023/24 external audit plan for City's Estate Group and other charities.

Recommendation

The Audit and Risk Management Committee is asked to note the audit planning report for 2023/24 (Appendix 1)

Main Report

Background

1. The Audit and Risk Management Committee oversees the City of London Corporation's systems of internal control and makes recommendations to the Finance Committee relating to the approval of the City's Estates Annual Statement of Accounts.
2. Unlike the City Fund accounts, there is no statutory deadline for the publication and audit of the City's Estate Group accounts. However, there are requirements of the private placement loans which have been taken out which require signed off accounts to be provided by December following the end of each financial year. Some individual entities, charities and trusts have their own specific deadlines for reporting and submission to the charities commission and companies house.
3. In order to meet this deadline Crowe have set out their timetable which would see their final report return to Audit and Risk Committee on the 4th November.
4. The planning report (Appendix 1) sets out the areas identified as significant audit risks, materiality levels as well as the staffing resources fees and timetable to be followed.

Corporate & Strategic Implications

5. There are no specific links to the Corporate Plan. However, the accounts assist the City Corporation in maintaining a clear and transparent dialogue regarding its activities with residents and other stakeholders.

Conclusion

6. This audit planning report sets out the expectations and deliverables for both the City Corporation and external auditors (Crowe LLP) in delivering the City's Estate group and associated charities audits by the necessary deadlines.

Appendices

- Appendix 1 – Crowe LLP Audit Planning Report March 2024

Daniel Peattie

Assistant Director, Strategic Finance

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Committee: Audit and Risk Management Committee	Date: 8 July 2024
Subject: City Bridge Foundation Audit Planning Report for Year Ending 31 March 2024	Public
Report of: Karen Atkinson, CBF & Charities Finance Director	For Information
Report author: Nathan Omane, Head of Finance	

Summary

The external audit of the 2023/24 City Bridge Foundation (CBF) Annual Report and Financial Statements commences on 1 July 2024. The Audit Planning Report from Crowe is attached to this report at Appendix 1, with Crowe being in attendance to speak to this.

The report sets out various matters relating to the audit of the annual report and financial statements of CBF for the year ended 31 March 2024, including: an overview of the planned scope and timing of the audit, significant risks of material misstatement, their approach to internal control relevant to the audit, the application of the concept of materiality alongside any other significant matters that are relevant to the oversight of the financial reporting process.

Recommendation

It is recommended that Members note the contents of Crowe's Audit Planning Report at Appendix 1.

Appendix

- Appendix 1 – Audit Planning Report to the City Bridge Foundation Board and Audit & Risk Management Committee for Year Ending 31 March 2024

Nathan Omane

Head of Finance

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Committee(s)	Dated:
Audit and Risk Management Committee	08/07/2024
Subject: 2024 Global Internal Audit Standards	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: the Chamberlain	For Information
Report author: Matt Lock, Head of Internal Audit	

Summary

New Global Internal Audit Standards were issued in January 2024 and will be mandatory for the profession from January 2025. This report has been prepared to provide Members with an overview of the standards and relevant information to aid the Committee in supporting the transition to the new standards.

Recommendation(s)

Members are asked to note the content of the report and refer to the guidance found in appendices 1-3.

Main Report

Background

1. The 2024 Global Internal Audit Standards (GIAS) are the latest set of professional guidelines for internal auditors, issued by the International Professional Practices Framework (IPPF). The GIAS aim to promote quality, consistency, and value in internal audit activities, and to align with the evolving needs and expectations of stakeholders. The standards were published in January 2024, becoming mandatory from January 2025.
2. This report provides a summary of the main changes and updates in the 2024 GIAS, compared to the previous version from 2017 and provides Members of the Audit and Risk Management Committee with materials to develop their own understanding of the standards. The summary is organised into four sections: core principles, code of ethics, standards, and implementation guidance. There are two frequently used terms within the standards that it is helpful to define:
 - The Board: within the context of The City of London Corporation, Court of Common Council is “the Board”, functions of the Board in relation to Internal Audit are delegated to the Audit and Risk Management Committee.

- Chief Audit Executive: this is the Institute of Internal Auditors standard designation, synonymous with Head of Internal Audit.

Current Position

Core Principles

3. The core principles are the fundamental values that describe the essence of internal auditing. They are derived from the definition of internal auditing and the mission of the profession. The 2024 GIAS have added two new core principles, bringing the total number to 12. The new core principles are:
 - Internal auditors communicate effectively and timely.
 - Internal auditors demonstrate agility and innovation.
4. The addition of these core principles reflects the importance of communication skills, adaptability, and creativity in the current and future business environment. Internal auditors are expected to communicate with clarity, relevance, and impact, and to use various methods and channels to reach their audiences. Internal auditors are also expected to embrace change, learn new skills, and apply new tools and techniques to enhance their performance and value.

Code of Ethics

5. The code of ethics establishes the principles and expectations for the behaviour and conduct of internal auditors. It consists of four principles: integrity, objectivity, confidentiality, and competency. The 2024 GIAS have revised the code of ethics to include more specific and relevant guidance on how to apply the principles in practice. Some of the key changes are:
 - Integrity: Internal auditors are required to report any actual or potential conflicts of interest, and to disclose any personal or professional relationships that may impair their objectivity.
 - Objectivity: Internal auditors are required to avoid any undue influence or pressure from management or other parties, and to exercise professional scepticism and judgment in their work.
 - Confidentiality: Internal auditors are required to protect the information they obtain or create during their engagements, and to comply with the applicable laws and regulations on data privacy and security.
 - Competency: Internal auditors are required to maintain and enhance their knowledge and skills, and to seek feedback and coaching to improve their performance.

Standards

6. The standards are the mandatory requirements that provide the framework for performing and promoting internal audit activities. They are divided into three categories: attribute standards, performance standards, and glossary. The 2024 GIAS have introduced several new or revised standards, covering topics such as:
 - Risk management: Internal auditors are required to assess and respond to the risks that may affect the achievement of the audit objectives, and to

provide assurance and advice on the effectiveness of the organisation's risk management processes.

- Quality assurance and improvement programme: Internal auditors are required to establish and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity, and to undergo external assessments at least once every five years.
- Engagement planning: Internal auditors are required to develop and document a risk-based plan for each engagement, and to obtain the approval of the chief audit executive and the engagement client before commencing the work.
- Engagement supervision: Internal auditors are required to ensure that the engagement is supervised by a competent and qualified person, and that the work performed and the results obtained are reviewed and approved.
- Engagement communication: Internal auditors are required to communicate the engagement objectives, scope, criteria, results, and recommendations to the appropriate parties, and to obtain their acknowledgement and feedback.
- Engagement follow-up: Internal auditors are required to monitor and verify the implementation of the agreed actions by the engagement client, and to report the status and outcomes to the chief audit executive and the board.

Implementation Guidance

7. The implementation guidance is the supplementary material that provides guidance and examples on how to apply the standards in specific types of internal audit activities or engagements. The 2024 GIAS have expanded and updated the implementation guidance to reflect the emerging trends and challenges in the internal audit profession.

Role of CIPFA

8. CIPFA has stated that it will be producing a revised edition of the Public Sector Internal Audit Standards (PSIAS), providing an overlay to support the adoption of the global standards specifically in the context of UK public sector organisations. It is anticipated that the revised PSIAS will be available in time to support adoption by 1 April 2025.

Further information

9. The Institute of Internal Auditors has provided various documentation to support Audit Committees in the transition to the 2024 Global Internal Audit Standards, a selection of which is included as appendices 1-3 to this report.

Corporate & Strategic Implications

10. While there are a number of changes within the 2024 Global Internal Audit Standards, initial assessment determines that the City of London Corporation's Internal Audit function materially conforms with the requirements. Any areas of potential non-conformance that are identified as a result of forthcoming gap analysis will be considered within the mandatory quality assurance and improvement programme.

Conclusion

11. New Global Internal Audit Standards were published in January 2024, these will become mandatory for the profession in January 2025. Further guidance will be made available from CIPFA in the format of revised Public Sector Internal Audit Standards. This report provides the Committee with an overview of the standards and some materials to assist Members in gaining a better understanding of requirements.

Appendices

- Appendix 1 – Audit Committee Guidance and Toolkit
- Appendix 2 - Global Internal Audit Standards 2024 – What Audit Committees need to know
- Appendix 3 - Global Internal Audit Standards Domain iii

Matt Lock

Head of Internal Audit - Chamberlain's Department

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Committee(s): Audit and Risk Management Committee	Dated: 08/07/2024
Subject: Risk Management Update	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N/A
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Chief Strategy Officer	For Information
Report author: Thomas Wrench, Corporate Strategic Development Lead	

Summary

This report provides the Committee with an update on the corporate and top red departmental risk registers since they were last reported to the Committee in May 2024. Further details can be found in the appendices listed at the end of this report.

Recommendation

Members are asked to note:

- This report and the corporate and top red departmental risk registers attached to this report. Since the previous update:
 - The total number of corporate risks has increased by one to 16 with the addition of *CR41 Tree Maintenance* (formerly *ENV SLT 005*). This has been raised from a departmental level in recognition of the cross-cutting nature of this risk.
 - The risk score of *CR21 Air Quality* has been reduced from Amber 6 (impact serious 2 x likelihood possible 3) to Green 3 (impact minor 1 x likelihood possible 3).
 - The risk score for *CR30 Climate Action* has been increased from Amber 8 (impact major 4 x likelihood unlikely 2) to Amber 12 (impact major 4 x likelihood possible 3).
 - The risk score for *CR36 Protective Security* has been increased from Amber 8 (impact major 4 x likelihood unlikely 2) to Red 16 (impact extreme 8 x likelihood unlikely 2).
- The number of departmental red risks has increased from 19 to 20. Two risks have been added to the register and one risk has been escalated to a corporate risk.
- The summary of the findings of a recent Risk Management Culture and Appetite Review, conducted by Zurich Risk Solutions.

Main Report

Background

1. The corporate and red departmental risks are reported to this Committee as a minimum on a quarterly basis to enable the Committee to exercise its role in the monitoring and oversight of risk management within the City of London Corporation (CoLC).
2. The corporate and red departmental risk registers were reviewed by Chief Officer Risk Management Group (CORMG) on 5 June 2024 as Senior Officers accountable for CoLC risk management actions, decisions and outcomes (including consideration of developing risk areas and cross-Corporation risk management themes).
3. In addition, Chief Officers have been reminded of the need to ensure accuracy within the risk registers – including target dates – and for risk owners to provide timely updates that reflect the ongoing mitigating actions.
4. A Risk Management Culture and Appetite Review has been conducted by Zurich’s Risk and Resilience Team. A summary of the report and recommendations begins at paragraph 18. The recommendations will be built into the action plan of the refreshed Risk Management Strategy and into the emerging Risk Management Policy.

Current Position

All Risks

5. Table 1 below shows the overall number and risk ratings of all risks recorded on the Ideagen risk management system as of 24 June 2024 compared with 29 April 2024 (the figures last seen by the Committee).

Risk rating (RAG)	June 2024	April 2024	Difference
Red	60	59	+1
Amber	230	239	-9
Green	114	109	+5
Total	404	407	-3

Table 1: June 2024: Overall Risk Numbers by RAG Rating on Ideagen

6. Table 2 below shows the breakdown of the red, amber and green rated risks by risk level as of 24 June 2024 compared with 29 April 2024.

Risk rating	Red		Amber		Green	
	June 2024	Apr 2024	June 2024	Apr 2024	June 2024	Apr 2024
Risk level						
Corporate	6	4	9	11	1	0
Departmental	20	19	84	90	24	22
Service	34	36	137	138	89	87
Total	60	59	230	239	114	109
Difference	+1		-9		+5	

Table 2: June 2024: Breakdown of RAG Risks by Risk Level (no team or PPM risks recorded as of 24 June)

Corporate Risks

7. There are currently 16 corporate risks on the corporate risk register (5x Red, 10x Amber, 1x Green). Since the last report to the Committee one risk has been added and three risk scores have changed. Attached to this paper at Appendix 1 is the corporate risk register showing the nine risks above appetite.
8. Risk Added: *ENV-SLT 005 Tree Failure* at Red 32 (impact extreme 8 x likelihood likely 4) has been escalated to the Corporate Risk Register as *CR41 Tree Maintenance* on a temporary basis, following confirmation that mitigating actions are cross-cutting and have been agreed with the relevant departments.
9. The risk score for *CR21 Air Quality* has been reduced from Amber 6 (impact serious 2 x likelihood possible 3) to Green 3 (impact minor 1 x likelihood possible 3) following further improvements in air quality. All coarse particulate matter (PM10) monitoring sites in the Square Mile have complied with the annual mean standard for the past seven years and in 2023 fine particulate matter (PM2.5) concentrations at both sites monitored met the new national standard ahead of the 2040 deadline. Of the 86 locations where nitrogen dioxide was monitored in 2023, just four fell short of the national standard. A new draft Air Quality Strategy for 2025 to 2030 has been published for consultation. This contains actions that will continue to deliver better air quality for our communities.
10. The risk score for *CR30 Climate Action* has been increased from Amber 8 (impact major 4 x likelihood unlikely 2) to Amber 12 (impact major 4 x likelihood possible 3). Historic delays to capital works implementation together with an increasing emissions factor of the national grid (caused by the 2022/23 energy crisis) increases the risk of missing net zero targets. Mitigation plans are in place (capital works delivery and governance) but need frequent review and prioritisation.
11. The risk score for *CR36 Protective Security* has been increased from Amber 8 (impact major 4 x likelihood unlikely 2) to Red 16 (impact extreme 8 x likelihood unlikely 2) to reflect the Senior Security Board's recent decision that this score better reflects the possible impact. This will continue to be monitored by the Senior Security Board and its subsidiary boards.
12. As part of the routine review of corporate risks, *CR10 Adverse Political Developments* is being considered in the context of a general election being called. At present, there are no changes to report.
13. The RAG matrices below show the distribution of corporate risks as of 24 June 2024 (Table 4) and 29 April 2024 (Table 5):

	Minor	Serious	Major	Extreme		Minor	Serious	Major	Extreme
Likely			3	1	Likely			3	
Possible	1		8	1	Possible		1	7	1
Unlikely			1	1	Unlikely			3	



Table 4: June 2024 Corporate Risk Heatmap



Table 5: April 2024 Corporate Risk Heatmap

14. The highest scoring corporate risks – 1x Red 32 (impact extreme 8 x likelihood likely 4) and 1x Red 24 (impact extreme 8 x likelihood possible 3) are:

- CR41 Tree Maintenance – Red 32
- CR16 Information Security – Red 24

15. Table 3 below shows a summary of all CoLC corporate risks as of 24 June 2024.















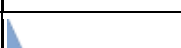


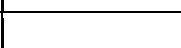





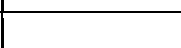





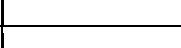








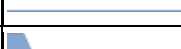





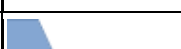



Risk reference	Title	Current Risk Score	Current risk score icon	Trend Icon	Risk flight path (last 12 assessments)	Creation Date	Risk Added to CR Register (year)
CR41	Tree Maintenance	32				23-Feb-2024	2024
CR16	Information Security (formerly CHB IT 030)	24				10-May-2019	Pre-Pentana (2014)
CR36	Protective Security	16				10-Jan-2022	2022
CR37	Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets)	16				04-Nov-2019	2022
CR38	Unsustainable Medium-Term Finances - City's Estate	16				31-Oct-2022	2022
CR40	PSTN Switch Off 2025 (formerly CHB DITS 045)	16				26-Feb-2024	2024
CR01	Resilience Risk	12				20-Mar-2015	Pre-Pentana (2014)
CR02	Loss of Business Support for the City	12				22-Sep-2014	Pre-Pentana (2014)
CR09	Health, Safety and Fire Risk Management System	12				22-Sep-2014	Pre-Pentana (2014)
CR29	Information Management	12				08-Apr-2019	Pre-Pentana (2014)
CR30	Climate Action	12				07-Oct-2019	2019
CR33	Major Capital Schemes	12				14-Feb-2020	2020
CR35	Unsustainable Medium-Term Finances - City Fund	12				19-Jun-2020	2020
CR39	Recruitment and Retention	12				21-Feb-2023	2023
CR10	Adverse Political Developments	8				22-Sep-2014	Pre-Pentana (2014)
CR21	Air Quality	3				07-Oct-2015	2015

Table 3: June 2024: List of Current Corporate Risks by Current Risk Score

Red Departmental Risks

16. There are currently 20 departmental red risks. Since the last report to the Committee, two risks have been added to the register and one risk has been escalated to a corporate risk. A summary of the top red departmental risks can be found at Appendix 2.
17. Changes to the register:

Risks added:

- i) CJS 001 *Inadequate finances or financial plans*: escalated from Amber 12 to **Red 16** (impact Major 4 x likelihood Likely 4) relating to the shift to a new shared services model;
- ii) CJS 004 *Failure to complete building and then to Maintain Building and site*: escalated from Amber 12 to **Red 16** (impact Major 4 x likelihood Likely 4) to take into account the requirement for additional building work.

Risks escalated to Corporate Risk Register:

- i) ENV SLT 005 *Tree Failure* (now CR41 *Tree Maintenance*) escalated from red departmental to corporate risk (impact Extreme 8 x likelihood Likely 4). Added following the development of inter-departmental mitigating actions.

Risk Management Culture and Appetite Review

18. Zurich Resilience Solutions' Risk and Resilience Team were commissioned to review the approach taken by Officers to risk culture and risk appetite. The review took place between January and March 2024, with the final report received at the end of April. A summary of the report and findings was reviewed by the City Corporation's Senior Leadership Team on 4 June and by CORMG on 5 June. In order for Members to understand the background to the Zurich's comments and the recommendations, the full report is at Appendix 3 (non-public).
19. Zurich's observations and findings were based on one-to-one discussions with 11 Chief Officers, a survey completed by the Risk Management Forum and by members of the Executive Leadership Board, and supporting documentation provided (e.g., Risk Management Strategy 2021, Corporate Risk Register, etc.). The review focused on risk management within strategic and operational delivery (non-political), which is why it sought Officer input, rather than extending to Officers and Members.
20. Zurich identified many examples of good practice across the organisation which we will build on and improve. The City Corporation's strategic direction was understood and supported by respondents, and it was noted that communication around risk management had significantly improved over the past year, particularly through the development of the Risk Management Forum. The positive impact of prioritisation of risk was seen in a number of areas and the refreshed approach to risk management through basing this within Corporate Strategy and Performance was also noted.
21. In addition, areas requiring further attention were highlighted including the need for consistency in approach and decision making to be informed by broader considerations of risk and risk appetite. Generic risk appetite levels were also

suggested for future consideration and context, e.g., alongside risk categories from the UK Government National Risk Register (2023)¹ and other organisations. These considerations will inform a new risk appetite statement for the City Corporation and an update will be provided to this Committee as part of a future Risk Management Update report.

22. Officers have begun work on implementing the recommendations, tying this into the actions of the Risk Management Strategy 2024-2029, with progress reported to this Committee annually. Chief Officers, Heads of Profession, and members of the Risk Management Forum will be involved in delivering the required changes, with the ambition to move to business-as-usual activity across the organisation.

Corporate & Strategic Implications

Strategic implications – Reporting in line with CoLC Corporate Risk Management Strategy.

Financial implications – None applicable

Resource implications – None applicable

Legal implications – None applicable

Risk implications – None applicable

Equalities implications – None applicable

Climate implications – None applicable

Security implications – None applicable

Conclusion

This risk update and accompanying document (see appendices) are aimed at providing assurance to the Audit and Risk Management Committee that risks within the City of London Corporation are being effectively handled.

Appendices

- Appendix 1: Corporate Risk Register Report – detailed report above appetite only
- Appendix 2: All Red Departmental Risks – short summary report
- Appendix 3: Zurich Resilience Solutions – Risk Culture and Appetite Review Report Final (non-public)

Thomas Wrench

Corporate Strategic Development Lead

¹ <https://www.gov.uk/government/publications/national-risk-register-2023>

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Committee(s)	Dated:
Audit and Risk Management Committee	08/07/2024
Subject: Corporate Risk – Deep Dive Reviews: CR01 Resilience; CR36 Protective Security	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: the Chamberlain	For Discussion
Report author: Matt Lock, Head of Internal Audit	

Summary

Internal Audit has undertaken deep dive reviews in relation to CR01 Resilience and CR36 Protective Security. The objective of the deep dive reviews is to examine the effectiveness of the arrangements in place for the systematic management of Corporate Risk.

The review found that:

- Neither risk is being reviewed as frequently as expected within the risk management framework, Chief Officer Risk Management Group does not, therefore, always have the most up to date information when considering these risks.
- In both cases, the level of detail recorded in the mitigations is not reflective of the actual mitigating activity in place.

The responsible officers engaged fully with this process, resulting in a transparent and full exchange of information, the findings of the deep dive review have been shared and it is anticipated that this will inform subsequent management review accordingly.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. Deep-dive reviews of the City of London Corporation's Corporate Risks are undertaken by Internal Audit and reported to this Committee. The report is informed by in depth review of the arrangements in place for managing risk, incorporating a quantitative assessment of the systematic application of the Corporate Risk Management Framework and a qualitative assessment as to the overall quality and completeness of the information provided in the risk register and, where possible, an objective review of the effectiveness of mitigating actions.

Current Position

2. The deep dive report takes the following format:
 - i. Review of Risk Register Maintenance
 - ii. Review of Completed Mitigating Actions
 - iii. Review of Proposed Mitigating Actions
 - iv. Review of Monitoring Arrangements
 - v. General Observations and Overall Commentary
3. This report is focussed on Corporate Risks CR01 Resilience and CR36 Protective Security. The relevant extracts from the Risk Register are shown as Appendix 1 and 2 respectively.

CR01 Resilience

Area of Testing	Audit Findings
Risk Register Maintenance	<ul style="list-style-type: none">▪ All key information fields are populated.▪ The risk register has been reviewed on system quarterly rather than monthly, which falls short of the requirements of the Risk Management Framework, and is not considered sufficiently frequent to ensure that Chief Officers are presented with timely information.
Mitigating Actions	<ul style="list-style-type: none">▪ It is unclear to what extent mitigation actions will deliver positive outcomes and what impact these will have on the overall risk level.▪ The lead officer demonstrated robust knowledge and understanding of the risk and mitigations in place, beyond the level of depth captured in the risk register – indicating that the risk register is not a complete and accurate reflection as to how this risk is being managed.
Monitoring Arrangements	The risk has been updated quarterly although is incorporated within the monthly review at Chief Officers Risk Management Group.
General Observations and Overall Commentary	The risk mitigation approach and assessment do not appear to align; the risk is recorded as having an “accept” approach yet has a reduced target risk. It is not possible, based on the available information, to determine the likelihood of the target risk score being achieved by the associated target date.

CR36 Protective Security

Area of Testing	Audit Findings
Risk Register Maintenance	<ul style="list-style-type: none"> ▪ The key information fields are populated, although the risk register does not consistently contain sufficient information to enable effective oversight at Chief Officer Risk Management Group. ▪ The risk register has been reviewed on system 4 times in the past 12 months rather than monthly, which falls short of the requirements of the Risk Management Framework and is not considered sufficiently frequent to ensure that Chief Officers are presented with timely information.
Mitigating Actions	<ul style="list-style-type: none"> ▪ Stated mitigating actions lack detail, updates to mitigating actions show no change to the detail so far in 2024. ▪ It is not evident what impact mitigating actions will have on this risk, particularly given we are currently tracking at the target risk score.
Monitoring Arrangements	<p>This risk is being actively monitored at Senior Security Board, this forum receives a greater depth of information than is captured on the Corporate Risk Register, although this is in what is best described as a “shadow risk register”. This review is at a different frequency to the review of the actual risk register and information recorded is not aligned. This impacts the ability of Chief Officers Risk Management Group to fulfil its remit in relation to this risk.</p>
General Observations and Overall Commentary	<p>The overall strategy for managing this risk is not clear; the current risk assessment is that this risk is at target risk level, yet the risk register states this is above target, suggesting a “reduce” approach.</p> <p>The risk register does not accurately reflect the active management of this risk, management stated concerns around confidentiality, however it is Internal Audit’s view that it is possible to provide sufficient and timely information to support effective oversight.</p>

Corporate & Strategic Implications

4. Corporate Risks are those that threaten the City of London Corporation’s ability to achieve its strategic objectives and top priorities. The Risk Management process is designed to identify and manage risk to the organisation and incorporates various assurance mechanisms, this deep dive process is one source of assurance, examining the extent to which Corporate Risks are being managed within the Corporate Risk Management framework.

Conclusion

5. Internal Audit has identified opportunities to improve the application of a systematic approach to managing risk and the extent to which the Corporate Risk Management framework is applied.

Appendices

- **Appendix 1:** Risk Register Extract – CR01
- **Appendix 2:** Risk Register Extract – CR36

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