

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 23 July 2013

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall on Tuesday, 23 July 2013 at 11.00am

Present

Members:

Jeremy Mayhew (Chairman)	Oliver Lodge
Alderman Nick Anstee (Deputy Chairman)	Kenneth Ludlam (External Member)
Nigel Challis	Ray Catt (Ex-Officio Member)
Hilary Daniels (External Member)	Hugh Morris (Ex-Officio Member)
Revd Dr Martin Dudley	Jamie Ingham Clark

In Attendance

Officers:

Susan Attard	- Town Clerk's Department
Neil Davies	- Town Clerk's Department
Daniel Hooper	- Town Clerk's Department
Julie Mayer	- Town Clerk's Department
Chris Bilsland	- Chamberlain
Caroline Al-Beyerty	- Chamberlain's Department
Suzanne Jones	- Chamberlain's Department
Paul Nagle	- Chamberlain's Department
Steve Telling	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Heather Bygrave	- External Auditor, Deloitte
Angus Fish	- External Auditor, Deloitte

1. APOLOGIES

Apologies were received from Deputy Robin Eve, Alderman Ian Luder, Jeremy Simons, Caroline Mawhood and Roger Chadwick.

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

There were no declarations.

3. MINUTES OF THE PREVIOUS MEETING

The public minutes and non-public summary of the meeting held on 25 June were approved, subject to the following amendment:

Item 10 (SR16 – Data Protection) – to include the following sentence:

A Member also pointed out the need to identify the control owners of the mitigating factors on the documentation, as those individuals should be the first to identify when the control was being breached. It was agreed to annotate the forms accordingly, starting with SR16 but would need to be applied across all Strategic Risks.

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

The Committee received the Outstanding Actions list. Members noted those items discharged on this agenda and the following updates:

Wider issues affecting Exhibitions with Valuable Displays

The Deputy Town Clerk had met with the Managing Director of the Barbican Centre and the City Surveyor and agreed that the relevant security staff would be trained. Members agreed that this could come off the outstanding actions list, as it would be monitored by the City Surveyor.

Inductions for New Members

One new Member required an induction. Once this had occurred, this item could be removed.

Data Protection

Members were asked to note the amendment to the Minutes of 25 June 2013, referred to above. The Chairman commented that the recent induction session on Data Protection might have benefitted from having a facilitator/external trainer. Officers agreed to take this suggestion on board for future sessions.

Planning Governance

The Deputy Town Clerk advised that an initial challenge meeting would be arranged for early September and the review was on track for reporting to the October Audit and Risk Management Committee. The Chairman and Deputy Chairman and the Chairman of Planning would receive regular updates.

Cash Handling and Banking Audit (Confidential Item)

The following amendment to the non-public minute to be added:

A review of holidays taken by the relevant individuals would also be performed, to identify if the control to take regular holidays had been applied.

Local Audit and Accountability Bill

Members noted that the Bill had just 1 week left in the First House, so there was limited opportunity in parliamentary proceedings to suggest new arrangements. Members were also advised that 'lobbying' was only possible on current issues. The Chairmen suggested that, if City's Cash accounts were published, then the new External Auditors should be involved.

Financial Statements

The Chairman suggested that it would be helpful to have an additional outstanding actions list, dedicated to the production of the statements of accounts. This could be circulated once there is greater certainty about the timing and production of the accounts.

5. AUDITED 2012/13 CITY FUND AND PENSION FUND FINANCIAL STATEMENTS TOGETHER WITH DELOITTE'S REPORT THEREON

The Committee received the City Fund and Pension Funds Financial Statements for the Year ended 31 March 2013. During the presentation and questions, the following points were raised:

- The Chairman reminded Members that two briefing sessions on the accounts had been held on 17 and 18 July 2013, for both Audit and Risk Management and Finance Committee Members.
- Crossrail was currently shown as a capital commitment. The Chamberlain advised that Accounting Standards were clear as to when a provision should be recognised and to treat it otherwise would not be appropriate accounting. However, Crossrail had featured in the Financial Plan, which had been presented to the Court of Common Council. Deloitte confirmed that they fully concurred with Management's view. In concluding, the Chairman asked if Members could receive an overall briefing on Crossrail.
- The final version of the Statement of Accounts would explain the difference between useable and unusable reserves; i.e. in terms of liquidity.
- Deloitte confirmed that there were no uncorrected misstatements on the accounts and an unqualified opinion was expected. Members were reassured that the accounts were very close to being finalised. Deloitte explained that the significant risk areas had largely been cleared.
- The Financial Services Director assured Members that she had provided the Auditors with a complete set of working papers.
- The assumptions used by the Actuaries in calculating the Pension Fund deficit were within an acceptable range.
- Members suggested that changes in mortality rates could be more visible in the future.
- Members noted that the Triennial Valuation of the City of London Pension Scheme would be presented to the Investment Committee in the Autumn.

- Deloitte confirmed that materiality of the pension fund was treated the same as City Fund.
- A separate bank account for the LGPS was in place but Members noted Deloitte's comments in that more transactions could be routed through it directly.
- A Pensions Board would be set up to comply with new legislation.
- In response to a query about the pressure on staff, caused by presenting this report to the July Audit Committee and not the September Audit Committee (as is usual practice in Local Authorities); the Chamberlain felt that the City had adopted the most efficient process. The Chamberlain was also of the view that Members should see the final accounts within 3 months of year end. Members noted the leeway in presenting the City's Cash accounts to an October meeting.

RESOLVED - THAT:

1. The content of the Management Letters be noted.
 2. The City Fund and Pension Funds Financial Statement for the year ended 31 March 2013 be recommended to the Finance Committee.
 3. Authority be delegated to the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee, to approve any material changes to the Financial Statements, required before signing of the Audit Opinion by Deloitte; expected to be by the end of August or early September 2013.
 4. Deloitte's final Management Letters be circulated to the Audit and Risk Management Committee, with any changes highlighted.
6. **AUDITED 2012/13 BRIDGE HOUSE ESTATES AND SUNDRY TRUSTS FINANCIAL STATEMENTS TOGETHER WITH DELOITTE'S REPORT THEREON**

The Committee received the audited 2012/13 Bridge House Estates and Sundry Trusts Financial Statements for the year ended 31 March 2013. During the presentation and questions, the following points were raised:

- This was a far simpler set of accounts.
- There had been considerable improvement in the City's resilience for dealing with VAT matters.
- A contingent liability notice in respect of the Guildhall Improvement Project was no longer appropriate.

- In respect of the Charity Commission guidance, which recommends that the annual reports of larger charities should include a description of the major risks faced, the Chamberlain confirmed that this was best practice, not mandatory, but would consider including it in future reports.
- The Chairman suggested that officers produce a separate outstanding actions list in respect of the financial statements.
- In respect of the surplus on income from the Bridges, Members noted that the amounts allocated to the City Bridge Trust was a matter for the Policy and Resources Committee
- Members noted the reimbursable expenses across all funds of £8,000. Members also noted that the City Corporation were not required to disclose this but agreed that we should, in the interest of transparency.

RESOLVED, that:

1. The contents of Deloitte's Management Letter be noted.
2. Bridge House Estates and Sundry Trusts Financial Statements for the year ended 31 March 2013 be recommended to the Finance Committee for approval.

7. COMMITTEE WORK PROGRAMME

Members received a report of the Town Clerk and noted that entries for 2014 had been added.

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

There were no questions.

9. ANY OTHER BUSINESS WHICH THE CHAIRMAN CONSIDERS URGENT

There were no items of urgent business.

10. 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 Schedule 12A of the Local Government Act.

11. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

The non-public minutes of the meeting held on 25 June were approved; subject to the following amendment:

Cash Handling and Banking Audit (Interim Report) – Confidential Item

"Following a question from a Member, it was also agreed that a review of holidays taken by the relevant individuals would also be performed, to identify if the control to take regular holidays had been applied."

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

There were no questions.

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

There were no items of urgent business.

The meeting ended at 12.30pm

Chairman

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