

## **AUDIT AND RISK MANAGEMENT COMMITTEE**

**Tuesday, 16 July 2019**

**Minutes of the meeting of the Audit and Risk Management Committee held at the Guildhall EC2 at 2.00 pm**

### **Present**

#### **Members:**

Alderman Ian Luder (Chairman)	Kenneth Ludlam (External Member)
Hilary Daniels (Deputy Chairman)	Paul Martinelli
Randall Anderson	Caroline Mawhood (External Member)
Deputy Jamie Ingham Clark (Ex-Officio Member)	Andrien Meyers
Anne Fairweather	John Petrie
Marianne Fredericks (Ex-Officio Member)	
Alderman John Garbutt	

#### **Officers:**

John Barradell	- Town Clerk & Chief Executive
Chloe Rew	- Town Clerk's Department
Simon Latham	- Town Clerk's Department
Richard Woolford	- Town Clerk's Department
Caroline Al-Beyerty	- Chamberlain's Department
Karen Atkinson	- Chamberlain's Department
Christopher Bell	- Chamberlain's Department
Paul Dudley	- Chamberlain's Department
Philip Gregory	- Chamberlain's Department
Neilesh Kakad	- Chamberlain's Department
Chris Keesing	- Chamberlain's Department
Matthew Lock	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Zahur Khan	- Department for the Built Environment
Bruce McVean	- Department for the Built Environment
Richard Steele	- Department for the Built Environment

#### **Also in Attendance:**

Fiona Condron	- External Auditor, BDO
Leigh Lloyd-Thomas	- External Auditor, BDO
Francesca Palmer	- External Auditor, BDO
Graham Packham	- Planning and Transportation Committee

1. **APOLOGIES**

Apologies were received from Deputy Chairman Alexander Barr and Alderman Nicholas Anstee.

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

There were no declarations.

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED, that – the public minutes of the previous meeting held 7 May 2019 were agreed as a correct record.

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

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

5. **COMMITTEE WORK PROGRAMME**

RESOLVED, that – the Committee Work Programme be received, with the following amendments.

1. The Bridge House Estates accounts be moved to 24 September 2019;
2. A Deep Dive of CR16 Information Security be moved to 24 September 2019.

6. **2018-19 CITY FUND AND PENSION FUND FINANCIAL STATEMENTS**

Members considered a report of the Chamberlain relative to the 2018-19 City Fund and Pension Fund Financial Statements, to be published by 31 July 2019 subject to the Committee's approval. The latest version of the accounts was provided with the report, in addition to the BDO audit progress report. Members received further details from the External Auditors relative to the BDO reports included at appendices 2 and 3. The Chamberlain reported that the final version of the accounts would be completed within one week. It was noted that the recommendation be amended to delegate authority to the Deputy Chamberlain, in the Chamberlain's absence.

RESOLVED, that – the Audit and Risk Management Committee:

1. consider the content of BDO's audit progress report;
2. recommend approval of the 2018-19 City Fund and City Pension Fund Statement of Account to the Finance Committee; and
3. delegate authority to the Deputy Chamberlain, in consultation with the Chairman and Deputy Chairmen of the Audit and Risk Management Committee, approval of any material change to the financial statement required before the signing of the audit opinion by BDO, which is expected by the end of July 2019.

7. **BRIDGE HOUSE ESTATE ACCOUNTS**

Members considered a report of the Chamberlain relative to the Bridge House Estates (BHE) Annual Report and Financial Statements for 2018/19. The Chamberlain reported that due to unforeseen circumstances with the external auditors, the full accounts and audit report were not available to be presented

to the Committee at that time. Members of the Finance Committee will be invited to attend the September meeting of the Audit and Risk Management Committee when the BHE accounts and audit reports are considered. Finance Committee Members will not be allowed to vote, unless they are separately Members of the Audit and Risk Management Committee.

RESOLVED, that – the Bridge House Estates accounts and audit report be re-submitted to the Committee at its next meeting on 24 September 2019.

**8. INTERNAL AUDIT UPDATE**

Members received a report of the Head of Audit and Risk Management relative to internal audit update activity since the last Internal Audit Update Report presented to the Committee in March 2019. The Corporate Follow-Up forward plan was set out, with the proposed frequency of follow-ups being increased to promote regular review of recommendation implementation. In response to a request from a Member, the Head of Audit and Risk Management undertook to even out the delivery of work across the year to avoid a peak of work at year end and significant carry forward to the subsequent year, noting that effective relationships between internal audit and Chief/Senior Officers is critical to this.

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

**9. ANTI-FRAUD AND INVESTIGATIONS - 2018/19 ANNUAL REPORT**

Members received a report of the Head of Audit and Risk Management relative to an update on the activity of the Anti-Fraud and Investigations team during the 2018/19 reporting year, and an update on the key anti-fraud initiatives. Additional appendices were included in the non-public and confidential agendas due to the sensitive content of the information.

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

**10. CORPORATE RISK UPDATE**

Members considered a report of the Chamberlain relative to an update on the corporate and top red departmental risk registers. The Chamberlain reported that CR20 was reconfirmed as a corporate risk by Summit Group on 25 June 2019, totalling 15 corporate risks on the corporate risk register. The number of corporate risks had grown, creating the potential for the risk register to lose focus. However, in line with Members' sentiments, if a risk is considered to be of corporate importance, it should be added to the corporate risk register. Growth will therefore be monitored by the Risk Management team to ensure that corporate risks are appropriately managed and overlaps in corporate risks are identified.

RESOLVED, that – the Committee,

1. note the report;
2. endorse the decision of Summit Group to reconfirm the corporate status on the revised CR20 Road Safety Risk.

**11. DEEP DIVE RISK REVIEW**

**a) CR20 - Road Safety**

Members received a report of the Director for the Built Environment relative to a Deep Dive of CR20 Road Safety, as the risk had recently been reviewed and revised. As a result of the revision, the effect had been updated to describe the impacts of collisions on victims, and cause had been updated to reflect the adoption of the City of London Transport Strategy. It was further noted that the target date was in line with the timing to update the Transport Strategy. Members noted that the likelihood of 2 (unlikely) was insufficient, and should be increased to 3 (possible).

RESOLVED, that – the report be received and its contents noted, and the likelihood be increased from 2 to 3, increasing the current risk score to 24.

**b) CR16 - Information Security**

The report of the Chamberlain was deferred to a future committee meeting.

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

There were no questions.

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

There was no other business.

**14. 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.

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

RESOLVED, that – the minutes of the previous meeting held 7 May 2019 be agreed as a correct record.

**16. DEEP DIVE CR24 - OPERATIONAL SECURITY**

Members received a report of the Town Clerk & Chief Executive relative to a Deep Dive of CR24 Operational Security.

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

**17. APPENDIX 3 TO ANTI-FRAUD AND INVESTIGATIONS - 2018/19 ANNUAL REPORT**

The appendix was read in conjunction with the report of the Head of Audit and Risk Management at agenda item 9.

**18. APPENDIX 4 TO CORPORATE RISK UPDATE**

The appendix was read in conjunction with the report of the Chamberlain at agenda item 10.

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

There were no questions.

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

There was one item of other business.

20. **a) CORPORATE CATERING CONTRACTS - DELAYS TO CONTRACT SIGNATURE**

Members received a joint report of the Chamberlain and Comptroller & City Solicitor relative to the delays to the corporate catering contract signature.

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

21. **CONFIDENTIAL MINUTES**

RESOLVED, that – the confidential minutes of the previous meeting held 7 May 2019 be agreed as a correct record.

22. **APPENDIX 4 TO ANTI-FRAUD AND INVESTIGATIONS - 2018/19 ANNUAL REPORT**

The confidential appendix was read in conjunction with the report of the Head of Audit and Risk Management at agenda item 9.

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

There were no questions.

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

There was no other business.

**The meeting ended at 4:00 pm and Members then met with the External Auditors in a closed session.**

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Chairman

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