

AUDIT AND RISK MANAGEMENT COMMITTEE

Thursday, 1 October 2020

Minutes of the meeting of the Audit and Risk Management Committee held virtually on Thursday, 1 October 2020 at 2.00 pm

Present

Members:

Alexander Barr (Chairman)	Alderman Prem Goyal
Hilary Daniels (Deputy Chairman - External)	Deputy Jamie Ingham Clark (Ex-Officio)
Alderman Ian Luder (Deputy Chairman)	Paul Martinelli
Randall Anderson	Caroline Mawhood (External Member)
Chris Boden	Jeremy Mayhew (Ex-Officio)
Anne Fairweather	Ruby Sayed
Marianne Fredericks (Ex-Officio)	Dan Worsley (External Member)

In Attendance

Officers:

Chloe Rew	- Town Clerk's Department
Joseph Anstee	- Town Clerk's Department
Hayley Hajduczek	- Town Clerk's Department
Rofikul Islam	- Town Clerk's Department
Damian Nussbaum	- Town Clerk's Department
Kate Smith	- Town Clerk's Department
Peter Kane	- Chamberlain
Caroline Al-Beyerty	- Chamberlain's Department
Karen Atkinson	- Chamberlain's Department
Paul Dudley	- Chamberlain's Department
James Gibson	- Chamberlain's Department
Sean Green	- Chamberlain's Department
Aqib Hussain	- Chamberlain's Department
Matthew Lock	- Chamberlain's Department
Nathan Omane	- Chamberlain's Department
Cecilie Booth	- City of London Police
Stuart Phoenix	- City of London Police
Michael Cogher	- Comptroller and City Solicitor
Mark Lowman	- City Surveyor's Department
Donald Perry	- Markets and Consumer Protection Department
Carolyn Dwyer	- Director of Built Environment

Also in attendance:

Alderman Alison Gowman	- Court of Common Council
Kerry Barnes	- External Auditor, BDO
Fiona Condron	- External Auditor, BDO

James Hay	- External Auditor, BDO
Leigh Lloyd-Thomas	- External Auditor, BDO
Francesca Palmer	- External Auditor, BDO

1. **APOLOGIES**

It was proposed by Jeremy Mayhew and seconded by Alexander Barr that Alderman Luder takes the chair.

Apologies were received from Andrien Meyers and John Petrie.

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 dated 16 July 2020 appointing the Committee and setting its Terms of Reference.

4. **ELECTION OF A CHAIRMAN**

Members elected a Chair in accordance with Standing Order 29.

RESOLVED, that – being the only Member willing to serve, Alexander Barr be elected as Chair for the ensuing year.

5. **ELECTION OF DEPUTY CHAIRMEN**

Members elected a Deputy Chairman (Member) in accordance with Standing Order 30 and a Deputy Chairman (External) in accordance with the convention adopted by the Committee on 6 March 2018.

RESOLVED – that Alderman Luder be elected Deputy Chairman (Member) and Hilary Daniels be elected Deputy Chairman (External) for the ensuing year.

6. **VOTE OF THANKS**

RESOLVED UNANIMOUSLY, that –

Members of the Audit & Risk Management Committee wish to place on record their sincere appreciation to –

ALDERMAN IAN LUDER

for the dedication he has shown in all aspects of his work on their Committee in his three years as Chairman. Ian's experience outside the Corporation has brought valuable expertise to the Committee's work resulting in tangible improvements to the Corporation's audit and risk management processes.

WITH IAN'S LEADERSHIP, the Committee has exercised the highest level of independent challenge and oversight of the adequacy of risk management, internal controls and the financial reporting frameworks.

THROUGH IAN'S GUIDANCE, the Committee has played a key oversight role in ensuring that the Corporation's risk management framework and policies are operating effectively. Through the Chief Officer Risk Challenge Sessions, Ian has led thoughtful and productive discussions with Chief Officers to enhance the maturity of risk management across the Corporation.

UNDER IAN'S CHAIRMANSHIP, the Committee has witnessed a demonstrable increase in engagement with risk management, both with Members through Deep Dive reviews of significant corporate risks, and on the part of officers. Moreover, the Committee has seen improved engagement with the work of internal audit across departments, driving departmental engagement with the internal audit process and with implementation of recommendations.

TO STRENGTHEN THE RELATIONSHIPS with London's Local Authorities, Ian established the London Local Authority Audit Chairs' meetings, which has provided valuable opportunities for Chairs of Audit & Risk Management Committees to share knowledge, experiences, and best practices for audit and risk management oversight across London.

FINALLY, THE COMMITTEE WISHES TO PLACE ON RECORD its sincere thanks to Ian for his commitment to the Committee's cause and for championing the Committee in all areas of his work in the Corporation. His colleagues wish him the very best for the future.

7. **MINUTES**

RESOLVED, that – the minutes of the previous meeting held on 13 July 2020 be agreed as a correct record.

8. **APPOINTMENT TO SUB-COMMITTEES**

Members considered a report of the Town Clerk & Chief Executive relative to appointments to the Nominations Sub-Committee and the Performance & Resource Management Sub-Committee of the Police Authority Board.

Nominations Sub-Committee

In addition to the Chairman and Deputy Chairman (Member), the following Members were appointed to the Nominations Sub-Committee for the ensuing year:

1. Deputy Jamie Ingham Clark
2. Alderman Prem Goyal
3. Caroline Mawhood
4. Dan Worsley

Performance & Resource Management Sub-Committee

The following Members were appointed to the Performance & Resource Management Sub-Committee:

1. Caroline Mawhood
2. Dan Worsley

9. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Members received the Committee's outstanding actions list. The following points were noted:

- The Head of Audit and Risk Management provided an update regarding the City of London School for Girls internal audit recommendations. The recommendations were on track to be completed and the action could be stricken from the list.
- Departmental COVID-19 risks were included in the Risk Update at item 13 and the action could be stricken from the list.

10. **COMMITTEE WORK PROGRAMME**

Members received the Committee's work programme.

11. **BRIDGE HOUSE ESTATES ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20**

Members considered a report of the Chamberlain relative to the Bridge House Estates Annual Report and Financial Statements for 2019/20.

RESOLVED, that – Members:

1. consider the contents of the audit management report issued by BDO;
2. recommend approval of the BHE Annual Report and Financial Statements for the year ended 31 March 2020 to the Finance Committee, subject to the following issues raised:
 - a. p. 46: amend wording to directly reference the 'emphasis of matter' within the auditors opinion as a result of the material valuation uncertainty on investment properties;
 - b. p. 46: consider the disclosures relating to fund managers utilised;
 - c. p. 47: amend wording to reflect that financial investments are not managed to a capital protection mandate;
 - d. p. 80: consider the disclosures relating to the geographical spread of financial investments held;
 - e. p. 80: consider disclosures relating to the nature of financial investments held;
 - f. p. 82: consider table heading within Note 17: Market Risk; and,
3. delegate authority to the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee, for approval of any material change to the financial statements required before the signing of the audit opinion by BDO.

12. **INTERNAL AUDIT UPDATE REPORT**

Members received a report of the Head of Audit and Risk Management relative to the Internal Audit Update. It was reported that Internal Audit was satisfied with how the new approach to reviewing implementation of previous audit recommendations was working, and highlighted areas of work that required a second follow up.

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

13. **RISK UPDATE**

Members received a report of the Chamberlain relative to the Risk Update, which included the Corporate Risk Register and the COVID-19 risks, as requested at the previous meeting, which were thematic group risks which sat below the corporate risks.

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

14. **DEEP DIVE RISK REVIEWS**

a) **CR29: Information Management Programme Progress Update and CR29 Information Management Deep Dive**

Members received a report of the Chamberlain relative to a Deep Dive of CR29: Information Management. The report provided a progress update of the Information Management Programme. It was noted that the transfer to Sharepoint was in the pre-procurement stage. In terms of embedding, this would require a change in mindset across the organisation. The information management campaign had commenced and would be rolled out one department at a time, to be completed by mid-November.

RESOLVED, that –

1. an update be brought to Committee at a future date regarding actions taken to address the risks associated with the Information Management Strategy (2018-2023) not fully being implemented; and,
2. the report be received and its contents noted.

b) **CR30: Refresh of CR30 for Implementation Phase of Climate Action Strategy**

Members received a report of the Town Clerk & Chief Executive relative to a Deep Dive of CR30 Climate Action, and the implementation phase of the Climate Action Strategy. It was reported that the Strategy would be considered by the Court of Common Council in due course. Chief Officers named as action owners would consider risk ratings and make linkages across related risks.

RESOLVED, that –

1. CR30 Climate Action be brought back to the Committee as a Deep Dive in 6 months' time;
2. CR30 be incorporated into the work programme in order to be regularly considered by the Committee; and,
3. the report be received and its contents noted.

15. **ANNUAL SUMMARY OF HMICFRS INSPECTIONS AND REPORTS**

Members received a report of the Commissioner of the City of London Police (CoLP) relative to the Annual Summary of Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) Inspections and Reports, which provide an overview of inspection activity which took place from September 2019 to September 2020. It was noted that due to the COVID-19 lockdown, HMIC suspended most of its activities, and there would be a move to virtual inspections in the future. It was further noted in the overview, only one report related specifically to the CoLP, and the remainder were national reports which the CoLP must have regard to.

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

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

There were none.

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

The Committee considered an urgent matter relative to an incident at Smithfield Market on 15 August 2020 in which a canopy collapsed. Members were concerned that the Committee had not been directly informed of the incident. The Director of Markets & Consumer Protection and the City Surveyor informed the Committee of steps taken since the incident to ensure the structure was safe and noted plans to reopen East Poultry Avenue once safety works were completed. The Committee agreed that the Chairman would write to the Town Clerk expressing concern regarding the communication from Chief Officers to the Committee.

*** Members agreed to extend the meeting ***

18. **EXCLUSION OF THE PUBLIC**

RESOLVED, that – under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

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

RESOLVED, that – the non-public minutes of the previous meeting held on 14 July be agreed as a correct record.

20. **NON-PUBLIC APPENDICES TO THE RISK UPDATE**

The non-public appendix was read in conjunction with the Report of the Chamberlain at Agenda Item 13.

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

There were none.

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

There was no other business.

23. CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING

RESOLVED, that – the confidential minutes of the previous meeting held on 14 July 2020 be agreed as a correct record.

24. CONFIDENTIAL QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There were none.

25. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND THE COMMITTEE AGREES SHOULD BE CONSIDERED IN CONFIDENTIAL SESSION

There was no other business.

The meeting ended at 4.15 pm

Chairman

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