

<b>Committee(s)</b>	<b>Dated:</b>
Audit and Risk Management Committee	22/11/2022
<b>Subject: Internal Audit Update</b>	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>N/A</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/A</b>
<b>Report of: the Chamberlain</b>	<b>For Information</b>
<b>Report author: Matt Lock</b>	

### Summary

This report provides an update on Internal Audit activity since the last update provided to the July meeting of this Committee. The report summarises work completed up to 31 October 2022; 4 substantive Internal Audit reviews have been completed. Work is in progress at various stages for 8 Audit reviews.

Follow-up reviews undertaken over this period has identified some delays in implementing Internal Audit recommendations. It should be noted, however, that recent engagement with the Executive Leadership Board has resulted in a significant improvement over the past few weeks.

### Recommendation(s)

Members are asked to:

- Note the outcomes of completed Internal Audit work

### Main Report

#### Background

1. This report provides an update on the work of Internal Audit since the July Committee, specifically, an overview of the outcomes from completed Internal Audit reviews.

#### Work Completed Since the May Committee Update

2. Final Audit Reports have been issued in respect of 4 Audit Reviews since the last update to this Committee, Amber Assurance ratings were given in 3 instances, a Green Assurance rating in 1 instance. The Committee should note that a further 4 Audit reviews have been completed for our external clients (Museum of London and London Councils). The overall outcomes from the recently completed Audit reviews are summarised in the following table:

Audit Assignment	Assurance Rating	Recommendations Made		
		Red	Amber	Green
Barbican Centre - Ticketing System (Pandemic transaction adjustments)	Substantial	0	0	0
Guildhall School - Cyber Security	Moderate	0	8	5
Barbican Centre - Cyber Security	Moderate	0	4	3
Chief Operating Officer – Commercial Services Governance	Amber	0	10	1

3. At this time, there are no specific issues to draw to the attention of the Committee from this completed work, with the findings and recommendations raised being generally well received by management, further assessment will be made at the point of conducting follow-up reviews and reported accordingly. The Committee is reminded that Internal Audit reports regularly to the Audit and Risk Management Committee of the Guildhall School and the Finance and Risk Committee of the Barbican Centre in relation to work completed for these institutions.
4. A dashboard view has been developed to summarise the work of Internal Audit, recently completed and in progress, this is included as Appendix 1 to this report. This includes information in relation to the overall status of Internal Audit recommendations made, which is further supported by a recently developed Recommendations Follow-up Dashboard, included as Appendix 2. Presenting information in this way, alongside positive engagement with the Executive Leadership Board has been instrumental in improving recommendation implementation.

### **Resourcing for Internal Audit**

5. Two recruitment campaigns have been completed. The first, in the summer, resulted in the appointment of an Auditor, the on-boarding of this team member is now complete and they are making a positive contribution to the delivery of the Internal Audit programme of work. The second campaign took place in October, two Trainee Auditors have been appointed (subject to formal contracts at the time of writing) with December start dates anticipated. This will bring the team up to fully resourced, although it should be noted that a notable effort is required to integrate and support the Trainee Auditors, particularly in the first months.

### **Corporate & Strategic Implications**

6. The work of Internal Audit is designed to provide assurance as to the adequacy of the City of London Corporation's systems of internal control and governance. This

programme of activity is aligned with the Corporate Plan, Corporate Risk Register and Departmental Top Risks.

### **Conclusion**

7. While Internal Audit work identifies areas for improvement within the systems and processes examined, the findings of Audit work have been well received by Management and appropriate actions have been identified to resolve the control weaknesses raised. Follow-up work has identified some concerns in relation to progress made implementing recommendations, although positive engagement with Senior Leadership has had a positive impact on this.

### **Appendices**

- Appendix1 – Internal Audit Dashboard
- Appendix 2 - Recommendations Follow-up Dashboard

### **Matt Lock**

Head of Internal Audit, Chamberlain's Department

E: [matt.lock@cityoflondon.gov.uk](mailto:matt.lock@cityoflondon.gov.uk)

T: 020 7332 1276