

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 5 February 2013

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall on Tuesday, 5 February 2013 at 1.45pm

Present

Members:

Jeremy Mayhew (Chairman)	Kenneth Ludlam (External Member)
Alderman Ian Luder (Deputy Chairman)	Caroline Mawhood (External Member)
Alderman Nick Anstee	Jeremy Simons
Nigel Challis	Alderman Simon Walsh
Hilary Daniels (External Member)	Deputy Douglas Barrow (Ex-Officio Member)
Revd Dr Martin Dudley	Ray Catt (Ex-Officio Member)
Deputy Robin Eve	Roger Chadwick (Ex-Officio Member)

In Attendance:

Martin Farr (Chairman of the Planning Committee)
Deputy Michael Welbank (Deputy Chairman of the Planning Committee)
Deputy Wendy Mead (Deputy Chairman of the Port Health and Environmental Services Committee)

Officers:

Susan Attard	- Town Clerk's Department
Neil Davies	- 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
Sabir Ali	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Heather Bygrave	- External Auditor, Deloitte
Peter Bennett	- City Surveyor
Philip Everett	- Director of the Built Environment
Paul Beckett	- Department of the Built Environment
Sue Ireland	- Director of Open Spaces

1. APOLOGIES

Apologies were received from Oliver Lodge.

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

The Chairman, Jeremy Mayhew and Deputy Chairman, Alderman Ian Luder declared interests in respect of item 17, due to potential conflicts of interest by virtue of their association with each preferred tenderer. Both Members were advised that, as the Chamberlain's oral update was on process only, they need not leave the room, but Alderman Luder chose to do so.

Members noted that the Chairman had recently withdrawn from the selection panel for the new External Auditor for Non-Local Authority Funds.

3. **MINUTES**

The public minutes and summary of the Audit and Risk Management Committee of 12 December 2012 were approved.

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Members noted the following actions, which would be discharged on today's agenda:

- Publication of City's Cash
- Deloitte Annual Audit Plan for Non-Local Authority Funds
- Effectiveness Review
- Internal Audit Plan
- Internal Audit Recommendations follow up – this action is on-going. It was agreed this item could be closed.
- Barbican Centre: Construction Design Management (Health and Safety Review) – the Head of Audit has received confirmation that these recommendations have been implemented.
- New Strategic Risk: Barbican Art Gallery – a report on 'Wider Issues affecting Exhibitions with Valuable Displays' will be brought to the March Committee.

Officer Expenses. Members noted that the Town Clerk is responsible for regularising the arrangements and that the matter fell within the remit of the Establishment Committee. The Deputy Town Clerk would provide an update at the March Audit and Risk Management Committee.

Hampstead Heath Dams. The City Surveyor had provided an indicative timetable, as requested at the last meeting. Members noted that further to the recent tendering exercise, 3 out of 4 of the contractors had withdrawn. In response to questions, the City Surveyor explained that the system had produced some very large international contractors and this contract might not have been appropriate for them. The Chamberlain, being the Chief Officer with overall responsibility for procurement, would be working with the City Surveyor to investigate these general issues and would report back to the Committee.

All other items were subject to further actions/resolutions arising from items on today's agenda.

5. **STRATEGIC RISK 4 - PLANNING POLICY**

This report explained the risk assessment for Strategic Risk 4: Planning Policy. Members noted the need to maintain a suitable planning policy context for development to enable the City to continue to operate as an international financial and business centre.

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6. **STRATEGIC RISK 5 - FLOODING IN THE CITY**

This report explained the risk assessment for Strategic Risk 5: Flooding in the City. Members noted that parts of the City are at risk from river flooding and surface water flooding, which would cause disruption to City activities. There was also the potential for reputational damage to the City Corporation arising from poor preparation or inadequate responses. The Deputy Chairman of the Port Health Committee was in attendance and confirmed that both she and the Chairman were happy with the responses.

The Deputy Chairman challenged the rating of the impact of the risk and felt that it should be higher; ie 4, not 3. The Chairman asked if the Officer Strategic Risk Group could look at this in more detail, particularly the impact on public transport and the forthcoming relocation of the City Police to Walbrook Wharf.

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7. **AUDIT AND RISK MANAGEMENT COMMITTEE EFFECTIVENESS REVIEW**

In September 2012, Members approved a proposal to conduct an effectiveness review of the Audit and Risk Management Committee, in accordance with best practice identified by the External Auditors and CIPFA. The Head of Corporate Performance and Development thanked Members for their responses to the questionnaire.

There was a general agreement to keep to 7 meetings a year, to spread the business as evenly as possible and to try to keep meetings within 2 hours. There was a strong agreement that the July meeting should, if at all possible, be devoted entirely to the Statements of Accounts. Whilst accepting that the 2 hour time limit was desirable, the Chairman felt that if the Audit and Risk Management function was to be effective, particularly in a complex organisation such as the City Corporation, it might occasionally be necessary to extend meetings. The External Members favoured this approach above adding more meetings.

The External Auditor was of the opinion that, given the Committee's large workload, the meetings ran at a very reasonable pace. Furthermore, the Chairman was respectful of visiting Chairmen and those officers presenting just one or two items and was happy to re-arrange agendas accordingly. Members also noted that the Town Clerk prepares a timetable for the agendas and the Chairman keeps to this as far as possible, but without stifling debate.

RESOLVED, that:

- 1. The Audit and Risk Management Committee continue to meet 7 times a year.**
- 2. A training needs assessment be conducted.**
- 3. The Committee's Terms of Reference be strengthened to include overseeing anti-fraud and anti-corruption arrangements and that this be recommended to the Court of Common Council in April 2013.**
- 4. A Survey and Effectiveness Review of the Committee be undertaken annually.**

8. POST-IMPLEMENTATION REVIEW OF THE GOVERNANCE ARRANGEMENTS

Members reviewed the current Terms of Reference for the Audit and Risk Management Committee and recommended the following amendments, subject to approval by the Court of Common Council in April 2013:

1. The Quorum be amended to 5; i.e. 4 Court of Common Council Members and at least 1 External Member but that this is reviewed again at the March Audit and Risk Management Committee.
2. The reference to Risk Management be strengthened to include overseeing anti-fraud and anti-corruption arrangements.
3. The recommendation of the Report to the Court of Common Council, dated 6 December 2012 '*Post Implementation Review of the Governance Arrangements*' be agreed; ie that the Committee include in its Terms of Reference responsibility for making recommendations to the Court of Common Council for the appointment of External Auditors.

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9. INDEPENDENT REVIEW OF THE RISK MANAGEMENT STRATEGY AND HANDBOOK

In June 2011, the Audit and Risk Management Committee resolved that a review of the effectiveness of risk management be undertaken through an independent external review. This report proposed that the review be presented to the October Committee meeting. This would allow time for the revised risk register templates to be embedded and for some of the improvements in the risk management approach, proposed by the new Risk and Assurance Manager, to be progressed.

RESOLVED, that:

The review of the Risk Management Strategy and Handbook be reported to the October Audit and Risk Management Committee.

10. INTERNAL AUDIT PLANNING 2013/14

This report presented the Annual Audit Plan for 2013/14. In response to questions from an External Member, the Head of Audit and Risk Management explained that there was some reliance on other independent inspection activity as it avoids duplication; this is particularly relevant to the City Police and Community and Children's Services Department. Members also noted that the team had recently acquired a temporary fraud officer, with responsibility for investigating housing benefit and tenancy fraud. The Head of Audit and Risk Management confirmed that there had been some attempts to infiltrate the City Corporation's IS system, but they had all been blocked. Members noted that a report, summarising inspections by HM Inspector of Constabularies of the City Police during 2012/13, and the management actions taken, would be presented to the Audit and Risk Management Committee in June 2013.

In response to a question from the External Members about the Performance and Efficiency Board, the Head of Internal Audit and Risk Management offered to highlight, in future, any control issues identified from Efficiency analysis work undertaken for the Efficiency Board, but advised that they were likely to be few. Members felt that the age analysis of when previous audits had been undertaken was very helpful and asked if this analysis could be provided, as agreed.

RESOLVED, that:

The 2013/14 Audit Plan be agreed.

11. COMMITTEE WORK PROGRAMME

Members noted that the timings for the Audit of City's Cash Funds would change, as these accounts would be moving to the UK GAAP accounting framework. Therefore, the accounts would be presented to the October Committee if possible but, if not, Members might need to hold a special meeting in November. The Chairman expressed a strong preference for the accounts to be presented to the October Audit and Risk Management Committee.

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

There were no questions.

13. ANY OTHER BUSINESS WHICH THE CHAIRMAN CONSIDERS URGENT

There were no items of urgent 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 1, Paragraphs 1, 2 & 3, of Schedule 12A of the Local Government Act.

15. **NON-PUBLIC MINUTES**
The non-public minutes of the Audit and Risk Management Committee of 12 December 2012 were approved.
16. **NON-LOCAL AUTHORITY ENTITIES AUDITED BY DELOITTE**
Members received a report of the Chamberlain
17. **AN UPDATE ON THE TENDER FOR NEW EXTERNAL AUDITOR FOR NON-CITY FUND**
Members received a report of the Chamberlain
18. **PLANNING GOVERNANCE**
Members received a report of the Comptroller and City Solicitor
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 were no items of urgent business

The meeting ended at 3.45 pm

Chairman

Contact Officer: Julie Mayer
tel. no.: 020 7332 1410
julie.mayer@cityoflondon.gov.uk