

AUDIT AND RISK MANAGEMENT COMMITTEE

Friday, 12 May 2023

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall, EC2 on Friday, 12 May 2023 at 10.00 am

Present

Members:

Alderman Prem Goyal (Chairman)
Naresh Hari Sonpar (Deputy Chairman)
Gail Le Coz (Deputy Chair, External)
Deputy Rehana Ameer
Deputy Randall Anderson
Alderman Alexander Barr
Alderman Prem Goyal
Alderman Bronek Masojada
Karen Sanderson (External Member)
Paul Singh
Dan Worsley (External Member)

Officers:

Ben Dunleavy	- Town Clerk's Department
Caroline Al-Beyerty	- Chamberlain's Department
Matthew Lock	- Chamberlain's Department
Kehinde Haastrup-Olagunju jnr	- Town Clerk's Department
Tabitha Swann	- Town Clerk's Department
John Cater	- Town Clerk's Department
John Galvin	- Town Clerk's Department
Barbara Hook	- Town Clerk's Department
Frank Marchione	- Comptroller & City Solicitor's Department
Paul Murtagh	- Community & Children's Services Department
Rachel Pye	- Environment Department

1. APOLOGIES

Apologies for absence were received from Deputy Christopher Boden.

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

There were no declarations.

3. ORDER OF THE COURT

Members received the Order of the Court of Common Council dated 27 April 2023 appointing the Committee and setting its Terms of Reference.

4. **ELECTION OF A CHAIR**

The Committee proceeded to elect a Chairman in accordance with Standing Order No. 29. Alderman Prem Goyal, as the only Member expressing their willingness to serve, was duly elected as Chairman for the ensuing year and took the Chair.

RESOLVED – That Alderman Prem Goyal be elected Chair of the Audit and Risk Management Committee for the ensuing year.

Deputy Randall Anderson moved a Vote of Thanks to Alderman Alexander Barr, the immediate past Chairman.

RESOLVED UNANIMOUSLY, that –

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

ALDERMAN ALEXANDER BARR

for the dedication he has shown in all aspects of his work on their Committee in his three years as Chairman. Alex's experience outside the Corporation has brought valuable expertise to the Committee's work, particularly through the COVID pandemic and overseeing the management of associated risks.

WITH ALEX'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. He has also championed holding the mirror up to ourselves through benchmarking.

There have been challenges along the way, particularly with the external audit of local authority accounts and accounting treatment for infrastructure assets which was recently resolved through a statutory override. Alex effectively focused the Committee's concern to develop pragmatic solutions.

THROUGH ALEX'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 Deep Dive reviews of significant corporate risks, Alex has led insightful and productive discussions with Chief Officers to enhance the maturity of risk management across the Corporation. This has been underpinned with increased scrutiny from the Head of Internal Audit and the Head of Corporate Strategy & Standards.

UNDER ALEX'S CHAIRMANSHIP, the Committee has focused on the more strategic London Audit Chairs Panel, including the expansion of its work with funding from the Local Government Association and he has seen the appointment of Gail Le Coz and Karen Sanderson as external Members.

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.

FINALLY, THE COMMITTEE WISHES TO PLACE ON RECORD its sincere thanks to Alex 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.

5. **ELECTION OF A DEPUTY CHAIR**

The Committee proceeded to elect a Deputy Chairman in accordance with Standing Order No. 30. Naresh Sonpar, as the only Member expressing their willingness to serve, was duly elected as Deputy Chairman for the ensuing year.

Members elected a Deputy Chair (External) in accordance with a convention adopted by the Committee on 6 March 2018. Gail Le Coz, as the only Member expressing their willingness to serve, was duly elected as Deputy Chair for the ensuing year.

RESOLVED, that – Naresh Sonpar and Gail Le Coz be elected as the Deputy Chairs for the ensuing year.

6. **MINUTES OF THE PREVIOUS MEETING**

The public minutes and non-public summary of the meeting held on 13 March 2023 were approved as a correct record.

7. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Members received the Outstanding Actions.

A Member requested that the item on risk appetite remain until it had been further developed in future Annual Governance Statements.

8. **COMMITTEE WORK PROGRAMME**

The Committee's Work Programme was noted.

9. **APPOINTMENT TO SUB-COMMITTEES**

Members received a report of the Town Clerk & Chief Executive relative to the appointment of the Nominations Sub-Committee and its composition and terms of reference, and the appointment of a Member to serve on the Resource, Risk and Estates Committee of the Police Authority Board.

RESOLVED, that – Members:

- Agree the appointment, composition and terms of reference for the Nominations Sub-Committee as amended, and appoint the following Members to serve on the Sub-Committee in addition to the Chairman and Deputy Chairs:
 - Alderman Bronek Masojada
 - Karen Sanderson
 - Paul Singh

- Appoint Randall Anderson to serve on the Resource, Risk and Estates Committee of the Police Authority Board.

10. **ANNUAL GOVERNANCE STATEMENT**

Members received a Report of the Town Clerk relating to the Annual Governance Statement 2022/23.

The Deputy Chair (External) suggested a change to the wording of an identified issue so that it referred to 'Continuing to strengthen the governance of Equality, Diversity and Inclusion', reflecting that the actions taken on this issue had related to governance.

RESOLVED, that – Members:

- Consider and approve the AGS as amended for signing by the Chair of the Policy and Resources Committee and the Town Clerk and Chief Executive
- Note that the AGS will be published alongside the 2022/23 City Fund and Pension Fund Statement of Accounts
- Authorise the Town Clerk and Chief Executive, in consultation with the Chairman and Deputy Chairmen of this Committee, to amend the AGS for any relevant significant events or developments that occur prior to the date on which the Statement of Accounts is signed by the Chamberlain.

11. **REPORT OF ACTION TAKEN**

Members received a report of the Town Clerk relating to a decision taken under urgency between meetings.

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

12. **HEAD OF INTERNAL AUDIT ANNUAL OPINION**

Members received a report of the Chamberlain providing the Head of Internal Audit's Annual Opinion.

Members discussed the impact of resource levels on the work of Internal Audit.

The Deputy Chair (External) asked for an update on the External Quality Assessment, which she noted was overdue. Officers said that they would return with an update at the next Committee meeting.

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

13. **ANTI-FRAUD & INVESTIGATIONS - 2022/23 ANNUAL REPORT**

Members received a report of the Chamberlain relative to the Anti-Fraud and Investigations 2022/23 Annual Report.

A Member asked what more could be done to pursue fraudsters outside domestic police jurisdiction. In reply, Officers said that in some cases a decision had to be made on whether the benefit of a return was worth the cost of pursuing to this level.

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

14. RISK MANAGEMENT UPDATE

Members received a report of the Chief Strategy Officer providing an update on risk management.

The following areas were discussed:

- Following comments from Members about the risks to the Barbican Centre and the Guildhall School of Music and Drama, officers would review the wording of CR37 Maintenance and Renewal of Physical Assets.
- Officers would schedule a Deep Dive report into CR39 Recruitment and Retention.
- A Member questioned if CR16 Information Security was really the highest risk facing the City Corporation, as its Risk Score suggested. Officers replied that the risks would be reviewed at the Chief Officer Risk Management Group and Executive Leadership Board, but highlighted the severe impact of IT breaches elsewhere, and that there had been numerous recent attempts at infiltrating the City Corporation's systems.

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

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

There were no questions.

16. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There was no other business.

17. 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.

18. RESOLUTION REGARDING GRESHAM ALMSHOUSES

Members received a resolution of the Gresham (City Side) Committee relating to the Gresham Almshouses.

19. UPDATE FROM THE HEAD OF INTERNAL AUDIT

Members received a verbal update from the Head of Internal Audit regarding a report they had taken to a meeting of the Capital Buildings Board following their review into project governance.

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

A Member asked officers to consider if the potential reputational risks caused by City Corporation's standards procedure should be reflected in the Corporate Risk Register.

21. **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.

The meeting ended at 11.05 am

Chairman

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