

AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 10 July 2023

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall, EC2 on Monday, 10 July 2023 at 2.00 pm

Present

Members:

Gail Le Coz (Deputy Chairman)
Deputy Randall Anderson
Deputy Christopher Boden
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
Michael Cogher	- Comptroller and City Solicitor
Dionne Corradine	- Town Clerk's Department
Tabitha Swann	- Town Clerk's Department

1. APOLOGIES

Apologies for absence were received from the Chairman, the Deputy Chairman, Deputy Rehana Ameer, Alderman Alexander Barr, Deputy Henry Colthurst, Aaron D'Souza, and Judith Pleasance.

In the Chairs absence, the Deputy Chair (External) took the Chair.

Ruby Sayed observed the meeting virtually.

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

The public minutes and non-public summary of the meeting held on 12 May 2023 were approved as a correct record.

4. OUTSTANDING ACTIONS OF THE COMMITTEE

Members received the Outstanding Actions.

At the request of Members, officers undertook to take the following actions:

- Provide an update on the schedule for a risk appetite review;
- Schedule a deep dive into CR39 Recruitment and Retention for a future Committee meeting.

5. COMMITTEE WORK PROGRAMME

The Committee's work programme was noted.

6. ANNUAL REPORT OF THE COMMITTEE

Members received a report of the Town Clerk relative to the annual report of the Committee.

The Head of Internal Audit informed Members that the report would need to be amended to include reference to the Committee's interventions regarding the final sign-off of the 2020/21 City Fund and Pension Fund Statements.

Members also requested further amendments to the section on Counter-Fraud to add prior year comparisons, clarification on the reference to mandate fraud and a mention of single person discount fraud.

RESOLVED, that – Members agree the 2022/23 Annual Report of the Audit and Risk Management Committee at Appendix 1, as amended, for onward submission to the Court of Common Council.

7. CROWE EXTERNAL AUDIT PLAN FOR BHE

Members received a report of the External Auditors (Crowe) relative to the audit plan for Bridge House Estates.

Members also received oral updates from the Financial Director and the External Auditors (Grant Thornton) regarding the external audits for City's Cash and City's Fund respectively.

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

8. INTERNAL AUDIT CHARTER

Members received a report of the Chamberlain relative to the Internal Audit Charter.

A Member asked if the Charter would be an appropriate place to reflect Internal Audit planning. The Head of Internal Audit replied that the Charter was line with the industry best practice requirements, and suggested that the covering report or the annual report of the Committee would be an appropriate place to consider how work was programmed.

Members requested that information on the current programme of internal audits be included in the regular Internal Audit updates going forward.

RESOLVED, that – Members approve the updated Internal Audit Charter.

9. INTERNAL AUDIT UPDATE

Members received a report of the Chamberlain providing an update on the work of Internal Audit.

In reply to a Member's question, the Chamberlain confirmed that she would be asking for a follow-up on the application of key financial controls at the City of London Freemans School. The Head of Internal Audit added that concerns on the second line of defence were an issue for the Board of Governors of the City of London Freeman's School. The Chair noted that it was the second Committee meeting in a row where concerns had been expressed on this subject, and asked the Head of Internal Audit to return to the Committee with reassurance.

Members reiterated a request for progress on the outstanding actions in the update.

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

10. **INTERNAL AUDIT EXTERNAL QUALITY ASSESSMENT**

Members received a report of the Chamberlain relative to the Internal Audit External Quality Assessment.

Members congratulated the Head of Internal Audit and his team for the EQA's conclusion that the Internal Audit service 'generally conforms to the standards' and noted that this was the highest category of conformance.

Members noted that updates on the Internal Audit Action Plan would be included in Internal Audit Update Reports.

The Chair requested that the Head of Internal Audit consider other ways in which he could increase his presence across the City Corporation, noting that he now attended the Executive Leadership Board.

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

11. **RISK MANAGEMENT UPDATE**

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

A Member felt that a rating of 16 was insufficient for CR37 Maintenance and Renewal of Corporate Physical Operational Assets, and asked if there should be sub-risks. In reply, officers said that corporate risks did not have sub-risks, but that CR37 was continually reviewed by the Chief Officer Risk Management Group.

The Chief Strategy Officer informed Members that the Policy and Resources Committee had agreed to a new Corporate Plan from 2024, with the approach to corporate risk management to be included as an input to the Plan going forward.

RESOLVED, that – the report be received and Members note that:

- the total number of corporate risks remained at 15, with no changes to the risk ratings since the previous written update;
- the number of red departmental risks remained at 26, with no changes to the risk register (risk ratings or risks) since the previous written update.

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

There were no questions.

13. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

The Town Clerk informed Members that the Chairman of the Finance Committee was seeking to change his *ex-officio* positions on the Audit and Risk Management Committee to allow him to nominate a representative. This would require a change to the Committee's terms of reference, which could be included as part of the annual review.

Members also noted that the Chairman of the Committee had agreed to an interim measure whereby James Bromiley-Davis, a Member of the Finance Committee, would attend Audit and Risk Management Committee meetings with a standing invitation to speak.

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

The non-public minutes of the meeting held on 12 May 2023 were approved as a correct record.

A Member, referring to the discussion at item 18, asked if there were any other risks relating to charitable assets. Officers undertook to return with further information on how charitable risks were managed and on the governance structures for donated assets.

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

Following a question from a Member, the Chief Strategy Officer provide an update regarding resourcing in her department relating to risk management.

A Member asked for clarification on CR10 Adverse Political Developments. Officers confirmed that the risk related to potential proposals questioning the legitimacy of the City of London Corporation, or political developments which might have an impact on the City Corporation delivering on its objectives.

17. 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 3.40 pm

Chairman

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