

AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 11 September 2023

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall, EC2 on Monday, 11 September 2023 at 10.00 am

Present

Members:

Alderman Prem Goyal, OBE (Chairman)
Gail Le Coz (Deputy Chair, External)
Naresh Hari Sonpar (Deputy Chairman)
Deputy Randall Anderson
Alderman Alexander Barr
Alderman and Sheriff Bronek Masojada
Paul Singh
Dan Worsley (External Member)

Officers:

Caroline Al-Beyerty	- The Chamberlain
Michael Cogher	- Comptroller and City Solicitor
Emma Moore	- Chief Operating Officer
Dionne Corradine	- Chief Strategy Officer
Matthew Lock	- Chamberlain's Department
Daniel Peattie	- Chamberlain's Department
Sonia Virdee	- Chamberlain's Department
Zakki Ghauri	- Chief Operating Officer's Department
Nathan Omane	- City Bridge Foundation
John Galvin	- City Surveyor's Department
Ben Dunleavy	- Town Clerk's Department
Barbara Hook	- Town Clerk's Department
Olivia Plunkett	- Town Clerk's Department
Tabitha Swann	- Town Clerk's Department

Also in Attendance

Nick Halliwell	- Grant Thornton
Sophia Brown	- Grant Thornton

1. APOLOGIES

Apologies for absence were received from Deputy Christopher Boden.

Judith Pleasance, James St John Davis and Karen Sanderson 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 10 July 2023 were approved as a correct record.

4. **ACTION TRACKER**

Members received the Outstanding Actions.

Members noted that two items from the minutes to be added to the Outstanding Actions:

- The covering report for the Internal Audit Annual Report to include information on next Audit Plan
- A deep dive on CR39 Recruitment and Retention

5. **COMMITTEE WORK PROGRAMME**

The Committee's work programme was noted.

6. **ANNUAL TERMS OF REFERENCE REVIEW**

Members received a report of the Town Clerk concerning the Committee's terms of reference.

The Deputy Chair (External) noted that items (d) and (k) duplicated the need to report to the Court of Common Council, and suggested removing one. The Deputy Chair also suggested amending the terms of reference to eliminate the need to hold meetings of the Nominations and Effectiveness Sub-Committee.

RESOLVED, that – Members endorse the following changes to the terms of reference:

- a) Amend the Committee's composition to allow the Finance Chairman and Deputy Chairman to appoint representatives.
- b) Delete item (k) as a duplicate
- c) Delete item (i)

7. **CITY FUND AND PENSION FUNDS STATEMENT OF ACCOUNTS UPDATE**

Members received a report of the Chamberlain concerning the City Fund and Pension Fund Statement of Accounts.

Members noted that a briefing session on the final version of 21/22 accounts would be held for the Committee, along with Members of the Finance Committee. This would aid in informing the Chamberlain's delegation. The Chamberlain confirmed, following a question from a Member, that this briefing meeting would include the terms of the ISA 260 report. Any changes resulting from the briefing would be circulated to Members of both the Audit and Risk Management and Finance Committees to provide assurance that it had gone through the usual process.

RESOLVED, that – Members:

- a) Note the progress made on the 2020/21 Statement of Accounts.

- b) Consider the Audit Progress Report 2021/22 as set out in Appendix 2.
- c) Note the responses from Management as per Appendix 3 and Appendix 4.
- d) Authorise the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee, to approve any significant changes to the 2021/22 Statement of Accounts that may be necessary prior to the issuance of the audit opinion by Grant Thornton (GT), expected by the end of September 2023.

8. CITY FUND AND PENSION FUND AUDIT PLAN 22-23

Members received a report of the Chamberlain concerning the City Fund and Pension Fund Audit Plan.

RESOLVED, that – Members:

- a) Note the Indicative City Fund Audit Plan for 2022/23 as set out in Appendix 1.
- b) Note the Indicative Pension Fund Audit Plan for 2022/23 as set out in Appendix 2.

9. INTERNAL AUDIT UPDATE

Members received a report of the Chamberlain concerning the work of Internal Audit.

Following a request from the Deputy Chair (External), the Head of Internal Audit undertook to include a summary of follow-ups on outstanding actions and further information on underway/completed/planned audits in future reports.

Members noted that the Head of Internal Audit's confidence that the increase in his team's capacity would provide a beneficial impact on its work.

A Member asked how concerned the Committee should be regarding the City of London School's financial controls. In reply, the Head of Internal Audit said that the Committee should allow the School time to implement his recommendations, with the time for concern being if there were any challenges in doing this.

A Member asked the Head of Internal Audit for an update on his progress on his annual opinion. In reply, the Head of Internal Audit said he was taking an iterative approach and working towards a continual opinion. Members noted that the Head of Internal Audit was taking an iterative approach in working towards his Annual Opinion, and requested future reports included further information on his progress.

RESOLVED, that – Members note the outcomes of completed Internal Audit work.

10. RISK MANAGEMENT UPDATE

Members received a report of the Chief Operating Officer concerning risk management.

Members discussed the report and risks including CR38 and CR39 on the Medium Term Finances and CR16 Information Security.

Members noted the gratitude of the Chief Strategy Officer for her teams work.

RESOLVED, that – Members note:

- a) The report and the corporate and top red departmental risk registers.
- b) That the total number of corporate risks remained at 15, with all risk scores also remaining the same, bar CR09, which had increased from Amber 8 to Amber 12 and renamed Health, Safety and Fire Risk Management System (from Health, Safety and Wellbeing Risk (management system)).
- c) That one risk had been de-escalated to Amber and one risk had been added to the red departmental risk register. The overall number of risks (26) remained the same as the last written update.

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

A Member asked a question concerning the exposure to reinforced autoclaved aerated concrete (RAAC) across the City Corporation's collective estate, and the plans to assess and mitigate any impact buildings.

Officers replied that the City of London Girls School was only school which had reported RAAC. This had been identified in 2022. Detailed studies had revealed that there were no significant structural defects, with inaccessible areas unlikely to contain RAAC. Officers were in the process of reviewing other buildings on the estate over the following weeks. An officer working party had been established to review this work, which would report to the Health and Safety Board and the Corporate Services Committee and the Resource Allocation Sub-Committee as the relevant committees. There had been no prior process to look for RAAC specifically, but there was now a requirement to compile a RAAC register.

12. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

The Chair asked the Head of Internal Audit if he had experienced any pressure from Members regarding the execution of his work. In reply, the Head of Internal Audit confirmed that he had not received any direction or attempts to influence his work from any Members or senior officers beyond what might be expected through routine discussion in relation to potential risks that might be examined. If he felt someone was attempting to do this, he would raise it with the Chairman and Deputy Chairs of the Committee, and the Chamberlain as the Section 151 officer. If he felt the matter was sufficiently serious, he would request a private meeting with the Committee as provided for under the Committees terms of reference.

The Chairman raised a recent issue regarding communication between the Chairman of the Policy and Resources Committee and the City Solicitor concerning an information breach. The Comptroller and City Solicitor explained that this related to a data breach on the annual canvas. The Assistant Town Clerk had written to all Members informing them an external company to which the distribution of the canvas was outsourced had put 2,000 forms in incorrect envelopes. The breach was unusual in that residents had been aware of the incident before City Corporation officers and had raised it with elected Members. Although the breach was a borderline case in terms of needing to be reported to the information commission, once aware the City Solicitor had decided it would be appropriate to report it given the numbers affected. This subsequently triggered a standard procedure to inform the necessary Chairs. Officers were continuing to liaise with the printing company to ascertain what had happened. The City Solicitor was confident that he had made the correct decision based on his statutory judgement.

The Head of Internal Audit informed Members that the Internal Audit and Counter Fraud team had been shortlisted for the Outstanding Fraud Prevention, Detection and Recovery Award in the Public Finance Awards 2023.

The Chief Strategy Officer provided Members with a progress update on the Corporate Plan.

13. 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.

14. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

The non-public minutes of the meeting held on 10 July 2023 were approved as a correct record.

Matters arising

The Deputy Chair (External) asked the Head of Internal Audit if his work had shown anti-fraud controls to be effective. In reply, the Head of Internal Audit said that fraud risk was part of his ongoing assessment and undertook to provide further information on the controls in a future report.

The Deputy Chair (External) asked if there was a full understanding of the donated assets that the City Corporation had an obligation to maintain. Officers advised that there was currently work on cross-cutting themes in the Risk Register, including on the City Corporation's charitable assets. The Chamberlain added that the Corporate Charity Review was reviewing each charity and was ensuring that donated assets were properly covered. Officers expected to have a stronger picture in the next twelve months, once these pieces of work had been completed.

The Deputy Chair (External) requested that officers investigate the options for organising an informal meeting between Members and Grant Thornton.

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

There were no questions in the non-public session.

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

The Chairman provided Members with an update on the Committee's Annual Dinner in January, and asked them to contact him with the details of any external guests that they thought would be appropriate to invite.

The meeting ended at 11:22.

Chairman

**Contact Officer: Ben Dunleavy
ben.dunleavy@cityoflondon.gov.uk**