

AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 6 November 2023

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall, EC2 on Monday, 6 November 2023 at 10.00 am

Present

Members:

Alderman Prem Goyal, OBE (Chairman)
Gail Le Coz (Deputy Chairman)
Deputy Randall Anderson
Alderman Alexander Barr
Deputy Christopher Boden
Karen Sanderson (External Member)
Ruby Sayed

Officers:

Caroline Al-Beyerty	- Chamberlain
Dionne Corradine	- Chief Strategy Officer
Kate Limna	- Chamberlain's Department
Matt Lock	- Chamberlain's Department
Daniel Peattie	- Chamberlain's Department
Sonia Virdee	- Chamberlain's Department
Karen Atkinson	- City Bridge Foundation
Julia Megone	- City Bridge Foundation
Nathan Omane	- City Bridge Foundation
Tabitha Swann	- Town Clerk's Department
Ben Dunleavy	- Town Clerk's Department

Also in attendance:

Tina Allison	- Crowe
Rachel Laws	- Crowe
Paul Dossett	- Grant Thornton

1. APOLOGIES

Apologies for absence were received from Deputy Chairman Naresh Sonpar, Alderman and Sheriff Bronek Masojada and Paul Singh.

Paul Martinelli, James St. John Davis and Dan Worsley 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 11 September 2023 were approved as a correct record.

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Members received the Committee's list of outstanding actions.

The Deputy Chair asked for an update on review of risk appetite levels, and requested that this consider the fact that certain risks had increased. The Chief Strategy Officer replied that they aimed to complete the review by the end of the financial year.

At the request of the Chairman, the Head of Internal Audit provided an update on the Deep Dive into CR39 Recruitment and Retention. The Deep Dive has been discussed at the Chief Officer Risk Management Group, and a review scheduled to take place between January and March. The Committee would receive a report following this review.

5. **COMMITTEE WORK PROGRAMME**

Members received the Committee's work programme.

The Deputy Chair noted that the Internal Audit and Risk Management update reports should be included on the work programme for the November 2024 meeting.

6. **2022-23 CITY'S CASH FINANCIAL STATEMENTS**

Members received a report of the Chamberlain concerning the 2022-23 Financial Statements for City's Cash.

The Chamberlain and the External Auditors from Crowe all expressed their satisfaction with the experience of working on the 2022-23 accounts.

Officers informed the Committee of the adjustments to the Financial Statements that had been made as a result of the external audit but had not been ready for the final report. An initial imbalance of over £2m in the draft accounts had been reduced to £187k. Members noted that the imbalance was likely due to the challenges of compiling the City's Cash accounts, as these were the result of consolidating several entities.

RESOLVED, that – Members:

- a) Note the contents of the Draft City's Cash Initial Audit Findings Report 2022-23 issued by Crowe UK LLP as set out in Appendix 4; and
- b) Recommend approval of the 2022-23 City's Cash Financial Statements, and the financial statements of each of the 9 consolidated charities, for the year ended 31 March 2023 to Finance Committee.

7. **CITY BRIDGE FOUNDATION ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23**

Members received a Joint Report of the City Bridge Foundation & Charities Finance Director (representing The Chamberlain) and the Managing Director, City Bridge Foundation relative to the City Bridge Foundation Annual Report and Financial Statements for 2022-23.

Members noted the new branding for City Bridge Foundation (CBF), the highlights from the Annual Report, including progression on major work on the bridges and the increase in charitable activities expenditure.

RESOLVED, that – Members:

- a) Consider the contents of the audit completion report issued by Crowe.
- b) Recommend approval of the CBF Annual Report and Financial Statements for the year ended 31 March 2023 to the CBF Board; and
- c) Authorise the Managing Director of CBF and the CBF and Charities Finance Director (representing the Chamberlain), in consultation with the Chair and Deputy Chair of the CBF Board, approval of any material change to the financial statements required before the signing of the audit opinion by Crowe.

8. SUNDRY TRUSTS ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

Members received a report of the City Bridge Foundation & Charities Finance Director (representing The Chamberlain) and the Managing Director, City Bridge Foundation.

RESOLVED, that – Members:

- a) Note the contents of the audit management report issued by Crowe U.K. LLP (comments related to these charities are included within the paper covering City's Cash);
- b) Note that the external auditor Crowe is anticipating giving an unqualified audit opinion on 3 audited charity annual reports;
- c) Note that the independent examiner Crowe is anticipating giving an unmodified report for the 8 independently examined charity annual reports;
- d) Note for information the 3 sets of annual reports which are not subject to audit and independent examination; and
- e) Recommend approval of the annual reports of the 14 charities presented for the year ended 31 March 2023, to the Finance Committee for those charities where the Corporation is Trustee; to the Aldermen for the Emmanuel Hospital charity where the Corporation is acting by the Court of Aldermen as the named corporate trustee; and to the individual trustees of the Sir William Coxen Trust Fund and the Samuel Wilson Loan Charity

9. CITY FUND AND PENSION FUNDS STATEMENT OF ACCOUNTS UPDATE

Members received a report of the Chamberlain providing an update on the Statements of Accounts for City Fund and the Pension Fund.

The Chamberlain informed Members that she expected that the 2020-2021 Statement of Accounts would be signed the following day.

A Member asked for an update on the outstanding follow-ups for the prior year recommendations on the 2021-2022 Statement of Accounts. In reply, officers said that they had responded to the recommendations.

The impact of staff turnover in the Chamberlain's team, and the measures that had been put in place, were noted.

A Member asked if there had been any improvement on the return of Related Parties Declarations. In reply, the Chamberlain said that there were still several outstanding, and noted there could be an issue with the process. Members considered ways in which to improve the response rate.

RESOLVED, that – Members:

- a) Note the progress made on the 2020-21 Statement of Accounts.
- b) Consider the Audit Findings Report for the City Fund 2021-22 as set out in Appendix 3.
- c) Consider the Audit Findings Report 2021-22 for the Pension Fund as set out in Appendix 4.
- d) Consider the Audit Progress Report for the City Fund 2022-23 as set out in Appendix 6.
- e) Consider the Audit Findings Report for the Pension Fund 2022-23 as set out in Appendix 7.
- f) Note the responses from Management as per Appendix 8 and Appendix 9.

10. TREASURY MANAGEMENT OUTTURN AS AT 31 MARCH 2023

Members received a report of the Chamberlain concerning treasury management.

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

11. INTERNAL AUDIT UPDATE

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

Members welcomed the new format of the report.

During discussion, the following points were noted:

- The Internal Audit Team were developing a methodology for approaching outstanding actions. The implementation would start with the City of London Police.

- At the request of a Member, also the Chair of the Community and Children's Services Committee, Internal Audit would prioritise Children and Community Services in the follow-up work programme.
- The overdue red recommendations for the City Surveyor were related to the approach to operational property management. The creation of the Head of Profession for Estates and Facilities Management role, held by the City Surveyor, had not had the expected level of influence over tackling issues of facilities and property management across the City Corporation's asset base. It was being addressed at the Executive Leadership Management Board and there had been a number of changes in approach, and it was hoped it would be resolved within the year.
- The Head of Internal Audit expected that his team would carry out less audit work on IT as the functions of the latter became more technical and accordingly gained access to external assurance sources. The next years programme of work would look at various areas to ensure that operations performed by staff are properly managed.

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

12. **COUNTER FRAUD & INVESTIGATIONS - 2023/24 MID-YEAR UPDATE REPORT**

Members received a report of the Chamberlain concerning counter-fraud and investigations.

A Member welcomed the amount recovered through the Counter-fraud teams work, and asked if it would be cost-effective to devote greater resource to the team to enable even better results. The Chamberlain undertook to consider this.

A Member, recognising that the City of London differed greatly from other London local authorities, asked if the Head of Internal Audit could explore the opportunities for an exercise with the City Corporation's statistical neighbours on single-person discount fraud.

At the request of a Member, officers undertook to explore alternative terminology to 'polygamous working' for the phenomenon of employees holding multiple employers.

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

13. **RISK MANAGEMENT UPDATE**

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

Following a request from a Member for further visibility on CR30 Climate Action, officers undertook to invite the Executive Director of Innovation and Growth to a future meeting.

RESOLVED, that – Members note:

- a) The report and the attached corporate and top red departmental risk registers
- b) That the total number of corporate risks remained at 15, with no changes to the risk ratings since the previous written update. However, consideration was being given to whether a red departmental risk on BT's decision to retire their Public Switched Telephone Network (PSTN) should be escalated to a corporate risk.
- c) The number of departmental red risks had decreased from 26 to 21, with five risks de-activated following a review of the Barbican risk register, and one risk de-escalated to Amber and one risk added from Chamberlain's since the last report to the Committee.

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

There were no questions.

15. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There was no other business.

16. 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.

17. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

The non-public minutes of the meeting held on 11 September 2023 were approved as a correct record.

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

There were non-public questions on the City of London School for Girls, contract management and the City Fund Statement of Accounts.

19. 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 11:23

Chairman

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