

AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 8 July 2024

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall, EC2 on Monday, 8 July 2024 at 11.00 am

Present

Members:

Deputy Randall Anderson
Deputy Christopher Boden
Karen Sanderson (External Member)
Gail Le Coz (External Member)
Alderman Kawsar Zaman

In Attendance:

Judith Pleasance
Naresh Sonpar

Officers:

Dionne Corradine	- Town Clerk's Department
Daniel Peattie	- Chamberlain's Department
Sonia Virdee	- Chamberlain's Department
Cirla Peall	- Chamberlain's Department
Kuar Kirpal	- City Solicitor's Department
Nathan Omane	- City Bridge Foundation
Ben Dunleavy	- Town Clerk's Department
Blair Stringman	- Town Clerk's Department
Thomas Wrench	- Town Clerk's Department

Also in attendance:

Sophia Brown	- Grant Thornton
Jasmine Kemp	- Grant Thornton
Grant Patterson	- Grant Thornton

1. APOLOGIES

Apologies for absence were received from Alderman Prem Goyal, Alderman Alexander Barr, Alderman and Sheriff Bronek Masojda, Dan Worsley, Ruby Sayed, James St John Davis. It was noted that Naresh Sonpar and Judith Pleasance were in attendance online.

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

RESOLVED – That, the public minutes and non-public summary of the meeting held on 13 May 2024 be agreed as a correct record.

4. **MINUTES OF THE NOMINATIONS AND EFFECTIVENESS SUB COMMITTEE**

The Committee received the minutes of the Nominations and Effectiveness Sub-Committee.

5. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Members received the Outstanding Actions and noted the updates from officers.

The following points were noted:

- Officers noted the update on the meeting with school chairs and principals, which had been challenging to coordinate due to diary conflicts. It was suggested to proceed with the meeting even if some heads were unable to attend.
- A recommendation was made to arrange separate meetings with the heads and chairs of the committees to ensure future meetings take place.

6. **OUTSTANDING ACTIONS OF THE SUB-COMMITTEE**

Members received the Outstanding Actions and noted the updates from officers.

7. **COMMITTEE WORK PROGRAMME**

The Committee's Work Programme was noted.

8. **INTERNAL AUDIT CHARTER**

The Committee considered a report of the Chamberlain concerning a blueprint for how Internal Audit will operate and allows the governing body to clearly signal the value it places on the independence of Internal Audit.

The following points were noted:

- The content of the charter was almost a direct lift from the global internal audit standards with some adaptations for public sector requirements.
- The Committee is confirming the authority of internal audit by approving the charter.
- There was a discussion on whether the Committee, on behalf of the Common Council, was authorising internal audit to use whatever resources and speak with any departments within the organisation.
- It was noted that there were some limits to the resources, but the power should be used wisely.
- There were questions about who approves the mandate for internal audit and who oversees its implementation.
- It was clarified that there are no fundamental changes in emphasis, and the implementation oversight question would be taken away for further clarification.

- The Committee agreed to approve the charter subject to the clarifications being provided via email.

RESOLVED – That Members, in accordance with the requirements of the Global Internal Audit Standards, approve the Internal Audit Charter.

9. **CITY FUND AND PENSION FUND STATEMENT OF ACCOUNTS UPDATE 2023/24**

The Committee received a report of the Chamberlain concerning an update on the publication and audit of the 2023/24 Statement of Accounts for the City Fund and Pension Fund.

The following points were noted:

- The Committee expressed appreciation for the efforts made by officers in getting the accounts to a stage where they could be discussed in the summer of 2024.
- It was noted that the audit for the City Fund was starting, and there was a clarification that the backdrop has been dropped, but it did not affect the City Fund audit work.
- There were questions about the backdrop and its implications, with an update provided that the general election had caused a pause in the backstop arrangements but was expected to be picked up by the new government.
- The audit is underway and on track, with expectations to finish within the calendar year.

10. **CITY'S ESTATE 2023/24 - AUDIT PLANNING UPDATE**

The Committee received a report of the Chamberlain concerning an update on the 2023/24 external audit plan for City's Estate Group and other charities.

The following points were noted:

- The consolidation and production of the accounts had been completed by the team, and they were now in the review stage.
- The team is working on reviewing the working papers and ensuring their quality, with two senior members conducting reviews.
- Crowe has been working closely with the team to ensure the audit is on track.
- Crowe representatives provided insights into the audit planning reports, highlighting no significant changes in accounting standards or auditing standards.
- The audit planning reports for City's Estates and City Bridge Foundation were discussed, with a focus on significant risks, key management judgments, and estimates.
- The importance of maintaining independence and the need for adequate resourcing for the audit were emphasised.
- The fee increases for certain entities were explained as a result of both the complexity of the audits and the need for better resourcing.

11. **CITY BRIDGE FOUNDATION AUDIT PLANNING REPORT FOR YEAR ENDING 31 MARCH 2024**

The Committee received a report of City Bridge Foundation & Charities Finance Director concerning various matters relating to the audit of the annual report and financial statements of CBF for the year ended 31 March 2024.

The following points were noted:

- Planning discussions took place between City Bridge Foundation officers and Crowe, starting last week.
- The charity has a hard deadline of submitting its final accounts to the Charity Commission on 31st January 2025.
- Crowe representatives provided insights into the audit planning reports, highlighting no significant changes in accounting standards or auditing standards.
- The importance of maintaining independence and the need for adequate resourcing for the audit were emphasised.
- The fee increases for certain entities were explained as a result of both the complexity of the audits and the need for better resourcing.

12. **2024 GLOBAL INTERNAL AUDIT STANDARDS**

The Committee received a report of the Chamberlain concerning an overview of the standards and relevant information to aid the Committee in supporting the transition to the new standards

The following points were noted:

- Officers noted the report provided an overview of the key information that the Committee needed to be aware of in relation to the new standards.
- It referenced wider reading and notes that there would likely be more specific training provided.
- The London Heads of Audit Group were currently working together on this, and updates would be provided in due course.
- The revised public sector internal audit standards were being developed, with timing to be confirmed.
- The new standards were expected to confirm some of the anticipated adaptations.
- The Committee discussed the feasibility of the internal audit team reviewing the standards and identifying any necessary changes.
- The Institute of Internal Auditors was putting together a tool or framework to support internal audit functions in understanding what needs to be done differently.
- The tool was expected to be released by the November committee meeting.
- The Committee agreed to receive an update at the next meeting and a gap analysis paper at the November meeting to identify any changes needed before the January 2025 deadline.

13. **RISK MANAGEMENT UPDATE**

The Committee received a report of the Chief Strategy Officer concerning an update on the corporate and top red departmental risk registers since they were last reported to the Committee in May 2024.

The following points were noted:

- The report highlighted the dynamic nature of risk reporting, where changes occur frequently. An apology was issued for a missed risk update related to tree maintenance, which was shared with Members via email before the meeting.
- The corporate risk CR39 focused on recruitment and retention, particularly in light of the new workplace attendance policy requiring a minimum 60 per cent workplace attendance. Members noted that CR39 would need to be reviewed follow the mandatory 3 day per week in the office.
- A risk on the Chamberlain's departmental risk register related to casual staff and pensions has been de-escalated due to better information on the scale of the issue and number of officers impacted.
- It was noted that Chief Officers now have a standing objective related to risk management; performance will be monitored against this.
- The Environment department's tree maintenance risk has been escalated to the corporate risk register for a finite period due to its wide impact across the organisation. The funding for tree maintenance was being reviewed to ensure resources are available for necessary activities to mitigate the risk.
- Members suggested that some risk target dates were unrealistic, and some risk titles did not accurately reflect the substance of the risk. It was felt that there was greater emphasis on reducing the likelihood of a risk occurring than reducing the potential impact.
- Members were informed that a review of risk management culture and appetite across the City Corporation has been completed, with a full report to be presented in the non-public section of the meeting. There is ongoing training for staff responsible for updating risks, and efforts are being made to improve the risk management reporting system.

14. CORPORATE RISK - DEEP DIVE REVIEWS: CR01 RESILIENCE; CR36 PROTECTIVE SECURITY

The Committee received a report of the Chamberlain concerning Internal Audit's deep dive reviews in relation to CR01 Resilience and CR36 Protective Security.

Officers highlighted that the risk registers may not fully reflect actual risk management practices. Additionally, there was difficulty in determining the likelihood of achieving target risk scores by target dates due to varying interpretations of what these dates signify.

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 urgent 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. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
RESOLVED – That, the non-public minutes of the meeting held on 13 May 2024 be agreed as a correct record.
19. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were several questions.
20. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There was no urgent business.

The meeting ended at 12.52 pm

Chairman

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