

## **AUDIT AND RISK MANAGEMENT COMMITTEE**

**Monday, 23 September 2024**

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall, EC2 on Monday, 23 September 2024 at 11.00 am

### **Present**

#### **Members:**

Deputy Randall Anderson  
Alderman Alexander Barr  
Deputy Christopher Boden  
Alderman Elizabeth Anne King, BEM JP  
Naresh Hari Sonpar  
Gail Le Coz (External Member)  
Alderman Kawsar Zaman  
Dan Worsley

#### **Officers:**

Caroline Al-Beyerty	- Chamberlain's Department
Karen Atkinson	- City Bridge Foundation
Dionne Corradine	- Town Clerk's Department
Iain Jenkins	- Chamberlain's Department
Matt Lock	- Chamberlain's Department
Henrietta Martin-Fisher	- City Bridge Foundation
Nathan Omane	- City Bridge Foundation
Daniel Peattie	- Chamberlain's Department
Jennifer Phillips	- Comptroller & City Solicitor
Blair Stringman	- Town Clerk's Department
Sonia Virdee	- Chamberlain'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 the Chairman Alderman Prem Goyal, Ruby Sayed and Karen Sanderson.

### **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 8<sup>th</sup> July 2024 be agreed as a correct record.

4. **ELECTION OF DEPUTY CHAIR**

**RESOLVED** – That, in accordance with standing order 30, Alderwoman Elizabeth King be appointed Deputy Chairman for the ensuing year.

5. **OUTSTANDING ACTIONS OF THE COMMITTEE**

The Committee received a report of the Town Clerk concerning outstanding actions.

The following points were noted:

- **Meeting with Chairs of City School Boards on Financial Controls:** Officers noted arranging a meeting had been challenging to arrange due to diary conflicts. Separate meetings are now being scheduled. An extension until October has been requested to finalise the meeting. It is suggested that either the head or the bursar of the schools attend the next Audit Risk Management Committee meeting should diary conflicts not be resolved.
- **Reviewing Induction Process for New Members:** The induction process for new members would be reviewed when new members join. It was suggested to organise a meeting of the nominations and effectiveness sub-committee before the November meeting to discuss ideas for the induction process.
- **Terms of Reference Review:** The terms of reference review will be brought to the next meeting in November. Delegation of authority to deal with any changes outside of the meeting was suggested.

6. **COMMITTEE WORK PROGRAMME**

The Committee received a report of the Town Clerk concerning the Committee Work Programme.

7. **CITY BRIDGE FOUNDATION ANNUAL REPORT AND FINANCIAL STATEMENTS 2023/24**

The Committee considered a report of The City Bridge Foundation Finance Director (representing The Chamberlain) and the Managing Director, City Bridge Foundation concerning the draft Annual Report and Financial Statements for City Bridge Foundation (CBF) for the year ended 31 March 2024.

Officers noted the City Bridge Foundation board has a reference in place with audit and risk, asking for review and feedback on the audit findings report produced by Crowe. Members were informed that the CBF board had already met and discussed the audit findings report with their audit manager.

Key outstanding items included:

- the review of the file
- ISA 240 responses
- related party declarations
- payroll and recharges
- pension scheme review
- investment property valuations
- remaining investment and bank confirmations.

The audit manager confirmed that there were no significant issues with the valuation of investment properties and that the review process was ongoing for other outstanding items.

It was mentioned that there were still 15 declarations of interest which were outstanding. Although it was accepted that this was better than prior years, this was a continued problem and represented around 10% of members. Members agreed that this issue should be escalated to the Chief Commoner due to its recurrence.

**RESOLVED** – That Members, recommend approval of the CBF Annual Report and Financial Statements for the year ended 31 March 2024 to the CBF Board.

## 8. INTERNAL AUDIT UPDATE

The Committee received a report of the Chief Strategy Officer concerning an update on Internal Audit activity for the year so far up to 31 August 2024.

The following points were noted:

- **Resolution of Resource Issues:** Significant progress had been made in resolving resource issues within the internal audit team, including the recruitment of two senior auditors and the initiation of a campaign for a new deputy head of internal audit.
- **Financial Resources and Budget:** The internal audit team has secured both short-term and long-term financial resources, ensuring a sustainable and effective audit function. This includes contingency funding for the current year and a right-sized budget for future years.
- **Audit Team Development:** The team has focused on developing auditors in training, with significant progress in apprenticeships and exams, thereby increasing audit capacity.
- **Partnership with Third-Party Organisation:** A partnership with a third-party organisation has been established to support continuous improvement, benchmarking, and professional development, aiming to deliver further efficiencies in audit delivery.
- **Audit Findings and Forward Plan:** The report highlighted recent audit findings, including limited assurance for the Junior Schools Key Control audit, and outlined a forward plan for the next six months.
- **Escalation Mechanism for Outstanding Recommendations:** The committee discussed the need for an effective escalation mechanism for outstanding audit recommendations, proposing that unresolved issues be brought before the committee with relevant chief officers present.

- **Financial Controls in Schools:** Concerns were raised about financial controls in schools, with ongoing efforts to improve these controls through closer collaboration between school teams and corporate accounting.
- **Internal Audit Plan:** The Head of Audit & Risk Management noted that the Internal Audit Plan would be completed by the end of September and circulated to the ARM Committee prior to the next meeting.

## 9. 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 July 2024.

The following points were noted:

- **Health Safety and Well-being:** Recent audits have shown that the City of London Corporation scored 51% in health, safety, and well-being, indicating that basic measures are in place but there is room for improvement.
- **Tree Maintenance Risk:** The tree maintenance risk, which had previously been a top concern, has been reduced due to immediate actions taken, particularly concerning a tree on the M25. Further plans are in place to continue reducing this risk.
- **BT Switch Impact:** The BT Switch to 2027 has been extended for remedial action, but the full scale of its impact on the corporation is still being assessed.
- **Risk Appetite Review:** The risk appetite review is ongoing, with plans to present options to the committee by early 2025. This includes learning from other organisations and integrating risk appetite into decision-making processes.
- **Member Engagement in Risk Management:** There is a concern that members outside the committee do not engage with risk management. Efforts are being made to improve understanding and ownership of risk among all members.
- **Clarification on Target Dates:** There was confusion about target dates for risk reduction, specifically for CR41 (tree maintenance). Officers noted that further clarification and updates would be provided to the next committee.
- **CR36 – Protective Security:** It was agreed that further detail on risk mitigation for CR36 would be provided at the next meeting.

## 10. CITY FUND AND PENSION FUND – 2023-24 STATEMENT OF ACCOUNTS AND AUDIT FINDINGS UPDATE

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

The committee recommended the approval of the City Fund and Pensions Fund 2023/24 statement of accounts, acknowledging the considerable effort put in by the finance team and auditors. It was noted the final accounts had

undergone extensive audits over the past few months, and the team worked diligently on financial audits, recruitment, training, and improving working practices. Members noted that adjustments were made to correct duplications and an arithmetic error in the fixed asset register, which had no implications for general fund balances.

It was noted that the finance team planned to implement a software-based program, CIPFA Asset Management, for the fixed asset register to reduce human error and improve accuracy in future audits. The auditors praised the finance team for their efficiency and noted that the City Fund was ahead of many local authorities in completing their financial statements.

**RESOLVED** – That Members,

- a) Recommend approval of the 2023-24 Statement of Accounts to Finance Committee.
- b) Authorise the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee, to approve any material changes to the financial statements required before the signing of the audit opinion by Grant Thornton, which is expected by 30th September 2024.

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

There were no questions.

**12. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There was no urgent business.

**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**

**RESOLVED** – That, the non-public minutes of the meeting held on 8<sup>th</sup> July 2024 be agreed as a correct record.

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

There was no non-public questions.

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

There was one item of confidential business that the Chamberlain raised.

**The meeting ended at 12.42 pm**

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Chairman

**Contact Officer: Blair Stringman**  
**[blair.stringman@cityoflondon.gov.uk](mailto:blair.stringman@cityoflondon.gov.uk)**