

Committee(s)	Dated:
Audit and Risk Management Committee	12/05/2025
Subject: Head of Internal Audit Annual Opinion	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Head of Internal Audit	For Information
Report author: Matt Lock	

Summary

The Global Internal Audit Standards and the CIPFA Application note require the Head of Internal Audit to provide the Audit and Risk Management Committee with an annual Internal Audit Opinion. The opinion is used to help inform the City of London Corporation's Annual Governance Statement.

It is the Head of Internal Audit's opinion that the internal control environment, governance arrangements, and risk management processes within the City of London Corporation are generally effective.

Recommendation(s)

Members are asked to:

- Note the report.

Main Report

Background

1. The Accounts and Audit Regulations 2015 came into effect on 1 April 2015 and require the City to undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes. This process was governed by the Public Sector Internal Auditing Standards which have been superseded by the Global Internal Audit Standards and the associated CIPFA Application note.
2. The work of Internal Audit forms the basis of an Annual Head of Internal Audit Opinion which is part of the framework of assurances that is received by the City of London Corporation and helps to inform the Annual Governance Statement for

the organisation's local authority operations. Internal Audit also has an independent and objective role to support management in improving governance, control and risk management through the provision of advice and guidance.

3. This report summarises the Head of Internal Audit Annual Opinion, as detailed in the Head of Internal Audit's Annual Report (Appendix 1 of this report).

Head of Internal Audit Annual Opinion

4. Based on the Internal Audit reviews completed between 1st April 2024 and 31st March 2025 and building on findings from work over the previous 2 years the Head of Internal Audit has formed the following overall opinion on the adequacy of the internal control environment, governance arrangements, and risk management for the City of London Corporation:

Internal Control Environment

5. The internal control environment within the City of London Corporation has been assessed as generally effective. The audits conducted during this period have identified several areas where controls are robust and operating as intended. However, there are some areas where improvements are necessary to enhance the overall control framework and particularly in ensuring compliance with policy and procedure.

Governance Arrangements

6. The governance arrangements within the City of London Corporation are well documented and are considered generally sound, with a clear framework for decision-making and accountability. The Audit and Risk Management Committee has been effective in providing oversight.

Risk Management

7. The risk management processes within the City of London Corporation have been assessed as adequate, with a structured approach to identifying, assessing, and mitigating risks. Internal Audit has worked closely with the Corporate Strategy and Performance Team to ensure that the opportunities identified to strengthen the risk management arrangements are embedded within the framework.
8. In summary, the internal control environment, governance arrangements, and risk management processes within the City of London Corporation are generally effective. While there are areas for improvement, the organisation has demonstrated a strong commitment to maintaining a robust control framework and addressing identified weaknesses. The implementation of audit recommendations and ongoing efforts to enhance controls, governance, and risk management will further strengthen the organisation's overall resilience and effectiveness.

Corporate & Strategic Implications

9. The work of Internal Audit is designed to provide assurance as to the adequacy of the City of London Corporation's systems of internal control and governance. This programme of activity is aligned with the Corporate Plan, Corporate Risk Register and Departmental Top Risks.

Conclusion

10. While Internal Audit work continues to identify improvement areas for management, the overall opinion provided on the City's internal control environment is that it remains generally effective. There is a high level of acceptance of recommendations made and, overall, a high level of implementation has been demonstrated.

Appendices

- **Appendix 1** – Head of Internal Audit Annual Report 2024/25

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