



Head of Internal Audit Annual Report 2024/25

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Overall Assurance Opinion:

The internal control environment, governance arrangements, and risk management processes within the City of London Corporation are generally effective.

Sufficient Internal Audit work has been completed in order to form this opinion, demonstrated through achieving the baseline target of 600 Internal Audit Days delivered.

Resources available to Internal Audit were increased during the year, enabling increased coverage, with the team working towards delivery of 1000 Audit Days in 2025/26.

Self-assessment demonstrates good alignment with the Global Internal Audit Standards.



Head of Internal Audit Annual Opinion 2024/25

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 I have formed the following overall opinion on the adequacy of the internal control environment, governance arrangements, and risk management for the City of London Corporation.

This opinion is provided in accordance with the Global Internal Audit Standards.

Internal Control Environment

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

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

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.

Conclusion

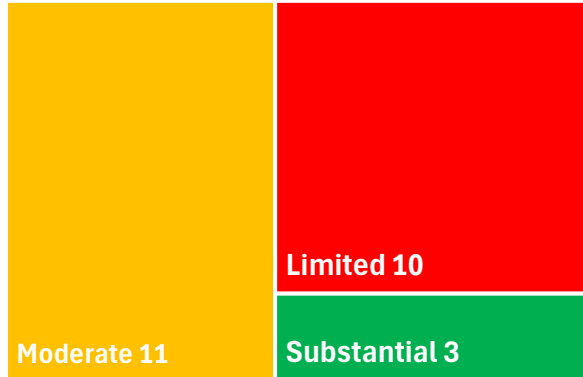
In conclusion, the internal control environment, governance arrangements, and risk management processes within the City of London Corporation are generally effective. While there are areas for improvement, the organisation has demonstrated a strong commitment to maintaining a robust control framework 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.

Matt Lock - Head of Internal Audit
23/04/2025

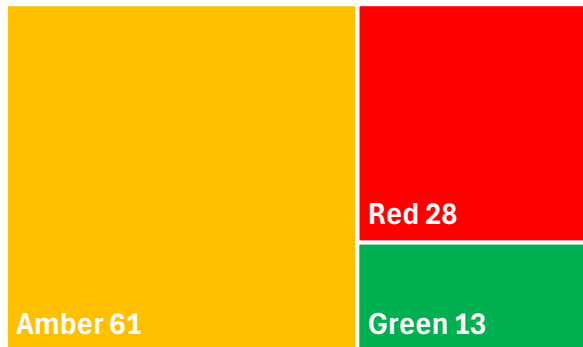


Internal Audit Plan Delivery: Cumulative Dashboard - 2024/25

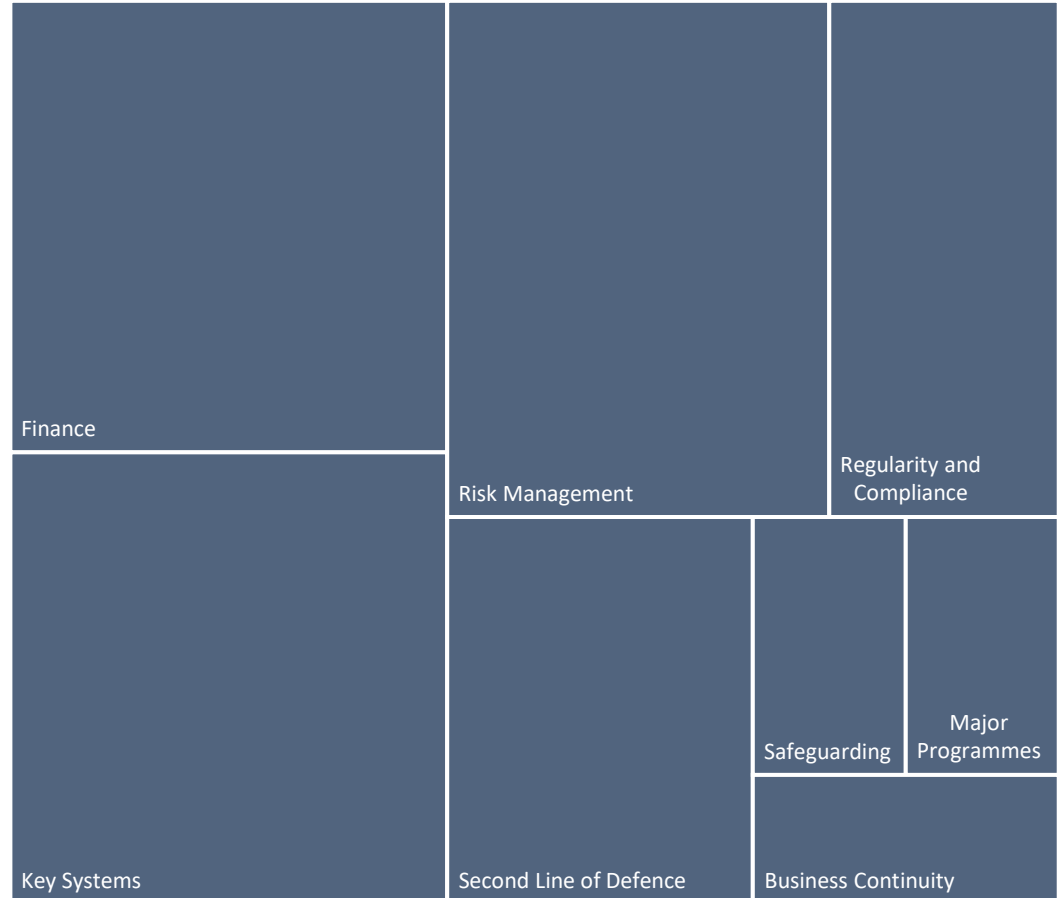
Assurance Ratings Provided



Recommendations Raised



Distribution of Assurance Work





Audit Reviews Completed in 2024/25

Department	Audit Title	Assurance Rating	Recommendations Made		
			Red	Amber	Green
City of London Junior School	Key Financial Controls	Limited	0	15	0
Barbican	Business Continuity	Limited	3	7	0
Community and Children's Services	Risk Management	Limited	3	0	0
Innovation and Growth	Operational Expenditure	Moderate	0	7	0
Corporate Strategy and Performance	Application of the Risk Management Framework	Limited	1	0	0
Barbican	Financial Procedures Framework	Moderate	1	6	1
Corporate Wide	Procurement Authorisation Process	Limited	1	0	0
Corporate Wide	Contract Register and Contract Management	Limited	1	0	0
City of London Police	Payroll Controls	Substantial	0	5	2
City of London Police	Accommodation Programme Governance	Limited	0	3	0
Corporate Wide	IR35 Compliance	Limited	5	1	0
Barbican	Contract Management	Limited	4	5	0
Innovation and Growth	P-Cards	Moderate	1	5	1
Environment	Planning Governance	Moderate	0	5	2
Environment	City Operations Risk Management	Substantial	0	2	0
Environment	Income Discrepancies	Substantial	1	2	1
Corporate Wide	P-Cards Use & Performance	Moderate	0	5	3
Environment	Planning: Accuracy of Published Data	Moderate	0	4	0
Chamberlain's	Digital Information and Technology Service - Risk Management	Moderate	0	2	0
Corporate Wide	Managing Conflicts of Interest (Procurement)	Limited	6	1	0
Barbican	Safeguarding	Moderate	0	5	2
Town Clerk's	Contract Management	Moderate	0	4	0
City of London Police	Information and Data Handling	Moderate	0	7	1
Comptroller & City Solicitor's	Risk Management	Moderate	0	2	0



Emerging Corporate Themes From Internal Audit Work:

Internal Audit findings suggest a lack of discipline and consistency in following organisational process and application of the internal control framework

Contract management is found to be generally inadequate across the organisation

Compliance with the PAR process is somewhat superficial

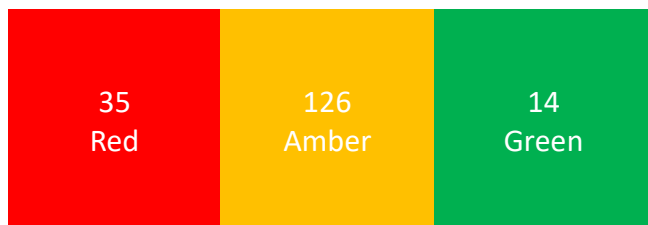
Administration and maintenance of the contract register is weak

Application of the risk management framework at a departmental level lacks rigour

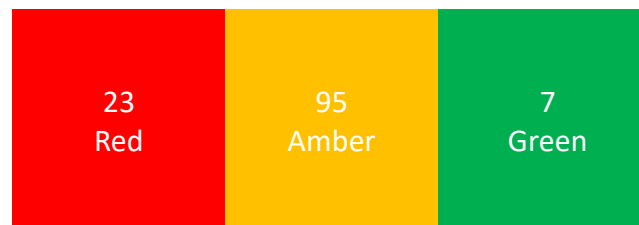
General absence of documented procedural guidance to support established processes and tasks

Internal Audit Recommendation Analysis

Summary of all Open Recommendations: 175



Summary of Recommendations Requiring
Follow-up: 125



175 Open Recommendations of which, 125 will be followed up by Internal Audit in Quarter 1 of 2025/26.

102 recommendations were raised in the current year 2024/25 some of which have been followed up and closed within the current year.



Other Factors and Sources of Assurance Informing the Opinion

In addition to work completed by the Internal Audit Team, the following factors have informed the annual opinion:

The Internal Audit Function and the role of the Head of Internal Audit are embedded within the organisation – this provides invaluable insight

Management response to Internal Audit work and the acceptance of recommendations made to address significant issues continues to be positive

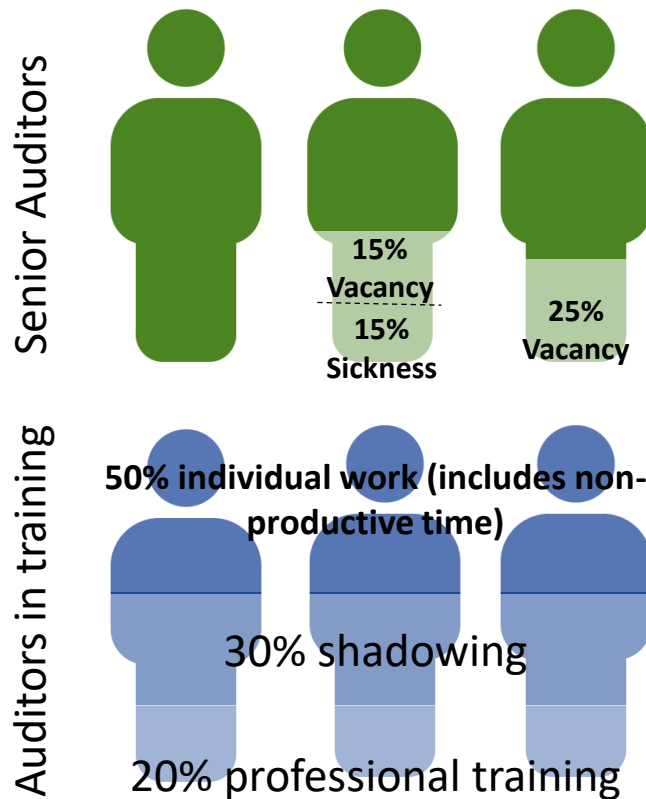
Direct engagement in key workstreams of the organisation (Portfolio/Programme Management review; Equality, Equity, Diversity and Inclusion; provision of ad-hoc advice and guidance; Speak-up Policy development)

Internal Audit work nearing completion at 31/03/2025 and work completed recently after

No limitations have been placed on the scope of Internal Audit

Internal Audit Resources Available in 2024/25

Resources available in 2024/25



Notes:

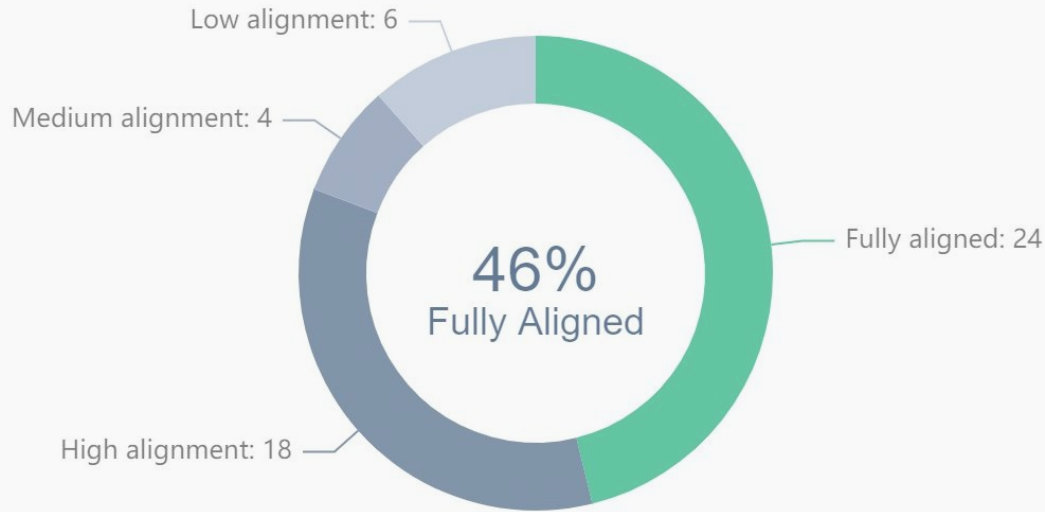
- A full time Senior Auditor equates to 180 “Audit days”.
- Auditors in training completed professional studies by October 2024, from which point proportion of “individual work” increased to at least 50%, with the proportion of time shadowing decreasing.
- Provision of Internal Audit Services to London Councils and London Museum totals 100 Audit days (55% of 1 FTE)

**Baseline
Target:
600 Audit
Days**

**Growth
Target:
1000 Audit
Days**

**Capacity in
2024/25:
611 Audit
Days**

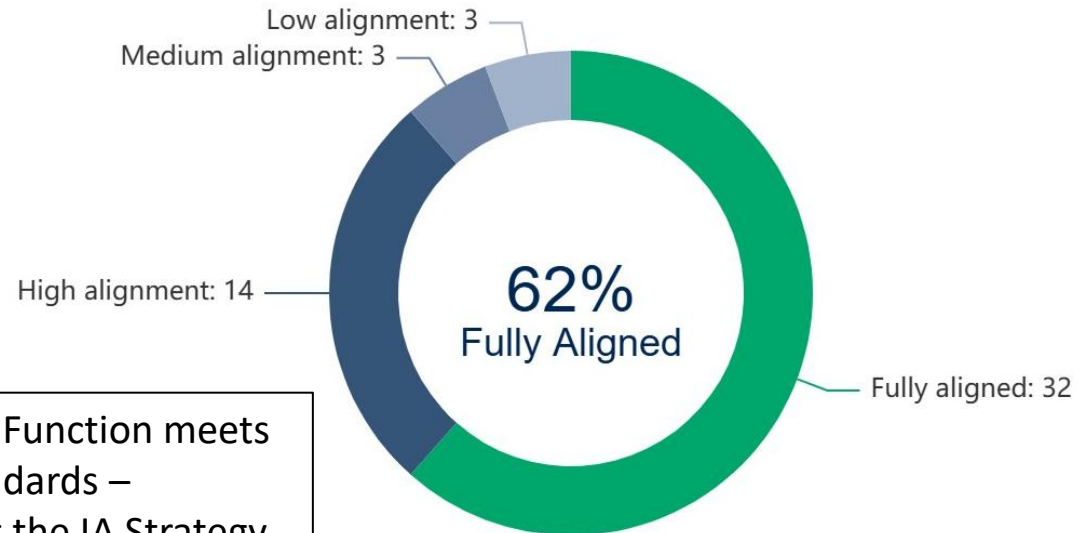
Conformance with Global Internal Audit Standards



Assessment at 30/09/2024:
Generally Conforms

Assessment at 31/03/2025:

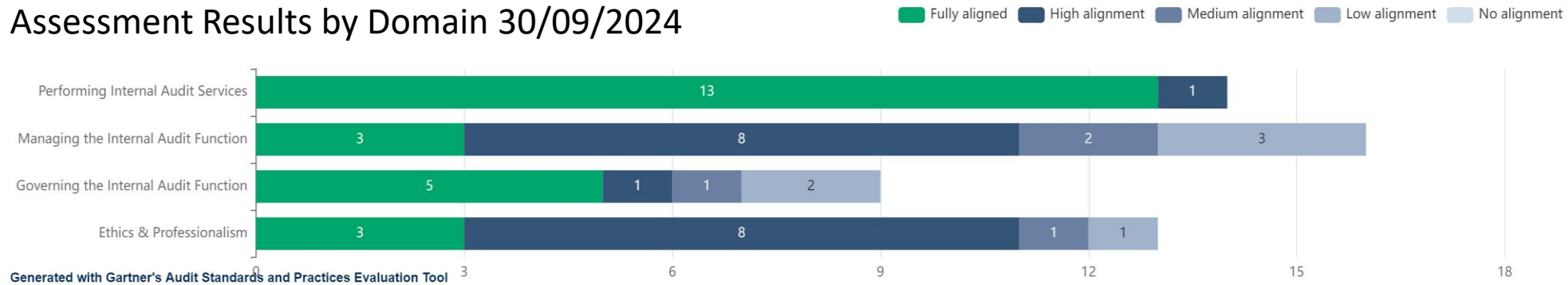
- Generally Conforms
- Significant progress demonstrated



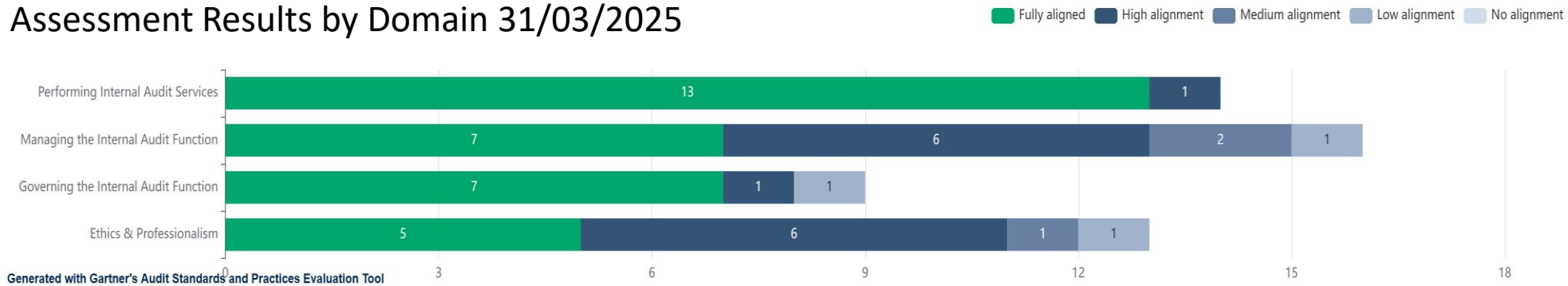
The City of London Corporation's Internal Audit Function meets the criteria set by the Global Internal Audit Standards – improved alignment is a key metric in delivering the IA Strategy

Conformance with Global Internal Audit Standards

Assessment Results by Domain 30/09/2024



Assessment Results by Domain 31/03/2025





City of London Corporation: Internal Audit Strategy

Vision Statement: To be a best-in-class Internal Audit function, driving excellence through proactive delivery of assurance work, embracing innovation within our Audit practices, and demonstrating commitment to integrity and transparency in all that we do.

Mission Statement: Improving outcomes for our communities, service users and organisation through the delivery of high-quality Internal Audit that provides timely and effective assurance across the City of London Corporation's diverse operations.

State of Audit Function in 2024

Top Metrics Describing the Current State

1. Individual Auditor Competency Assessment baselined in October 2024.
2. Internal Audit delivery capability 600 Days.
3. Average days per Audit engagement.
4. % of planned work delivered within planned allocation of time (not currently measured but very low).
5. Quality of service (not currently measured).
6. 46% fully aligned to Global Audit Standards.

Strategy

Top 5 Audit Objectives

1. Better support the individual development of Internal Audit team members to full competency at Senior Auditor level.
2. Improve the overall efficiency of the delivery of Internal Audit assignments.
3. Increased transparency and accountability for the delivery of Internal Audit work through introduction of consistent service delivery standards and robust performance measurement.
4. Better Audit planning through the adoption of more systematic and evidential risk assessment.
5. Increased Alignment with the Global Internal Audit Standards.

Underlying Assumptions: [external and internal factors influencing audit's strategy]

1. Transition to Global Internal Audit Standards raises the bar for Internal Audit Performance
2. Continuous improvement drives the ambition to become a best-in-class Internal Audit function
3. Retention of existing team members/no prolonged vacancy as a result of staff turnover or long-term absence

State of Audit Function in 2027

Top Metrics Describing the End State

1. Measured improvement in Individual Auditor Competency Assessment.
2. Internal Audit delivery capability 1000 Days.
3. Reduction in average days per Audit engagement.
4. 100% audit work delivered within planned allocation of time.
5. 95% positive feedback from clients (score of 4/5 on overall satisfaction).
6. 80% fully aligned to Global Audit Standards (by 31/12/2025).



City of London Corporation: Internal Audit Strategy

Initiatives to Achieve Objectives

Audit Objectives

1. Empower, motivate and inspire the Internal Audit team to develop their skills and capability, and deliver to full potential.
2. Improve the overall efficiency of the delivery of Internal Audit assignments.
3. Increased transparency and accountability for the delivery of Internal Audit work.
4. Better Audit planning through the adoption of more systematic and evidential risk assessment.
5. Increased Alignment with the Global Internal Audit Standards.

Author: Matt Lock, Head of Internal Audit
Date : 7 January 2025

Audit Initiatives

1. Implementation and delivery of individual and team learning and development plans for all. Coaching and mentoring at all levels across the team to share knowledge and experience. Client portfolio management by Senior Auditors to ensure continuous professional development and pathway to career progression.
2. Audit tracker tool to mitigate risk of slippage and budget overruns ensuring delivery of quality audit outputs within agreed budget and timescales.
3. Introduction of consistent service delivery standards and robust performance measurement.
4. Seek client feedback for all completed Internal Audit assignments. Monitor performance and implement corrective measures for continuous improvement in service delivery.
5. Enhancing the Quality and Improvement Plan(QAIP) to include the specific and identified steps to maturity. Periodic reviews of the QAIP to monitor progress against the plan.

High-level Internal Audit Plan for 2025/26

Objectives

The primary objectives of the internal audit plan are to:

- Provide independent assurance on the effectiveness of governance, risk management, and internal control.
- Identify areas for improvement and recommend actions to enhance operational efficiency and effectiveness.
- Ensure compliance with relevant laws, regulations, and internal policies.

Reporting

- Regular updates to the Audit and Risk Management Committee.
- Quarterly outcome reports to senior leadership.
- Head of Internal Audit Annual Report by 30 May 2026.

This plan is designed to provide comprehensive coverage of key areas within the City of London Corporation, ensuring that the internal audit function adds value and supports the organisation's objectives.

Audit Areas and Allocation of Days

1. Governance and Compliance (200 days)

1. Review of governance structures and processes.
2. Compliance with laws, regulations, and internal policies.
3. Whistleblowing and anti-fraud measures.

2. Financial Management (250 days)

1. Financial controls and reporting.
2. Budgeting and financial planning.
3. Payroll and expenditure audits.

3. Operational Audits (300 days)

1. Review of key operational processes and controls.
2. Audits of specific departments (e.g., Housing, Education, Social Care).
3. IT audits, including cybersecurity and data protection.

4. Risk Management (150 days)

1. Assessment of risk management framework and processes.
2. Review of risk registers and mitigation plans.
3. Advisory work on emerging risks.

5. Follow-up Audits (100 days)

1. Follow-up on previous audit recommendations.
2. Verification of implementation of agreed actions.