

Committee(s)	Dated:
Audit and Risk Management Committee	12/05/2025
Subject: Internal Audit Update	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

This report provides an update on Internal Audit activity between 1 January 2025 and 31 March 2025. 9 Internal Audit reviews have been completed to Final Report stage and work is in progress at various stages for a number of Audit reviews.

Recommendation(s)

Members are asked to:

- Note the outcomes of completed Internal Audit work.

Main Report

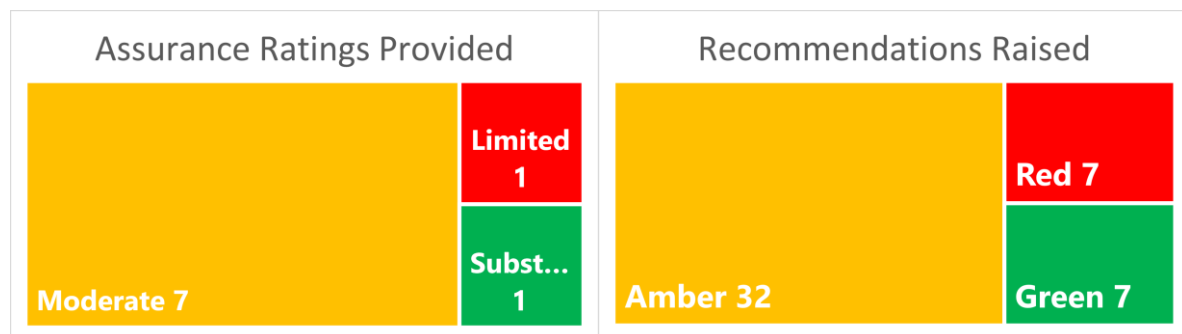
Background

1. This report provides an update on the work of Internal Audit during January, February and March 2025, further to the update report provided to the February meeting of this Committee. Specifically, this report provides an overview of the outcomes from completed Internal Audit reviews. The Head of Internal Audit Annual Report is included as a separate item on this Committee Agenda, this incorporates the cumulative dashboard of Internal Audit outcomes for 2024/25 and so is not repeated in this report.

Current Position

2. Final Audit Reports have been issued in respect of 9 Audit Reviews since the last update, resulting in 1 Limited, 7 Moderate and 1 Substantial Assurance opinions. The overall outcomes from the recently completed Audit reviews are summarised in the following table with further information provided in relation to the Limited Assurance opinion:

Department	Audit Title	Assurance Rating	Recommendations Made		
			Red	Amber	Green
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



Corporate Wide – Managing Conflicts of Interest (Procurement)

3. The purpose of this Audit was to provide assurance as to the effectiveness of arrangements in place for managing conflicts of interest within the procurement process with reference to the specific requirements within the Procurement Act 2023.
4. Overall, limited assurance was provided in respect of the control framework within the scope of audit and recommendations were made to address relevant requirements within the Procurement Act 2023. Key findings include the following:
 - The City's Procurement Code and Conflict of Interest Policy have not yet been updated to align with the Procurement Act 2023, which is essential for regulatory compliance. These documents outline the broad requirement to identify and assess conflicts of interest in procurement but there are significant gaps in guidance to ensure consistency of approach in assessing and mitigating actual, potential, or perceived conflicts.
 - There is a need to embed a mechanism for ensuring that conflicts are monitored and updated as appropriate throughout the procurement lifecycle. Record retention arrangements are ineffective as declarations are stored individually without a central repository, limiting accessibility, consistency in completing forms, compliance monitoring and oversight; this also increases the risk that suppliers with unfair advantages are not excluded.

5. In addition to reviewing the City Corporation's conflict management processes, Internal Audit has also assessed a set of Local Authority templates which the Commercial Service are considering for adoption. While the templates adequately capture key information to aid alignment with the Act, they are not standalone tools. Rollout of these templates should form part of a comprehensive framework that includes a documented approach to assessing conflicts of interest, training to raise awareness of requirements, and effective compliance monitoring and reporting mechanisms.

Forward Programme of Internal Audit Work

6. Appendix 1 shows the forward programme of Internal Audit work for 2025/26, the Internal Audit Plan. It is important to note that this plan will be kept under continuous review throughout the year and adjusted to reflect emerging risks and priorities, the Audit and Risk Management Committee will be kept informed of this programme of work through the regular Internal Audit Update reports provided.

Corporate & Strategic Implications

7. 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

8. While Internal Audit work identifies areas for improvement within the systems and processes examined, the findings of Audit work have been well received by Management and appropriate actions have been identified to resolve the control weaknesses raised.

Appendices

- Appendix 1 – Internal Audit Plan 2025/26

Background Reports

- Head of Internal Audit Annual Report and Annual Opinion

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