

AUDIT & RISK MANAGEMENT COMMITTEE

Annual Report 2024/25

Introduction

- The Audit & Risk Management Committee (the Committee) has a wide-ranging brief that underpins the City of London Corporation's governance processes by providing independent challenge and oversight of the adequacy of risk management, the internal control and financial reporting frameworks.
- The Audit and Risk Management Committee has scrutinised the risk management process at the City Corporation and enhanced the maturity of risk management organisation wide. The Committee has continued to play an important and integral part in ensuring key risks are reviewed through regular risk updates and deep dives of corporate risks (carried out by Internal Audit Team) on a rolling basis. The Committee has also improved engagement with the work of Internal Audit through receiving regular reports on completed work and monitoring the implementation of Internal Audit recommendations. The Committee has overseen the planning and delivery of the External Audit review of the Annual Accounts produced by the City of London Corporation across all operations.
- This report details the work of the Committee for the period from 1 April 2024 to 31 March 2025 and outlines work in relation to the key remit areas of:
 - Annual Governance Framework
 - Internal Audit
 - Risk Management
 - Counter-Fraud
 - External Audit
 - Financial Reporting
- Members of the Committee have a wide range of skills in many technical and professional areas, bringing significant experience and expertise to the Committee. All the Members have some experience in relation to the governance processes they challenge; supported by a periodic skills gap analysis undertaken by the Nominations and Effectiveness Sub-Committee. The Committee is comprised of 12 Members, together with three external members who provide additional knowledge and skills to support the function. Table 1 details the current Committee Members.

Table 1: Members of the Audit & Risk Management Committee 2025/26

Alderman Prem Goyal (Chairman)
Alderwoman Elizabeth King (Deputy Chairman)
Gail Le Coz (Deputy Chair, External Member)

Christopher Boden, Deputy
Timothy Butcher, Deputy
Simon Burrows
Stephen Hodgson
David Sales
Ruby Sayed
Naresh Sonpar
James St John Davis (Ex-Officio, Member of the Finance Committee)
Dan Worsley (External Member)
Alderman Kawsar Zaman
X1 Vacancy (External Member)

- The three external members are each appointed for a three-year term, which can be renewed twice:
 - Dan Worsley (appointed for a three-year term expiring in April 2026)
 - Gail Le Coz (appointed for a three-year term expiring in April 2027)
 - Vacancy (appointed for a three-year term expiring in April 2028)

Changes Within the Year

- There were no specific change events that require mention here.

Annual Governance Framework

- The Accounts and Audit (England) Regulations 2015, which apply to the City of London's City Fund activities, require an audited body to conduct a review, each financial year, of the effectiveness of its system of internal control, risk management and governance and publish an Annual Governance Statement (AGS) each year, alongside the authority's Statement of Accounts. The AGS describes the steps the organisation has taken to evaluate the adequacy and effectiveness of its systems of governance in that year and provides an overall conclusion on this, and sets out where specific or cross-cutting improvement action has been identified for implementation, and as such will enable and sustain effective governance going forward.
- The draft AGS for 2024/25 was presented at the 12 May meeting. Members of the Committee welcomed that it
 - provided assurance that actions that had identified in the AGS for 2023/24 were completed or being delivered
 - expanded on the delivery of services that our stakeholders value
 - noted sustainability as an important area for the organisation
 - noted the lead Chief Officers who will ensure collaborative delivery cross City Corporation to implement the identified actions during 2025/26.
- The AGS was approved at this meeting for signing by the Chairman of the Policy and Resources Committee and the Town Clerk and Chief Executive.

Internal Audit

- The Committee received the Head of Audit & Risk Management's Annual Audit Opinion for the year ended 31 March 2025 in May 2025:

"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."

- The programme of Internal Audit work is aligned to the City's corporate and departmental objectives and key risks so that assurance can be obtained on these areas. Internal Audit's work identified a number of opportunities for improving controls and procedures, with a "Limited (Red) Assurance" opinion having been provided in 10 cases. Those recommendations raised have been accepted by management and the Committee monitors the progress in recommendation implementation. The Committee has worked with the Head of Internal Audit to develop reporting information and the mechanisms for tracking implementation.
- The programme of Internal Audit work for 2024/25 was subject to review throughout the year.

Risk Management

- The Committee is responsible for monitoring and overseeing the City of London Corporation's risk management strategy and to be satisfied that the authority's assurance framework properly reflects the risk environment.
- During FY2024/25 the Committee reviewed developments to key components of the risk management framework which supports the strengthening of our organisational risk management culture. This will remain a priority for the next year as we continue to socialise and embed best practice throughout the organisation.
 - The City of London Corporation's Risk Management Strategy 2024–2029 was adopted in May 2024 following endorsement from the Committee. A review of the first year's impact shows positive progress aligned with the Strategy's aims, increasing confidence in the risk landscape and its role in decision-making.
 - A new Risk Management Policy, applying to the whole of the City Corporation and helping support the successful delivery of our services and strategic objectives, was developed and agreed by the Audit & Risk Management Committee in November 2024. As it applies across City Corporation, and noting their separate risk reporting governance structures, endorsement was

also received from the City Bridge Foundation Board and City of London Police Authority Board in the third quarter of FY2024/25.

- Following the Risk Appetite Review, a new Risk Appetite Statement was developed during FY24/25 with input from Chief Officers, Heads of Profession and Members. This forms the final piece of the organisation's Risk Management Framework. The statement was endorsed by the Audit & Risk Management Committee, the City Bridge Foundation Board and the City of London Police Authority Board in the fourth quarter of FY2024/25 and approved by Court of Common Council on 22 May 2025.
- The Chief Officer Risk Management Group (CORMG) met regularly during this period with their work on risks and overarching themes feeding into Committee update reports and the challenges/questions raised by Members during committee meetings on risk management incorporated into CORMG discussions.
- In addition to contributing to and facilitating these core initiatives, the Committee has, over the course of 2024/25, supported effective risk management by providing oversight and assurance through its review of regular risk update reports. These reports covered corporate and red departmental-level risks, including any additions or removals from the corporate risk register, as well as broader risk management topics identified through officer governance processes.

Counter-Fraud

- During 2024/25, the Corporate Anti-Fraud team completed 65 investigations across all fraud disciplines, with an associated value of £366,256. The majority of this relates to notional or preventative savings from tenancy fraud investigations.
- In November 2024, a Member Briefing covering Counter-Fraud Activities was delivered to the Committee, providing an overview of the work streams of the Counter Fraud team, and detailing the team's response to the risks of fraud at the City of London Corporation.
- A series of fraud risk workshops have been provided by the Counter Fraud team during 2024/25, providing a platform to identify current, new and emerging fraud risks across service areas, and providing managers with the skills to develop, maintain, and better manage the risks of fraud in their service areas through the development and maintenance of fraud risk registers.
- Social housing tenancy fraud and single person discount fraud remain key fraud risk areas for the Corporate Anti-Fraud team and a concern for the Committee; the team now has the capability through the London NFI fraud hub to undertake continuous auditing of these risk areas by matching to key data sets within the London NFI fraud hub. The Committee also received an update in the counter fraud update report during 2024/25 concerning the pan-London multiple employment fraud project, that identified one City of London officer undertaking dual roles across, and who subsequently resigned following investigation by the team.

External Audit and Financial Reporting

- The progress made during 2023/24 to obtain approval of prior year accounts was reinforced during 2024/25. The Audit and Risk Management Committee were presented with the audit findings report, by Grant Thornton, for the City Fund 2023/24 and Pension Fund 2023/24 accounts at the September 2024 meeting. Following consideration and recommendation, this meant the City Fund accounts could proceed to being signed in accordance with the required statutory deadline. A further report from Grant Thornton was also brought to the November 2024 meeting which included their commentary on the City Fund's Value for Money (VfM) arrangements.
- Similar progress was also achieved on City's Estate with the draft audit report for the 2023/24 accounts being presented, by Crowe UK LLP, to the Audit and Risk Management Committee at the 4th November. This reported noted the progress made in preparation from the previous year and, following approval, again enabled the accounts to proceed and be signed formally in line with required deadlines.
- The Committee also considered the City Bridge Foundation (CBF) 2023/24 accounts at the September 2024 meeting and recommended the approval of the financial statements to the CBF Board.
- At the meeting on the 4th November, the Audit and Risk Committee also recommended for approval the annual reports of the 14 charities presented for the 23/24 financial year, to the relevant committees and trustees.
- Throughout the year, the Committee were provided with updates on progress on the preparation of these sets of accounts to ensure they had oversight of any diversion from planned timelines and changes to reporting requirements.