

<b>Committee(s)</b>	<b>Dated:</b>
Audit and Risk Management Committee	17/11/2025
<b>Subject: Internal Audit Update</b>	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>N/A</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/A</b>
<b>Report of: Group Chief Internal Auditor</b>	<b>For Information</b>
<b>Report author: Matt Lock</b>	

### Summary

This report provides an update on Internal Audit activity between 1 July 2025 and 30 September 2025. 11 Internal Audit reviews have been completed to Final Report stage and work is in progress at various stages for a number of Audit reviews. Delivery of the 2025/26 Internal Audit Plan is on track.

### Recommendation(s)

Members are asked to:

- Note the outcomes of completed Internal Audit work.

### Main Report

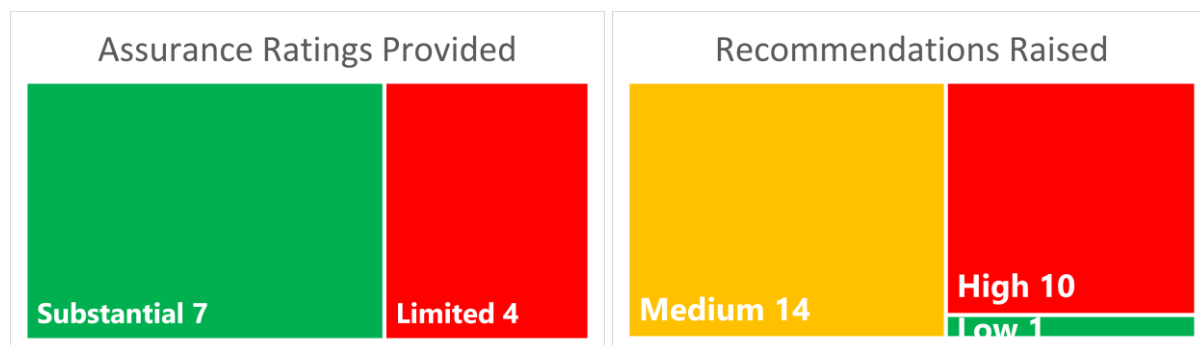
#### Background

1. This report provides an update on the work of Internal Audit during July, August and September 2025, the Quarter 2 Internal Audit update report for 2025/26. Specifically, this report provides an overview of the outcomes from completed Internal Audit reviews. Appendix 1, Internal Audit Dashboard, shows analysis in relation to completed Audit work for the period and year to date.

#### Current Position

2. Final Audit Reports have been issued in respect of 11 Audit Reviews in quarter 2 of 2025/26, resulting in 7 Substantial and 4 Limited Assurance opinions. The overall outcomes from the recently completed Audit reviews are summarised in the following table with further information provided in Appendix 1, Internal Audit Dashboard, in relation to the Limited Assurance opinions:

Department	Audit Title	Assurance Rating	Recommendations Made		
			Red	Amber	Green
Chamberlain's	Contract Management	Substantial	0	1	0
Corporate Wide	Use of Consultants	Limited	2	1	0
City Bridge Foundation	Grants	Substantial	0	2	0
Environment	Natural Environment Risk Management	Substantial	0	1	0
City Surveyor's	Tower Bridge Mud Tanks Consultant Appointments	Substantial	0	0	1
Guildhall School of Music and Drama	Contract Management	Limited	3	2	0
Guildhall School of Music and Drama	Non-Substantive Workforce	Limited	1	0	0
Barbican	Health and Safety	Limited	4	3	0
Chamberlain's	Procurement Authorisation Report Checks	Substantial	0	0	0
Environment	Natural Environment - Fees and Charges	Substantial	0	2	0
Corporate Wide	Climate Action Programme	Substantial	0	2	0



A full overview of the audit plan and assurance ratings from completed work is included as appendix 2.

- A number of additional Internal Audit Performance metrics have been developed, with more to follow, these are being used to create an Internal Audit Scorecard. The first representation of this data is included in the Internal Audit Q2 Dashboard, although Members should note that this is based on near-live data and so captures outcomes up to 31 October 2025, slightly ahead of the reporting period.

### Internal Audit Insight Reports

- Further to discussion at the September meeting of the Committee, a new reporting template has been created communicate the outcomes from completed Internal Audit work to the Chairs of the appropriate Service Committee. These reports will be issued

with the expectation that Chief Officers provide any further dialogue required directly to their Committees to enable timely Member oversight of the completion of management actions. The Group Chief Internal Auditor will communicate this change in process to all Chairmen and Chief Officers.

5. Internal Audit Insight Reports will be issued for work completed from Quarter 3 onwards, although the report format has been applied retrospectively for the purpose of providing this Committee with information relating to Limited Assurance outcomes, included within the Internal Audit Q2 Dashboard.

### **Internal Audit Follow-up Work**

6. To improve the clarity of reporting and tracking of work completed to review implementation of Internal Audit recommendations, follow-up reviews have now been captured in a more detailed subsection of the overall Internal Audit Plan, included as appendix 3 to this report.
7. Some further reporting metrics are in development to be able to provide richer management information in future Internal Audit update reports. This is reflective of the fact that management action plans include range of implementation dates for every Internal Audit review, yet follow-up will usually only take place once the latest date has past – inevitably, the majority of recommendations will therefore be recorded as past due date. Key new metrics will focus attention to those recommendations found not to be implemented at the agreed follow-up date.
8. An Internal Audit Follow-up Insight Report template has also been developed for the purpose of communicating follow-up outcomes to Service Committee Chairs. These reports will be deployed from quarter 3 onwards and will be included in subsequent Internal Audit update reports to this Committee.
9. The full schedule of overdue red rated recommendations is shown at appendix 4.

### **Corporate & Strategic Implications**

10. 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, risk management and governance. This programme of activity is aligned with the Corporate Plan, Corporate Risk Register and Departmental Top Risks.

### **Conclusion**

11. 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.

12. Very good progress has been made in the first half of the year to deliver the 2025/26 Internal Audit Plan and the team is currently on track to complete this work within the plan year.

### **Appendices**

- Appendix 1 – Internal Audit Dashboard Q2 2025/26
- Appendix 2 – Internal Audit Plan Overview
- Appendix 3 – Internal Audit Plan – Follow-up Reviews
- Appendix 4 – Overdue Red Recommendations

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