ITEM 11

Report – Audit and Risk Management Committee

Annual Report of the Audit and Risk Management Committee

To be presented on Thursday, 23rd July 2026

To the Right Honourable The Lady Mayor, Aldermen and Commons of the City of London in Common Council assembled.

SUMMARY

The Audit and Risk Management Committee presents to the Court of Common Council its 2025/26 Annual Report, updating on its activity from 1 April 2025 to 31 March 2026.

Providing this report to the Court of Common Council on an annual basis is in line with Chartered Institute of Public Finance & Accounting (CIPFA) guidance on best practice for audit committees in order to effectively support the organisation, providing assurance to the council that the committee fulfils its purpose and can demonstrate its impact; for the Court to understand the work of the Committee; and, for the Court to hold the Committee to account.

RECOMMENDATION

Members of this Honourable Court are asked to note the report.

MAIN REPORT

Background

1. The Audit and 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.

2. The Committee has scrutinised the risk management process at the City Corporation and continues to enhance 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. The Committee also continues to support 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.

3. This report details the work of the Committee for the period from 1 April 2025 to 31 March 2026 and outlines work in relation to the key remit areas of:

- Annual Governance Framework
- Internal Audit
- Risk Management
- Counter-Fraud
- External Audit
- Financial Reporting

4. 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. The Committee is comprised of 11 Members, together with three external members who provide additional knowledge and skills to support the function. Table 1 details the Members of the Committee in 2025/26.

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

Alderman Prem Goyal CBE (Chairman)
Alderwoman Elizabeth King BEM JP (Deputy Chairman)
Gail Le Coz (Deputy Chairman, External Member)
Deputy Christopher Boden
Deputy Timothy Butcher
Simon Burrows
Stephen Hodgson
Alderwoman Jennette Newman (Ex-Officio, Member of the Finance Committee - appointed on 9 December 2025)
David Sales
Ruby Sayed
Naresh Sonpar
James St John Davis (Ex-Officio, Member of the Finance Committee - resigned on 27 November 2025)
Dan Worsley (External Member)
Alderman Kawsar Zaman
x1 Vacancy (External Member)

5. 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 to April 2026, resigned effective January 2026)
   - Gail Le Coz (appointed for a three-year term expiring in April 2027)
   - Vacancy

Changes Within the Year

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

Annual Governance Framework

7. The Accounts and Audit (England) Regulations 2015, which apply to the City of London Corporation'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.

8. The intended purpose of the AGS describes the steps the organisation has taken to evaluate the adequacy and effectiveness of its systems of governance during that financial year. The AGS provides an overall conclusion, setting out where specific or cross-cutting improvement action has been identified for implementation, and as such will enable and sustain effective governance going forward.

9. In response to feedback given by the Committee in 2025:

   - A section on pensions had been incorporated into the 2025/26 AGS
   - Year on year data comparisons were included to provide additional context for the set performance measures

10. The draft AGS for 2025/26 was presented at the 11 May 2026 meeting, following a short discussion on the wait time of the Care Quality Commission's final report on their assessment of adult social care. 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

11. The Committee received the Group Chief Internal Auditor's Annual Report for the year ended 31 March 2026 in May 2026, providing the following overall 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."*

12. During 2025/26, Internal Audit strengthened its delivery capacity through the successful rebuilding of the team, enabling a significant increase in available audit days and supporting the delivery of an expanded programme of work aligned to the City Corporation's corporate and departmental objectives and key risks.

13. Internal Audit completed 58 audit reviews during the year, identifying opportunities to further strengthen controls and procedures across the organisation, including 11 reviews resulting in a "Limited (Red) Assurance" opinion. All agreed recommendations have been accepted by management, with implementation progress monitored regularly by the Committee.

14. During the year, enhancements were made to reporting and tracking mechanisms to provide improved visibility of agreed audit actions and their implementation

across the Corporation. This has strengthened oversight and supports a continued focus on timely and effective delivery of agreed improvements.

Risk Management

15. The Committee is responsible for overseeing the City of London Corporation's risk management strategy and for ensuring that the authority's assurance framework reflects the organisation's risk environment.

16. During FY2025/26, the Committee focused on strengthening the organisation's risk management culture, ensuring that risk management supports strategic decision-making rather than operating solely as a compliance exercise.

17. The second annual report on the City of London Corporation's Risk Management Strategy 2024–2029, adopted in May 2024, showed continued progress against the strategy's objectives and identified areas for further improvement. These will be taken forward through four priority activities in FY2026/27, with a focus on increasing organisational maturity.

18. The Risk Appetite Statement, approved by the Court of Common Council in May 2025, has been embedded across the organisation, including alignment with the City Bridge Foundation's Risk Appetite Framework. It was applied to corporate risks and the strategic risks of the City of London Police, with Members of relevant service committees asked to set an appropriate risk appetite level for each risk using the Statement. Regular reporting arrangements are now in place, including the assessment of risks against agreed appetite levels. A review of the Statement is planned for FY2026/27, with the outcome and any recommended changes to be reported to Members in 2026.

19. Engagement with risk colleagues remained a priority through corporate risk deep dives with Chief Officer risk owners and continued two-way dialogue with the Risk Management Forum, which focused on taking forward the City Corporation's Risk Management Policy (adopted 2024), risk management best practice and improving risk management culture. External engagement was strengthened through collaboration with Bayes Business School and the Chief Risk Officer Network.

20. Risk management continued to be embedded within wider business processes and was reflected in new supporting materials, including a strategic development guide and a resource prioritisation toolkit. The move to multi-year integrated planning has created further opportunities to consider risk as part of planning, while the inclusion of risk in the corporate management information reporting pack has improved the visibility and impact of risk management.

21. The Chief Officer Risk Management Group met regularly during this period. Its work on corporate risks and wider themes informed Committee update reports, and

the questions and challenges raised by Members during Committee meetings were fed back into Group discussions.

22. Alongside supporting and facilitating these core initiatives, the Committee also provided oversight and assurance throughout 2025/26 through its review of regular risk update reports. These covered corporate risks and red departmental risks, including any additions to or removals from the corporate risk register, as well as wider risk management issues identified through officer governance processes.

Counter-Fraud

23. During 2025/26, the Counter Fraud team completed 52 investigations across all fraud disciplines, with an associated value of £1.3m, with cashable outcomes of £301k, this includes a high value business rates case and preventing the loss of £400k in a personal injury fraud case.

24. In November 2025, 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.

25. Fraud risk has been a key objective for the 2025/26 reporting year, with ten fraud risk workshops delivered by the Counter Fraud team, supporting the embedding of a fraud risk and fraud prevention approach across the organisation.

26. In addition to this activity, the Committee have overseen the whistleblowing response, including the introduction of a new Speak Up Policy, Procedure and electronic reporting tool.

27. Social housing tenancy fraud remains a key fraud risks areas for the Counter 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

28. The good progress made in recent years, first addressing the backlog of City Fund accounts, and continuing to then meet statutory and other filing deadlines with unqualified audit reports, has continued into 2025-26. The Committee were presented with the audit findings report by Grant Thornton, for the City Fund 2024-25 and Pension Fund 2024-25 accounts at the September 2025 meeting. This included Grant Thornton’s commentary of the City Fund’s Value for Money (VfM) arrangements. Following consideration and recommendation, this meant the City Fund accounts could proceed to being signed in accordance with the required statutory deadline.

29. Similar progress was also achieved on City's Estate with the draft audit report for the 2024-25 accounts being presented, by Crowe UK LLP, to the Committee at the 17th November meeting. This report 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.

30. At the meeting on the 17th November, the Committee also recommended for approval the annual reports of the 14 charities presented for the 2024-25 financial year, to the relevant committees and trustees.

31. 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.

All of which we submit to the judgement of this Honourable Court.

DATED this 6th day of July 2026.

SIGNED on behalf of the Committee.

Alderwoman Elizabeth Anne King, BEM JP
Chairman, Audit and Risk Management Committee