



Audit and Risk Management Committee APPENDIX PACK

Date: MONDAY, 13 MAY 2024

Time: 11.00 am

Venue: COMMITTEE ROOMS – 2ND FLOOR WEST WING, GUILDHALL

10. ANNUAL GOVERNANCE STATEMENT (CITY FUND) 2023/24

Report of the Chief Strategy Officer.

For Decision
(Pages 3 - 18)

11. HEAD OF INTERNAL AUDIT ANNUAL OPINION

Report of the Chamberlain.

For Decision
(Pages 19 - 36)

12. CITY OF LONDON CORPORATION RISK MANAGEMENT STRATEGY 2024-2029

Report of the Chief Strategy Officer.

For Decision
(Pages 37 - 48)

13. CITY FUND AND PENSION FUND STATEMENT OF ACCOUNTS UPDATE

Report of the Chamberlain.

For Information
(Pages 49 - 162)

14. INTERNAL AUDIT UPDATE

Report of the Chamberlain.

For Information
(Pages 163 - 166)

15. **ANTI-FRAUD & INVESTIGATIONS - 2023/24 ANNUAL REPORT**

Report of the Chamberlain.

For Information
(Pages 167 - 172)

16. **RISK MANAGEMENT UPDATE**

Report of the Chief Strategy Officer.

For Decision
(Pages 173 - 214)

Annual Governance Statement (City Fund) 2023-24

Executive Summary

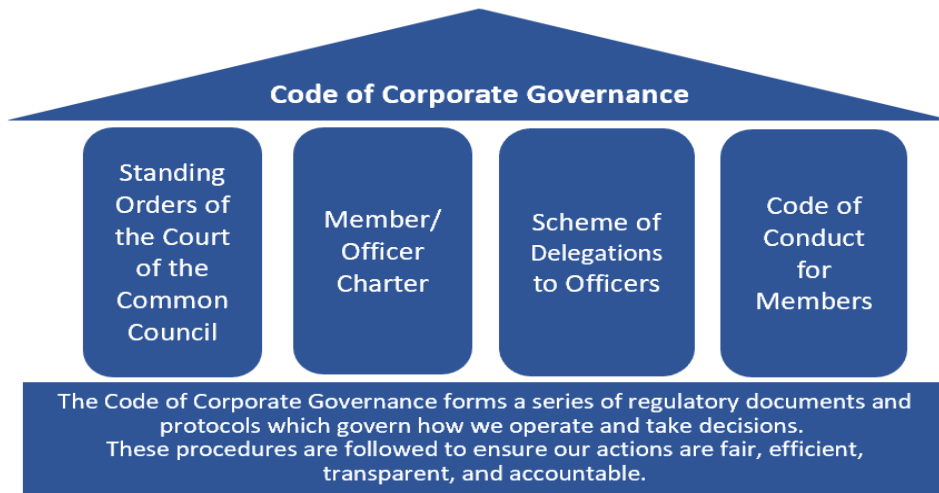
1. The City Corporation has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework 2016*.
2. This statement explains how the City Corporation has complied with the code and also meets the requirements of [regulation 6\(1\) of the Accounts and Audit \(England\) Regulations 2015](#), which requires all relevant bodies to prepare an annual governance statement.
3. The City of London Corporation is satisfied that appropriate governance arrangements are in place. The organisation is committed to continuous improvement and changes that are due to be made in the coming year will strengthen this position further.
4. **The Head of Internal Audit has provided an annual opinion stating that the City has adequate and effective systems of internal control (which includes governance arrangements) in place to manage the achievement of its objectives. This is informed by completed Audit work, discussion with key officers and observation of the governance process in operation.**

Code of Corporate Governance

The principles of good governance are embedded within a comprehensive published Code of Corporate Governance, which is a series of regulatory documents and protocols which govern how the City Corporation operates and takes decisions. This code covers both the Local authority and Police Authority roles and is also applied to our private and charitable functions, where appropriate. It links together a framework of policies and procedures, all of which are published on the City of London Corporation's web pages at the following location: [Corporate Governance - City of London](#)

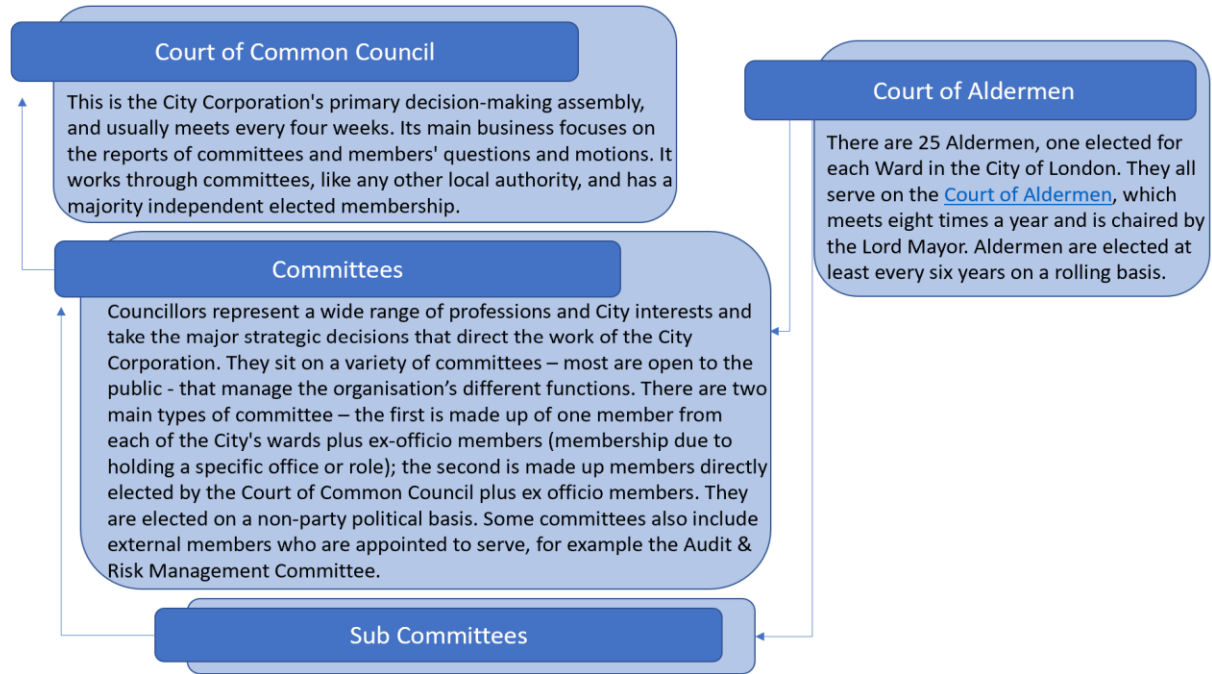


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- The [Standing Orders of the Court of the Common Council](#) outline how the court shall be run.
- The [Code of Conduct for Members](#) states members shall have regard for the Seven Principles of Public Life: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.
- Our [Member/Officer Charter](#), in conjunction with the City Corporation's Member and Employee codes of conduct, ensures that appropriate working relationships and mutual expectations are more clearly established and promoted between Members and Officers.
- The Court of Common Council has agreed the principle that authority should be delegated to Chief Officers (and their nominated Deputies or Assistants) under the [Scheme of Delegations to Officers](#) for carrying out the day-to-day management of all services and for the discharge of specific statutory and non-statutory functions.

6. Our decision-making arrangements operate on a committee-based system whereby a series of "Grand" committees are appointed annually by the Court of Common Council every April. Those Grand Committees in turn, will appoint sub committees to oversee specific scrutiny and functions. Some Grand and Sub-Committees have decision making powers. These committees, the principal governing body being the [Court of Common Council](#), meet regularly throughout the year at a cadence appropriate to the nature of their business. Common Councillors are elected for three-four year terms on Grand Committees, which are staggered. Some Committees have term limits based on best practice for that sector.



7. Key features of the City Corporation's Governance Framework include effective leadership, scrutiny and review, and robust decision making and risk management.


Key Elements of the Governance Framework		
<p>Members, Committees and Policy Chair</p> <p>Provide leadership and set policy to maintain the City's global standing as a vibrant and thriving City, supporting a diverse and sustainable London within a globally successful UK</p>	<p>Scrutiny and Review</p> <p>Committees scrutinize and review policy, plans and performance:</p> <ul style="list-style-type: none"> • Audit and Risk Management Committee • Nominations and Effectiveness Sub Committee of the Audit & Risk Management Committee • Corporate Services Committee • Policy and Resources Committee • Finance Committee • Police Authority Board • City Bridge Foundation Board 	<p>Risk Management</p> <p>Corporate risks are considered by the Chief Officer Risk Management Group (chaired by the Chief Strategy Officer), and Executive Leadership Board, and reported to Audit and Risk Management Committee</p>
<p>Decision making</p> <p>Committee meetings are held in public and recordings are available on City of London Corporation – YouTube channel for up to one year Decisions are recorded on the City Corporation website</p>	<p>Town Clerk and Chief Executive and other Chief Officers</p> <p>The Town Clerk and Chief Executive is the Head of Paid Service and responsible for City Corporation staff and for leading the Chief Officer executive leadership team. The Comptroller & City Solicitor is the Monitoring Officer for the purposes of s.5 of the Local Government and Housing Act 1989 with responsibility for supporting lawful decision making and legal compliance and the promotion of high standards of conduct by elected and co-opted members of the Court of Common Council. The Chamberlain and Chief Finance Officer is the City Corporation's s.151 Officer responsible for the proper administration of the Corporation's financial affairs.</p>	

The Corporate Plan

8. The City of London Corporation Corporate Plan defines the key outcomes we want to achieve over a five year period to help us spend our resources (time and money) on what we value. [Corporate Plan 2024-29](#), which is effective from 1 April 2024, is a living document which will be monitored, reviewed, and refreshed during the five-year period, with progress published annually. It includes positive outcomes which are measurable by assessing impact. These measures will be further developed and refined during the lifetime of the plan. The plan also ties individual contribution to our core purpose, builds on the past and lays a foundation for the future and recognises the City Corporation's spheres of operation and influence: the Square Mile, London, nationally, and globally. It will be implemented through and alongside other strategies and programmes and is agile and iterative to respond to new challenges.

Progress on Issues identified in the 2022-23 Annual Governance Statement

9. The City of London Corporation has taken action to progress issues identified in the Annual Governance Statement 2022-23, as listed below.

Issue identified	Action Taken	Outcome
Delivery of the Corporate Plan ¹	From July 2023, over a period of 9 months, Corporate Plan 2024-2029 was developed through extensive engagement and collaboration. Corporate Plan 2024-29 is effective from 1 April 2024 and progress is to be reported annually after the end of year 1.	
Implementing Internal Audit Review recommendations for Health & Safety	In July 2024 the City of London Corporation undertook an external review of health & safety governance within the organisation. This was undertaken by Quadriga Health & Safety Ltd. The review generated key recommendations, including a need to review the positioning of the central health & safety function into a second line of defence role. It also recommended a review of competent safety personnel across all departments of the organisation. Several recommendations have already been actioned, such as the reporting line of the team, now sitting under the Deputy Town Clerk and improving its reporting cadence into the Executive Leadership Board, and Corporate Services Committee.	Ongoing
Improving the management of the City Corporation's housing provision	An independent review of customer service functions across housing and repairs was carried out in 2023, identifying 30 recommendations for improvement, which are being taken forward under the name of the Resident Focus Project . An implementation action plan will track progress and updates are provided each month. Significant progress has been made on producing new Service Standards and supporting policies and procedures, to enhance housing management service delivery. A new Housing Strategy for 2024-29 is in the final stages of development and will be supported by an action plan to coordinate service improvements across Housing and Repairs. Additionally, steps are being taken to strengthen compliance activity to ensure safety in the homes we manage, with a new post of Housing Compliance Manager being created to coordinate this vital work. The responsive repairs contract is being re-	Ongoing

¹ In July 2023 the Court of Common Council decided that a Corporate Plan 2024-2029 would be implemented from 1 April 2024 and consequently work to attach an Annex to Corporate Plan 2018-2023 for the 2024 year was superseded.

	<p>procured in time for April 2025, with substantial resident and Member involvement to ensure that the new service meets the Corporation's and tenants' priorities.</p> <p>A new regulatory regime for social housing came into effect on 1 April 2024 and officers are working to ensure that services meet regulatory expectations. The first mandatory Tenant Satisfaction Survey was conducted in late 2023 and showed increased performance on previous years.</p>	
Positioning City of London Corporation as an Employer of Choice through our people and talent offerings	The City Corporation's HR Function, led by the Chief People Officer and overseen by the Executive Leadership Board and Corporate Services Committee, produced the People Strategy 2024-29 . The first of its kind for the City Corporation, it captures a range of services and actions to be delivered across the duration, designed to ensure that leaders and the workforce are supported effectively, enable inclusive recruitment and retention of the best talent, and position the City Corporation as an employer of choice. All the People Strategy themes are interconnected to support the achievement of the Corporate Plan objectives while providing an exceptional work environment where all our people can thrive. Key workstrands including Ambition 25, work on the City of London Corporation's Values, and on culture and behaviours are ongoing.	Ongoing
Enabling a data driven organisation through appropriate technology and capability	In 2023-24 the City of London Corporation undertook a detailed Data Maturity Assessment in partnership with Hitachi Solutions. The Assessment outlined a series of key recommendations including the need to review the organisation's data governance, develop a centre of excellence for data and establish a corporate data platform to support more effective data sharing and derive greater value from the organisation's data. These recommendations are in the process of being implemented and are due to complete in 2024-25. The ongoing focus on data will be encapsulated and further progressed through the emerging Digital, Data and Technology Strategy.	Ongoing
Continuing to strengthen Equality, Diversity & Inclusion	<p>The corporate EDI portfolio transferred to CSPT in November 2023 with the following agreed areas of focus:</p> <ul style="list-style-type: none"> • EDI Team: support to the current EDI team. • Compliance: ensure the CoLC is compliant in its EDI duties and commitments. • Political Priorities: take stock and prioritise delivery of the political EDI commitments (namely delivery of the Equality Objectives (published March 2024), completion and embedding the Tackling Racism Taskforce Recommendations and address gaps relating to EDI Data) • Review: scope and agree the terms of reference (with Members) of a review into EDI. <p>Department and Institution EDI teams also provide expertise and support.</p>	Ongoing

Review of Effectiveness

10. The City Corporation identified the following governance performance indicators.

Governance Key Performance Indicators	Outcome
Internal Audit Work: as at 31/03/2024, 18 Internal Audit reviews were completed (final reports issued), the majority of which resulted in a Moderate Assurance opinion. A total of 124 recommendations were raised by Internal Audit, a proportionately greater number than in the previous year ² , although noted that 30% of the recommendations raised were as a result of 2 Limited Assurance reviews	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Assurance Ratings Provided</p> <p>Moderate 13 Limited 4 Substantial 1</p> </div> <div style="text-align: center;"> <p>Recommendations Raised: 124</p> <p>98 19 7</p> </div> </div>
Fraud identification: proven fraudulent activities carried out by members or staff	One in 2023/24.
Outcomes of investigations carried out by Monitoring Officer or Independent Panels 151 formal issues raised	In the period 1 complaint was considered by the Panel of Independent Persons under the Code of Conduct. Two were successfully resolved by informal mediation and did not therefore warrant the Panel’s formal consideration. None in 2023/24
Local Government & Social Care Ombudsman referrals (where upheld)	Compliance with recommendations – 100% (no upheld referrals in the period)
Meeting statutory deadlines/targets as per Electoral Commission Performance Standards	2023: The Electoral Services team carried out 8 elections across 6 wards (some wards had multiple elections) to the national standard. They also delivered the annual canvass which is the statutory audit of the Ward List and the Electoral register to the relevant legislation.
Freedom of Information and Environmental Information Regulations	2023: 1,191 FOIs and 9 EIRs were received. Of these 1,118 (93%) requests were responded to within the statutory Compliance deadline. The Information Commissioners Office target is 90%. 2023: 14 Complaints were received concerning request responses. Of these 22% (3 complaints) were upheld, 22% (3 complaints) were partially upheld, 50% (7 complaints) were not upheld and 7% (1 complaint) was pending at the end of the calendar year.
Number of corporate and service departments that report business plan KPIs	2023-24 Performance: 5 (of 8) corporate and service departments reported business plan KPIs
Appraisals % completed	2023: 80% appraisals completed (City of London Corporation overall average)

² 73 recommendations were raised in FY2022-23. 168 recommendations were raised in FY2021-22

Number of staff attending City of London Corporation induction	2023-24 Performance: In total, 691 staff attended the 5 induction events held in the period.	
Course completion rates for staff enrolled in mandatory training ³	2023-24 Performance: Action Counters Terrorism (ACT) 92% Customer Service 95% Data Protection 70% Equality & Inclusion - Our Commitment 92% Fire Awareness Online Module 87% Fraud Awareness 93%	Health, Safety & Wellbeing Induction 79% New Starter Orientation 80% Our Social Media Policy 97% Prevent 99% Secure Remote Working 87%
Number of reports taken by Corporate Projects Board taken under the urgency procedure	2023-24 Performance: 114 reports taken, of which 16 (14%) were taken under urgency	
Number of non-exempt invoices processed without a corresponding purchase order (PO)	2023-24 Performance: Total invoices (26/03/2023 - 25/03/202) was 98,231, breakdown as follows: Invoices with a PO – 54,907 (56%), invoices without a PO (PO Exempt) - 38,942 (40%); invoices without a PO (Non-Exempt) - 4,382 (4%). Compliant invoices 96% with 4% non-compliant.	

Member Governance

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11. In May 2023 a 'light touch' review of the changes introduced to the Committee Structure (implemented as a result of the [independent review of the City Corporation's governance arrangements](#) in 2019 by Robert Rodgers, The Lord Lisvane) was undertaken, with a view of rectifying any matters that were not working as hoped. A [summary of further changes](#) to be explored was reported to the Policy & Resources Committee in February 2023. An update on progress against these reviews is due in 2024, the vast majority of actions have been completed and/or matters moved on.
12. Business as usual reviews into the various thresholds and responsibilities captured within the [Scheme of Delegations](#) and [Standing Orders](#) are being completed as per agreed processes.

Changes to Programmes and Projects Governance

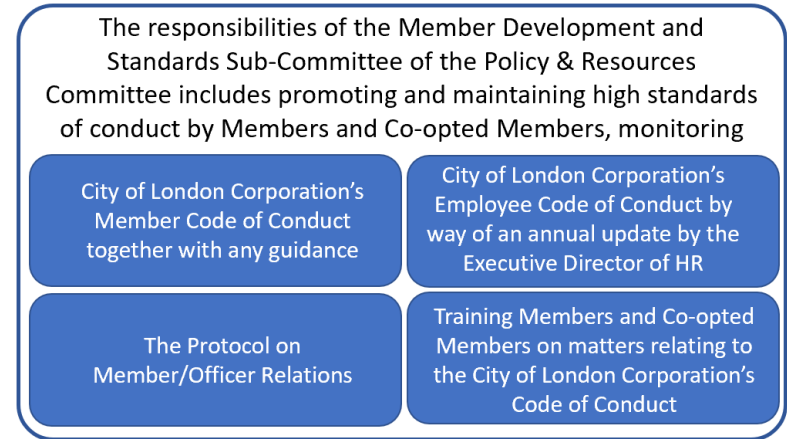
13. A review of project governance was undertaken, and the [findings reported](#) to the Policy & Resources Committee in July 2023. The review recommended a move to a portfolio management model providing greater assurance regarding delivery of project objectives, more clearly defined roles and responsibilities and, strengthened officer governance in order to enable a more risk-based approach to Member governance of projects. As a result, the new Town Clerk chaired Portfolio Board and the Chamberlain-led Project Assurance Board have been stood up to oversee the implementation of the portfolio management approach and to act as key gateways to Member approval for the most complex, high risk/value projects. The project governance review also included an independent assessment of the effectiveness of Member governance (relating to project delivery), which was debated by the Court of Common Council in July 2023. This

³ All newly hired staff members are required to complete the mandatory training modules listed within the initial three months of their employment commencing. The data given is in respect of all staff of the City of London Corporation and its Institutions (including the civilian staff of the City of London Police, but excluding officers) enrolled on online mandatory learning. The following training modules are on a renewal programme for all staff members: Fire Awareness: every 3 years; Action Counter Terrorism: every 4 years.

review established the primacy of service committees in overseeing project initiation and delivery in line with service objectives and within budgets. The Projects and Procurement Sub-Committee, which was now to be overseen by the Finance Committee, was recognised as having responsibility for corporate assurance of internal capacity and capability to deliver the entire City of London Corporation project portfolio.

Code of Conduct

14. The [Panel of Independent Persons](#) comprises a diverse group of 12 independent persons appointed by the Court of Common Council. Its purpose is to receive allegations of misconduct under the Members’ Code of Conduct, facilitate informal resolution where appropriate, determine whether to investigate allegations, consider the outcome of investigations and if necessary, hold a hearing and any appeal and present recommendations to the Court regarding breaches of the Code and any sanctions. The regime involves a three-stage process: an assessment stage, a hearing stage and an appeal stage which are considered by separate Sub-Panels. The Panel is also responsible for considering requests for dispensations. Regular training is made available to all Members on the Code of Conduct, and External Members are also subject to this Code.

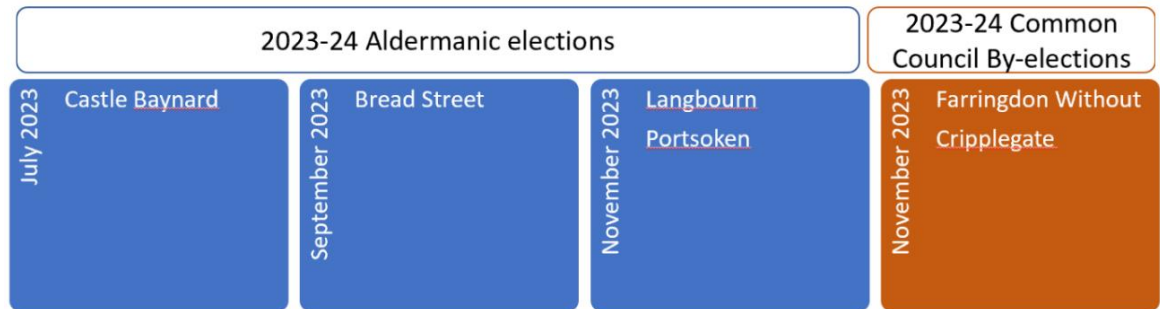


Whistleblowing

15. Whistleblowing is the term used when someone who works in, or for an organisation, wishes to raise concerns about malpractice in the organisation (for example, crimes, civil offences, miscarriages of justice, dangers to health and safety or the environment), and the covering up of any of these. The City of London Corporation has a [Whistleblowing Policy](#) and information for employees on how to raise a concern is provided on its website and its staff intranet.

Electoral Arrangements

16. The City Corporation administers electoral registration and elections in the City of London and maintains a database of organisations and individuals in the City of London who are eligible to register to vote. Three separate registers are maintained: the Common Hall Register of Liverymen, the Ward Lists and the Electoral Register. Information on [the electoral process and how to vote](#) is published on the City Corporation website, as are the details of forthcoming elections and [election results](#). The electoral process remains robust. Aldermanic elections and Common Council by-elections were held in a number of wards in the 2023-24 year.



17. [Common Hall](#) is one of the Executive Bodies through which the City Corporation operates and is a meeting of the Liverymen of the City of London Livery Companies, held at Guildhall twice a year, to elect officers of the City including the Sheriffs and the Lord Mayor. The annual [Aldermanic Appraisal Process](#) forms part of the City Corporation’s corporative governance information. The Lord Mayor is elected annually at Michaelmas, on 29 September, and the City’s Sheriffs are elected after

Midsummer day on 24 June. Exceptions are made if these dates fall on weekends or major religious holidays. Sheriffs support the Lord Mayor in their official duties undertaken on behalf of the City Corporation.

Senior Officer Governance

18. The City Corporation's most senior Officer Governance Groups are the City of London Corporation Senior Leadership Team, established by the Town Clerk and Chief Executive in 2023, the Executive Leadership Board and the Chief Officer Risk Management Group. These senior officer groups provide strategic oversight, guidance, and decision-making for effective governance and management, discharging the aggregate set of accountabilities delegated to Officers by Members. The City of London Corporation Senior Leadership Team comprises Tier 1 Chief Officers and meets on a weekly basis, focusing on operational and organisational strategy and performance. The Executive Leadership Board agreed revised Terms of Reference in March 2024, reflecting its distinct role providing collective leadership and direction considering the City of London Corporation as a whole, aiming to secure outcomes for its long-term future by considering risks and opportunities for continuous improvement and effective change. Its membership comprises the City of London Corporation's Chief Officers and Heads of Institutions, and membership was expanded in January 2024 to include the Executive Director, Office of the Lord Mayor, Executive Director, Office of the Policy Chairman, and the Chief Operating Officer, City of London Police. The Chief Officer Risk Management Group is a sub-group of the Executive Leadership Board, and supports it in its overall responsibility for risk management.

Corporate Performance Management

19. Alongside the Corporate Plan 2024-29 a suite of performance metrics are being developed to monitor and measure Corporate Plan outcomes. These comprise of data collection and qualitative reporting that will, when aggregated, allow us to monitor progress against Corporate Plan outcomes. Progress reports will be published on the City Corporation website annually. Due to the immaturity of data collection and management within the organisation, metrics will evolve over time as better information is identified and processes improved. As data capture and availability improves additional Management Information will be made available for Executive Leadership. This is starting with core HR/staff data being made available for senior leaders.

20. Better data management, activity to improve data quality and data sharing across the organisation are key to improving effective corporate performance management. Activity is underway to improve back-end data management, including maturing data governance activity, and improving the use of business intelligence tools supported through the new Corporate Data Platform. This will allow the City Corporation to remove existing reporting tools and reduce manual processes that will ultimately support standardisation, cost-cutting and removing duplication and complexity.

21. Business Planning performance monitoring and management is more robust due to improvements to the process and additional scrutiny by Heads of Profession of department and institution Business Plans as they were developed. This helps combat siloed working and identify risks and interdepartmental dependencies. All departments and institutions presented their business plans to agreed timescales, with increasingly mature milestones and performance metrics having been developed as part of the process. Quarterly reporting of progress to the Executive Leadership Board has been introduced for FY 2024-25. Further iterations will align these business plans to the new Corporate Plan and move the City Corporation from a single year process towards five-year business plans that are refreshed annually.

Financial Management

22. The Chamberlain is the Chief Finance Officer in accordance with section 151 of the Local Government Act 1972 and has overall responsibility for the proper administration of the City's financial affairs. CIPFA's 2010 Statement on the Role of the Chief Financial Officer in Local Government defines the key responsibilities

of this role and sets out how the requirements of legislation and professional standards should be met. The City's financial management arrangements were reviewed and found to conform to the governance requirements of the Statement. The Chamberlain also fulfils the role of Treasurer of the Police Authority.

23. The City Corporation culture is to maximise returns from its resources and seek value for money. It assesses the scope for improvements in efficiency/value for money by a variety of means, including improvement priorities set by the Policy & Resources Committee through the annual resource allocation process. The [Projects and Procurement Sub-Committee](#) meets monthly to ensure that projects align with corporate objectives and strategy and provide value for money. The [Capital Buildings Board](#) provides oversight for the major programmes, meeting every two months, supported by a monthly Chamberlain's Projects Assurance Board. The Efficiency and Performance Working Group examines and scrutinises both the Corporation-wide and individual departmental plans to ensure the drive for value for money and oversee performance in alignment with departmental business plans.
24. The City Fund Medium Term Financial Plan is approved each year by the Court of Common Council and sets the revenue and capital budgets for a five-year period. Over recent years the levels of high inflation have placed significant pressures on both revenue and capital budgets as costs of previously included programmes have increases. Uncertainty around local government finance beyond the next year, in particular the timing of any business rate reset, are key estimates required to be reviewed each year as part of the planning process.
25. Focus on financial processes in FY 2023-24, such as reducing instances of invoices and credit notes on hold past 30 days, generated improvements across City Corporation. The City Corporation is in the process of procuring a new ERP system which will continue to help modernise financial and human resources systems and processes.
26. The wider transformation within Chamberlain's and Financial Services Division is continuing to review processes and implement updates to modernise practice and efficiencies. During 2023/24 significant progress has been made in clearing the backlog of historic accounts meaning that now all accounts are signed off up to FR22/23.

Risk Management

27. The Chief Officer Risk Management Group (CORMG) met regularly during this period, with risk reports regularly issued to ELB on the management of corporate and top red departmental risks and developing risk areas – a new addition to these reports was assigning RAG ratings to the Corporate/Red departmental risks showing how often the risks were being reviewed (with Red indicating over three months). Moving forward, this process will be one of the measures used to help identify where there may be issues in the routine management of our risks.
28. Cross-cutting portals were set-up within the electronic risk register that group risks by theme (aligning to City Corporation Heads of Profession) with the aim of identifying hot-spots/emerging risks. The programme of staff training continued, intranet pages were updated to ensure staff have clear guidance on risk processes and a 'how to' section incorporated into the Risk Management Forum, which now meets regularly. The risk management policy documents will be further updated in FY2024/25 once the Risk Management Strategy (which was rewritten in the final quarter of this year) is finalised. A Risk Appetite Review took place, as agreed with the Audit & Risk Management Committee, which will also impact the focus of work in FY2024/25, along with a review of risks against the new Corporate Plan outcomes.

Audit and Risk Management Committee

29. Risk management arrangements are reviewed annually by the [Audit and Risk Management Committee](#) which has a wide-ranging but focused brief that underpins the City of London Corporation’s governance processes. The Committee continued to play an important and integral part in ensuring key risks were reviewed through regular risk updates and deep dives of corporate risks on a rolling basis. These corporate risk deep dives are now carried out by the Internal Audit Team to provide an additional level of assurance. A skills audit was produced and sent out to members of A&RMC. Responses will be collated and reviewed in the first quarter of FY2024/25.

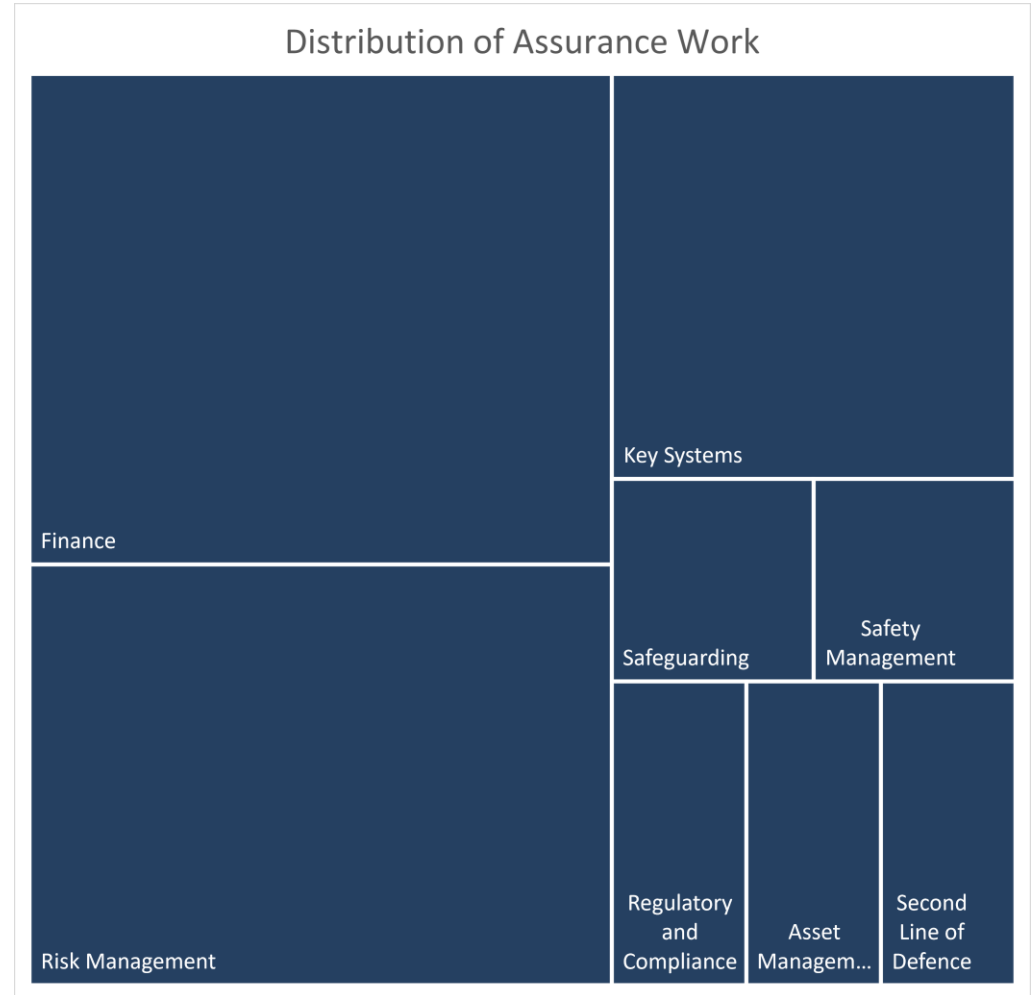
Role of Internal Audit

30. Internal Audit has provided independent and objective assurance across a range of City Corporation activities and services.

31. The diagram opposite indicates the broad categorisation of assurance work within the Internal Audit programme of work.

32. For 2023-24 the Internal Audit work has continued to be driven by an ongoing assessment of risk and priorities, a more agile and dynamic practice implemented in 2022, working to a rolling quarterly plan with a statement of intent for a further 6 months, enabling better prioritisation of the limited resources available to Internal Audit. The Head of Internal Audit has worked with the full engagement and support of the Audit and Risk Management Committee, with updates provided to each Committee meeting. The level of resources available to Internal Audit during 2023/24 has resulted in delivery of a reduced programme of work and, as a result, assurance coverage has been focussed on operations assessed as higher risk. It is expected that a larger programme of work would result in provision of a greater number of Substantial Assurance opinions, providing a more balanced view of the overall effectiveness of the Internal Control Environment. A business case is in development for an increase to the Internal Audit budget to support an expansion of coverage and to enhance the Audit planning process.

33. In accordance with the requirements of the Public Sector Internal Audit Standards, an External Quality Assessment was undertaken in 2023 which confirmed that the City of London Corporation’s Internal Audit Service *Generally Conforms* with the requirements of the standards. An exception based self-assessment review has since been undertaken to assess the impact of any changes made to the Internal Audit methodology, the overall assessment of *Generally Conforms* remains valid.



Community Engagement

34. Improved resident engagement is a key priority for the City Corporation, reflecting the Policy Chairman’s “Resident Reset” priority. [City Question Time](#) events were held in June 2023, December 2023 and January 2024 at venues across the City, enabling residents to meet and hold their elected officials to account. A Resident Campaigns and Communications Manager has been appointed to ensure effective engagement with our residents and the development of a clear resident offer and focus across our organisation. A Resident member representative has also been appointed to the City Envoy Network, which advises on tourism and leisure in the Square Mile and comprises leaders from a range of sectors.
35. In June 2023 the City Corporation launched the [City Belonging Project](#) an exciting new initiative to build a more inclusive and connected Square Mile, focusing in particular on improving our engagement with the diversity networks of City businesses. The scheme, which has delivered and promoted numerous events since its inception, is intended to create a more inclusive and better-connected Square Mile, where workers feel as much a part of the community as they do in the areas they live. Through such connections, we have been able to consult and co-create projects with our diverse community more effectively, including in areas such as planning, transportation and service delivery.

Equality Diversity & Inclusion

36. The City Corporation aims to drive forward Equality, Diversity and Inclusion (EDI) at all levels of the organisation. There is much ground to cover to achieve the desired corporate position and outcomes on EDI: to progress this EDI Sub Committee have agreed four core priorities. These are: supporting the EDI team, ensuring compliance with EDI duties and commitments, prioritising delivery of political EDI commitments and scoping and agreeing the terms of reference for an EDI review. The [EDI Sub-Committee](#) led by elected Members and strengthens the EDI governance structure and sets the strategic direction for EDI. The City of London Corporation’s Equality Objectives 2024 to 2029, the Equalities Information Report and the Gender Pay Gap report were all published in March 2024, thereby meeting the specific requirements of the Equality Act 2010 Public Sector Equality Duty. The City Corporation is a signatory of charters and accreditations including Women in Finance, Stonewall, Disability Confident Employer, London Living Wage and the Social Mobility Employer Index. In 2023 the City of London Police became a White Ribbon accredited organisation. White Ribbon UK is a charity engaging men and boys to stop violence before it starts through personal reflection and allyship with women and girls. The City Corporation ranked at 87 in the [Social Mobility Employer Index](#) in October 2023, a notable slide from previous years from which lessons have been identified (e.g. coordination corporate returns and enhanced activities to improve social mobility). A new Social Mobility Staff Network was launched in March 2023, joining the City Corporation’s other 7 staff networks: Disability and Wellbeing Network (DAWN), City of London Ethnicity and Race Network (CLEAR), City Pride (LGBTQ+), Multi Faith Network, Women’s Inclusive Network, Carers and Parents’ Network, and Young Employees Network (YEN). Two new staff groups, Informal Armed Forces Staff Network launched in January 2024, and Climate Champions launched in February 2024, help inform policies and support staff from these groups. Departmental Equality Representatives meet regularly, and departmental Dignity at Work Advisers provide support to staff and aid the organisation in being an employer of choice.

Procurement

37. The Corporation’s procurement activity is governed by the [Procurement Code](#). This is supported by detailed guidance to officers on the City of London Corporation staff intranet. The Procurement Code is reviewed by the Commercial Service on a six-monthly basis. Procurement activity is organised into categories of spend each supported by a named Commercial Lead from within the Commercial Service. Dependent on spend value, procurement decisions are taken by the relevant Category Board (>£100k<£2m) or on the recommendation of the Category Board by the Projects and Procurement sub-Committee (£2m<£4m), Finance

Committee (>£4m<£5m), Court of Common Council (>£5m). Spend below £100k in total value is delegated to Chief Officers with compliance and good governance facilitated through the Procurement Authorisation Report (PAR) which must be approved by the relevant officer with delegated authority. The Corporation is in the process of implementing a long-tail spend solution intended to enable a more strategic, cost-effective, efficient and sustainable approach to low value purchasing. This is due to go-live in April 2024. The Commercial Contract Management toolkit sets out the Corporation's approach to the management of its contracts and provides practical guidance to officers across the Corporation.

Police Authority Board

38. The City of London Police – the City’s independent territorial police service – is overseen by the [Police Authority Board \(PAB\)](#). PAB is the City’s equivalent of a Police and Crime Commissioner and makes sure City of London Police runs an effective and efficient service by holding its Commissioner to account, ensures value for money in the way the police is run, and sets policing priorities taking into account the views of the community. It has four sub-committees providing more detailed scrutiny in key areas: Resources, Risk, and Estates (RREC), Strategic Performance and Planning (SPPC), Economic and Cyber-Crime (ECCC), and Professional Standards and Integrity (PSIC).
39. Committee members are drawn from both the City’s elected Court of Common Council and from external appointees, providing both accountability to and representation of City communities, and external perspectives and expertise. The City of London Police’s operational and organisational priorities and objectives are published in periodic Policing Plans, and standalone strategies are published for specific areas – including strategies to reduce serious violence, improve neighbourhood policing, and deliver the City Police’s national responsibilities on fraud, economic, and cyber-crime. This provides transparency about the overarching and the specific aims of the City of London Police, and how their delivery and success will be monitored and scrutinised by PAB and its sub-committees.

Events in the Middle East

40. The City of London Corporation and the City of London Police acted quickly in response to the events in the Middle East to support all residents, workers and visitors, as well as its staff, in the Square Mile and beyond. This included providing additional policing support, arranging for books of condolence in community spaces and promoting available sources of emotional and wellbeing support. We convened a series of community conversations through the City Belonging Project, bringing workers, residents, HR leaders and representatives of the Jewish and Muslim community together online over Microsoft Teams, to gather insight and share information.

Transformation

41. Transformation work has been governed under the Resources and Priorities Refresh Programme. The Resources and Priorities Refresh Steering Group meets every two months to oversee activity focused on the following three workstreams: Income Generation; Operational Property Review and Prioritisation. The Income Generation Workstream has identified a potential £1.5-3.1m of opportunity excluding an additional £3m that was identified to cover an Environment Department funding gap. The Operational Property Review workstream has delivered a dashboard that outlines net book value, workplace utilisation, expenditure/income, running costs and the 20-year forward plan for maintenance of all City Corporation operational property. This is being used to facilitate decision-making around divestment, utilisation as well as potential commercial opportunities. In terms of Prioritisation, a maturity matrix has been developed and a series of workshops

with the Executive Leadership Board have been planned to facilitate radical decision-making to align our plans for 2024/25 and beyond with the Corporate Plan through the lenses of financial sustainability, silo-busting and raising our game.

Target Operating Model

42. The Target Operating Model (TOM) was completed in 2023. A final report on the TOM was presented to Finance Committee, Corporate Services Committee and Policy and Resources Committee in October and November 2023. This concluded that the TOM has achieved notable change in the organisation, with new leadership and restructuring having taken place. Although the TOM originally focussed on culture change, the delivery was solely on implementing Organisational Design principles and cost savings. The TOM negatively impacted upon staff and morale, and lessons have been identified on programme design and planning to support change programmes; however, it has delivered a modernised departmental structure in line with organisational design principles. The programme missed out on delivering innovation and progressing work to remove silos because it was hampered by its design requirement for simultaneous restructuring of departments, and due to the speed and urgency of the attempt to deliver the programme. All outstanding TOM implementation work was completed by the end of 2023.

Accountability and Action Plans

43. The City Corporation proposes over the coming year to take actions in the following areas to continue focus on the highest standards of governance.

Area	Action List	Targets / Milestones (include indicative date)	Lead (Chief Officer)
Health and Safety	<ul style="list-style-type: none"> Progress the Health and Safety Action Plan: 	<ul style="list-style-type: none"> Develop the Safety Management Framework and align to City of London Corporation by EOY 2024 Review departmental resources for safety management by December 2024 Design and deploy a bespoke IOSH accredited managing safely and leading safely course for the CoL by October 2024 Digitise our Safety Management System and approach to assurance by building a Safety Portal on COLNET by July 2024 Develop a performance reporting mechanism for SLT and CSC by April 2024 	Deputy Town Clerk
Finance	<ul style="list-style-type: none"> Progress the ERP project to improve finance and HR systems Progress automation of invoice payments, ensuring Departments and Responsible Officers undertake tasks in line with set procedures to facilitate greater automation and speed of processing. 	<ul style="list-style-type: none"> Finance Go Live by 2025 HR Go Live by 2025 Roll out of third party solution/Promote supplier portal - June 2024 Remove internal business rates bills from AP - June 2024 Achieve target % automation/interfaced payment of invoices within 30 days - Mar 2025 	Chamberlain

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	<ul style="list-style-type: none"> Continue to deliver effective financial management through capital and revenue reporting through to publication of the statement of accounts 	<ul style="list-style-type: none"> Draft City Fund Accounts published May 2024 Final City Fund Accounts published September 2024 Delivery of a balanced budget and Medium Term Financial Plan for City Fund, approved by the Court of Common Council - Jan 2025 	
People & HR	<ul style="list-style-type: none"> Implement People Strategy 2024-2029 actions for year 2024/25, including development of City Corporation values. Progress the Ambition 25 project to ensure the City of London Corporation can recruit and retain high quality colleagues and enable a transparent, fair and understandable reward framework for all CoLC employees. Establish a learning focused offering for senior leaders to work collectively and collaboratively, e.g. in action sets, to enable continuous professional development. Review the mandatory training offer for staff and implement changes. 	<ul style="list-style-type: none"> Commence development of City Corporation Values by July 2024. Launch the developed reward framework from October 2024. Name and launch the new development group for the senior leaders in June 2024. Communicate changes to the mandatory training offer from June 2024 	Chief People Officer
Transformation	<ul style="list-style-type: none"> Transformation to focus on increasing value of our operations in support of mitigation of medium-term financial situation through radical decision making in the short term and transformation delivery in the medium to long term. Programme will include cross-cutting themes, each owned by a Chief Officer. Work will commence with ensuring Transformation enablers are in place, securing the Brilliant Basics. In parallel, savings will be secured by prioritising activity through the lenses of the Corporate Plan, Financial Sustainability, Raising our Game (organisational effectiveness and commercial culture) and silo-busting. In Q3 activity will refocus on diagnostic activity in preparation for development and delivery of a Transformation framework, likely alongside a strategic delivery partner. 	<ul style="list-style-type: none"> Chief Officers to prioritise current activity and pipeline through the lenses of alignment to Corporate Plan, Financial Sustainability, Raising our Game (organisational effectiveness and commercial culture) and silo-busting – April- June 2024 Set up a Transformation Enablers Board to monitor progress of key enablers for Transformation – May 2024 Conduct a diagnostic review to develop a baseline and framework for Transformation – September 2024 Engage a strategic delivery partner to co-deliver the Transformation framework – October 2024 	Chamberlain
Governance	<ul style="list-style-type: none"> Greater base-level knowledge about governance and decision-making across the organisation. Review into the Report Template. Noting the sheer volume of material to be considered, this review is hoped to better equip Committee Members with the key information (e.g. exec summary) to make informed decisions. Training to be rolled out to staff and Members on this. 	<ul style="list-style-type: none"> Strengthened induction presentation for new staff. Updated training materials online (see report template update) and department specific sessions offered. Drafts of report templates being worked up to present to the Resource Allocation Sub-Committee Away Day in June 2024. To be rolled out (including communication and training) in Summer Recess 2024. To be monitored on a quarterly basis. 	Deputy Town Clerk

	<ul style="list-style-type: none"> Continued improvement to avoid late papers and decisions taken outside of committee. Strengthened agenda planning processes. Regular training is offered to Members on City Corporation Governance processes and how to influence decision-making. The suite of training sessions is designed to support Members in the discharging of their duties. A comprehensive Induction Training Schedule will be produced for the 2025 all out elections. This is offered to all Members (new and returning). 	<ul style="list-style-type: none"> Member training and induction is monitored and overseen by the Member Development and Standards Sub-Committee. 	
Procurement	<ul style="list-style-type: none"> A comprehensive review of COL strategic procurement policy and practice will be undertaken during FY 24/25. This will include contract management and responsible procurement. This review is designed to identify both areas of strength and opportunities for development to ensure procurement governance continues to be effective. The review will also ensure organisational preparedness for the implementation of the new Procurement Act. 	<ul style="list-style-type: none"> Commission independent review of strategic procurement – June 2024 Undertake Procurement Act readiness assessment with clear actions – September 2024 Develop and agree strategic procurement improvement plan – October 2024 	Chamberlain
Police/Police Authority Board	<ul style="list-style-type: none"> Publish annual refresh of the 2022-25 Policing Plan, to ensure the Police’s overall priorities remain up-to-date with latest issues Publish annual City Police report for 2023/24, setting out how the police have performed on operational and organisational priorities over the past year Publish and scrutinise delivery of several targeted strategies – to reduce serious violence, improve victims’ services and outcomes, and improve equality, diversity, and inclusivity of the police service Continue trialling governance reform to Professional Standards and Integrity Committee, with a more consistent focus on top PSI priorities each quarter Continue implementing Target Operating Model for Police Authority Team, improving support from Corporation staff to the Police Authority Board and sub-committees 	<ul style="list-style-type: none"> Annual Policing Plan refresh – publish c. April/May 2024 2023/24 report – publish c. May / June 2024 Serious violence strategy – published January 2024, now in delivery Victim strategy – publish c. June 2024 EDI strategy – publish c. June 2024 PSI governance reform and TOM implementation – ongoing / continuous 	Deputy Town Clerk

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<p>Equity, Equality, Diversity & Inclusion</p>	<ul style="list-style-type: none"> Regular publication of progress on corporate Equality Objectives to update on corporate activity. Submit corporate social mobility information for benchmarking and participation in social mobility employer index: this covers all corporate activity; review feedback and position in index (late 2024) in order to develop ongoing activity to improve corporate outcomes on social mobility. Agree terms of reference and conduct a review into EEDI which will develop and strengthen the portfolio and its impact. Stabilise and strengthen Corporate EEDI infrastructure 	<ul style="list-style-type: none"> Social Mobility Employer Index submission – June 2024 Feedback review & implementation of social mobility activities – Q1 2025 Workshops to be held with relevant officers and Members to agree the scope of the review and develop Terms of Reference - Spring/summer 2024. Commission an independent review of EEDI activity – by autumn 2024 Begin implementing recommendations from the review – by end of 2024/2025 Equality objectives progress publication – summer 2025 (one year from publication of the year to March 2024) Review the Corporate EEDI structure, skills and capabilities required and undertaken recruitment to fill key roles (from Spring 2024) 	<p>Chief Strategy Officer</p>
<p>Risk Management</p>	<ul style="list-style-type: none"> Implement Risk Management Strategy 2024-2029 to support an agile and effective risk management process, create an effective risk management culture and enable informed decision making and appetite for risk. 	<ul style="list-style-type: none"> Finalise and agree the Risk Management Strategy 2024-2029 (May 2024) Promulgate the Risk Management Strategy 2024-2029 across the City of London Corporation and commence embedding its approaches to risk management and culture into wider business processes (May 2024 onwards) Further develop medium-longer term actions and measures to deliver the Risk Management Strategy over the 5-year period (2024-2025) Update the Risk Management Policy with the identification, logging, updating and reporting of risks in line with the direction of the overarching Strategy (May-September 2024) 	<p>Chief Strategy Officer</p>

44. This annual governance statement was approved by the City Corporation’s Audit and Risk Management Committee on [DATE].

Chris Hayward
Policy Chairman

Ian Thomas CBE
Town Clerk and Chief Executive

Cumulative Dashboard (2023/24)

Overall Assurance Opinion: Internal control framework is considered overall to be adequate, although not consistently applied.

Assurance Ratings Provided

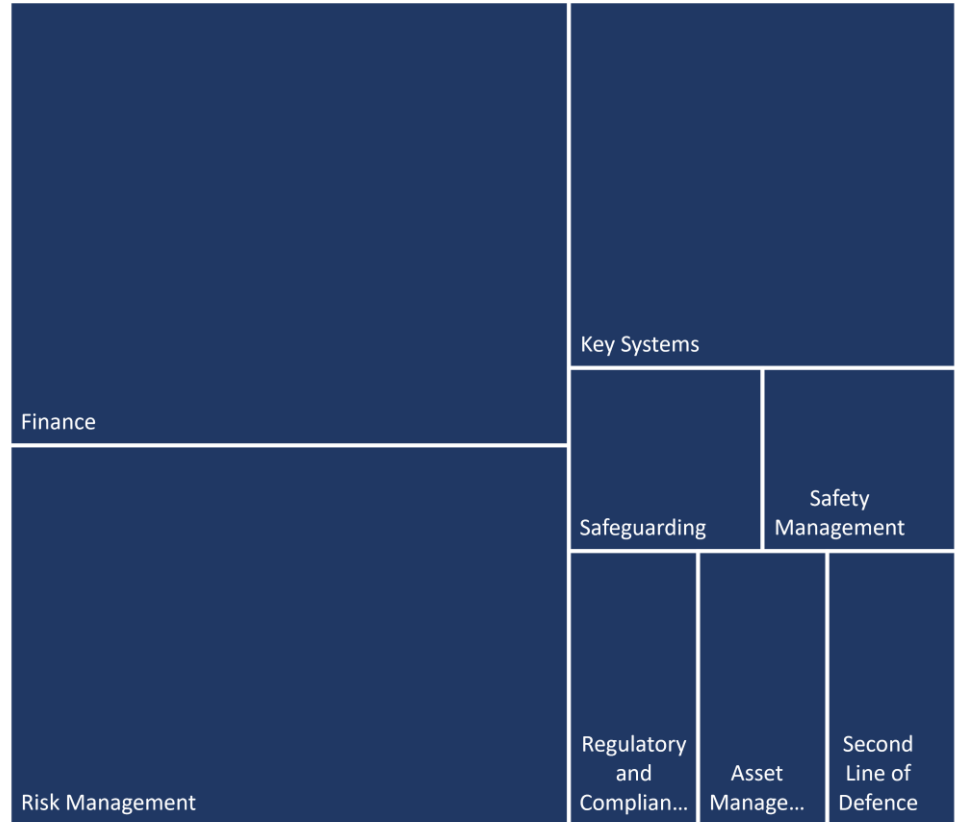


Recommendations Raised: 124



Corporate Risk Assurance Reviews: 6

Distribution of Assurance Work



Follow-up Reviews Completed: 34

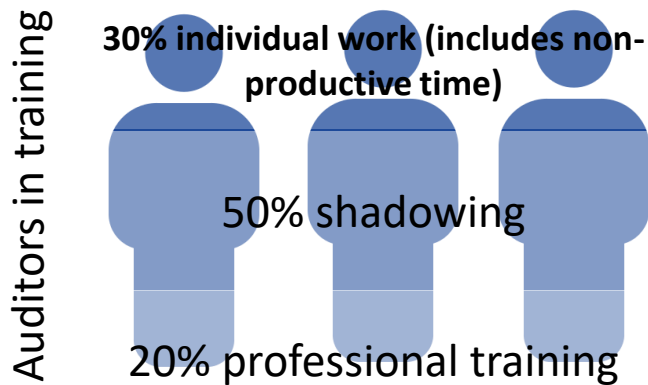
Committee Updates Provided: 19

Audit Reviews Completed in 2023/24

Audit Assignment	Assurance Rating	Recommendations Made		
		Red	Amber	Green
Deputy Town Clerk – Members Financial Support	Limited	3	4	0
City of London Police - Income Collection and Cost Recovery	Moderate	0	3	1
Barbican Centre - Purchase Cards Compliance	Moderate	0	1	0
Community and Children’s Services – Barbican Estate – Charging for Repairs	Limited	3	3	0
Corporate Wide – Prompt Payment of Invoices	Moderate	0	3	0
Aldgate School – Key Financial Controls	Moderate	0	8	1
City of London Police - Premises Management	Moderate	0	4	0
City of London School for Girls - Key Financial Controls	Limited	2	13	0
Community and Children's Services - Housing Fire Safety	Moderate	4	0	0
City of London School - Key Financial Controls	Limited	3	21	0
City of London Police – Purchase Card Compliance	Moderate	0	3	0
Corporate Wide – Purchase Order Compliance	Moderate	0	2	0
Guildhall School – Safeguarding	Substantial	0	3	2
Guildhall School – Universities UK Code of Practice for the Management of Student Housing	Moderate	0	5	0
City of London Freeman’s School - Key Financial Controls	Moderate	0	11	3
Corporate Wide – Data Protection 2 nd Line of Defence	Moderate	0	6	0

Internal Audit Resources Available in 2023/24

Resources available in 2023/24



Notes:

- A full time Senior Auditor equates to 180 “Audit days”.
- Auditors in training are all due to complete current professional studies by September 2024, from which point proportion of “individual work” increases to at least 50%, with the proportion of time shadowing decreasing over the following year.
- Provision of Internal Audit Services to London Councils and Museum of London totals 100 Audit days (55% of 1 FTE)
- Recruitment to vacancy in progress.

Capability:
425 Audit Days

Baseline Target:
600 Audit Days

Growth Target:
1000 Audit Days

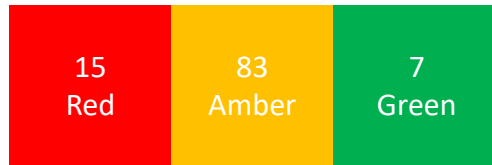
Shortfall between current capability and baseline target largely made up by Head of Internal Audit and Audit Manager directly delivering assurance work

Internal Audit Recommendation Analysis

112 Open Recommendations compared to 114 open recommendations at 31/01/2024.

124 recommendations have been raised in the current year 2023/24 some of which have been followed up and closed within the current year.

Recommendations past their original due date: 105



Current Aged Analysis of overdue recommendations:

Time past original due date	Number of Recommendations
< 6 months	65
6-9 months	8
9-12 months	5
12-24 months	23
24-36 months	4
Total	105

Aged Analysis of overdue recommendations at January 2024:

Time past original due date	Number of Recommendations
< 6 months	37
6-9 months	5
9-12 months	12
12-24 months	16
24-36 months	8
Total	78
















Overdue Red Recommendations

Audit	Recommendation	Target date
City of London School - Key Financial Controls	Proposed management action: Put in place at least termly budget monitoring, with reporting to the Head / SLT.	31/12/2023
	Proposed management action: £188,000 of the £390,000 was written back onto the accounts during 2022/23 although there remain reconciliation issues in 2022/23. Termly reconciliation and improvements in the Shared Services Team including training of staff and clear procedures will help to prevent future reconciliation issues. Further work is required on reconciliation of carried forward balances, which will help determine if the 2021/22 write off can be written back to the accounts or if this is to remain written off.	31/03/2024
	Proposed management action: Resume at least termly budget monitoring reports to governors.	31/12/2023
City of London School for Girls - Key Financial Controls	Proposed management action: Put in place at least termly budget monitoring, with reporting to the Head / SLT.	31/12/2023
	Proposed management action: Resume at least termly budget monitoring reports to governors.	31/12/2023
Community & Children's Services - Timeliness of Housing Repairs	<p>As Contract Manager, the Head of Asset Management should ensure that a robust approach is taken to holding the contractor to account for under-performance in the timely delivery of repairs. To facilitate this:</p> <ul style="list-style-type: none"> (i) The Head of Asset Management should raise formally with the contractor the ongoing issues with performance and should seek appropriate resolution. This escalation should be documented and followed up if unsuccessful. (ii) the frequency of Contract Monitoring meetings should be increased until these issues are resolved; (iii) 'Traffic Light' Dashboard reports, published by the Housing Management Team on a quarterly basis, should be presented at contract monitoring meetings, where appropriate. 	31/01/2023

Overdue Red Recommendations (continued)

Audit	Recommendation	Target date
Corporate Health and Safety	The Corporate Health Safety and Wellbeing Committee should devise arrangements for monitoring the extent to which City departments or business areas have adequate arrangements in place for identifying, assessing, recording and monitoring health and safety risks together with escalating health and safety risks for corporate attention, where required.	31/03/2024
	The Corporate Health, Safety and Wellbeing Committee should report regularly to both the Corporate Services Committee and Executive Leadership Board, setting out the extent to which the City's health and safety risk management framework is operating effectively.	31/12/2023
Community & Children's Services - Housing Fire Safety Management	Regular status updates should be provided to the Sub-Committee at least quarterly in relation to delivery of the programme of inspections and fire risk assessments.	02/10/2023
	Fire Safety status reports should be made to the Sub-Committee at least quarterly, showing timely updates in relation to completed or overdue actions.	02/10/2023
	Fire safety status reports should incorporate summary information so as to better illustrate the strategic implications of the data. [Some examples have been discussed and shared with management alongside this report.]	31/12/2023
	The status of inspections and fire risk assessments should be reported to the first available Sub-Committee following completion.	02/10/2023
Community & Children's Services - Charges for Repairs and Maintenance	The contract Schedule of Rates must be applied, where this is not possible, works must be specified and costed via quotation and the quotation attached to the works order.	27/11/2023
	The Housing Repairs Team should ensure that market testing (seeking alternate quotes) is undertaken in relation to non-SOR items, management may wish to set a financial threshold for this. Evidence should be retained.	27/11/2023
	The Housing Repairs Team should introduce, as a minimum, spot-checking to validate the completion of works and, for some categories of repair, part-completion. Evidence should be retained to demonstrate this.	27/11/2023

Key Risk Coverage (Corporate Risk Assurance Work)

Risk Code	Risk Title	Current Risk Score	Current risk score icon	Reviewed by Internal Audit
CR16	Information Security (formerly CHB IT 030)	24		Completed – 01 February 2024
CR37	Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets)	16		Completed – 11 December 2023
CR38	Unsustainable Medium-Term Finances - City's Cash	16		Completed – 11 December 2023
CR39	Recruitment and Retention	16		Completed – 02 February 2024
CR01	Resilience Risk	12		Planned for delivery April 2024
CR02	Loss of Business Support for the City	12		Completed - 12 July 2022
CR09	Health Safety and Fire Risk Management System	12		Completed - 13 March 2023
CR29	Information Management	12		Completed - 27 Sept 2022
CR30	Climate Action	12		Planned for delivery April 2024
CR33	Major Capital Schemes	12		Completed – 24 January 2024
CR35	Unsustainable Medium-Term Finances - City Fund	12		Completed – 11 December 2023
CR36	Protective Security	12		Planned for delivery April 2024
CR10	Adverse Political Developments	8		Completed - 12 July 2022
CR17	Safeguarding	8		Completed - 22 Nov 2022
CR21	Air Quality	6		Planned for delivery April 2024

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Public Sector Internal Audit Standards – Definitions of Conformance Assessment

<p>Generally Conforms</p>	<p>The relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, at least comply with the requirements of the section in all material respects.</p>
<p>Partially Conforms</p>	<p>The internal audit service falls short of achieving some elements of practice but is aware of the areas for development. These will usually represent significant opportunities for improvement in delivering effective internal audit.</p>
<p>Does Not Conform</p>	<p>The internal audit service is not aware of, is not making efforts to comply with, or is failing to achieve many/all of the objectives and practice statements within the section or sub-sections. These deficiencies will usually have a significant negative impact on the internal audit service's effectiveness and its potential to add value to the organisation. These will represent significant opportunities for improvement, potentially including actions by senior management or the Audit Committee.</p>

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Internal Audit - Additional Resource Request Business Case

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Contents

- Request and Proposal
- Context
- Internal Benchmarking
- Industry Benchmarking

£165k

Requested for 2024/25

Request and Proposal



Additional budget allocation of £165k is requested to fund the creation of one additional permanent position and the provision of temporary Senior Auditor resource to supplement the delivery capability of the existing Internal Audit team.

The request is initially made to Finance Committee Contingency for 2024/25 with the expectation that this additional funding be incorporated within the 2025/26 resource allocation for Internal Audit. This represents a 26% increase to the current expenditure budget for Internal Audit, increasing the total resource allocation to £790k, which still represents an **overall reduction** in the cost of Internal Audit of 21% since 2019/20.

The two elements to the request are:

Deputy Head of Internal Audit - £102k

Creation of a new position, providing critical support to the Head of Internal Audit; including coordinating departmental and Institutional liaison and maintaining the Internal Audit Plan, providing support to meet the Internal Audit Committee reporting workload (25+ detailed updates per year) and coordination of monthly performance reporting.

Temporary Resource - £63k

Providing backfill for long-term sickness absence and vacancy within the team at a senior level and to support delivery of planned Internal Audit work whilst the current Auditor (1FTE at grade D) and Trainee Auditors (2FTE at grade C) within the team continue their development to Senior Auditor level.

The £63k request is derived from the difference between the current cost of these 3 team members and the associated cost should all team members be operating at maximum capability and, therefore on the Senior Auditor pay scale. It is anticipated that this element of additional funding will be used on a diminishing scale over a period of 3-4 years as the Trainees develop.

Context



Key Drivers

- Insufficient Internal Audit Coverage
 - Vacancies
 - Long-term sickness absence
 - Inexperienced team
- Increase in level of identified misapplication of the Internal Control Environment and associated risk
- Insufficient Structure to Internal Audit Planning and Stakeholder Engagement
 - No long-term planning
 - No capacity to engage with all Chief Officers
 - Limited capacity to meet the high Committee reporting requirement
- Lack of Capacity for Strategic Planning and Development of the Internal Audit Function
- Inefficient Use of the Head of Internal Audit
- Change in Global Internal Audit Professional Standards (mandatory requirement)



Impact

Inability to form an annual opinion on the adequacy and effectiveness of the internal control environment.



Solution

- Temporary additional resource
 - Catch-up on Audit assignments
 - Increased opportunity to support development of Trainees
 - Flexible resourcing supports agile approach to Audit planning
- Creation of a new permanent post: Deputy Head of Internal Audit
 - Provides support to the Head of Internal Audit for the effective running of the service

Internal Benchmarking



Adjusting for inflation: the real-term reduction to the Internal Audit budget is 37% over 4 years

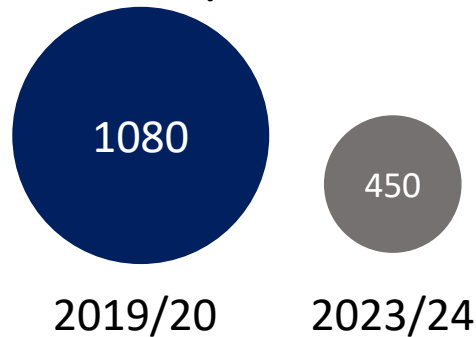
	City of London Gross Expenditure £m		
	2019/2020	2023/2024	Change
City Fund	131	160	22%
City Estate	235	265	13%
City Bridge Foundation	63	137	117%
Guildhall Administration	74	79	7%
Internal Audit	0.819	0.626	-24%

Assumptions/notes:

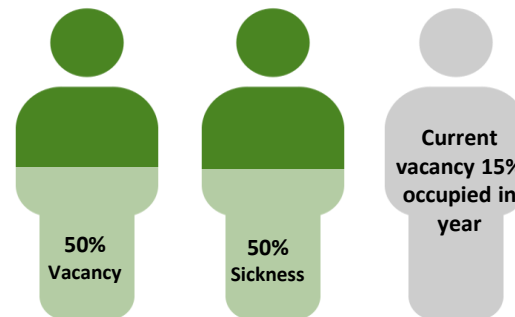
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- Bank of England state inflation over this period as 23%
- The income profile of the City Corporation is not shown, although considered that an increase in income also represents an increase in activity across the organisation
- Does not include Capital/Major Programmes

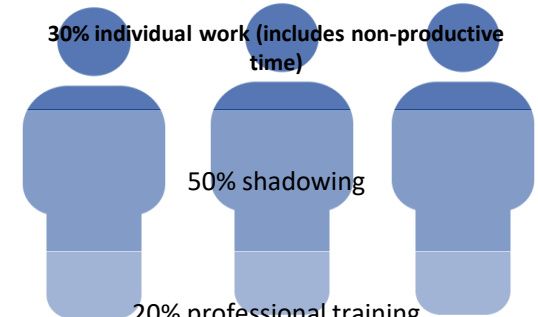
**Internal Audit Programme of Work
(available Audit Days):**



Resources available in 2023/24



Senior Auditors

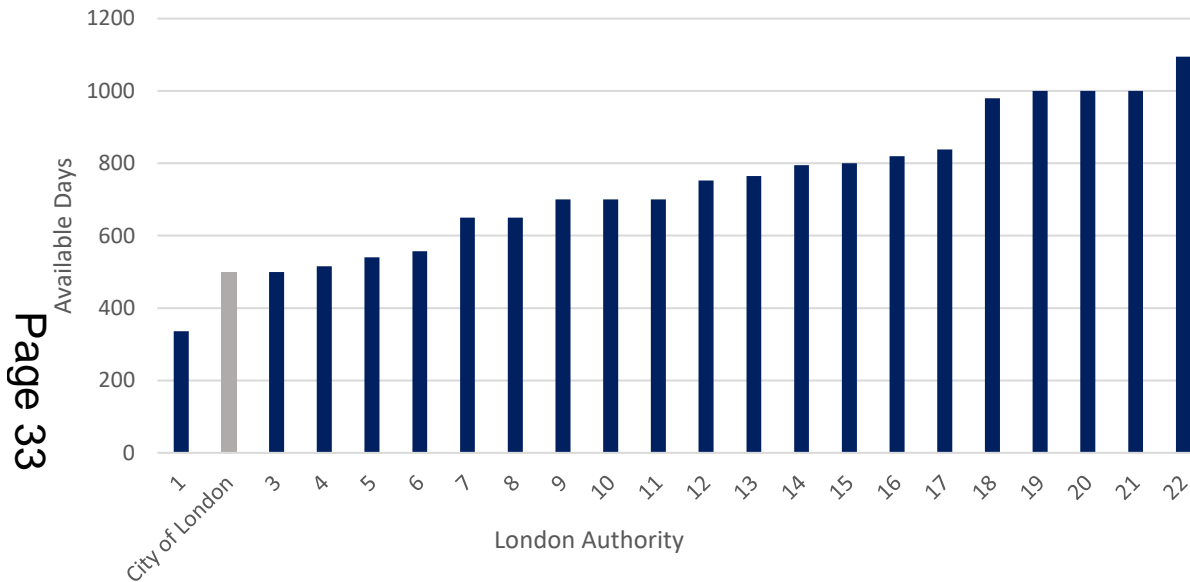


Auditors in training

Industry Benchmarking



Audit Days Available Across London



The City of London Corporation currently operates one of the smallest programmes of Internal Audit work

A typical organisation operates only one Audit Committee – City of London operates 4 (plus 2 external clients)

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Additional Organisational Complexity:

- City of London Corporation is a more complex organisation than the London Boroughs (our closest peer group) – having all the complexities and requirements of a local authority **plus** additional responsibilities and services, which all fall within the remit of Internal Audit
- Operating across multiple sectors (Local Government/Police/Charity/Higher Education/Museum) – different Governance expectations
- 18 Departments/Institutions → 18 Senior Stakeholders and Leadership teams to build and maintain relationships with
- 2 External Client Organisations for Internal Audit Services (not discretionary)
- Reporting to 6 distinct Audit Committees at regular intervals

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Current Internal Audit Structure

Head of Internal Audit (and Counter Fraud) (H)

Asset Manager (G)

Counter Fraud Manager (G)

Senior Auditor (E)

Senior Auditor (E)

Senior Auditor (E)
Vacant

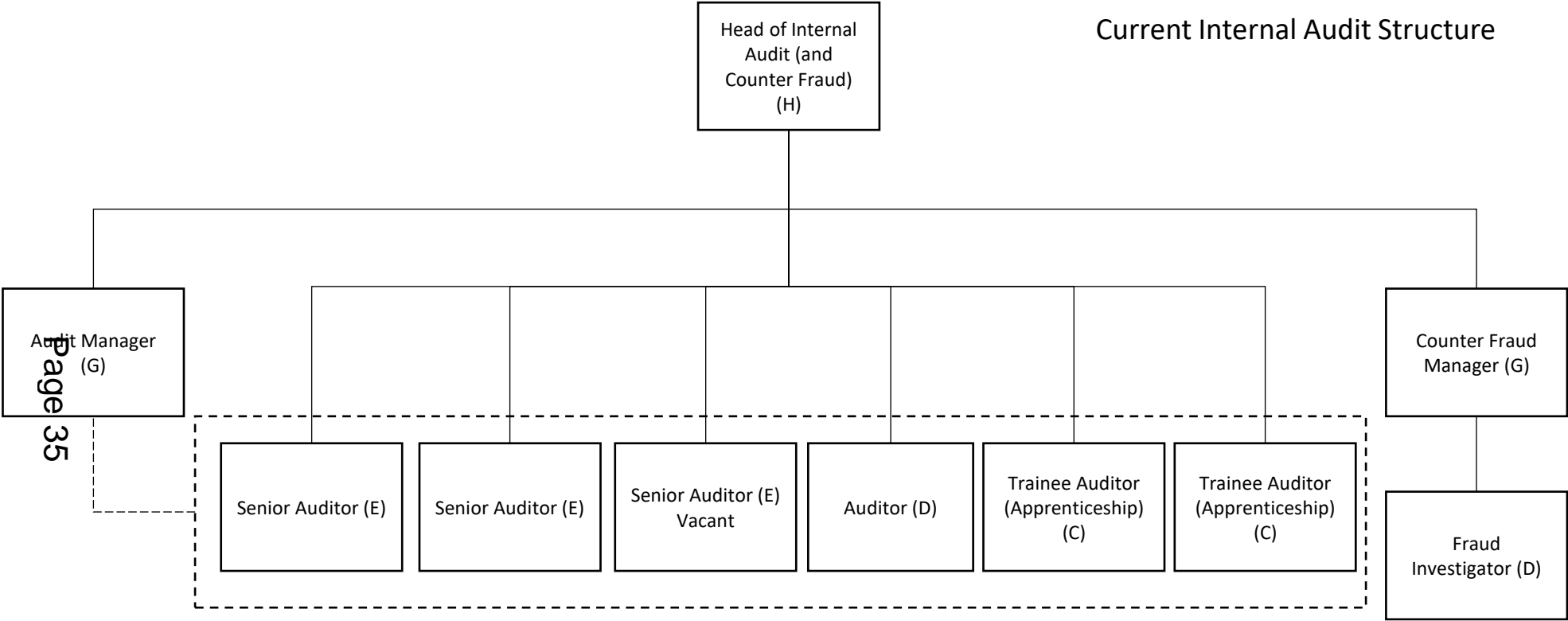
Auditor (D)

Trainee Auditor (Apprenticeship) (C)

Trainee Auditor (Apprenticeship) (C)

Fraud Investigator (D)

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Proposed Internal Audit Structure

New/
Additional
Post

Head of Internal
Audit (and
Counter Fraud)
(H)

Asset Manager
(G)

Deputy Head of
Internal Audit (G)

Counter Fraud
Manager (G)

Fraud
Investigator (D)

Senior Auditor (E)
(Temporary -
Permanent
requirement)

Senior Auditor (E)

Senior Auditor (E)

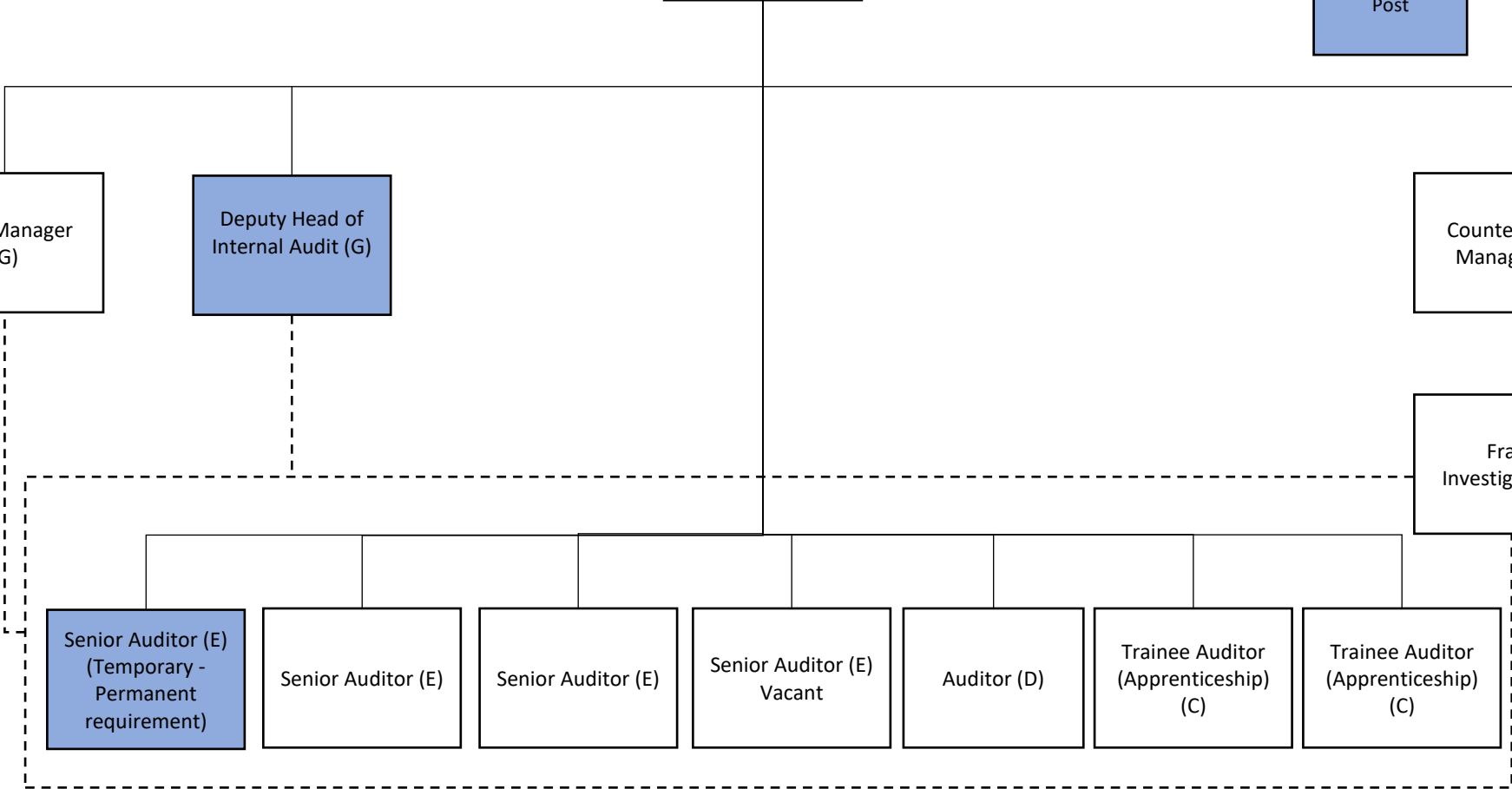
Senior Auditor (E)
Vacant

Auditor (D)

Trainee Auditor
(Apprenticeship)
(C)

Trainee Auditor
(Apprenticeship)
(C)

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Risk Management Strategy 2024-2029

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Our vision

A world class leader in dynamic risk management, best practice embedded and used in strategic decision-making, future-proofing successful delivery of outcomes.

Introduction

The City of London Corporation’s approach to identifying, mitigating, and managing risk reflects our commitment to proactive and dynamic risk management as a fundamental part of corporate governance and business operations.

Outlining ambitious objectives through an agile and robust risk management approach, this strategy ensures that the City Corporation upholds duties, delivers priorities, and supports and aligns with organisational ambitions including our Corporate Plan 2024-2029 strategic outcomes enabling delivery, continuous improvement and innovation.

The global risk horizon is complex; technological advances outpacing regulatory frameworks, climate change, economic strains in response to the cost-of-living crisis and inflationary pressures, and increasing geopolitical tensions.¹ These challenges are reflected in the UK Government's 2023 National Risk Register which identified nine risk areas that capture the biggest risks to the UK: terrorism; cyber; state threats; geographic and diplomatic; accidents and systems failures; natural and environmental hazards; human, animal and plant health; societal; and conflict and instability.²

The City Corporation is impacted by these and other risks at global, national, London and Square Mile levels. Successful implementation of our Risk Management Strategy 2024-2029 requires our people to understand this dynamic risk landscape to recognise the threats and seize opportunities. This includes having the right culture, processes and systems to successfully mitigate and pre-empt negative impacts. We must prioritise resilience, agility, and proactive risk management to capitalise on emerging opportunities, and safeguard our interests and responsibilities. This will be addressed through four strategic objectives.

Strategic Objectives 2024-2029

To achieve our vision over the next five years, we will work towards four objectives, aligned with our organisational goals (including our Corporate Plan 2024-2029), and ensuring greater collaboration across departments, Institutions and functions.



An agile and effective risk management approach



Enhanced risk culture



Informed decision making



An appetite for risk

¹ The findings from the World Economic Forum Global Risks Perception Survey 2023-2024 predict the escalation of global turbulence and catastrophic risks over the medium to long term. World Economic Forum, *Global Risks Report 2024*, page 12

² [HM Government, National Risk Register: 2023 Edition, page 6:](#)

An agile and effective risk management approach

We will simplify risk management approaches and ensure risk is an enabler embedded within activities (e.g. business planning, budget setting, etc.) to support greater accuracy and efficiency overall. Early risk identification and escalation will be prioritised over issue management, and mitigating actions regularly reviewed, with clear accountabilities understood across City Corporation.

- Establish a simple and dynamic framework where risks (not issues) are identified and managed.
- Prioritise effective mitigating actions aimed at reducing the likelihood and **negative impact of risks**.
- Streamline risk management processes to be proactive, user-friendly, and reflected within all aspects of City Corporation activities.
- Strengthen the foundation of risk management by fostering a genuine understanding of risk and risk management that sees risk as an enabler.

Enhanced risk culture

We will foster a culture where employees understand and prioritise risk, where equity, equality, diversity, and inclusion are an established aspect of our risk management framework, and all are proactively engaged and committed to risk management. This unified, collaborative approach to risk management will avoid siloed approaches and foster shared knowledge and practices among departments and Institutions.

- Encourage an open and curious mindset toward risk, fostering a no-blame culture where people are rewarded for adopting risk informed approaches and create cross-departmental collaboration managing risk and breaking down silos.
- Integrate principles of equity, equality, diversity, and inclusion (EEDI) into the risk culture.
- **Decision making is guided by current best practice and benchmarking, ensuring we have a contemporary approach to risk management, and we capture core principals we need to adhere to as public organisation.**
- Embed risk personas to enable all colleagues to develop and enrich the risk management function via training that supports and provides progression for staff at all experience levels.

Informed decision making

We will embed risk management as a cornerstone of our organisation, guiding strategic decisions and providing decision-makers with data-driven insights. We will ensure that decision makers have a thorough understanding of their role in risk management and use scoring and appetite levels to plan for the future.

- Leverage risk as an enabler to inform decision making, resource allocation, and prioritisation.
- Consider risks in all aspects of City Corporation operations guided by evidence-based risk management practices, drawing upon best practices and benchmarking.
- Decision making is guided by a sound understanding of the relationship between risk score and appetite, and the relevant significance of risks.
- Supports the strategic outcomes and organisational ambitions outlined in our Corporate Plan 2024-2029.

An appetite for risk

We will increase our organisational understanding of risk appetite and identify opportunities for growth and innovation, promoting and facilitating an environment that encourages informed risk-taking, supported by an embedded trust of officers. Risk appetite will enable us to adjust our operations in response to changing circumstances and ensure continued alignment with organisational objectives.

- Strong organisational health fostered by a culture where risk is understood, appropriately accepted, and failure is **expected as part of innovation and being a learning organisation.**
- Risk appetite **is understood within the context of both individual risks, and the cumulative impact of risks, at a fixed point in time with the ability to shift with the context of statutory requirements and proportionality.**
- Accepting risks to accomplish goals is consistently evaluated and planning and decision-making processes are aligned with this assessment.

Implementation



Figure 1. Risk Management Strategy yearly process

This strategy covers the period from 2024-29 and seeks to embed sustainable change. Over the lifetime of the strategy, the focus of the actions will evolve from preparing and embedding the basics, to using risk as a strategic driver (see figure 2). These phases will move at different paces, overlapping and circling back as needed while all working to drive the final outcome. To ensure we achieve the Strategy’s objectives an action plan will set out short-, medium-, and long-term activities for the lifetime of the strategy.

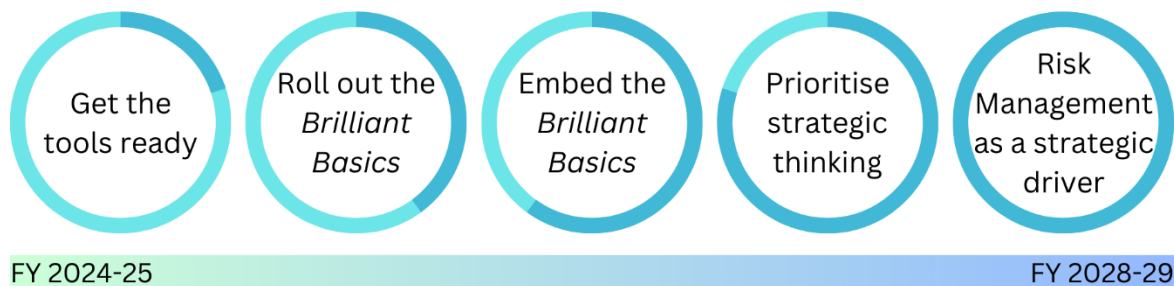


Figure 2. Progress over the lifetime of the Strategy

Measuring and reporting our progress is a vital to ensure we achieve our vision and objectives. As part of our annual review process, we will measure our success towards achieving our specified actions and impact, including where

we might need to focus more attention. To ensure we are capturing the breadth of our work, we will use both qualitative and quantitative forms of measuring our success. As our strategy evolves, so will this list of measurements. A review of the previous year's activities will be included in updates to the Audit and Risk Management Committee at the beginning of the new civic year.

The achievement of the strategic objectives is dependent on a number of factors. While risk management processes and risk frameworks are in place, the successful delivery of this strategy will only be possible if cultural change across the organisation that is already in train is fully enacted. This includes, but is not limited to, work to define our corporate values and behaviours, manage operational transformation and change, establish a no-blame culture, and develop our data and analytics maturity. The annual reviews of this strategy will capture any progress on these dependencies.

Annex documents

1. Action Plan
2. Risk Management Governance

Annex 1. Action Plan

An agile and effective risk management approach

How we are going to achieve this

Short- to medium-term	Long term
<ul style="list-style-type: none"> • Develop a PowerBI dashboard to provide a more agile and timely way to communicate City Corporation risks. • Increase Ideagen platform training available to officers through targeted in person and online learning. • Re-organise Ideagen by reviewing legacy information in consultation with risk coordinators to ensure it is fit for purpose. • Revise risk guidance and templates and empower risk owners to ensure that risks are recorded in a timely manner with minimal intervention from CSPT. 	<ul style="list-style-type: none"> • Support risk professionals from Chief Officers to risk coordinators to adopt a dynamic and agile approach to reviewing risks. • Risk coordinators provide regular risk updates and take proactive steps where risks and actions are not being adequately managed. • Roll out Ideagen training focussing on more a strategic use of the platform.

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How we are going to measure success

<ul style="list-style-type: none"> • Increased attendance and satisfaction at training sessions • Decrease in overdue risks. • Increased engagement and presence of representatives at Risk Management Forum (% attendance) • Increase in positive feedback received following the delivery of training sessions. • Increase in positive feedback received following the publication of training support materials offered to officers. • Decrease in the number of issues being raised (risks that have materialised) requiring retrospective risk management activity.

Enhanced risk culture

How we are going to achieve this

Short- to medium-term	Long-term
<ul style="list-style-type: none"> Increase engagement within the Risk Management Forum (RMF), ensuring all areas have an opportunity to share best practice/ collaborate on risk management approaches. Work with the RMF to bring forward 'lessons learned' sessions, alongside Internal Audit 'deep-dives' and other review techniques to explore escalated issues and to consider how risk management processes could be better utilised in the future. Increase training options on risk management practice fundamentals (e.g. identification, analysis, and scoring) through targeted in person and online training, with specific focus on mitigations and how these should be applied. 	<ul style="list-style-type: none"> Embed risk management personas into the training suite. Ensure officers can identify themselves within a persona and understand what that means for their ways of working, their responsibilities and their development. Create a complete risk management training journey to ensure staff are adequately trained and supported from first joining the organisation. Create a risk Management module to be incorporated as part of the mandatory training suite.

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How we are going to measure success

<ul style="list-style-type: none"> Annual surveys with the RMF to assess current understanding of risk. Annual surveys with the COMG that explores attitudes to the current state of the risks held by the City Corporation. Decrease in 'issues' being escalated on corporate and departmental risk registers. Increased attendance and satisfaction at training sessions. Decrease in overdue risks. Increased engagement and attendance of risk coordinators at Risk Management Forum (% attendance). Increase in positive feedback received following the delivery of training sessions. Increase in positive feedback received following the publication of training support materials offered to officers.

Informed decision making

How we are going to achieve this

Short- to medium-term	Long-term
<ul style="list-style-type: none"> • Complete the development of Heads of Profession (HoP) portals, ensuring all risks have a designated HoP, and HoPs understand how to review and utilise the portals effectively. • Review Member risk management training options and identify knowledge gaps and governance/oversight roles in the risk framework. • Review and revise templates for risks being presented to Committees and ELB/SLT (e.g., risk registers and committee papers) to ensure that best support strategic decision making and successful outcomes. 	<ul style="list-style-type: none"> • Support senior leaders use appropriate evidence and benchmarking of risk across a wide range of resources e.g. looking to other key organisations/reports in the risk landscape. • Risk is a core component of wider systems and processes across the City Corporation (e.g., budget deep dives and business planning). • The Head of Profession governance is firmly embedded and Heads of Profession routinely evaluate risk and inform decision-making.

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How we are going to measure success

- Increase in percentage of risks as a total of all risks with at least one designated Head of Profession.
- Completion of a Member training review.
- Completion of Committee and ELB/SLT risk reporting templates review and update.
- Increase in risk scoring change as risks they are better resourced following increased attention.
- Increase presence of risk consideration in non-risk-specific planning and decision-making processes.

An appetite for risk

How we are going to achieve this

Short- to medium-term

- Review organisational approach to risk appetite and consider the different types and categories of risk, taking reflecting the likely challenges of 2024-2029.
- Provide risk appetite training to support Chief Officers in refreshing organisational risk appetite.
- Clearly communicate changes to organisational risk appetite and how it can be effectively applied to the wider City Corporation.

Long term

- Consistent use of risk appetite levels in strategic decision-making at levels where risk appetite applies.
- Risk appetite features in other service committees to inform prioritisation and resource allocation.

How we are going to measure success

- Completion of review of risk appetite levels with findings (including changes to risk appetite levels) integrated into draft of refreshed Risk Management Policy and risk appetite statement.
- Agreement on refreshed risk appetite levels and associated categories of risk.
- Increase in feeling of trust in risk owners to use risk appetite to take decisions, with failure not perceived as being inherently negative.

Annex 2. City of London Corporation Risk Management Governance Structure

Risk Management: Officer and Member Governance



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City of London Corporation – City Fund indicative audit plan

Year ending 31 March 2024

May 2024

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Key matters	3	The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.
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Key matters

National context

The national economic context continues to present challenges to the local government sector. There are increasing cost pressures nationally, such as a growing population and increasing demand for local government services, especially in adult and children's social care. Combined with inflationary pressures, pay demands and energy price rises, the environment in which local authorities operate is highly challenging. Local government funding continues to be stretched and there have been considerable reductions in the grants received by local authorities from government.

Recently, we have seen the additional strain on some councils from equal pay claims, and there has been a concerning rise in the number of councils issuing s.114 notices. These are issued when a council's Chief Financial Officer does not believe the council can meet its expenditure commitments from its income. Additionally, the levels of indebtedness at many councils is now highly concerning, and we have seen commissioners being sent in to oversee reforms at a number of entities.

Our recent value for money work has highlighted a growing number of governance and financial stability issues at a national level, which is a further indication of the mounting pressure on audited bodies to keep delivering services, whilst also managing transformation and making savings at the same time.

In planning our audit, we have taken account of this national context in designing a local audit programme which is tailored to your risks and circumstances.

Audit reporting delays

Against a backdrop of ongoing audit reporting delays, in October 2023 PSAA found that only five local government accounts had been signed by the September deadline. In June 2023 the Public Accounts Committee (PAC) also produced a report setting out their concerns over these audit reporting delays. We issued our report [About time?](#) In March 2023 which explored the reasons for delayed publication of audited local authority accounts.

In response to the growing concerns about delays in the audit reporting process, Grant Thornton and City Fund have worked together to streamline the process and get the audit period back on track. We believe that this positive trend can continue into the future if City Fund continues to submit draft accounts that are of a good quality standard, supported by strong working papers. We commend City Fund's engagement with the audit process, and we believe that this level of cooperation and efficiency is key to ensuring timely and accurate reporting of local government accounts to the future.

Key matters

Our responses

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set out in this Audit Plan has been agreed with the Chamberlain.
 - To ensure close work with our local audited bodies and an efficient audit process, our preference as a firm is work on site with you and your officers. Please confirm in writing if this is acceptable to you, and that your officers will make themselves available to our audit team. We offer a private meeting with the Chamberlain quarterly as part of our commitment to keep you fully informed on the progress of the audit.
 - At an appropriate point within the audit, we would also like to meet informally with the Chair of your Audit and Risk Management Committee, to brief them on the status and progress of the audit work to date.
 - We will consider your arrangements for managing and reporting your financial resources as part of our audit in completing our Value for Money work.
 - Our Value for Money work will also consider your arrangements relating to governance and improving economy, efficiency and effectiveness.
- We will continue to provide you and your Audit and Risk Management Committee with sector updates providing our insight on issues from a range of sources and other sector commentators via our local government audit committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretations, to discuss issues with our experts and to facilitate networking links with other audited bodies to support consistent and accurate financial reporting across the sector. We were pleased to see members of your finance team in attendance at our February 2024 workshop.
- With the ongoing financial pressures being faced by local authorities, in planning this audit we have considered the financial viability of the Authority. We are satisfied that the going concern basis remains the correct basis behind the preparation of the accounts. We will keep this under review throughout the duration of our appointment as auditors of the Authority.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of City of London Corporation – City Fund (‘the Authority’) for those charged with governance.

Respective responsibilities

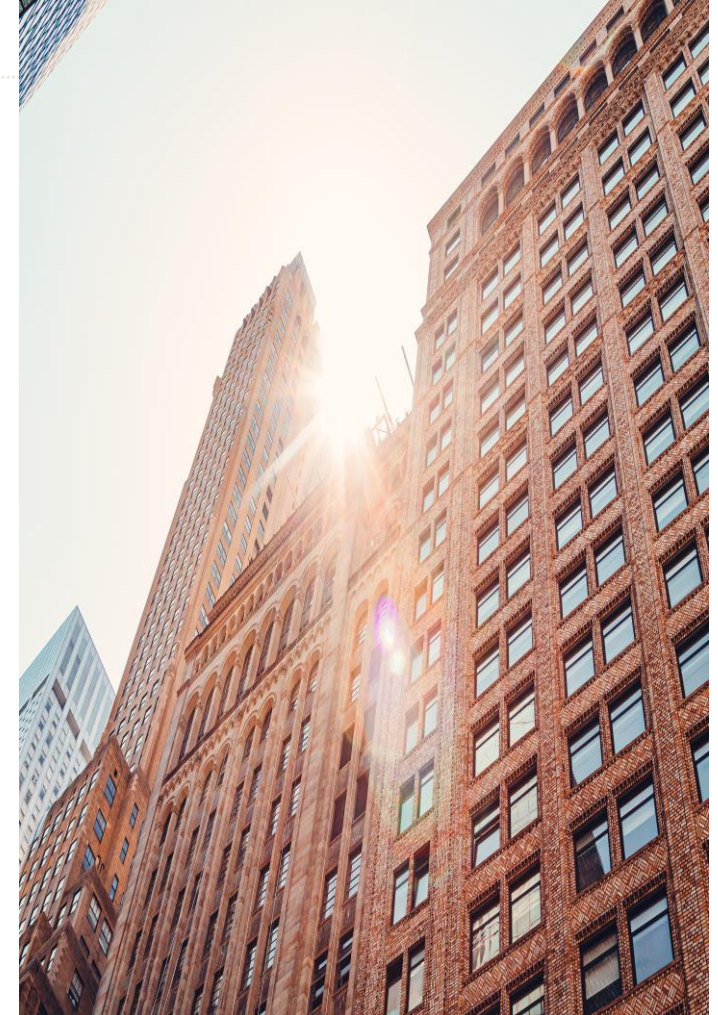
The National Audit Office (‘the NAO’) has issued a document entitled Code of Audit Practice (‘the Code’). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed engagement letter and contract. We draw your attention to these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Authority’s financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Risk Management Committee); and we consider whether there are sufficient arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or the Audit and Risk Management Committee of their respective responsibilities. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Authority's business and is risk-based.



Introduction and headlines

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control;
- Valuation of land and buildings, council dwellings and investment properties; and
- Valuation of net pension fund liability.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality for the financial statements to be £11,957,000 (PY £12,031,500) for City Fund, which equates to approximately 1.95% of your prior year gross operating costs for the year.

We have determined a specific lower materiality of £100,000 for senior officers' remuneration and termination benefits.

We have set a planning performance materiality of £8,370,00, which equates to 70% of the financial statement materiality.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £598,000 (PY £601,600).

Value for Money arrangements

At the time of writing, we have yet to conclude our detailed VFM planning and risk assessment procedures. We will report the outcome of these planning procedures, our resulting risk assessment and our planned responses to any identified risks of significant weaknesses in arrangements at a future Audit and Risk Management Committee meeting.

We will continue to update our risk assessment until we issue our Auditor's Annual Report.

Audit logistics

Our planning visit took place in March 2024 and our final visit will take place July to September 2024. Our key deliverables are this Audit Plan, our Audit Findings Report and our Auditor's Annual Report.

Our preference is for all our work to take place on site alongside your officers.

Our proposed fee for the audit will be £360,000 (PY: £357,000) for City Fund. Our rationale for the fee is set out on page 23 and is subject to City Fund delivering a good set of financial statements and working papers, and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. City Fund faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how it reports performance.</p> <p>We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<p>To address this risk, we will:</p> <ul style="list-style-type: none"> • Evaluate the design and implementation effectiveness of management controls over journals. • Analyse the journals listing using data analytics tools and determine the criteria for selecting high risk unusual journals. • Test unusual journals made during the year and at year end for appropriateness and corroboration. • Gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness. • Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.
Risk of fraud and error in revenue recognition (rebutted for all streams)	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA (UK) 240 and the nature of the revenue streams at City Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • There is little incentive to manipulate revenue recognition; • Opportunities to manipulate revenue recognition are very limited; and • The culture and ethical frameworks of local authorities, including that of City Fund, meaning that all forms of fraud are seen as unacceptable. <p>We do not consider this to be a significant risk for City Fund and as such there is no specific work planned for this risk. To gain assurance over City Fund's revenue we will:</p> <ul style="list-style-type: none"> • Select a sample of revenue items from each material revenue stream and test to supporting information and subsequent receipt of income to gain assurance over accuracy, occurrence and completeness. • Inspect transactions which occurred in the year and ensure they have been included in the current financial year. • Confirm our understanding of the revenue business process and determine if there are any relevant controls. 	

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings, council dwellings and investment properties	<p>City Fund re-values its land and buildings and council dwellings on a rolling programme, such that the intervals between valuations do not exceed five years. This is to ensure that the carrying value of its assets are not materially different from the current value at the financial statements date. Investment properties are valued annually.</p> <p>The valuation of land and buildings, council dwellings and investment properties represents a key accounting estimate which is sensitive to changes in assumptions and market conditions. Management has appointed four external valuation experts, as well as the City Corporation's City Surveyor's department to carry out the valuation as at 31 March 2024.</p> <p><u>Other land & buildings (PY £604.6m)</u>: City Fund re-values its land and buildings on a rolling five-yearly basis. City Fund applies valuation techniques such as the depreciated replacement cost (DRC) for the valuation of its other land and buildings. In applying this method, key assumptions are made by the valuer to arrive to a value of a modern asset equivalent (MEA), meeting the capacity and location requirements of the services being provided by the replaced asset.</p> <p><u>Council dwellings (PY £249.1m)</u>: City Fund measures its dwellings at fair value, determined using the basis of existing use value for social housing and is re-valued on a cyclical approach using the Beacon methodology. Key assumptions are made by the valuer in applying this method of valuation.</p> <p><u>Investment properties (PY £1,543.2m)</u>: City Fund measures and re-values its investment properties at its highest and best use annually. The investment method is used in valuing most of the investment properties of City Fund. This method determines the property's value by estimating the potential income (market rents) and estimated yield. A small change in the inputs can have a significant impact on the estimated value of the property.</p> <p>We therefore identified valuation of land and buildings, council dwellings and investment properties as a significant risk, particularly key assumptions and inputs applied by the valuer at the financial statement date.</p>	<p>To address this risk, we will:</p> <ul style="list-style-type: none"> • Evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work. • Evaluate the competence, capabilities and objectivity of the valuation experts engaged by you. • Write to or discuss with the valuation experts engaged by you, the basis on which the valuations were carried out. • Engage our own valuer expert to provide commentary on: <ul style="list-style-type: none"> • the instruction process in comparison to requirements from CIPFA/IFRS/RICS; and • the valuation methodology and approach, resulting assumptions adopted and any other relevant points. • Challenge the information and assumptions used by the valuers to assess completeness and consistency with our understanding. • Test, on a sample basis, revaluations made during the year to ensure they have been input correctly into City Fund's asset register. • Evaluate the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability (£913.2m net liability in 2022-23)	<p>City Fund's pension fund net liability, as reflected in its balance sheet as net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The estimation of the pension fund net liability depends on a number of complex adjustments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages and mortality rates. A small change in the inputs can have a significant impact on the estimated pension fund liability. City Fund has appointed a consulting firm of actuaries (Barnett Waddingham LLP) to complete the valuation of the net pension liability as at 31 March 2024.</p> <p>The pension fund valuation is considered a significant estimate due to the size of the numbers involved (net liability of £913.2m as at 31 March 2023) and the sensitivity of the estimate to changes in key assumptions.</p> <p>City Fund's pension liability consists of City Fund's share of the City of London Corporation's net pension liability and the unfunded City of London Police pension scheme.</p> <p>We have therefore identified the valuation of the Council's pension fund as a significant risk.</p>	<p>To address this risk, we will:</p> <ul style="list-style-type: none"> Update our understanding of the processes and controls put in place by management to ensure that City Fund's pension fund net liability is not materially misstated and evaluate the design of the associated controls. Evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work. Assess the competence, capabilities and objectivity of the actuary who carried out City Fund's pension fund valuation. Assess the accuracy and completeness of the information provided by City Fund to the actuary to complete the pension fund valuation. Test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary. Undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report. Obtain assurances from the auditor of City of London Corporation Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.
	<p>Pinpointing the significant risk:</p> <p>We plan to pinpoint the significant risk around the following:</p> <ul style="list-style-type: none"> Key assumptions applied by actuary; Significant changes in assumptions applied from the prior year; Material experience gain or losses recorded in the accounting period; and Other factors considered to increase the risk of material misstatement based on auditor judgement. 	

Other risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Fraud in expenditure recognition	<p>In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).</p> <p>Having considered the risk factors related to this risk and the nature of the expenditure streams at City Fund, we have determined that the risk of fraud arising from expenditure recognition can be rebutted for City Fund's expenditure, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate expenditure recognition; • opportunities to manipulate expenditure recognition are limited; and • the culture and ethical frameworks of local authorities, including City Fund, mean that all forms of fraud are seen as unacceptable. <p>However, we have identified that due to the level of estimation involved in the manual accruals of expenditure and the potential volume of accruals at year end there is an increased risk of error in expenditure recognition.</p>	<p>To address this risk, we will:</p> <ul style="list-style-type: none"> • Inspect transactions incurred around the end of the financial year to assess whether they had been included in the correct accounting period. • Inspect a sample of accruals made at year end for expenditure but not yet invoiced to assess whether the estimation of the accrual was consistent with the value billed after the year. • Investigate manual journals posted as part of the year end accounts preparation that reduces expenditure to assess whether there is appropriate supporting evidence for the reduction in expenditure.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Authority.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.

We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.

We consider our other duties under legislation and the Code, as and when required, including:

- giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements;
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act);
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act; and
 - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
1	<p>Determination</p> <p>We have determined financial statement materiality based on a proportion of the gross expenditure of City Fund for the financial year. Materiality at the planning stage of our audit is £11,957,000, which equates to 1.95% of your prior year period gross expenditure figure.</p>	<p>We determine planning materiality in order to:</p> <ul style="list-style-type: none"> – establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; – assist in establishing the scope of our audit engagement and audit tests; – determine sample sizes; and – assist in evaluating the effect of known and likely misstatements in the financial statements.
2	<p>Other factors</p> <p>An item does not necessarily have to be large to be considered to have a material effect on the financial statements.</p>	<p>An item may be considered to be material by nature where it may affect instances when greater precision is required.</p> <p>We have identified senior officer remuneration and termination benefits as a balance where we will apply a lower materiality level, as these are considered sensitive disclosures. We have set a materiality of £100,000 in these areas.</p>
3	<p>Reassessment of materiality</p> <p>Our assessment of materiality is kept under review throughout the audit process.</p>	<p>We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.</p>
4	<p>Other communications relating to materiality we will report to the Audit and Risk Management Committee</p> <p>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Risk Management Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) ‘Communication with those charged with governance’, we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA 260 (UK) defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>	<p>We report to the Audit and Risk Management Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</p> <p>In the context of City Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £598,000 (PY £601,600). If management has corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Risk Management Committee to assist it in fulfilling its governance responsibilities.</p>

Our approach to materiality

	Amount £	Qualitative factors considered
Materiality for City Fund's financial statements	11,957,000	We have determined the financial statement materiality based on a proportion of the prior year gross expenditure of City Fund, which has remained at approximately 1.95%.
Performance materiality	8,370,000	Our performance materiality is based on percentage of the headline materiality listed above. The threshold has remained constant, at 70%, to that applied in prior year.
Materiality for specific transactions, balances or disclosures senior officer remuneration and termination benefits	100,000	We have identified senior officer remuneration and termination benefits as disclosures where we will apply a lower materiality level, as they are considered sensitive disclosures.



Progress against prior year audit recommendations

We identified the following issues in our 2022-23 audit of the Authority's financial statements, which resulted in eight recommendations being reported in our 2022-23 Audit Findings Report.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
In progress	<p>Management of the fixed asset register</p> <p>The audit team noted several misstatements whilst carrying out detailed testing of PPE and investment property revaluations.</p> <p>The primary cause of the misstatements identified in our revaluations work, arose due to clerical errors made when recording the revaluations into the fixed asset register (FAR). There were several assets for which their respective revaluations were not recorded in the FAR, and subsequently the ledger, or where the asset value was not appropriately apportioned between City Fund and City Cash accounts. In many cases, assets were held at their prior-year value, adjusted for relevant movements such as depreciation, additions and disposals. This was despite the fact there had been an in-year revaluation on the assets carried out by external valuers, in line with City Fund's revaluation programme.</p> <p>Recommendation</p> <p>The prevalence of the issues in the FAR drives our recommendation for management to implement more robust controls through a formalised process of reconciling the FAR and the valuation reports. Management should prepare a reconciliation between the valuation reports and the FAR to ensure that each valuation has been captured accurately.</p>	<p>Management response</p> <p>Recommendation already in place and to be tightened.</p>
In progress	<p>Community Infrastructure Levy (CIL) income recognition</p> <p>In our procedures to confirm the completeness of income and debtors, we identified a control weakness in relation to management's income recognition processes that failed to identify CIL income pertaining to the 2022-23 financial period. Under the CIPFA Code para 2.2.2.8, CIL is received without outstanding conditions and is recognised at the commencement date of the chargeable development in the CIES.</p> <p>Management has failed to recognise CIL income at the appropriate time and have incorrectly recognised the income at the point in which it is billed, invoiced or the cash is received.</p> <p>Recommendation</p> <p>We recommend that management develop a robust process to recognise CIL income appropriately. The communication channel between the City Surveyor's department and the finance team should be robust so that the commencement dates of developments, schedules of ongoing/upcoming developments, and any other relevant matters are made known to finance the finance team to enable timely accrual of CIL income.</p> <p>In addition, we recommend management to review all standard operating procedures to ensure that they are in line with prescribed accounting treatment per the Code.</p>	<p>Management response</p> <p>Recommendation is in progress.</p>

Progress against prior year audit recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
In progress	<p>Debtors/Creditors between the City of London Corporation's funds</p> <p>Our debtor testing identified instances where management did not remove a year-end debtor upon receipt of payment. Following further investigation, we came to understand that cashiers, on receipt of the funds, had allocated these receipts to a City Cash suspense account due to a lack of details about the transaction. The receipts should have been recognised under City Fund. We raised the risk created through management not clearing down suspense codes promptly, exacerbated by the complexities of having multiple funds using the same ledger system and bank accounts.</p> <p>Recommendation</p> <p>We recommended that management routinely review suspense codes across the whole organisation, with particular emphasis around year-end.</p>	<p>Management response</p> <p>Recommendation is in progress.</p>
In progress	<p>Related Parties disclosure note preparation process and declaration of interest checks</p> <p>During our testing of the Related Parties disclosure, we identified issues in the note preparation. As part our testing of the disclosure, we corroborated balances representing transactions between the City of London City Fund and their related parties, in the note, and the sum of the transactions on the ledger. We identified variances in this test. These variances indicated that the process of preparing the disclosure note was loosely defined and had insufficient controls in place to mitigate against the risk of inaccurate reporting of related party transactions.</p> <p>We also found issues relating to incomplete declarations of interests by Members. There is a risk around management not being aware of relationships as related party declarations may be inaccurate. Members who represent the City of London Corporation's interest in City development may also be able to facilitate transactions in their own interests if sufficient understanding of these interests is not known by the Corporation.</p> <p>Recommendation</p> <p>Management should seek to carry out checks of Companies House, on a regular basis for all members, to ensure that all interests are known to the Corporation. They should ensure that the guidance issued to members when completing their declarations is clear, particularly with respect to what constitutes as an interest.</p>	<p>Management response</p> <p>Recommendation is in progress.</p>

Progress against prior year audit recommendations

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Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
In progress	<p>Accounting treatment regarding revenue expenditure funded from capital under statute (REFCUS)</p> <p>In testing additions and REFCUS, we identified a deficiency relating to the process in which management identify and record REFCUS. Management's approach is to capitalise all REFCUS as an asset under construction (AUC) until project completion. This approach overstates AUC account code and understate the REFCUS code until project is completed, where it is corrected.</p> <p>Recommendation</p> <p>We recommended that management develops a robust process to recognise REFCUS appropriately. This would involve ensuring that the nature of the capital spend is clearly known to the capital accountants recording the expenditure, and carrying out a review process, at least on an annual basis, to ensure that the assets under construction population does not include any REFCUS.</p>	<p>Management response</p> <p>Recommendation is in progress.</p>
In progress	<p>Journal authorisation</p> <p>As it was identified in 2021-22 audit, there are weaknesses around the internal control process regarding managements review of Journals.</p> <p>As part of our 2022-23, from our work on Journals, we identified this issue has not been resolved. We note for all Journals with individual lines >£100k the system retrospectively identifies these Journals, and it is shared with the approver automatically via email for their approval. However, we have not been able to obtain sufficient documentation to confirm the implementation of this control where the approver has confirmed authorisation of the journal lines.</p> <p>Recommendation</p> <p>We recommended that a clearer audit trail is maintained to demonstrate the Journal review process and that this is embedded into finance's working arrangements.</p>	<p>Management response</p> <p>The issue identified by the auditors pertains to the review and documentation of journals by approvers. While the reports are being circulated, obtaining documented proof of their review has been a challenge. This is recognised as a business issue, and efforts are underway to enhance communication with approvers, provide targeted training, implement regular follow-ups, and secure management support to reinforce compliance with audit requirements. Progress will be continually monitored and reported to ensure resolution of this matter.</p>

Progress against prior year audit recommendations

Assessment Issue and risk previously communicated

Update on actions taken to address the issue

In progress

Timeliness of revocation of user access in Oracle EBS

For a sampled leaver in Oracle EBS, it was identified that their access to the system was revoked six data after their termination date.

Additional procedures verified that the user had not accessed the system since their termination date.

Where system access for leavers is not disabled in a timely manner, there is a risk that former employees will continue to have access and can process erroneous or unauthorised access transactions. There is also a risk that these accounts may be misused by current system users to circumvent internal controls.

Recommendation

It was recommended that for all leavers, logical access to Oracle EBS is disabled on their leave date. Where this is not possible, access should be disabled no later than the next working day. This will help prevent unauthorised access to the network, applications and underlying data.

Management response

The Oracle Team currently receive a weekly leavers list from HR - the leavers on the HR report have to be compared to a list of Oracle users, in order to identify which leavers have an Oracle user account that requires action. This list is actioned on the same day as it is received - leavers' responsibilities are removed to prevent them from using Oracle until their user account can be closed, during which time only their Worklist remains accessible which shows notifications such as approvals for Requisitions/POs, unmatched Aps and AP Invoice Price Variances.

If we are made aware (by other means) that a person is due to leave in the future, we place a future end date on their responsibilities. The closing of the user account itself necessarily takes longer as there are a number of steps, starting with the employee account, that have to be made before the user account can be closed. The processing of a daily HR leavers list would be quite onerous.

Complete

Management of generic database administrator accounts

Whilst the passwords for privileged generic accounts for both the Oracle EBS application and supporting Oracle database are held in a KeePass password manager, we were unable to verify whether access to the password manager is restricted to the DBA team as it is held in a shared network drive.

Without effective restriction of access to the passwords for privileged generic accounts, the misuse of such accounts could result in financial data being changed or deleted without authorisation, impacting on its completeness and accuracy

Recommendation

Management should implement suitable controls to restrict access to the KeePass password manager.

This could be through limiting access (i.e. a specific network folder or SharePoint site) to the KeePass password manager to only authorised members of the DBA team.

Management response

The password database is itself password protected so regardless of where it lives on the network only persons who know the password (the current 3 DBAs) have the ability to open it.

The password database has now been moved to the DBA SharePoint site.

IT audit strategy

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
Oracle E-Business Suite	Financial reporting (full ledger)	Our IT Audit Team will carry out a review of the design and implementation of the City of London Corporation's financial reporting system (main ERP system hosted by City of London) and the iTrent system.
iTrent	Payroll	We will report any deficiencies identified, with our recommendations at the completion of this review work.

Value for Money arrangements

Approach to Value for Money work for the period ended 31 March 2024

The National Audit Office issued its latest Value for Money guidance to auditors in January 2023. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.

Risks of significant VFM weaknesses

As part of our VFM planning work, we will consider whether there are any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources that we need to perform further procedures on. The risks we identify will be communicated to management and the Audit and Risk Management Committee, along with the further procedures we will perform. We may need to make recommendations following the completion of our work.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:

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Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements.

Risks of significant VFM weaknesses

The Code sets out that the auditor's work is likely to fall into three broad areas:

- planning;
- additional risk-based procedures and evaluation; and
- reporting.

We undertake initial planning work to inform this Audit Plan. A key part of the risk assessment for 2023-24 is the consideration of prior year significant weaknesses and known areas of risk. We set out our reported assessment, based on 2022-23 findings, below:

Criteria	2022-23 Auditor judgement on arrangements informing our initial risk assessment	Additional risk-based procedures planned
Financial sustainability	Amber No significant weakness in arrangements identified, but eight improvement recommendations made.	
Governance	Amber No significant weakness in arrangements identified, but four improvement recommendations made.	We will follow up progress against the improvements recommendations made and ensure that our work assesses the current arrangements in place.
Improving economy, efficiency and effectiveness	Amber No significant weaknesses in arrangements identified, but three improvement recommendations made.	

G	No significant weaknesses in arrangements identified or improvement recommendation made
A	No significant weaknesses in arrangements identified, but improvement recommendations made
R	Significant weaknesses in arrangements identified and key recommendations made

Audit logistics and team



Sophia Brown, Key Audit Partner

Sophia is responsible for the overall client relationship, quality control, provision of the audit opinion, meeting regularly with key internal stakeholders. Sophia will share her wealth of knowledge and experience across the sector providing challenge and sharing good practice. Sophia will ensure our audit is tailored specifically to you, and is delivered efficiently. Sophia will review all reports and the team's work, focussing her time on the key risk areas to your audit.



Bheki Dlamini, Audit Manager

Bheki is responsible for the management of the audit, working with the members of your finance team. He will undertake review of the team's work, ensuring quality output, and draft reports. Bheki is the key contact for the delivery of the audit



Mary Adeson, Audit In-charge

Mary will work with the members of your finance team ensuring delivery of audit testing and resolution of accounting issues on a timely basis. Mary will be the key audit contact responsible for the day-to-day management of the audit work.

Audited entity responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audited bodies. Where the elapsed time to complete an audit exceeds that agreed due to an entity not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to an entity not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to :

- Ensure that you produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement.
- Ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you.
- Ensure that the agreed data reports are cleansed, are made available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing.
- Ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit (as per our responses to key matters set out on page 4).
- Respond promptly and adequately to audit queries.

Audit fees and updated auditing standards

	Proposed fee 2023-24
City of London Corporation – City Fund audit per agreed contract	£340,000
ISA 315*	£12,000
ISA 240*	£8,000
Total audit fees (excluding VAT)	£360,000

* Since our appointment as the external auditors of City Fund in 2022, there have been major changes in auditing standards, particularly with the revision of ISA (UK) 315 and ISA (UK) 240. These changes included updates to our risk assessment procedures and new requirements related to fraud in the audit of financial statements. As a result of these changes, our scope of work increased significantly in 2022-23, particularly in relation to our understanding of your business processes, IT systems, and fraud-related responsibilities. These requirements will continue to apply in 2023-24, and we have estimated the fee increment in relation to these updates in the table alongside.

Previous year

During the 2022-23 audit of City Fund, we charged a fee of £411,500, which was £54,000 higher than the proposed fee. This increase was due to various challenges we experienced during the audit process, which required us to invest more resources. The challenges were in part due to the cumulative impact of auditing the 2022-23 financial statements with two other sets of financial statements of City Fund not signed.

Assumptions

In setting these fees, we have assumed that the Authority will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

Relevant professional standards

In preparing our fees, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Updated auditing standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

IFRS 16 ‘Leases’ and related disclosures

IFRS 16 will need to be implemented by local authorities from 1 April 2024. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. As this is a shadow year for the implementation of IFRS 16, we will need to consider the work being undertaken by the Council to ensure a smooth adoption of the new standard.

Introduction

IFRS 16 updates the definition of a lease to:

“a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.” In the public sector the definition of a lease is expanded to include arrangements with nil consideration.

IFRS 16 requires all leases to be accounted for 'on balance sheet' by the lessee (subject to the exemptions below), a major departure from the requirements of IAS 17 in respect of operating leases.

IFRS 16 requires a lessee to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. There is a single accounting model for all leases (similar to that of finance leases under IAS 17), with the following exceptions:

- leases of low value assets; and
- short-term leases (less than 12 months).

Lessor accounting is substantially unchanged leading to asymmetry of approach for some leases (operating) although if an NHS body is the intermediary and subletting there is a change in that the judgement between operating and finance lease is made with reference to the right of use asset rather than the underlying asset

Authority’s systems and processes

We believe that most local authorities will need to reflect the effect of IFRS 16 changes in the following areas:

- accounting policies and disclosures
- application of judgment and estimation
- related internal controls that will require updating, if not overhauling, to reflect changes in accounting policies and processes
- systems to capture the process and maintain new lease data and for ongoing maintenance

Planning enquiries

As part of our planning risk assessment procedures, we have made enquiries with management and the Audit and Risk Management Committee. We would appreciate a prompt response to these enquires in due course.

Further information

Further details on the requirements of IFRS16 can be found in the HM Treasury Financial Reporting Manual. This is available on the following link:

[IFRS 16 Application Guidance December 2020.docx \[publishing.service.gov.uk\]](#)

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit, we have made enquiries of all Grant Thornton UK LLP teams providing services to the City of London Corporation.

Independence and non-audit services

Other services

The following other services provided by Grant Thornton were identified. The amounts detailed are fees agreed to-date for audit related services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with City Fund's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit. None of the services provided are subject to contingent fees.

Service	Fees £	Threats	Safeguards
Audit related			
Certification of Housing Benefit claim (2020-21)	25,000	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £25,000 in comparison to the total fee for the audit of £360,000 and, in particular, relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Housing Benefit claim (2021-22)	25,000	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £25,000 in comparison to the total fee for the audit of £360,000 and, in particular, relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Housing Benefit claim (2022-23)	50,000	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £50,000 in comparison to the total fee for the audit of £360,000 and, in particular, relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•	
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud (deliberate manipulation) involving management and/or which results in material misstatement of the financial statements (not typically council tax fraud)		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Escalation policy

The Department for Levelling Up, Housing and Communities are proposing to introduce an audit backstop date on a rolling basis to encourage timelier completion of local government audits in the future.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Authority's responsibility to produce true and fair accounts in accordance with the CIPFA Code by 31 May 2024 and respond to audit information requests and queries in a timely manner.

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

Step 1 - Initial communication with the Chamberlain (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

We will have a conversation with the Chamberlain to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

Step 2 - Further reminder (within two weeks of deadline)

If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

Step 3 - Escalation to Town Clerk and Chief Executive (within one month of deadline)

If the delay persists, we will escalate the issue to the Town Clerk and Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding.

Step 4 - Escalation to the Audit and Risk Management Committee (at next available Audit and Risk Management Committee meeting or in writing to Audit and Risk Management Committee Chair within 6 weeks of deadline)

If senior management is unable to resolve the delay, we will escalate the issue to the Audit and Risk Management Committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

Step 5 - Consider use of wider powers (within two months of deadline)

If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.

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City of London Corporation Pension Fund audit plan

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Pension Fund or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Key matters

National context

The national and international economic context continues to present challenges for pension funds. Inflationary pressures at home and abroad and wider geopolitical issues mean there is volatility in global markets with a consequential impact on the investments held by pension funds.

In November 2023, the Department for Levelling Up, Housing and Communities (DLUHC) published the outcome of their consultation on local government pension scheme investments. The government will now implement proposals which include revised investment strategy statement guidance that funds should transfer all assets to their pool by 31 March 2025 on a comply or explain basis, regulation to require funds to set a plan to invest up to 5% of assets in levelling up the UK and revised investment strategy statement guidance to require funds to consider investments to meet the government's ambition of a 10% allocation to private equity. The Chancellor has also outlined plans that local government pension funds will be invested in pools of £200bn or more by 2040.

DLUHC have also consulted on proposals to require local government pension scheme administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). The City Corporation already voluntarily reports on TCFD every two years with the second report about to be published. It has been confirmed that disclosure requirements will not be mandated for the 2023/24 financial year with the earliest starting point being the 2024/25 financial year but this is likely to require regulations to be in place by December 2024.

In April 2024 DLUHC, in association with the Scheme Advisory Board and CIPFA, published updated guidance on preparing the pension fund Annual Report. This guidance applies to 2023/24 annual reports and later years but for annual reports covering 2023/24, funds are required to only use their best endeavours to comply fully with this guidance. We are also aware that administration teams will be tasked with implementing the McCloud remedy for qualifying members' pensions which came into force from 1 October 2023.

In planning our audit, we have taken account of this national and international context in designing a local audit programme which is tailored to your risks and circumstances.

Audit Reporting Delays

Against a backdrop of ongoing audit reporting delays, in October 2023 PSAA found that only five local government accounts had been signed by the September deadline. In June 2023 the Public Accounts Committee (PAC) also produced a report setting out their concerns over these audit reporting delays. We issued our report [About time?](#) In March 2023 which explored the reasons for delayed publication of audited local authority accounts.

Local authorities which administer local government pension funds are required to publish full pension fund accounts in the same document as their local authority accounts. This requirement means that the audited accounts of the host authority and related fund cannot be finalised until both audits have been completed. This co-dependency has compounded delays in the conclusion of pension fund audits and publication of audited accounts and annual reports.

In our view, to enable a timely sign off of the financial statements, it is critical that draft local authority accounts are prepared to a high standard and are supported by strong working papers.

Key matters - continued

Our Responses

- In 2022 Grant Thornton were awarded a contract of audit for City of London City Fund and Pension Fund to begin with effect from 2021/22. As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set out on page 19 of this Audit Plan.
 - To ensure close working with our local audited bodies and an efficient audit process, our preference as a firm is to work on site with you and your officers. We will discuss logistics and arrangements with management to provide an efficient and effective audit.
 - At an appropriate point within the audit and assuming diaries can be aligned, we would also like to meet informally with the Chair of your Audit & Risk Management Committee, to brief them on the status and progress of the audit work to date.
- Page 82 We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretations, to discuss issues with our experts and to facilitate networking links with other audited bodies to support consistent and accurate financial reporting across the sector.
- There is an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to ongoing financial pressures. We are required to identify a significant risk with regard to management override of controls.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of City of London Corporation Pension Fund ('the Pension Fund') for those charged with governance.

Respective responsibilities

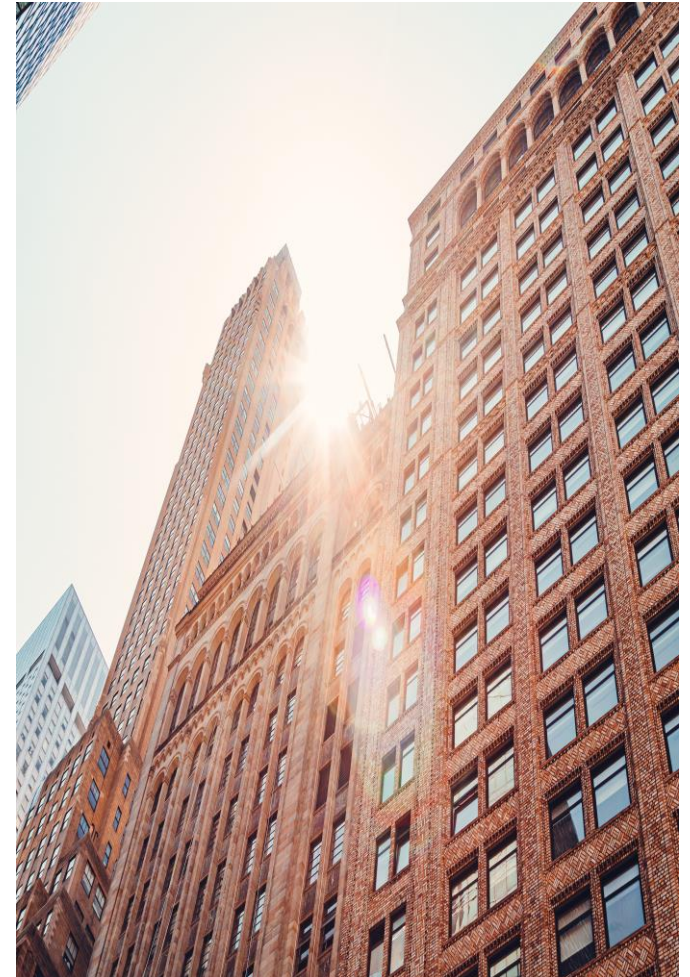
The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. The NAO is in the process of updating the Code, any implications of their revised Code will be communicated in due course.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Pension Fund's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Risk Management Committee).

The audit of the financial statements does not relieve management or the Audit and Risk Management Committee of your responsibilities. It is the responsibility of the Pension Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Pension Fund is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Pension Fund's business and is risk based.



Introduction and headlines

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management over-ride of controls
- Valuation of Level 3 Investments

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £25m (PY £15.8m) for the Pension Fund, which equates to 1.9% (PY: 1.3%) of your gross investment assets as at 31 March 2023.

We have determined a lower specific planning materiality for the Fund Account of £6.4m (PY £4.3m), which equates to 10% (PY: 7.5%) of prior year gross expenditure including management expenditure on the fund account.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £1.25m (PY £0.8m) for the pension fund and £224k (PY £216k) for the fund account.

We will revisit our determination of materiality after receipt of your draft financial statements. If we make a revision to materiality we will communicate this to you in our audit findings report.

Audit logistics

Our planning visit will take place in March-April 2024 and our final visit will take place in July – September 2024. Our key deliverables are this Audit Plan and our Audit Findings Report.

Our preference is for all our work to take place on site alongside your officers.

Our proposed fee for the audit will be £49,000 (PY: £49,000 - £41,000 has been billed and final variation to be agreed and finalised) for the Pension Fund, subject to the Pension Fund delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

Our understanding is that the Custodian does not independently value the Pension Fund's investments, meaning we are not able to rely on the triangulation of the valuations included in the financial statements to investment manager and custodian confirmations for these investments. As a result, we carry out further audit procedures to gain assurance over the valuations of these investments.

For Level 1 and Level 2 investments we will agree these to available market information where available and we will supplement this with other information (e.g. the financial statements for pooled property funds) where market information is not readily available.

See page 8 for further details regarding our approach to auditing the valuation of Level 3 Investments.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions - Rebutted	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition for public sector bodies.</p>	<p>Having considered the risk factors set out in ISA 240, and the nature of the revenue streams of the pension fund, we have determined that it is likely that the presumed risk of material misstatement due to improper recognition of revenue (and expenditure under PN 10) can be rebutted.</p> <p>Because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical framework of public sector bodies, including City of London Corporation and Pension Fund, mean that all form of fraud are seen as unacceptable. <p>Therefore, we do not consider this to be significant risk for the Pension Fund.</p>
Management over-ride of controls	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>The Fund faces external scrutiny of its spending and stewardship of assets, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management control over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

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‘Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty.’ (ISA (UK) 315)

Significant risks identified - continued

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of Level 3 Investments	<p>The Pension Fund values its investments on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date.</p> <p>By their nature level 3 investment valuations lack observable inputs. These valuations therefore represent significant estimates by management in the financial statement due to the size of the numbers involved (PY: £213.2m) and the sensitivity of this estimates to changes in key assumptions.</p> <p>Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.</p> <p>Management utilise the services of investment managers and/or custodians as valuation experts to estimate the fair value as at 31 March 2024</p>	<p>We will:</p> <ul style="list-style-type: none"> • Obtain an understanding of the management processes for valuing Level 3 investments and evaluate the design and implementation effectiveness of the associated controls; • review the nature and basis of estimated value and consider what assurance management has over the year end valuations provided for these types of investments to ensure that the requirements of the CIPFA Code are met; • independently request year-end confirmations from investment managers and the custodian; • for a sample of investments, test the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. Reconcile those values to the values at 31 March 2024 with reference to known movements in the intervening period; • in the absence of available audited accounts, evaluate the competence, capabilities and objectivity of the valuation expert; and, • where available review investment manager service auditor report on design and operating effectiveness of internal controls.

Management should expect engagement teams to challenge areas that are complex, significant or highly judgmental. This may be the case for accounting estimates and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies, with reference to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Other risks identified

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of Level 2 investments	<p>While level 2 investments do not carry the same level of inherent risks associated with level 3 investments, there is still an element of judgement involved in their valuation as their very nature is such that they cannot be valued directly.</p> <p>We therefore identified the valuation of the Fund's Level 2 investments as a risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> gain an understanding of the Fund's process for valuing Level 2 investments; review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments; independently request year-end confirmations from investment managers and custodian; review the reconciliation of information provided by the individual fund manager's custodian and the Pension Scheme's own records and seek explanations for variances; test a sample of the underlying investments to quoted prices; and review investment manager service auditor report on design effectiveness of internal controls.

'In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them.' (ISA (UK) 315) .

Other risks identified - continued

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Contributions	<p>Contributions from employers and employees represents a significant percentage of the Fund's revenue.</p> <p>We therefore identified the completeness and accuracy of the transfer of contributions as a risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the Fund's accounting policy for recognition of contributions for appropriateness; • gain an understanding of the Fund's system for accounting for contribution income; • test a sample of contributions to source data to gain assurance over their accuracy and occurrence; and • test relevant member data to gain assurance over management information to support a predictive analytical review with reference to changes in member body payrolls and the number of contributing employees to ensure that any unusual trends are satisfactorily explained.
Benefits Payable	<p>Pension benefits payable represents a significant percentage of the Fund's expenditure.</p> <p>We therefore identified the completeness, accuracy and occurrence of the transfer of pension benefits payable as a risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the Fund's accounting policy for recognition of pension benefits expenditure for appropriateness; • gain an understanding of the Fund's system for accounting for pension benefits expenditure; • test a sample of lump sums and associated individual pensions in payment by reference to member files; and • test relevant member data to gain assurance over management information to support a predictive analytical review with reference to changes in pensioner numbers and increases applied in year to ensure that any unusual trends are satisfactorily explained.

Other risks identified - continued

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Actuarial Present Value of Promised Retirement Benefits	<p>The Fund discloses the Actuarial Present Value of Promised Retirement Benefits within its Notes to the Accounts. This represents a significant estimate in the financial statements.</p> <p>The Actuarial Present Value of Promised Retirement Benefits is considered a significant estimate due to the size of the numbers involved (£1,518m) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Fund's Actuarial Present Value of Promised Retirement Benefits as a risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> document our understanding of the processes and controls put in place by management to ensure that the Fund's Actuarial Present Value of Promised Retirement Benefits is not materially misstated and evaluate the design of the associated controls; evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; assess the competence, capabilities and objectivity of the actuary who carried out the Fund's valuation; assess the accuracy and completeness of the information provided by the Fund to the actuary to estimate the liability; test the consistency of disclosures with the actuarial report from the actuary; and undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.

Other matters

Other work

The Pension Fund is administered by the City of London Corporation (the 'Authority'), and the Pension Fund's accounts form part of the Authority's financial statements.

Therefore, as well as our general responsibilities under the Code of Practice a number of other audit responsibilities also follow in respect of the Pension Fund, such as:

- We read any other information published alongside the Authority's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority.

We consider our other duties under legislation and the Code, as and when required, including:

- Giving electors the opportunity to raise questions about your 2023/24 financial statements, consider and decide upon any objections received in relation to the 2023/24 financial statements;
- Issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State.
- Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
- Issuing an advisory notice under Section 29 of the Act.
- We carry out work to satisfy ourselves on the consistency of the Pension Fund financial statements included in the Pension Fund Annual Report with the audited Fund accounts.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Progress against prior year audit recommendations

We identified the following issues in our 2022/23 audit of the Pension Fund's financial statements, which resulted in one recommendation being reported as not yet addressed in our 2022/23 Audit Findings Report

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Partial	<p>Journals authorisation The predecessor auditor identified that there was no evidence retained of management's review of journals over £100k. These findings were presented to management in March 2023 and therefore there was limited time to respond to these reports in the 2022/23 financial year.</p> <p>As part of our 2022/23 testing we determined, linked to the above, that the matter had not been fully resolved i.e. the Authority has a process whereby all journals where individual lines are over £100k are flagged retrospectively by the system and shared with the approver automatically via email for their approval, but evidence of this happening was not available for the audit. Arrangements have been established during 2023/24 to ensure that evidence of this control operating is retained.</p>	<p>We will review implementation progress in 2023/24 and report an update as part of our audit findings report.</p>

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
1	<p>Determination</p> <p>We have determined financial statement materiality based on a proportion of the gross assets as at 31/03/2023 for the Pension Fund. Materiality at the planning stage of our audit is £25m which equates to 1.9% of your gross assets as at 31/03/2023.</p>	<p>We determine planning materiality in order to:</p> <ul style="list-style-type: none"> – establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; – assist in establishing the scope of our audit engagement and audit tests; – determine sample sizes and – assist in evaluating the effect of known and likely misstatements in the financial statements.
2	<p>Other factors</p> <p>An item does not necessarily have to be large to be considered to have a material effect on the financial statements.</p>	<p>An item may be considered to be material by nature where it may affect instances when greater precision is required. We have determined a lower specific planning materiality for the Fund Account of £6.4m, which equates to 10% of prior year gross expenditure on the fund account. The lower specific materiality for the fund account will be applied to the audit of all fund account transactions, except for investment transactions, for which materiality for the financial statements as a whole will be applied.</p>
2	<p>Reassessment of materiality</p> <p>Our assessment of materiality is kept under review throughout the audit process.</p>	<p>We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.</p>
3	<p>Other communications relating to materiality we will report to the Audit & Risk Management Committee</p> <p>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit & Risk Management Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) ‘Communication with those charged with governance’, we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA 260 (UK) defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>	<p>We report to the Audit & Risk Management Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</p> <p>In the context of the Pension Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £1.25m.</p> <p>If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Governance Committee to assist it in fulfilling its governance responsibilities.</p>

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

	Amount (£)	Qualitative factors considered
Headline materiality for the financial statements	£25,000,000	This benchmark is determined as a percentage of the funds investment assets which has been set at approximately 1.9%.
Performance materiality for the financial statements	£17,500,000	Performance Materiality is based on a percentage (70%) of the overall materiality.
Materiality for the fund account	£6,400,000	This benchmark is determined as a percentage of the fund expenditure which has been determined as 10%
Performance materiality for the fund account	£4,480,000	Performance Materiality is based on a percentage (70%) of the overall materiality of the fund account.



IT audit strategy

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs. We say more about ISA 315 Revised on slide 18.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

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IT system	Audit area	Planned level IT audit assessment
Oracle E-Business Suite (General ledger)	Financial reporting	The IT Audit Team have carried out a review of the design and implementation of the City of London Corporation's (administering authority) general ledger, Oracle EBS - CBIS (Main ERP system hosted by City of London Corporation, used by the City of London Corporation Pension Fund).
Altair	Pension Administration	We will review the general IT controls in place for Altair.

Audit logistics and team



Zargham Malik, Audit Incharge

Zargham will support Jasmine in her work to ensure the early delivery of the audit testing and lead on several complex accounting issues. In addition, Zargham will also liaise with key members of the finance team to ensure audit testing and reviews are conducted on a timely basis.



Jasmine Kemp, Audit Manager

Jasmine is responsible for overall audit management, quality assurance of audit work and output. Jasmine will undertake reviews of the team's work and draft reports, ensuring they remain clear, concise and understandable.



Grant Patterson, Key Audit Partner

Grant is responsible for overall quality control; accounts opinions; final authorisation of reports; liaison with the audit and governance committee. Grant will share his wealth of knowledge and experience across the sector providing challenge and sharing good practice. Grant will ensure our audit is tailored specifically to you, and he is responsible for the overall quality of our audit work.

Audited Entity responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audited bodies. Where the elapsed time to complete an audit exceeds that agreed due to an entity not meeting its obligations, we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to an entity not meeting their obligations, we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to :

- ensure that you produce draft financial statements of good quality by the deadline you have agreed with us, including all notes.
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with management
- ensure that the agreed data reports are cleansed, are made available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit.
- respond promptly and adequately to audit queries.

Audit fees and updated Auditing Standards including ISA 315 Revised

In 2022, we were awarded a contract of audit for City of London Corporation Pension Fund to begin with effect from 2021/22. The fee agreed in the contract was £35k. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2023/24 audit.

For details of the changes which impacted please see our prior years Audit Plans and Audit Findings Reports. The major change impacting on our audit since 2022/23 is the introduction of ISA (UK) 315 (Revised) - Identifying and assessing the risks of material misstatement ('ISA 315'). There are a number of significant changes that will impact the nature and extent of our risk assessment procedures and the work we perform to respond to these identified risks. Key changes included:

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Enhanced requirements around understanding the Pension Fund's IT Infrastructure, IT environment. From this we will then identify any risks arising from the use of IT. We are then required to identify the IT General Controls ('ITGCs') that address those risks and test the design and implementation of ITGCs that address the risks arising from the use of IT.

Additional documentation of our understanding of the Pension Fund's business model, which may result in us needing to perform additional inquiries to understand the Pension Fund's end-to-end processes over more classes of transactions, balances and disclosures.

- We are required to identify controls within a business process and identify which of those controls are controls relevant to the audit. These include, but are not limited to, controls over significant risks and journal entries. We will need to identify the risks arising from the use of IT and the general IT controls (ITGCs) as part of obtaining an understanding of relevant controls.
- Where we do not test the operating effectiveness of controls, the assessment of risk will be the inherent risk, this means that our sample sizes may be larger than in previous years.

These were significant changes which required us to increase the scope, nature and extent of our audit documentation, particularly in respect of your business processes, and your IT controls. Maintaining and updating this work continues into on-going audit years and, in line with the additional days required for 2022/23, for a Pension Fund of your size we agreed an increase of £4,500 is appropriate to address this additional work. The other element of on-going work is providing IAS 19 assurances to other auditors that the National Audit Office have confirmed should be considered work undertaken under the Code of Audit Practice for 2022/23 audits onwards.

Taking into account the above, our proposed work and fee for 2023/24 is detailed overleaf (and subject to finalisation of the 2022/23 position has been agreed with the Financial Services Director).

Audit fees

	Final fee 2022/23	Proposed fee 2023/24
City of London Corporation Pension Fund tendered Audit fee	£35,000	£35,000
ISA 315 – same as prior year	£4,500	£4,500
Sub-total	£39,500	£39,500
Assurances Provided to Other Auditors		
Core Audit Work to Support Pension Fund Letters requested by other auditors	£6,000	£6,000
IAS 19 letters requested by BDO – assumed to be the same as prior year	£1,000	£1,000
IAS 19 letters requested by Crowe – assumed to be the same as prior year	£1,000	£1,000
Additional file sharing requested by Crowe – assumed to be the same as prior year	£1,500	£1,500
Sub-total	£9,500	£9,500
Total audit fees (excluding VAT)	£49,000	£49,000

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- As Auditor of the pension fund, we are required to provide assurance to the auditors of admitted bodies in the of IAS 19 Assurance letters. This is an additional requirement to provide assurance for the pension fund financial statements. As this additional work is to support the IAS 19 for admitted bodies, the Pension Fund will need to determine whether to recharge the cost to these bodies.
- Note that fees for IAS 19 letters for admitted bodies were classed as non-audit fees prior to 2022/23. The National Audit Office have confirmed that the provision of IAS 19 assurances should be considered work undertaken under the Code of Audit Practice for 2022/23 audits onwards.

Relevant professional standards

In preparing our fees, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees – Billing timetable and Assumptions

Billing

We will agree stage payments of the fee, based on delivery of specified audit milestones, with the Pension Fund.

Assumptions

In setting these fees, we have assumed that the Pension Fund will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit, we have made enquiries of all Grant Thornton UK LLP teams providing services to the Pension Fund.

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings	
Respective responsibilities of auditor and management/those charged with governance	•		ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•		This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•	We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•	Respective responsibilities
Significant matters in relation to going concern	•	•	As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.
Significant findings from the audit		•	The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.
Significant matters and issue arising during the audit and written representations that have been sought		•	
Significant difficulties encountered during the audit		•	
Significant deficiencies in internal control identified during the audit		•	
Significant matters arising in connection with related parties		•	
Identification or suspicion of fraud (deliberate manipulation) involving management and/or which results in material misstatement of the financial statements		•	
Non-compliance with laws and regulations		•	
Unadjusted misstatements and material disclosure omissions		•	
Expected modifications to the auditor's report, or emphasis of matter		•	

Escalation policy

The Department for Levelling Up, Housing and Communities are proposing to introduce an audit backstop date on a rolling basis to encourage timelier completion of local government audits in the future.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Authority's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the 31 May 2024 and respond to audit information requests and queries in a timely manner.

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

Step 1 - Initial Communication with Finance Director (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

We will have a conversation with the Finance Director(s) to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

Step 2 - Further Reminder (within two weeks of deadline)

If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

Step 3 - Escalation to Chief Executive (within one month of deadline)

If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding..

Step 4 - Escalation to the Audit Committee (at next available Audit and Risk Management Committee meeting or in writing to Audit and Risk Management Committee Chair within 6 weeks of deadline)

If senior management is unable to resolve the delay, we will escalate the issue to the Audit and Risk Management Committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

Step 5 - Consider use of wider powers (within two months of deadline)

If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.

Addressing the local audit backlog - consultation

Consultation

The Department for Levelling Up, Housing and Communities (DLUHC), working with the FRC, as incoming shadow system leader, and other system partners, has put forward proposals to address the delay in local audit. The proposals consist of three phases:

Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 30 September 2024.

Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.

Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

The consultation ran until 7 March 2024. Full details of the consultation can be seen on the following pages:

- Page 102
- FRC landing page - [Consultations on measures to address local audit delays \[frc.org.uk\]](https://www.frc.org.uk/consultations/consultations-on-measures-to-address-local-audit-delays)
 - DLUHC landing page - [Addressing the local audit backlog in England: Consultation - GOV.UK \[www.gov.uk\]](https://www.gov.uk/government/consultations/addressing-the-local-audit-backlog-in-england)
 - NAO landing page - [Code of Audit Practice Consultation - National Audit Office \[NAO\]](https://www.nao.org.uk/consultations/code-of-audit-practice-consultation)

Our response to the consultation

Grant Thornton responded to the consultation on 5 March 2024. In summary, we recognise the need for change, and support the proposals for the introduction of a backstop date of 30 September 2024. The proposals are necessarily complex and involved. We believe that all stakeholders would benefit from guidance from system leaders in respect of:

- the appropriate form of reporting for a backstopped opinion
- the level of audit work required to support a disclaimer of opinion
- how to rebuild assurance in terms of opening balances when previous years have been disclaimed.

We believe that both auditor and local authority efforts will be best served by focusing on rebuilding assurance from 2023/24 onwards. This means looking forwards as far as possible, and not spending 2023/24 undertaking audit work which was not carried out in previous years. We look for guidance from systems leaders to this effect.

Preparing for the backstop

For any outstanding years up to 2022/23, local authorities should:

- Prepare, adopt and publish financial statements in line with Code and Statutory requirements (Accounts and Audit Regs 2015 – ‘true and fair’)
- Support statements with a proper set of working papers and audit trail
- Work with the auditor to support the completion of outstanding audit work (where possible) and for the completion of Value for Money Work.

For 2023/24, local authorities should:

- page.103
- Agree a timetable and working paper requirements with the auditor
 - Put project planning and key milestones in place
 - Consider the implications of CIPFA consultation (property valuation and pensions)
 - Ensure the Audit and Risk Management Committee is properly briefed and prepared

As your auditor we will:

- Keep you updated on all national developments
- Set out clear expectations of the information we will require to conclude our work
- Agree a plan for the delivery of our work programme with a commitment to key milestones

Next steps

We await the government’s response to the consultation. We will discuss next steps including any implications for your audit once we have further information.

Informing the audit risk assessment for City of London Corporation – City Fund 2023-24



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between City of London Corporation – City Fund external auditors and Audit and Risk Management Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit and Risk Management Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit and Risk Management Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit and Risk Management Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit and Risk Management Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit and Risk Management Committee and supports the Audit and Risk Management Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Authority's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from City of London Corporation – City Fund's management. The Audit and Risk Management Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2023/24?</p>	<p>The last few years have been very challenging with global events impacting the wider economy. Inflation has been a growing issue and in 2023/24 financial year is now the largest financial pressure that the Corporation faces. In addition, the City Corporation is undergoing its own period of significant change in response to these events and its ambition to deliver on key priorities such as its move to net zero and support to major capital projects.</p>
<p>2. Have you considered the appropriateness of the accounting policies adopted by City of London Corporation – City Fund? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?</p>	<p>The City Fund accounts are prepared in accordance with proper accounting practices as required by the Accounts and Audit Regulations 2015. This comprises the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS).</p> <p>Accounting policies are reviewed as part of the preparation of the accounts. No material changes are anticipated in 23/24.</p>
<p>3. Is there any use of financial instruments, including derivatives? If so, please explain</p>	<p>City Fund is invested in money market funds</p>
<p>4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?</p>	<p>No</p>

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	No
6. Are you aware of any guarantee contracts? If so, please provide further details	CoL has entered into a guarantee contract for the Police ICT Company – as a national body supporting all forces with ICT services. This guarantee is limited to £28k.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	No
8. Other than in house solicitors, can you provide details of those solicitors utilised by City of London Corporation – City Fund during the year. Please indicate where they are working on open litigation or contingencies from prior years?	See Legal Fees breakdown provided on separate audit request

General Enquiries of Management

Question	Management response
<p>9. Have any of the City of London Corporation – City Fund’s service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details</p>	<p>The Corporate fraud register will be provided. Confirmation of non-compliance with laws and regulations has been provided via the Comptrollers and City Solicitor. We are not aware of any uncorrected misstatements that would have a material impact on the financial statements.</p>
<p>10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?</p>	<p>The City commission several valuation experts to conduct the valuation of their operational and investment property. These are Gerald Eve, Cushman and Wakefield and Savills. The City Corporation commission Barnet Waddingham to conduct its actuarial valuations including IAS19. We use Analyse Local to support our appeal provision calculation.</p>
<p>11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details</p>	<p>Assessment of expected credit losses are made on all non-statutory account debtors as per the requirements. Provisions are made based on backward and forward looking factors. Bad debt provision calculations have been provided as part of the audit pack.</p>

Fraud

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit and Risk Management Committee and management. Management, with the oversight of the Audit and Risk Management Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit and Risk Management Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As City of London Corporation – City Fund’s external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit and Risk Management Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit and Risk Management Committee oversees the above processes. We are also required to make inquiries of both management and the Audit and Risk Management Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from City of London Corporation – City Fund’s management.

Fraud risk assessment

Question	Management response
<p>1. Has City of London Corporation – City Fund assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Authority’s risk management processes link to financial reporting?</p> <p>Page 114</p>	<p>Reliance is placed on the controls in place to prevent fraud e.g. systems/processes/financial monitoring/procurement practice etc and any concerns would be flagged to the Chamberlain and Audit and Risk committee, which would be factored into the financial statements preparation.</p> <p>A fraud register is maintained of any actual or suspected fraud cases.</p> <p>Internal Audit has provided independent and objective assurance across a range of City Corporation activities and services through delivery of a continuous programme of Internal Audit reviews. The programme of Audit work has been managed proactively throughout the year in accordance with the Public Sector Internal Audit Standards and with the engagement and support of the Audit and Risk Management Committee considering the risk profile of the organisation and the resources (capacity and capability) available.</p> <p>The Head of Internal Audit has provided an annual opinion stating that the City has adequate and effective systems of internal control (which includes governance arrangements) in place to manage the achievement of its objectives. This is informed by completed Audit work, discussion with key officers and observation of the governance process in operation.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>See response to Q5 on the following page.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within City of London Corporation – City Fund as a whole, or within specific departments since 1 April 2023? If so, please provide details</p>	<p>All frauds, whether actual or suspected are recorded on the corporate fraud register.</p>

Fraud risk assessment

Question	Management response
<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>Biannual counter fraud and investigation reports delivered to the Audit & Risk Management Committee. Corporate risk report as standard item at each meeting of the Audit & Risk Management Committee.</p>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within City of London Corporation – City Fund where fraud is more likely to occur?</p>	<p>Yes – those areas where there is an inherent risk of fraud, despite having a sound control framework, the risks of human fraud or error can still exist.</p> <ul style="list-style-type: none"> • Housing allocations and rents (HRA properties) • AP (Mandate) • Social care (Direct Payments) <p>All frauds, whether actual or suspected are recorded on the corporate fraud register.</p>
<p>6. What processes do City of London Corporation – City Fund have in place to identify and respond to risks of fraud?</p>	<p>Fraud risks are considered as part of each internal audit assignment, with appropriate testing undertaken to assess the scale of the fraud risks in that service.</p> <p>IA's counter fraud team consider fraud risks as part of corporate fraud investigation activity and these are reported as appropriate to management, with recommendations made as appropriate to improve the control framework.</p>

Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for City of London Corporation – City Fund, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>Delivery of a programme of Internal Audit work, this incorporates assurance work reviewing controls within key financial systems as well as a risk based programme of activity (the approach to the latter still focusses on the adequacy of the Internal Control environment). Segregation of duties is built into many of our existing processes, often driven/enforced by the design and implementation of our IT systems.</p> <p>The effectiveness of the system of internal control is based upon review and analysis of completed Internal Audit work and other relevant information that the Head of Internal Audit becomes aware of. This is a judgement/opinion based assessment so does not follow a specific process.</p> <p>Refer to the Head of Internal Audit Annual Opinion report to Audit and Risk Management Committee to identify risk areas from absent/weak internal controls. Mitigating actions are usually to implement /improve the controls identified as weak.</p> <p>There are also some effective 2nd line controls, for example in relation to procurement, we also make use of the NFI and more recently the London NFI fraud hub.</p> <p>There is always the potential for override or inappropriate influence, some of the City Corporation's financial arrangements are complicated, that said, Internal Audit work has not identified any specific instances.</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>Not to our knowledge</p>

Fraud risk assessment

Question	Management response
<p>9. How does City of London Corporation – City Fund communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>Both the Corporate Anti-Fraud & Corruption Strategy and the Whistleblowing Policy provide confidential routes for staff to report any fraud concerns to the Internal Audit & Counter Fraud division for consideration of further investigation.</p> <p>A mandatory fraud awareness eLearning package is in place to raise staff awareness of fraud risks and acts as a reminder to staff about what risks they need to report. This eLearning is repeated periodically for staff employed in high fraud risk areas, such as housing, benefits, accounts payable etc.</p> <p>Staff are encouraged to report any concerns they may have, these are triaged by the Internal Audit & Counter Fraud division upon receipt with appropriate action taken.</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Posts where there is an inherent risk of fraud through misappropriation of funds or the City's assets. These include, finance, cashiers, AP, payroll, benefits, revenues, social care (DP) and housing teams.</p> <p>Staff in high risk posts are required to submit a declaration of interest return on an annual basis to their Chief Officer, any third party interests are considered on the basis of the risks posed and appropriate safeguards put in place.</p> <p>The mandatory fraud awareness eLearning training is repeated periodically for staff employed in high fraud risk posts.</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>No</p> <p>Self declaration of conflicts of interests/ third party interests expected to be reported by Chief Officers and Members.</p> <p>The City utilises the NFI AppCheck as part of its recruitment checks to see if staff have a third party interest (recorded within NFI data) that may impact their duties at CoL. Scope exists to use AppCheck periodically for high risk posts, but not known if this is being done holistically at present.</p> <p>Testing through the NFI biennial exercise – employees to Companies House data matching, The CoL is signed up to the NFI fraud hub, meaning more regular data matching of staff data to Companies House data.</p>

Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Audit and Risk Management Committee?</p> <p>How does the Audit and Risk Management Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>The Audit & Risk Management Committee (ARMC) receive an annual counter fraud & investigation report to its May committee and a half yearly report to its November committee.</p> <p>The Committee also receives regular updates on follow up work and has the power to hold officers to account, through calling management to committee to explain why any recommendations have not been implemented</p> <p>Overall arrangement for reporting and responding to recommendations has been positive and not required further intervention by ARMC.</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>Details of the disclosures raised under the whistleblowing procedure, along with the outcome of any investigation undertaken during 2023/24 can be found in the 2023/24 disclosure register.</p> <p>All disclosures raised under the whistleblowing channels are reported to the Audit & Risk Management Committee for oversight, along with a redacted summary of the outcome.</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>No</p>

Law and regulations

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit and Risk Management Committee, is responsible for ensuring that City of London Corporation – City Fund's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit and Risk Management Committee as to whether the body is in compliance with laws and regulations.

Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does City of London Corporation – City Fund have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Authority’s regulatory environment that may have a significant impact on the Authority’s financial statements?</p>	<p>Management and Committee reporting arrangements. See annual governance statement.</p> <p>Keep relevant laws and regulations under review – focus on changes in liaison with Comptroller and City Solicitor’s department. The Comptroller and City Solicitor, is responsible for providing all legal services required by the City of London. This includes providing legal advice to Committees, Departments of the City, to the Commissioner of Police for the City, and to other organisations for whom the Comptroller & City Solicitor is required to act as legal adviser (e.g. the Museum of London).</p> <p>No</p>
<p>2. How is the Audit and Risk Management Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>The City Corporation has established formal Risk Management arrangements which include the development and maintenance of corporate, departmental, and service risks, their regular review by departmental senior management, through the Chief Officer Risk Management Group, and reported to the relevant Grand/Service Committee. These arrangements are subject to annual review by the Audit and Risk Management Committee and have continued to operate effectively.</p> <p>The Audit and Risk Management Committee continue to play an important and integral part in ensuring that our most important risks were reviewed through regular risk updates and deep dives of corporate risks on a rolling basis. The Committee also continued to operate the Informal Risk Challenge process, meeting with Chief Officers individually to evaluate their approach to managing risk within their operations.</p> <p>See Risk Management Policy and Strategy for further details</p>

Impact of laws and regulations

Question	Management response
3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2023 with an on-going impact on the 2023/24 financial statements? If so, please provide details	Not as far as we are aware
4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details	Not of a material nature
5. What arrangements does City of London Corporation – City Fund have in place to identify, evaluate and account for litigation or claims?	<p>See response to Q2 on previous page.</p> <p>In addition, confirmation is required from each Chief Officer that events after the balance sheet date and contingent liabilities/outstanding claims have been considered, with details of any material items or a nil return being provided.</p>
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	Not as far as we are aware

Related Parties

Matters in relation to Related Parties

City of London Corporation – City Fund are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by City of London Corporation – City Fund;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Authority;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Authority or of any body that is a related party of the Authority.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the [type of body]'s perspective but material from a related party viewpoint then the Authority must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in City of London Corporation – City Fund’s 2023/24 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> the nature of the relationship between these related parties and City of London Corporation – City Fund whether City of London Corporation – City Fund has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	<p>Members have agreed to disclose all related party transactions of £10k to ensure transparency so our disclosures go above the strict accounting requirement. The disclosure in the accounts makes clear the movements from the previous year.</p>
<p>2. What controls does City of London Corporation – City Fund have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Members are required to complete these disclosures as part of their role. Related parties linked to roles obtained through the Corporations are included by default.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>The Corporation does not operate single member decision making so all decisions are routed through the committee system. All procurement activity follows procurement rules which would usually result in a tender or approved framework being utilised with a transparent selection process.</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>Whilst delegation limits are in place for Officers to action transactions most if not all significant transactions would be routed through a committee process. An audit trail of approvals will be required in order for payments to be processed.</p>

Going Concern

Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

Going Concern

Question	Management response
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by City of London Corporation – City Fund will no longer continue?	The organisation undertakes regular in-year budget and risk monitoring and produces a medium term financial plan as part of the budget setting process each year to ensure resources are allocated effectively to ensure statutory services are able to continue.
2. Are management aware of any factors which may mean for City of London Corporation – City Fund that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	No
3. With regard to the statutory services currently provided by City of London Corporation – City Fund, does City of London Corporation – City Fund expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for City of London Corporation – City Fund to cease to exist?	The City of London Corporation expects continued delivery of these services.
4. Are management satisfied that the financial reporting framework permits City of London Corporation – City Fund to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes

Accounting estimates

Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?</p>	<p>These are reviewed and disclosed in note 2 of the accounts. Potential areas include business rates, pension liability, PPE, asset valuations and arrears.</p>
<p>2. How does the City of London Corporation – City Fund’s risk management process identify and address risks relating to accounting estimates?</p>	<p>The City of London Corporation is committed to ensuring risk management is utilised in every aspect of the organisation to drive efficiency, innovation and effectiveness in its overall decision-making process.</p> <p>The Corporate Risk Register contains the City Corporation’s most significant risks and is reviewed by the Executive Leadership Board (chaired by the Town Clerk) before being reported to the Audit and Risk Management Committee on a quarterly basis.</p> <p>Each department has a nominated risk coordinator who can provide support and guidance to officers and managers on risk management.</p> <p>The Risk Management Forum, chaired by the Chief Strategy Officer’s Corporate Risk Manager, enables risk coordinators and risk management leads discuss and understand strategic and operational elements of risk management, including the review, development and engagement of managing risks within the City Corporation.</p>
<p>3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?</p>	<p>These are largely driven by technical reporting requirements as set out but professional bodies (RICS and IAS etc). CoL does maintain some level of internal expertise like property specialists, accountants, those operating within the pension field etc to support the process. In relation to NNDR appeals the use of external experts provides us with a wider view of the evolution within this area and our position as the second largest business rate authority means we have close contact with Govt and other large business rate areas (like Westminster) to understand potential changes. Judgements on the recoverability of arrears are reviewed each year to ensure they appropriately capture the risk around this.</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
4. How do management review the outcomes of previous accounting estimates?	Many of these areas are constantly evolving and therefore these estimates only reflect a point in time. Previous years values form the starting point against current year estimates will be measured, and understanding key movements is critical to understanding how positions may have evolved.
5. Were any changes made to the estimation processes in 2023/24 and, if so, what was the reason for these?	A change to the estimate of Useful Economic Life (UEL) used in the calculation of depreciation for Council Dwellings, from 125 years to 65 years, based upon latest information provided by the external valuers.
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	These are largely focused on the key areas of estimation which are material to the accounts requiring specialist training in making assessment (e.g. property and actuarial valuations) or where access to specialist knowledge provides support and advice when linking into the estimations process (e.g. NNDR provisions). Where specialised skills or knowledge are not available internally, the Corporation utilises interim staff or consultants to ensure that the required skills are accessible.
7. How does the City of London Corporation – City Fund determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	<p>All external advice is subject to review processes where information provided is challenged to ensure it is robust and any movements are understood. For valuations, formal challenge sessions are held with our internal property experts and then further challenge is made by our capital accountants if there are any valuations that are flagged as outliers. The pension valuations are largely formulaic but we do ensure that significant movements between years are understood with additional disclosures included if necessary. NNDR appeals are subject to review by the Head of Revenues and the collection fund accountant. Bad debt provisions are viewed by the relevant head of finance and service leads to ensure a reasonable position is reached.</p> <p>Note in the case of external experts the base data used to produce these estimates is provided by CoL so we ensure these remain robust.</p>

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Accounting Estimates - General Enquiries of Management

Question	Management response
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	See response to Q7 on the previous page
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements.	See response to Q7 on the previous page
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	No

Accounting Estimates - General Enquiries of Management

Question	Management response
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	These are established processes which are supported by external advice adhering to professional standards
12. How is the Audit and Risk Management Committee provided with assurance that the arrangements for accounting estimates are adequate ?	The Audit Committee are aware of any prior audit issues raised with accounting estimates and are informed of changes made to address these issues. Briefing sessions are held on the accounts prior to sign off which enables Members (within and outside of the committee) to challenge the approach to any aspect of the accounts. Members appoint senior staff within Chamberlain's with appropriate skills and qualifications to provide the relevant assurance around the statement of accounts. The audit committee also maintains 3 independent members with appropriate skills and experience to provide challenge to all elements of the audit committee remit including the approval of the statement of accounts.

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	External RICS valuations	Passing over of data by CoL to base valuations on, review meetings to discuss valuations, further challenge by capital team on valuation report.	Yes	Valuations are inherently uncertain due to the nature of the valuation process as individual valuers make judgements in forming a valuation.	No
Council dwelling valuations	Internal valuer using beacon methodology	Qualification of valuers, training, peer review	Internal qualified valuers	Valuations are inherently uncertain due to the nature of the valuation process as individual valuers make judgements in forming a valuation.	No
Investment property valuations	External RICS valuations	Passing over of data by CoL to base valuations on, review meetings to discuss valuations, further challenge by capital team on valuation report.	Yes	Valuations are inherently uncertain due to the nature of the valuation process as individual valuers make judgements in forming a valuation.	No
Depreciation	Methods used as accepted by CIPFA code of practice. Asset lives determined as part of capital scheme development and principle as identified in the accounts	Discussion with capital scheme managers and subsequent use of valuations process to determine changes in UEL. Control in place to ensure all capital spend is capture through project procedure.	Project manager identified when capital scheme undertaken to advise to UEL	UEL are an inherent estimate.	A change to the estimate of Useful Economic Life (UEL) used in the calculation of depreciation for Council Dwellings, from 125 years to 65 years, based upon latest information provided by the external valuers.

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Valuation of defined benefit net pension fund liabilities	Actuarial valuations as set out by actuarial standards	Underlying data is provided by CoL, estimates are reviewed and challenged once provided by Actuary	Yes, Barnett Waddingham	There is a degree of uncertainty involved due to the long-term nature of pension liability.	No
Fair value estimates	Only applies to short dated bond fund investments whose value are deemed via market price	N/a	None – albeit these fund are invested with an investment firm.	N/a	No
Provisions	Currents only applicable for NNDR appeals. In general confirmation of potential issues received via Chief Officer confirmations	Senior leaders, including the Town Clerk and City Solicitor determine if there is an issue.	No	Would be subject to the specific provision issue that was being dealt with.	No
Accruals	Based on financial commitments at the end of the financial year yet to be recorded. Limited use of models but judgement require on value of capital works completed at year end, which is determined by contractor	Review of financial position by budget holders and finance professionals.	No	Limited uncertainty as this is usually based on actual delivery of product or service.	No

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Credit loss and impairment allowances	Generally review of historic trends, with account taken of future issues that may impact specific income streams	Review of historic trends, information for service managers	No	Locally determined depending on income stream.	No
Finance lease liabilities	Method as set out in CIPFA code of practice.	N/a	No	N/a	No
MDR Appeals provision	Analyse provide by Analyse Local	VOA listing of CCA	Analyse Local	Uncertainty inherent but wider data set utilised by Analyse Local provide greater level of support for approach.	No



Informing the audit risk assessment for City of London Corporation Pension Fund 2023/24



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between City of London Corporation Pension Fund's external auditors and City of London Corporation Pension Fund's Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the City of London Corporation Pension Fund's oversight of the following areas:

General Enquiries of Management

Fraud,

Laws and Regulations,

Related Parties,

Going Concern, and

Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from City of London Corporation Pension Fund's management. The Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2023/24?	There have been no key events or issues that have a significant impact on these statements.
2. Have you considered the appropriateness of the accounting policies adopted by City of London Corporation Pension Fund? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?	Accounting policies are reviewed as part of the preparation of the accounts. No changes have been made in 2023/24.
3. Is there any use of financial instruments, including derivatives? If so, please explain	The pension fund monies are invested with fund managers within different asset classes such as equity, multi asset, private equity and infrastructure
4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?	No

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	No
6. Are you aware of any guarantee contracts? If so, please provide further details	No
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	No
8. Other than in house solicitors, can you provide details of those solicitors utilised by City of London Corporation Pension Fund during the year. Please indicate where they are working on open litigation or contingencies from prior years?	No external solicitors are used by the Pension Fund.

General Enquiries of Management

Question	Management response
<p>9. Have any of the City of London Corporation Pension Fund's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details</p>	<p>No</p>
<p>10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?</p>	<p>The Pension Fund has Mercer as its investment consultant. Mercer provide general advice around the investments of the fund, state of the market etc. Barnett Waddingham are the Pension Fund actuary</p>
<p>11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details</p>	<p>Assessment of expected credit losses are made on all non-statutory account debtors as per the requirements. Provision are made based on backward and forward looking factors</p>

Fraud

Matters in relation to fraud

ISA (UK) 240 covers auditors' responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As City of London Corporation Pension Fund's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures, we are required to consider risks of fraud. This includes considering the arrangements management has put in place regarding fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from City of London Corporation Pension Fund's management.

Fraud risk assessment

Question	Management response
<p>1. Has City of London Corporation Pension Fund assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the City of London Corporation Pension Fund's risk management processes link to financial reporting?</p>	<p>Reliance is placed on the controls in place to prevent fraud e.g. systems/processes/financial monitoring/procurement practice etc and any concerns would be flagged to the Chamberlain and Audit and Risk committee, which would be factored into the financial statements preparation.</p> <p>A fraud register is maintained of any actual or suspected fraud cases.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>See response to Question 5 below</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within City of London Corporation Pension Fund as a whole, or within specific departments since 1 April 2023? If so, please provide details</p>	<p>See response to Question 5 below</p>

Fraud risk assessment

Question	Management response
<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>Biannual counter fraud and investigation reports delivered to the Audit & Risk Management Committee.</p> <p>Corporate risk report as standard item at each meeting of the Audit & Risk Management Committee.</p>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within City of London Corporation Pension Fund where fraud is more likely to occur?</p>	<p>Yes – those areas where there is an inherent risk of fraud, despite having a sound control framework, the risks of human fraud or error can still exist</p> <ul style="list-style-type: none"> • Continued payment of pensions following death • Over payment of pensions • Scammers targeting scheme members to persuade them to transfer their benefits to other arrangements that may be unusual or high risk or allow the scammers to steal the funds outright. <p>No</p>
<p>6. What processes do City of London Corporation Pension Fund have in place to identify and respond to risks of fraud?</p>	<p>Fraud risks are considered as part of each internal audit assignment, with appropriate testing undertaken to assess the scale of the fraud risks in that service.</p> <p>Internal Audit's counter fraud team consider fraud risks as part of corporate fraud investigation activity and these are reported as appropriate to management, with recommendations made as appropriate to improve the control framework.</p>

Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for City of London Corporation Pension Fund, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>Delivery of a programme of Internal Audit work, this incorporates assurance work reviewing controls within key financial systems as well as a risk based programme of activity (the approach to the latter still focusses on the adequacy of the Internal Control environment). Segregation of duties is built into many of our existing processes, often driven/enforced by the design and implementation of our IT systems.</p> <p>The review of the effectiveness of the system of internal control is based upon review and analysis of completed Internal Audit work and other relevant information that the Head of Internal Audit becomes aware of, this is a judgement/opinion based assessment so does not follow a specific process.</p> <p>Refer to Head of Internal Audit Annual Opinion report to Audit and Risk Management Committee to identify risk areas from absent/weak internal controls. Mitigating actions are usually to implement /improve the controls identified as weak.</p> <p>There is always the potential for override or inappropriate influence, some of the City Corporation's financial arrangements are complicated and not necessarily transparent, that said, Internal Audit work has not identified any specific instances</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>Not to my knowledge</p>

Fraud risk assessment

Question	Management response
<p>9. How does City of London Corporation Pension Fund communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>Both the Corporate Anti-Fraud & Corruption Strategy and the Whistleblowing Policy provide confidential routes for staff to report any fraud concerns to the Internal Audit & Counter Fraud division for consideration of further investigation.</p> <p>A mandatory fraud awareness eLearning package is in place to raise staff awareness of fraud risks and acts as a reminder to staff about what risks they need to report. This eLearning is repeated periodically for staff employed in high fraud risk areas, such as housing, benefits, accounts payable etc.</p> <p>Staff are encouraged to report any concerns they may have, these are triaged by the Internal Audit & Counter Fraud division upon receipt with appropriate action taken.</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Posts where there is an inherent risk of fraud through misappropriation of funds or the Pension Fund's assets. These include, pensions administration, cashiers and investments.</p> <p>Staff in high risk posts are required to submit a declaration of interest return on an annual basis to their Chief Officer, any third party interests are considered on the basis of the risks posed and appropriate safeguards put in place.</p> <p>The mandatory fraud awareness eLearning training is repeated periodically for staff employed in high fraud risk posts.</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>No</p> <p>Self declaration of conflicts of interests/ third party interests expected to be reported by officers and Members.</p> <p>The City utilises the NFI AppCheck as part of its recruitment checks to see if staff have a third party interest (recorded within NFI data) that may impact their duties at CoL. Scope exists to use AppCheck periodically for high risk posts, but not known if this is being done holistically at present.</p>

Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p> <p>How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>The Audit & Risk Management Committee (ARMC) receive an annual counter fraud & investigation report to its May committee and a half yearly report to its November committee.</p> <p>Regular updates on follow up work and have the power to hold officers to account, through calling management to committee to explain why recs not implemented</p> <p>Overall arrangement for reporting and responding to recs has been positive and not required further intervention by ARMC</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>No</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>No</p>

Law and regulations

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit Committee, is responsible for ensuring that City of London Corporation Pension Fund's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures, we are required to make inquiries of management and the Audit Committee as to whether the body is in compliance with laws and regulations. Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does City of London Corporation Pension Fund have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the City of London Corporation Pension Fund's regulatory environment that may have a significant impact on the City of London Corporation Pension Fund's financial statements?</p>	<p>The 'McCloud Remedy' regulations were implemented with effect from 1 October 2023, however these have had no noticeable effect on the 2023/24 accounts.</p> <p>No</p>
<p>2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>See corporate risk management procedure.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2023 with an on-going impact on the 2023/24 financial statements? If so, please provide details</p>	<p>No</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>No</p>

Impact of laws and regulations

Question	Management response
5. What arrangements does City of London Corporation Pension Fund have in place to identify, evaluate and account for litigation or claims?	Management and insurance arrangements - see annual governance statement.
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	No, not that we are aware.

Related Parties

Matters in relation to Related Parties

City of London Corporation Pension Fund are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by City of London Corporation Pension Fund;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Pension Fund;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Pension Fund, or of anybody that is a related party of the Pension Fund.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the [type of body]'s perspective but material from a related party viewpoint then the Pension Fund must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in City of London Corporation Pension Fund's 2023/24 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> the nature of the relationship between these related parties and City of London Corporation Pension Fund Whether City of London Corporation Pension Fund has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	<p>Members have agreed to disclose all related party transactions of £10k to ensure transparency so our disclosures go above the strict accounting requirement. The disclosure in the accounts makes clear the movements from the previous year.</p>
<p>2. What controls does City of London Corporation Pension Fund have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Members are required to complete these disclosures as part of their role. Related parties linked to roles obtained through the Corporations are included by default</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>The Corporation does not operate single member decision making so all decisions are routed through the committee system. All procurement activity follows procurement rules which would usually result in a tender or approved framework being utilised with a transparent selection process.</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>Whilst delegation limits are in place for Officers to action transactions most if not all significant transactions would be routed through a committee process. An audit trail of approvals will be required in order for payments to be processed</p>

Going Concern

Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern –Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government pension scheme bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work, and it is through such work that it will be considered.

Going Concern

Question	Management response
<p>1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by the City of London Corporation Pension Fund will no longer continue?</p>	<p>The Pension Fund undergoes a triennial valuation to set the employer contribution rates for the following three years. Each year an IAS 19 and IAS26 is produced as are FRS102 (for some of the admitted bodies).</p>
<p>2. Are management aware of any factors which may mean for the City of London Corporation Pension Fund that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?</p>	<p>No</p>
<p>3. With regard to the statutory services currently provided by City of London Corporation Pension Fund, does City of London Corporation Pension Fund expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for the City of London Corporation Pension Fund to cease to exist?</p>	<p>The City of London Pension Fund is a local government pension scheme and is governed by regulations. There are no plans for it to “cease to exist”. The administration of the pension fund will continue to be provided in house.</p>
<p>4. Are management satisfied that the financial reporting framework permits City of London Corporation Pension Fund to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?</p>	<p>Yes</p>

Accounting estimates

Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	These are disclosed in the accounts.
2. How does the City of London Corporation Pension Fund risk management process identify and address risks relating to accounting estimates?	This is disclosed in the accounts under Critical Judgements in apply accounting policies and Assumptions about other major sources of estimation uncertainty
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	This is mainly driven by technical reporting requirements (IAS19, IAS26 and FRS 102) which are undertaken by the actuary (Barnett Waddingham)
4. How do management review the outcomes of previous accounting estimates?	Many of these areas are constantly evolving and therefore these estimates only reflect a point in time. Previous years values form the starting point against current year estimates will be measured,. See also Question 3 above.
5. Were any changes made to the estimation processes in 2023/24 and, if so, what was the reason for these?	No

Accounting Estimates - General Enquiries of Management

Question	Management response
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	These are largely focused on the key areas of estimation which are material to the accounts requiring specialist training in making assessment (e.g. property and actuarial valuations) or where access to specialist knowledge provides support and advice when linking into the estimations process (e.g. NNDR provisions) Actuarial valuations must be undertaken by an actuary – for the City of London Pension Fund, the actuary is Barnett Waddingham.
7. How does the City of London Corporation Pension Fund determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	The pension valuations are largely formulaic, but we do ensure that significant movements between years are understood. At the triennial valuation, the draft valuation is subject to review and challenge by officers and a small group of Members.
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	See Question 7 above
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	See Question 7 above Actuary Actuary Accounting policies

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Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	No
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	These are established processes which are supported by external advice adhering to professional standards
12. How is the audit and risk committee provided with assurance that the arrangements for accounting estimates are adequate ?	The Audit & Risk Committee are aware of any prior audit issues raised with accounting and are informed of changes made to address these issues. Briefing sessions are held on the accounts prior to sign off which can enable Members (within and outside of the committee) to challenge the approach to any aspect of the accounts. Member appoint senior staff within Chamberlain's with appropriate skills and qualifications to provide the relevant assurance around the statement of accounts. The Audit & Risk committee also maintains 3 independent members with appropriate skills and experience to provide challenge to all element of the Audit & Risk Committee remit including the approval of the statement of accounts.

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Change in accounting method in year?
Actuarial PV of Retirement Benefits	Estimation of the net liability to pay pensions depend on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.	Underlying data is provided by CoL, estimates are reviewed and challenged once provided by Actuary.	Yes, Barnett Waddingham	There is a degree of uncertainty involved due to the long-term nature of pension liability.	No
Level 2 investments	The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13. For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).	Underlying data provided by Fund Manager and Custodian. CoL challenge any variances between Custodian and Fund Managers values.	Fund Manager/Custodian	Degree of uncertainty is low as market values are provided by Fund Manager/Custodian, potential differences arise from different foreign exchange rates used (i.e. rounding of decimal places) and whether values have been taken as at MID pricing or BID pricing.	No
Level 3 investments	As above for Infrastructure (IFM) and Property. For Private Equity and Infrastructure (DIF), this is determined by using latest available data and calculated using the latest available market values (31 December, in most cases) and adjusted for cash flow and foreign exchange movements occurring during the period.	Underlying data provided by Fund Manager. The adjustments used for cashflows are reconciled on a quarterly basis.	Fund Manager/Custodian	There is a degree of uncertainty involved due to the adjustment for cash flow and foreign exchange movement.	No
Contribution Accruals	Normal contributions, both from members and employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate.	N/A, no estimates used	No	Contributions are as per sent by employers/members per rates and adjustment certificates	No



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Internal Audit Dashboard: 31/01/2024-31/03/2024

Work completed since last Committee Update

Final Audit Reports Issued

Deputy Town Clerk	Members Financial Support	Limited Assurance
City of London Police	Cost Recovery and Income Collection	Moderate Assurance
Corporate Wide	Pensions Auto-Enrolment – Casual Workers (non-standard review)	

Follow-up
Reviews: 4

Committee
Updates: 4

Corporate Risk Assurance:
None since 31/01/2024

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Audit Reviews in Progress:

- Town Clerks – Members Financial Support
 - City of London Police – Income (Cost Recovery and Collection)
 - Barbican – Financial Management
 - Guildhall School – Financial Management
 - City of London Police - Employees
- (note also work in progress for London Councils and Museum of London)

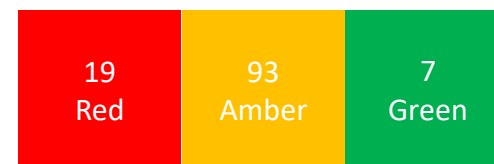
Other key work to note (sources of assurance):

- Head of Internal Audit is a member of the Portfolio Management Implementation Working Party – meets weekly – providing advice and guidance that is shaping the design of the project management approach and associated governance.

Follow-up outcomes in period

Total Recommendations Reviewed:	
16	
6 Implemented	10 Outstanding

All Open Recommendations: 119



Date Prepared: 04/04/2024

Agenda Item 14

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Internal Audit current programme of work: 01/04/2024 – 30/06/2024

Department	Audit
City of London Police	CoLP Employees including overtime (starters, movers, leavers etc. compliance focus)
Barbican Centre	Financial Management
Barbican Centre	Contract Management
Barbican	Business Continuity
Guildhall School	Medium Term Financial Planning
Innovation and Growth	Operational Expenditure
City of London Police	Information and Data Handling
Barbican Centre	Business Continuity
Environment	Planning Governance
<p>A further 2 or 3 Audit Reviews to be confirmed in Q1 subject to delivery of work for London Councils and Museum of London and completion of Recommendations Implementation Follow-up Reviews</p>	

Notes:

- Includes work in progress
- Represents approximately 90 Audit days
- Does not include Corporate Risk Coverage
- Does not include Follow-up work
- Does not include programme of work for London Councils and Museum of London

Resourcing:

- Managing the impact of a long-term sickness absence in team during period
- Recruiting to Senior Auditor vacant position

All work planned for completion to at least Draft Report stage by 30/06/2024

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Appendix 1 - Analysis of the number of cases investigated between 01/04/2023 and 31/03/2024

1. The chart below provides a detailed analysis of the number of completed investigations, during the 2023/24 reporting year, showing all fraud and investigation types along with the value of investigated cases, including where these can be quantified, the value of corporate and whistleblowing investigations. It also provides the previous full year reporting data for comparative purposes.

2. The nature of the concerns raised under the City's whistleblowing channels mean that not all investigations completed under this discipline will have a financial value attached but may instead result in other outcomes such as disciplinary action, or control environment recommendations.

Activity	Completed Investigations 01/04/2023 – 31/03/2024	Value (£'s) 01/04/2023 – 31/03/2024		<i>Completed Investigations 2022/23</i>	<i>Investigation Value (£'s) 2022/23</i>
Social Housing Tenancy Fraud ¹	14	539,634 ^(N)		12	715,512 ^(N)
Right to Buy ²	2	Nil		0	Nil
Housing Application Fraud ³	3	9,720 ^(N)		6	Nil
Blue Badge Fraud	0	NIL		4	2,600 ^(N)
Corporate Investigations ⁴	8	414,602		11	610,553
Council tax investigations	22	13,218		15	6,771
Whistleblowing Disclosures	7	Nil		4	Nil
Total	56	977,174		52	1,354,876

Notes:

¹ Successful possession gained has a notional cost of £59,626 loss to the public purse as per tenancy fraud values formula designed and produced by the Tenancy Fraud Forum and the London Borough Fraud Investigators Group.

² Right to Buy uses true discount value £112,300 per property.

³ Positive outcomes in respect of housing application fraud investigations result in stopping fraud impacting the City at the point of application and mitigates future investigation costs and losses to the public purse, in essence, avoiding the equivalent cost of a tenancy fraud. Associated NFI value £3,240 per outcome.

⁴ Corporate Fraud Investigations include cases of fraud, error, corruption, theft or conduct investigated directly by Internal Audit and/or investigation supported by Internal Audit & Risk Management and are not necessarily cashable savings.

^(N) Denotes Notional Costs

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Appendix 2 – Housing Tenancy Fraud Caseload Analysis 01/04/2023 to 31/03/2024

Housing Tenancy Fraud Case Referrals	01/04/2023 to 31/03/2024	01/04/2022 to 31/03/2023
Housing tenancy fraud referrals received in current year	34	38
Right to buy referrals received in current year	2	21
Housing application referrals received in current year	6	8
Cases carried forward from previous year (all disciplines)	17	34
Total	59	101
Cases/referrals currently under investigation		
Cases/referrals currently under investigation	10	17
Cases/referrals closed with no further action		
Cases/referrals closed with no further action	30	62
Cases with Comptroller & City Solicitor		
Cases with Comptroller & City Solicitor	2	4
Cases where successful possession gained³		
Cases where successful possession gained ³	9	9
Cases where successful criminal action taken		
Cases where successful criminal action taken	2	3
Cases where fraudulent application identified²		
Cases where fraudulent application identified ²	3	6
Short-term letting investigations		
Short-term letting investigations	3	N/A
Dishonest Right to buy fraud identified		
Dishonest Right to buy fraud identified	0	0
Total	59	101
Total value of losses to the public purse from social housing tenancy fraud³		
	£665,606^(N)	£715,512^(N)
Notes:		
<p>¹Cases with the Comptroller & City Solicitor only included as positive outcomes upon completion of successful criminal/civil action as appropriate. Where offences committed are serious enough to warrant criminal/civil proceedings these are progressed under the Prevention of Social Housing Fraud Act 2013 and/or the Fraud Act 2006 and/or the Housing Act 1985.</p> <p>²Fraudulent application includes housing register applications, dishonest succession applications and mutual exchange applications denied. Associated NFI value £3,240 per outcome.</p> <p>³Successful possession gained has a notional value of £59,626, reflecting the loss to the public purse as per tenancy fraud values formula designed and produced by the Tenancy Fraud Forum and the London Borough Fraud Investigators Group. Positive outcomes in respect of housing application fraud investigations result in stopping fraud impacting the City at the point of application and mitigates future investigation costs and losses to the public purse. Right to Buy uses true discount value £112,300 per property.</p> <p>^(N)Denotes Notional Value</p>		

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Appendix 3 – Tenancy Fraud Case Summaries 2023/24

1. Prosecution Case –Tenancy Fraud / Holloway Estate

This case related to joint tenants at Holloway Estate since December 2021. Prior to becoming joint tenants, this was tied accommodation as one of the tenants worked for the City of London, as an Estates Office for many years, and ironically used to refer potential fraud cases to be investigated.

A referral was received from an Estates Officer that the tenants had not been seen for an extended period of time and that another lady had been observed entering the property.

Initial credit and financial checks linked four other persons to the property in the period since the joint social housing tenancy began.

Residency checks were carried out at the property by the City's Tenancy Fraud Investigator, and this revealed that the tenants had sub-let to different individuals shortly after the award of the tenancy and had relocated to Thailand. Witness statements were obtained from three occupiers currently in situ, whilst another person who previously lived at the property was located at an address in West London and a further witness statement obtained from her.

After advertising to rent the property online, the sub-tenants had met the tenants at the property and agreed to move in. All of them paid rent directly into the bank account of one of the sub-tenants on a monthly basis.

Both the joint tenants were contacted via e mail and made aware of the circumstances that had been uncovered and invited to return to the UK to be interviewed under caution, both declined to attend.

The joint tenants voluntarily returned possession of the property and the sub-tenants have since moved out and the property rehoused.

The criminal benefit in this case (difference between the social housing rent paid and the profit accrued from sub-letting) is over £22,000, for a period of 13 months.

A criminal prosecution was pursued, and a subsequent court order issued an arrest warrant for both of the joint tenants, to be triggered when the defendants enter at UK ports.

Appendix 3 – Tenancy Fraud Case Summaries 2023/24

2. Succession Fraud / Holloway Estate

An occupier attended Holloway Estate Office claiming to have lived at property with her Mother, who had passed away a few days' prior, for the last 18 months. She asked to succeed the tenancy stating that she would be homeless otherwise.

The occupier provided a bank statement and doctors letter showing her address as her mother's social housing property.

Intelligence checks identified that the lady looking to succeed had not been known to Islington Local Authority for Council Tax purposes, her mother was in receipt of Single Person Discount,

The occupier had only recently registered her bank account at the social housing property, less than one month before.

The occupier's financial links were all at another address in the last three years, in Bury St Edmunds, where she was on the electoral roll and still had bank accounts, utility bills and telecoms in her name. She jointly owned this property.

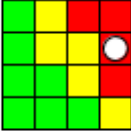
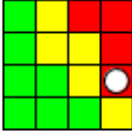

Following the intelligence checks, succession was denied.

Corporate risks - detailed report EXCLUDING COMPLETED ACTIONS

Generated on: 29 April 2024



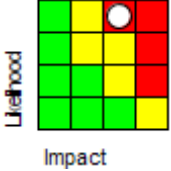
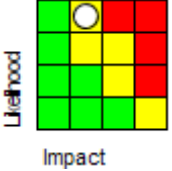

Rows are sorted by Risk Score

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date/Risk Approach	Current Risk score change indicator
CR16 Information Security (formerly CHB IT 030) 10-May-2019	<p>Cause: Breach of City of London Corporation IT Systems resulting in unauthorised access to data by internal or external sources.</p> <p>Event: The City Corporation does not adequately prepare, maintain robust (and where appropriate improve) effective IT security systems and procedures.</p> <p>Effect: a) Failure of all or part of the IT Infrastructure with associated business systems failures. b) Harm to individuals. c) A breach of legislation such as the Data Protection Act 2018 and UK-GDPR. d) Incurrence of a monetary penalty. e) Corruption of data. f) Reputational damage to City of London Corporation as an effective body.</p>	 <p>24</p>	<p>The project to implement a raft of new security improvements is complete.</p> <p>A decision was made to define a minimum-security baseline for all parts of the corporation. The Director of DITS will work with IMS to put this together.</p> <p>The security service provided by Agilisys has now been brought in-house, giving greater control and visibility over Security controls.</p> <p>We are committed to increasing our Secure Score month on month, and this is now being reported to Digital Services Committee as well as Information Management Board.</p> <p>29 Apr 2024</p>	 <p>16</p>	31-Dec-2024	

Caroline Al-Beyerty							Reduce	Constant
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR16q	Monitoring user activity on the network for any suspicious or unauthorized behaviour	<p>Currently, our network activity monitoring is operational but lacks a sophisticated behavioural analytics component to detect anomalous behaviour accurately. Integrating a behavioural analytics solution is crucial for enhancing our detection capabilities, significantly reducing the risk of ransomware attacks. This solution will leverage machine learning and AI algorithms to analyse patterns of user behaviour, identifying deviations that could indicate a security threat. Implementing this will not only improve our preventative measures against ransomware attacks but also strengthen our overall cybersecurity posture.</p> <p>Steps for Implementation: Market Research Vendor Selection Pilot Testing Training and Awareness Full Deployment Continuous Improvement</p> <p>This approach ensures that the action is not only about monitoring but actively improving our capability to detect and respond to cybersecurity threats, particularly ransomware, through advanced behavioural analytics.</p>	Gary Brailsford-Hart	29-Apr-2024	31-Dec-2024
CR16r	Monitoring access control systems and processes to ensure that only authorized users have access to sensitive information	<p>Controls are in place to manage the access control to the estate; improvements have been made in the application of multifactor authentication. However, the escalation and acceptance of privileged accounts remains within the IT department and is not subject to independent scrutiny.</p> <p>Steps for implementation Assessment of Current Practices Development of an Independent Oversight Protocol Implementation of a Formal Privileged Access Policy Regular Audits and Reviews Segregation of Duties Training and Awareness Enhanced Authentication and Monitoring for Privileged Accounts Feedback and Continuous Improvement</p> <p>By implementing these steps, the City can strengthen its control over privileged accounts, ensuring they are granted appropriately and are subject to rigorous and independent scrutiny.</p>	Gary Brailsford-Hart	29-Apr-2024	30-Sep-2024
CR16s	Developing and implementing a plan to respond to any security incidents that occur.	<p>We have drafted an organisational Cyber Incident Plan as well as developing operating cyber testing exercises. However, there is a need to produce further playbooks and develop more testing and exercising events.</p> <p>Testing remains outstanding and is a priority for the next quarter.</p>	Gary Brailsford-Hart	29-Apr-2024	30-Jun-2024
CR16t	Using software tools to collect and analyze data from various security sources to detect and respond to security incidents.	<p>Tooling is in place and operating. Microsoft Sentinel is in place and collecting activity from across CoL. This has been monitored and managed by the InfoSec team who have been detecting and investigating incidents highlighted by the SIEM.</p> <p>Tooling is in place but resources to review, analyse and action remain outstanding.</p>	Gary Brailsford-Hart	29-Apr-2024	30-Sep-2024

CR16u	Providing regular training to staff and employees on cyber security best practices to prevent security breaches.	Over the last 12 months we have deployed cyber security awareness from the information security team through the use of internal communications and training via the MetaCompliance platform. With the expiry of the MetaCompliance platform, the next 12 months will see communications and awareness messages continue from the security team but structured training will now be dependent on the NCSC "Top Tips for Staff" module. This may present a risk in our ability to provide specific training in response to cyber threats and trends. This is an area under review.	Gary Brailsford-Hart	29-Apr-2024	31-Dec-2024
CR16v	Security Baseline assessment – COL/COLP/Institutions	Initial assessment complete, work is ongoing to identify trends and a developments plans and updates to the CAF will continue. Feedback from the institutions is positive and the NCSC CAF is accepted as a baseline standard. The appetite for review has been agreed as annual owing to resource constraints and the likely timeframes for improvements to be made. Further engagement has taken place and a detailed paper on the subject has been submitted to Committee for consideration (13/05/2024).	Gary Brailsford-Hart	29-Apr-2024	31-Dec-2024

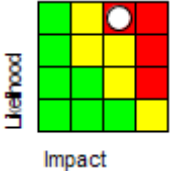
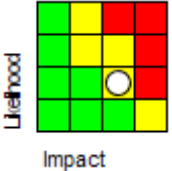

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR37 Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets)	<p>Cause: Significant on-going and previously unmet property maintenance costs across the City's Corporate property portfolio (excluding housing).</p> <p>Event: Misalignment between funding available and that required by the asset (as defined by the relevant Asset Management Strategy).</p> <p>Impact: Built estate becomes not fit for purpose / functions / occupancy. Cost of maintenance and utility costs increases, placing further pressure on City resources. In extreme circumstances there will be H&S implications, leading to potential enforcement action, legal action by tenants or asset failure in whole or part with detrimental effects leading to impact on occupiers.</p>		<p>16</p>	<p>The main driver of this risk is the adequacy of funding to manage and mitigate asset risks.</p> <p>In March 2024 Court of Common Council agreed a funding amount of £133m to be delivered over five years to support the Cyclical Works Programme (CWP). The delivery of these works will go a significant way to bringing the operational estate back into line with the Corporate Property Asset Management strategy. It should be highlighted that CWP funding is not attributable to ring-fenced property assets (Police estate, New Spitalfields, Billingsgate and the three private schools).</p> <p>It should be highlighted that the earlier lack of funding did not impact the delivery of Health and Safety and statutory compliance items – these were prioritised within the funding available.</p> <p>This risk is corporate wide, so extending to sites where asset accountability sits with the relevant Premises Controller in occupation. This risk includes the Barbican and the Guildhall School of Music and Drama (GSMD). At these sites there is a requirement to ensure an appropriate experience for audiences, performers, students and staff, to sustain their business models. Similarly, sites across the Environment Department, including the City's off-street car parks; the City of London Cemetery and</p>		<p>8</p>	<p>31-Mar-2025</p>	

Page 177 -Nov-2019 Paul Wilkinson				<p>Crematorium; and the Natural Environment Division's green spaces, are open to the public – so adequate funding is critical to manage H&S and reputational impacts.</p> <p>The City Surveyor has worked to ensure that accountability and responsibilities were understood across the organisation.</p> <p>Where gaps in expertise or capacity exist, the City Surveyor is looking to develop solutions with the Premises Controllers in line with his role as the Head of Profession.</p> <p>The target date for this risk (31 March 2025) is included as a 'review point' rather than a target date.</p> <p>The CWP delivery programme is being further defined, and this will provide greater clarity over target timeframes.</p> <p>08 Apr 2024</p>				
							Reduce	Constant

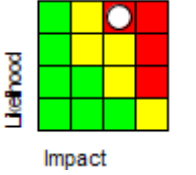
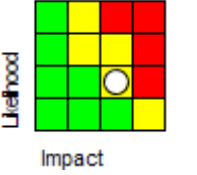

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR37a	<p>Cyclical Works Programme (CWP)</p> <p>The Cyclical Works Programme (CWP) is the principal way that the backlog of asset maintenance is delivered to Corporate properties (excluding ring-fenced assets).</p> <p>Funding for the CWP varies annually, and there is a clear link between the availability of funding and the capacity to reduce the risk.</p>	<p>The City Corporation approved £133m for the Cyclical Works Programme (CWP) to be delivered over five years. The final approval at Court of Common Council in March 2024.</p> <p>This will address the current backlog of works on non-ring-fenced property assets (currently outstanding works, plus those due in the next three years).</p> <p>The next stage is the delivery of these works, and this is subject to a Delivery Strategy (to be presented separately to Recourse Allocation Sub Committee, Project and Procurement Sub Committee and Policy and Resources Committee). This paper will outline the strategy that will be adopted in delivering the significant programme of works.</p> <p>As delivery timelines are confirmed this will provide further definition around target risk scoring and delivery. The risk score will diminish as these works are delivered, but the profile of this reduction is still to be determined – therefore the target date of this action (31 March 2025) can be considered a review point.</p>	Peter Collinson; Sonia Virdee; Paul Wilkinson	08-Apr-2024	31-Mar-2025

CR37b	<p>Ring fenced properties and budgets (CoLP estate, New Spitalfields, Billingsgate and the three private schools)</p> <p>These departmental occupiers allocate their own funds for the maintenance of the built assets. Whilst the City Surveyor's Department recommends work to be undertaken, it is the occupying department who holds the budget responsibility and thus decides with final control over maintenance activity.</p> <p>The City Surveyor's Department is seeking to ensure that communications are optimised such that there is a clear understanding of works to be done, and there is clarity over roles and responsibilities. This helps to reduce risk likelihood.</p>	<p>The City Surveyor's Department (CSD) is communicating with ring fenced departments to identify appropriate building maintenance requirements and spend (forward maintenance). This action also covers the delivery of the recommendations arising from the recent Internal Audit (IA). Whilst there has been progress in some areas, the actions have not been implemented comprehensively across the Corporation. CSD has highlighted this item to colleagues in IA as well as elsewhere through the organisation's Chief Officer Risk Management Group.</p> <p>CSD regularly reviews repairs and maintenance risks held by departments across the organisation to ensure that this overarching corporate risk correctly captures the pressures felt by our various departments.</p> <p>The target date for this action is considered as a 'major review' date.</p>	Peter Collinson; Paul Wilkinson; Peter Young	08-Apr-2024	31-Mar-2025
CR37f	<p>Annual Major Capital Bids</p> <p>The capital bids programme operates on an annual cycle, and recommendations (October) are built into the subsequent year's organisational budget which is presented to Court.</p> <p>The City Surveyor's Department presents bids in relation to works at the Guildhall, Walbrook Wharf and the Central Criminal Court. Support is also provided to occupying departments where they are required to collate their own bids.</p> <p>Capital bids are only considered where funding is not possible through other funding routes (such as CWP).</p>	<p>The most recent bidding round was successful for works at the Guildhall and the Central Criminal Court in respect of H&S works. These bids were approved in October and were approved as part of the overall organisational budget approval process (March 2024).</p> <p>The City Surveyor's Department will continue to develop bids where it can for future years. Further, it will continue to offer support to other departments for their bids.</p> <p>The target date on this risk reflects the annual nature of bidding process.</p>	Peter Young	08-Apr-2024	31-Mar-2025
CR37g	<p>Operational Property Review</p> <p>The City Corporation has commenced an Operational Property Review (OPR) programme to consider the future property requirements to deliver the organisation's services. This will align with the Resource Priority Refresh programme.</p> <p>Where properties are identified as no longer required to deliver City services, alternative uses (or disposal) can be progressed. This will both lower the maintenance backlog, and funds can be used for maintenance projects elsewhere in the estate. Whilst a positive move, the majority of outstanding maintenance is at our major buildings (Guildhall, Barbican etc).</p>	<p>The review is commencing and further details as to milestones and objectives will be available shortly.</p> <p>Environment, and Community & Children Services have completed the outcome of their reviews, and this is being presented to Members. This initial review establishes baseline operational requirements, financial position, and state of repair, with the view that a detailed and costed options can be considered.</p> <p>As this programme progresses through the approval process, greater clarity will be achieved in understanding how this action alters the overall risk position. The target action date is consequentially a 'major review' date. It should be noted that 85% of the organisation's floor space is contained within the top 20 buildings, so even should asset disposals progress, this will only have a minor effect on the overall risk position.</p> <p>The target date on this action reflects a major review point rather than a target for delivery.</p>	Judith Finlay; Bob Roberts; Sonia Virdee; Peter Young	08-Apr-2024	31-Mar-2025
CR37h	<p>Renewal Programmes</p> <p>Where appropriate it may be more efficient to wrap up a number of maintenance requirement (both forward and</p>	<p>The Barbican Centre renewal project is a £50-£150m project which will repair the building to it can function long into the future, opening up under-utilised space, improving accessibility, whilst delivering against its sustainability aspirations. Public survey and workshops were</p>	Ian Hughes; Claire	08-Apr-2024	31-Mar-2025

	<p>backlog) into a major renewal programme. By their nature these will be far wider in scope and therefore substantial funding is required. Whilst these actions are more uncertain it is useful to track progress as, should they progress, they will make a significant impact on the overall risk.</p>	<p>completed in December 2022 with further public consultations through 2023 in advance of an initial business case being submitted to the City Corporation. In the interim, £25m has been identified to be spent on the site to address immediate concerns, and further work up detailed analysis on requirements.</p> <p>A report considering the longer-term needs of the Barbican Centre was presented to Finance Committee in February. This highlighted a potential spend of £450m, but with costs spread over the next 20-25 years. Further surveys on the works are to be undertaken in spring 2024 which will further inform the business case.</p> <p>The Guildhall School of Music and Drama (GSMD) are working closely with corporate colleagues to develop and further the Barbican Renewal Team. Further, it is working with the Department of Community and Children’s Service in respect of waterproofing works, and the City Surveyor on Fire Safety. GSMD have also engaged space consultants who are undertaking a wide-ranging review of the site. This is with the view that current and future needs are detailed, and future funding bids align with this requirement.</p> <p>The Guildhall Renewal programme has developed a range of options varying by scope and speed of delivery. These were presented to Members in January. These options also highlighted the other cash pressures on the City Corporation and, as such, it was determined by Resource Allocation Sub Committee (RASC) that major renewal is not possible in the short-term. This recommendation is subject to agreement by Policy and Resources Committee at the end of February 2024. Whilst minor works will continue, this will not result in a step-change in the overall risk position.</p> <p>Whilst the major renewal of the Guildhall is unlikely to progress, the Cyclical Works Programme (action CR 37a) includes a significant funding allotment for the Guildhall Complex site and will help alleviate short- and medium-term issues.</p>	<p>Spencer; Jonathan Vaughan; Peter Young</p>		
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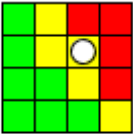
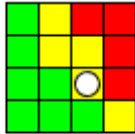
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR38 Unsustainable Medium Term Finances - City's Estate 31-Oct-2022 Caroline Al-Beyerty	<p>Causes: The embedded increased impact of inflation, following the peak of 10.7% in Autumn 2022 (as reported by the Office for Budget Responsibility). Aging estate crystallising high levels of expenditure over short time period, putting pressure on Reserves. Reduction in rental income from the property investment portfolio following post pandemic changes in workplace attendance reducing demand for grade B office accommodation.</p> <p>Event: Inability to manage financial pressures within the fiscal year, resulting in an inability to achieve anticipated savings and generate expected income, may necessitate additional reliance on Reserves. Additionally, challenges in controlling construction inflation or the inability to readjust capital projects within budget parameters pose further risks.</p> <p>Effects: The City of London Corporation's reputation could suffer from failure to achieve financial goals or from reduced services to businesses and the community. Experience challenges in delivering the capital program and major projects within budgetary limits. Inability of expenditure to align with the corporate plan, leading to inefficient resource utilisation and reduced corporate performance.</p>		16	<p>Inflation rates to be monitored quarterly and an inflation contingency to be maintained in 2024/25 through carried forward from 2023/24 underspends.</p> <p>On-going pressures totalling £3.8m, plus net 3% inflation uplift approved in 2024/25 budgets.</p> <p>Earning more income from property investment portfolio – diversification of asset portfolio.</p> <p>The five-year financial plan includes cyclical works programme to cover bow-wave of outstanding works and provision for works going forward totalling £71m.</p> <p>Funding strategy identifies where best to bring third party capital into surplus operational property opportunities, reducing demand on own Reserves.</p> <p>Quarterly monitoring of capital programme against budgets.</p> <p>Developing income generation opportunities.</p> <p>Renewed approach to transformation under pinned by a clear communication plan to Members.</p> <p>26 Mar 2024</p>		8	31-Mar-2025 Reduce	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR38a	Monitoring the impact of revenue inflationary pressures (including pressures on energy costs, cost of London living wage) and construction inflation impacts on capex programme • Monitor the use of inflation contingency	<ul style="list-style-type: none"> • Regular monitoring the office of budget responsibility's inflation forecasts. • Identify areas that are forecasting to exceed budget envelope due to inflation increases, and review action. 	Sonia Virdee	11-Jan-2024	31-Mar-2025
CR38e	Monitoring key income streams • i.e. rental income from the property investment portfolio.	<p>This is being monitored monthly, with action being taken to within the portfolio to maximise income generation opportunities.</p> <p>Ensure income generation schemes are sustainable and on-going opportunities are explored, these include but not limited to:</p> <ul style="list-style-type: none"> • Lord Mayor Show and events across the Corporation • Advertising • Filming inside and outside the square mile • Retail opportunities • Fees and Charges 	Sonia Virdee; Genine Whitehorse	11-Jan-2024	31-Mar-2025
CR38f	Delivering the current savings programme and securing permanent year-on-year savings.	Quarterly revenue monitoring undertaken to ensure departments have appropriate plans in place to meet in-year pressures. High risk departments are undertaking monthly revenue monitoring.	Sonia Virdee	26-Mar-2024	31-Mar-2025
CR38g	Remain within the financial envelopes approved for major projects.	Monthly updates on major projects forecasts and issues arising.	Sonia Virdee	11-Jan-2024	31-Mar-2029
CR38h	Bringing third party capital to surplus operational property opportunities.	Identified initial opportunities which have been supported by Resource Allocation Sub Committee. Proposals for each opportunity to be worked up and submitted for member consideration to relevant Committees.	Sonia Virdee; Paul Wilkinson	11-Jan-2024	30-Jun-2024
CR38i	Undertake the Charities Review (Natural Environment)	The ability for charities to fundraise and generate more income to support ambitions for activities and operational property requirements.	Emily Brennan; Sonia Virdee	11-Jan-2024	31-Dec-2024

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR40 PSTN Switch Off 2025 (formerly CHB DITS 045) 26-Feb-2024 Zakki Ghauri	<p>Cause: BT will retire their PSTN (Copper) Network at the end of 2025. Rendering all current connections redundant.</p> <p>Event: All current PSTN (Copper) connections will become unusable by the end of 2025. Forcing an upgrade to digital fibre or mobile services.</p> <p>Effect: All of our PSTN connections will cease at the end of 2025. This is in the range of 8,500 connections, which are linked to Lift/BMS/Fire Alarms and Door entry systems. Should these systems fail to be upgraded by the end of 2025, this could lead to essential services being inactive, without anyone being aware. This work will have significant financial impact to complete and failure to complete will have significant reputational impact.</p>		16	<p>To provide further mitigation, on 11th April we migrated all our Daisy connections to a new MPF service. We estimate this to be around 75% of our current connections. We are currently in conversations with BT to see in any of our outstanding connections can be migrated as well. MPF is the copper wires that connect telephone exchanges to the customers. It has a native voice service included, and it works with existing analogue handsets/wiring; requiring no hardware upgrades.</p> <p>When switching to MPF, legacy devices connected to analogue lines such as analogue phones, PDQ machines, lift lines, alarms, care home alarms, will continue to work. MPF services will continue to operate beyond 2025. This service will be affected in the subsequent years, giving more time to thoroughly examine these connections and reducing the PSTN risk.</p> <p>29 Apr 2024</p>		8	01-Jun-2026	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR40g	Review Plan	DITS PMO will review the remediation plans with FM (CoL/CoLP), H&S, ED&I and Security Operations. Making sure they are fit for purpose and capture all the relevant details.	Sam Collins	29-Apr-2024	01-Oct-2024

CR40h	Order New Lines and Hardware	DITS PMO will place the orders for the new connections along with any hardware requirements identified within the remediation plans.	Sam Collins	29-Apr-2024	01-Dec-2024
CR40i	New Services	DITS PMO will assist in the co-ordination of the implementation of new services, along with any installation of new hardware required	Sam Collins	29-Apr-2024	01-Oct-2025
CR40j	Testing	DITS PMO will co-ordinate the post implementation testing for all new services and or hardware.	Sam Collins	29-Apr-2024	15-Nov-2025
CR40a	Investigations into the 8,500 connections identified as part of PSTN sunset in December 2025.	Our ongoing investigation, initiated and scheduled to conclude in June 2024, aims to identify the scope and dependency of the 8,500 connections on the PSTN infrastructure. The purpose is to gain insights into the services that are live, understand their criticality, and assess the potential impact of the sunset on each connection.	Chris Rawding	29-Apr-2024	01-Jun-2024
CR40c	Undertake a Service Assessment	Upon completion of the investigation, a comprehensive assessment of live services will be conducted. This will include identifying alternative communication services, and understanding the upgrade paths/timings available for each connection.	Chris Rawding	29-Apr-2024	01-Jun-2024
CR40d	Identify potential business owners	Engaging with FM (CoL/CoLP), H&S, ED&I and Security Operations. initially to highlight the PSTN risk across all departments and find potential business owners as services and impacts are highlighted	Chris Rawding	29-Apr-2024	01-Jun-2024
CR40e	Business owner notification	By June 2024, a detailed report outlining the findings of the investigation will be compiled. This report will then be distributed to FM (CoL/CoLP), H&S, ED&I and Security Operations. The notification will include information about the potential risks associated with the PSTN sunset, details on the current services in use, and recommended upgrade paths.	Chris Rawding	29-Apr-2024	01-Jun-2024
CR40f	Remediation Plan	The Facilities Management (CoL/CoLP), H&S, ED&I and Security Operations will be responsible for developing and implementing a remediation plan for their respective services. This plan will outline the necessary steps to migrate or upgrade the affected connections to alternative and sustainable communication solutions.	Matt Baker; Chris Rawding	29-Apr-2024	06-Sep-2024
CR40k	Continuous Monitoring	DITS will provide continuous monitoring of progress, tracking the remediation efforts to help identify and address any issues promptly. This includes regular communication with business owners, providing support, and making adjustments to the plan as necessary.	Sam Collins	29-Apr-2024	31-Dec-2025

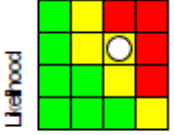
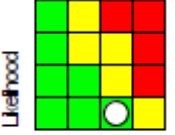

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR01 Resilience Risk 20-Mar-2015 Gregory Moore	Cause - Lack of appropriate planning, leadership and coordination Event - Emergency situation related to terrorism or other serious event/major incident is not managed effectively Effect - Major disruption to City business, failure to support the community, assist in business recovery. Reputational damage to the City as a place to do business.	 Likelihood Impact	12	Risk is on going - Castellan (formerly Clearview) BC management tool continues to be implemented rollout has begun across Col depts – Continues 17/01/2024 15 Apr 2024	 Likelihood Impact	8	30-Sep-2024	Constant
							Accept	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR01L	Assurance process with Cabinet Office College Provide refresher and initial training for Col staff, this training intended to increase knowledge to ensure BC plans are able to support the Col maintain its business during a major incident, provide an in-depth independent oversight of the Col business impact analysis, identifying its most critical business areas Challenges around re structure of depts/teams identifying business continuity leads new member of the resilience team joining. Meetings have taken place with risk connect to continue supporting moving forward. There is an admin and user training session due to take place 29th January 2024	The BC software product now Risk connect has been built with rollout beginning across the Colc January 2023 the onboarding process is now taking place. The intention is for the Dept BC leads end users to familiarise themselves and be confident using the system over the next few months and to input their BIA. Training set now for 29th January 2024. This will also cover admin users and the aim is for key depts staff to support others across the use of the system, this is in development. Work also started on identifying key depts BIA business impact analysis. Work also taking place with new member of the resilience team to develop BC policy linked to the BIA development. Work is continuing and going well with departments supporting the BIA and critical services process. To support staff with BC responsibility the resilience team has commissioned a 1-day BC management training event to take place April 24th. Procurement are also aware of the contract renewal with risk connect July 2024	Gary Locker	15-Apr-2024	30-Jun-2024
CR01M	process, training, call out process to strengthen the City capability and resilience in responding to major incident and complying with the wider London boroughs standardisation programme	LALO support role. This is a revolving process and further refresher and new staff development training and exercise in this role will be sought during 2024	Gary Locker	15-Apr-2024	30-Jun-2024
CR01N	to increase City capability and resilience in also supporting wider London boroughs during major incident response, covers the key support functions of emergency centres and Gold strategic leadership	Gold major incident awareness training day completed for new Col Chief Officers 21/10/21 module 1 included Media.	Gary Locker	15-Apr-2024	30-Sep-2024

		<p>Training event planned for 22/9/23 implications, Humanitarian aspects, Civil Contingencies Act & Command structure responsibilities. Module 2/3 to follow 2022 Legal Implications & Public Inquiries session New senior staff to be identified for further training and awareness process continues as organisation changes continue.</p> <p>All Completed</p> <p>To identify new course dates and potential new candidates. 2 senior staff Comptroller and COO have been given notice of MAGIC course dates 2023. National Multi agency Gold Incident Command</p> <p>GOLD course completed September 22nd, 2023; next course set for 26th March 2024</p> <p>Gold course now complete 26/3/24 all SLT have now attended the internal bespoke training course. TC has also authorised a bespoke 4-day MAGIC course for SLT to attend with funding agreed week of 8th March centrally by the Chamberlain. Negotiations with the Police college MAGIC delivery team will begin once PO and funds agreed and a suitable date with SLT agreed.</p> <p>Emergency centres staffed by Col Crisis support team 40 staff currently. Refresher training and call for new volunteers 2024</p>			
CR01Q	Plan an annual calendar of IT DR tests, covering critical systems and services	<p>A 12-month plan of rolling failover/DR tests has been produced and will commence toward the end of the year. These will each cover a specific area of the technology service, starting with the lower risk, lower impact services and ending with a simulation of a cloud Data centre failure.</p> <p>Following final configuration, the secondary Guildhall internet connection has been failover tested and is confirmed running Active/active. This is Scenario 3 in the BCDR Plan, in which we now have 7 scenarios agreed.</p> <p>Owing to P1 operational issues over the last 6 months, further DR tests have been unable to take place.</p> <p>The next Resilience/failover tests is yet to be planned, but responsibility for this will sit with the new permanent AD CIS, who is due to onboard before June 2024.</p>	Chris Rawding	19-Apr-2024	30-Aug-2024

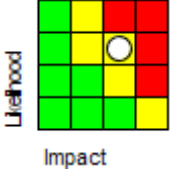
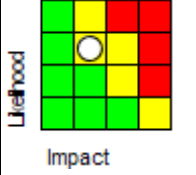

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CR02 Loss of Business Support for the City 12-Sep-2014 Damian Nussbaum	<p>Cause: The City Corporation's assessment of the strategy and approach to promotion and support does provide the appropriate and targeted interventions at the right time, particularly following the Covid 19 pandemic.</p> <p>Risk Event: The City Corporation's actions to promote and support the competitiveness of the business City are not fully effective (post Covid).</p> <p>Effect: The City loses its ability to attract and retain high value global business activity, both as a physical location and in mediating financial and trade flows; the City Corporation's business remit is damaged, and its perceived relevance is diminished. Reputational damage to the City as a place to do business and to Corporation ability to govern effectively</p>		12	<p>The risk score remains the same at an amber 12 although this is kept under regular review. Inflation has dropped to 3.2% (April2024), down from c. 10% in September 2023. This remains above the Bank of England's (BoE) 2% target. The BoE expects interest rates to fall this year and meet its 2% target by late 2024. IG's work and projects support the competitiveness strategy. We continue to develop the Vision for Economic Growth; this is politically agnostic to promote continued support from all Parties. This is particularly important as we await the timing and outcome of the next UK general election.</p> <p>17 Apr 2024</p>		8	31-Mar-2025	
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR02H	Work on initiatives which ensure London is at the forefront of innovation in financial and professional services	In support of the Competitiveness strategy, IG plans its projects in themes, one of which is innovation and technology. It is a key plank to international engagement when identifying the drivers and barriers to inward investment. This is also true of in market engagement including Principal delegations (e.g. Davos) which are now a staple part of CoLC's international engagement calendar.	Damian Nussbaum	29-Apr-2024	30-Apr-2025
CR02I	Work with colleagues across the Corporation to implement the recommendations of the Covid 19 Recovery Taskforce Report, Square Mile: Future City	Launched in April 2021; Video and transcript added in October 2022. Global City page last update in April 2024	Damian Nussbaum	29-Apr-2024	30-Apr-2025

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR09 Health, Safety and Fire Risk Management System 27 Sep-2014 Gregory Moore; Oliver Sanandres	<p>CAUSE: Insufficient, inappropriate or ineffective management responsibility and accountability for the successful implementation of the health, safety and fire management system, also known as the health and safety management system.</p> <p>EVENT: The City Corporation does not fulfil legal and other requirements; does not identify or adequately address emerging or changing risks reducing health and safety levels; ineffective and disjointed health and safety management system across the City Corporation means assurance cannot be provided; poor or no integration of the health and safety management system with strategic and operational functions of the Corporation resulting in poor decision making and prioritisation.</p> <p>EFFECT: Work or location-related death(s), injuries and ill health; unsafe workplaces or services; physically and mentally unhealthy workplaces and activities leading to increased absence or cost of harm. Enforcement agency action. Organisation fines up to £10 million; individual imprisonment up to 2 years' custody; Corporate Manslaughter unlimited fine and offence range up to £20 million. Adverse media attention and significant reputational damage. Significant negative impact on Corporate Plan deliverables, employee morale and service user trust. City of London Corporation not the employer of choice or regarded as a world class organisation. Suspension or removal of license to operate or deliver key functions.</p>	 Likelihood Impact	12	The Corporate Health & Safety Policy and work plan was approved by Corporate Services Committee on the 10th April and SLT on 22nd March. This work plan will during 2024 re-establish the key elements of the Safety Management System (SMS) at a central level, these will allow for oversight and assurance of the system. An SMF (Safety Mgt Framework) has also been drafted and will be rolled out to departments. The roll out will be centrally led to ensure Departments are guided through the process and the system 'fit' to the departmental risk profile. This work will allow us to close out on the more complex recommendations made by the external Quadriga health & Safety audit. 18 Apr 2024	 Likelihood Impact	4	29-Mar-2029	 Constant
							Accept	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR09R	Implementation of the City Corporation H&S Business Plan. Regular monitoring of progress against the plan by the City Corporation H&S Committee.	Stress Risk Assessment being planned as per People Strategy.	Gregory Moore; Oliver Sanandres	18-Apr-2024	31-Dec-2024

CR09S	Adequate maintenance of policies, guidance, resources, risk assessments and competent advice. Implementation of the City Corporation H&S Business Plan. Regular monitoring of progress against the plan by the City Corporation H&S Committee.	Corporate Health & Safety Policy – Approved 10th April Systems implementation underway – Risk Asst / Incindet Investigation & policy Management	Gregory Moore; Oliver Sanandres	18-Apr-2024	31-Dec-2024
CR09T	Adequate planning and implementation of the strategic change for the new Corporation health and safety management system. Implementation of the City Corporation H&S Business Plan. Regular monitoring of progress against the plan by the City Corporation H&S Committee.	Health & Safety Work Plan agreed for 2024	Gregory Moore; Oliver Sanandres	18-Apr-2024	31-Dec-2024
CR09V	Implementation of the City Corporation H&S Business Plan. Regular monitoring of progress against the plan by the City Corporation H&S Committee	in train. Regular reports to Strategic Safety Board	Gregory Moore; Oliver Sanandres	18-Apr-2024	31-Dec-2024
CR09W	Local Departmental Safety Management System Assurance, safety culture measurement.	Assurance platform S365 in procurement stages. Pilots in ENV complete.	Gregory Moore; Oliver Sanandres	18-Apr-2024	31-Dec-2024

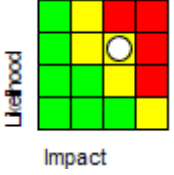
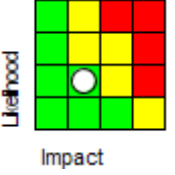

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CR29 Information Management 08-Apr-2019 Caroline Al-Beyerty	<p>Cause: Lack of officer commitment and investment of the right resources into organisational information management systems and culture.</p> <p>Event: The City Corporation's IM Strategy (2018-2023) is not fully and effectively implemented</p> <p>Effect: a) Not being able to use relevant information to draw insights and intelligence and support good decision-making. b) Vulnerability to personal data and other information rights breaches and non-compliance with possible significant ICO fines or other legal action. c) Waste of resources storing information beyond usefulness.</p>		12	<p>DITS completed the Data Maturity Assessment in 2023. This served to establish priority areas of focus and will be used to inform a refresh of the current IT Strategy. This work is now being progressed across three key workstreams of the Corporate Data Platform, Data Governance Review and the Data Lighthouse Project.</p> <p>29 Apr 2024</p>		6	31-Dec-2024	 Constant
							Reduce	

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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR29n	Drive Adoption of Corporate Data Platform	The HLD and LLD Design Documentation for Microsoft Fabric has been approved and the Corporate Data Platform has been implemented for COL. The next phase is focusing on the Data Engineering, adding data sources to the platform, driving adoption and realising benefits.	Sam Collins	29-Apr-2024	31-Dec-2024
CR29o	Review Data Governance	Working with colleagues in the Corporate Strategy and Data Team to review Data Governance and work with departments to implement effective data governance and data quality management.	Sam Collins	29-Apr-2024	30-Sep-2024
CR29p	Deliver Data Lighthouse Project (Corporate CRM)	A proof of concept exercise is commencing in April to understand the functionality and 'fit' of Microsoft Dynamics 365 Customer Insights as the Corporate CRM Platform.	Sam Collins	29-Apr-2024	01-Jun-2024

		A portfolio overview report has been prepared for the February 2024 Projects and Procurement sub-committee, with one-off funding approved by CoCo on 7 March, further work required during 2024/25 to identify permanent funding source.			
CR33i	Undertake Tier 1 programme health checks.	The health check reviews are currently being undertaken by the Programme Governance team between February 2024 and April 2024.	Matthew Miles	25-Apr-2024	30-Apr-2024
CR33j	Refresh the Project Management Academy	Discussions being held with previous provider, looking at refreshing learning content.		25-Apr-2024	30-Apr-2024
CR33k	Procure and implement a new project management system	Plans are being developed to procure and implement a fit-for-purpose project management system, which has the functionality of a portfolio view. The initial system proposal exceeded the anticipated costs.	Matthew Miles	25-Apr-2024	30-Apr-2024
CR33l	Monitor the high-level cashflow/forecast monthly	The Investment Management Monthly Meeting has been established. Membership includes the CIO, Corporate Treasury, and Financial Services and is led by the Chamberlain. The Chamberlain's Assurance Board has also been established to review the financial dashboards and forecasts for the Major Programmes.		25-Apr-2024	31-Mar-2029
CR33m	Secure Third-Party Funding	Report being bought back by officers in the spring.		20-Feb-2024	30-Jun-2024
CR33n	Provide regular Member updates	A project update report has been prepared Finance Committee, City Bridge Foundation Board and Policy & Resources Committee.		20-Feb-2024	31-Mar-2029

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR35a	Monitoring the impact of inflationary pressures (including pressures on energy costs) and construction inflation impacts on capex programme <ul style="list-style-type: none"> • Use of inflation contingency 	<ul style="list-style-type: none"> • Regular monitoring the office of budget responsibility's inflation forecasts. • Identify areas that are forecasting to exceed budget envelope due to inflation increases. 	Sonia Virdee	26-Mar-2024	31-Mar-2026
CR35c	Remain within the financial envelopes approved for major projects.	Monthly update on major projects forecasts and issues arising.	Sonia Virdee	26-Mar-2024	31-Mar-2029
CR35f	Delivering the current savings programme and securing permanent year-on-year savings (including Police Authority) <ul style="list-style-type: none"> • Develop income generation opportunities 	<p>Court of Common Council approved reprofiling of remaining fundamental review savings, to allow sufficient time to embed these through income generation opportunities. Ensure income generation schemes are sustainable and on-going opportunities are explored, these include but not limited to:</p> <ul style="list-style-type: none"> • HARC – Heathrow Animal Reception Centre • Events across the Corporation • Advertising • Filming inside the square mile • Retail opportunities • Fees and Charges. <p>Remaining £0.4m unidentified savings from the 12% savings programme is being worked on and expected to be delivered during 2024/25.</p>	Alistair Cook; Sonia Virdee; Genine Whitehorse	26-Mar-2024	31-Mar-2026

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR39 Recruitment and Retention 21-Feb-2023 Alison Littlewood	<p>Cause: The Corporation had an employee turnover rate of 18.69% for the period 1 January to 31 December 2022. This is a high and is affected by a wide range of factors including labour market shortages and high levels of employment in the wider economy. Like many employers, the Corporation is competing for scarce talent, particularly in highly skilled areas such professional services.</p> <p>Event: Unable to attract and retain the best talent due to factors such as remuneration, working conditions and benefits becoming out of line with competitor organisations.</p> <p>Effect: The corporation is at risk of failing to deliver its corporate objectives. Costs of delivering services increase due to high turnover, and increased reliance on agency workers and interims, particularly in shortage areas. This means our ability to deliver objectives is at risk. This affects both outcomes for policy objectives and statutory functions, as well as the brand and reputation of the organisation.</p>		12	Enlighten workplace attendance changes any impact will become clear in changes to one our turnover data and two the outputs of our staff survey, we will continue to monitor impact very closely. 26 Apr 2024		4	31-Dec-2024	 Constant
							Reduce	

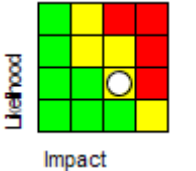
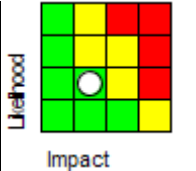
Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR39a	Develop options for new models of service delivery for both contingent, casual and permanent recruitment in services facing significant recruitment and retention issues to improve service delivery. Options to include, service redesign work to recognise and rectify the current challenges in the recruitment service. This is to include commissioning, joint arrangements and shared services with partners and possibly outsourcing. This fits into the modernising our City corporation workstream of the 2024/29 People Strategy.	<p>In November 2023 we received Member approval for the City to work with external consultants, Evolving Solutions to look at service delivery options across key types of engagements e.g. temporary and agency worker arrangements and permanent recruitment. Work is underway to include the approach to casual workers in this review. Following this review, a strategy view on contingent labour and best options for the new service model will be reported to the Corporate Services Committee for approval in April 2024.</p> <p>To facilitate this the Court of Common Council also approved an extension of the current Managed Service Temporary Agency Resource contract with Hays for 6 months to 30 June 2025.</p> <p>This action also relates to a programme of work set out against CR39e on workforce planning. A new Workforce and HR dashboard has been developed to support HR Business Partners with workforce planning and strategic workforce discussions with their business areas. This is anticipated to be launched in April 2024.</p>	Alison Littlewood; Cindy Vallance	02-Feb-2024	30-Apr-2025

		<p>As part of our work on the People Strategy, one of our Y1 deliverables for 2024/25 and ahead of the implementation of the new ERP system will be the development of a high level manual workforce planning process - work is currently being scoped for this.</p> <p>A new Workforce and HR dashboard has been developed to support HR Business Partners with workforce planning and strategic workforce discussions with their business areas. This is anticipated to be launched in April 2024.</p> <p>We are also reviewing our Chief Officer and Senior Officer recruitment procedures in order to ensure they are both robust and allow for a efficient and seamless recruitment process in key positions in the organisation. This report is expected to go to Corporate Services Committee in April 24.</p>			
CR39b	<p>Full review of pay, terms and conditions to update working patterns and reward to improve recruitment and retention.</p> <p>Phase 1 completed by April 2023 with options for change.</p> <p>Phase 2 implementation of agreed options for change by Autumn 2024</p>	<p>In the last month there has been progress, however the current milestones are some of the most complex and therefore taking longer to come to conclusion. I would expect that next month we would be 50% through the project.</p>	Alison Littlewood	05-Apr-2024	30-Apr-2025
CR39c	<p>To assure the Corporation that a robust contingent labour provider and process is implemented, a review of the current service will be undertaken. Amongst other benefits this is to support with temporary workers to cover hard to fill roles and provide additional capacity when in house capacity is stretched.</p> <p>Options will be shared with SLT, ELB and CSC between February and April 2024 with a view to commissioning a new managed service supplier to supply both temporary and permanent workers by July 2025.</p>	<p>We are working with Evolving Solutions (ES) consultants to carry out a detailed review on our temporary agency worker contract; currently managed by Hays. This review was completed in January 2024. The next stage will be for ES to present a comprehensive report to key stakeholders which will advise the future model design and procurement options available to us ensuring we procure and implement a forward thinking, solutions focused temporary agency worker contract which aligns with the contract expiry date of June 25.</p> <p>Key milestones include:</p> <p>Phase 1 - Sept 23 to March 24</p> <ul style="list-style-type: none"> • Stakeholder engagement • Key supplier market engagement • Review of the current contingent labour MSP contract • Policy review that includes (Recruitment policy, governance and compliance) • Operational review • Current costs/utilisation analyst • Future contract cost Comparison / Contract Management Cost Recovery • Options Appraisal Preparation & Stakeholder Review • Options Appraisal Presentation and Support through Governance • Extension of existing Hays contract to enable review and presentation of options back to Officers and Corporate Services Committee <p>Phase 2</p> <ul style="list-style-type: none"> • Present committee report to CSC and P&P in April 24 • Finance - Present committee report May 24 	Alison Littlewood; Dionne Williams-Dodoo	02-Feb-2024	31-Jul-2025

		<ul style="list-style-type: none"> • Publish Tender May 24 • Tender Returned June 24 • Governance Sept 24 • Final Award October 24 • Mobilisation November 24 - June 25 • Service to go live July 25 			
CR39d	<p>Identify “quick wins” in relation to current recruitment / applicant tracking system to improve user experience. Develop and put in place clear requirements for new ERP system.</p> <p>To improve candidate and hiring manager experience and enable a more proactive service model.</p> <p>Phase 1 June 2023 and phase 2 April 2025</p>	<p>In early 2023 People & HR recruited to the position of Head of Workforce & Resourcing who has been working with the wider HR team to refine and improve existing recruitment processes to streamline and improve the overall service provision. Key Performance Indicators (KPIs) on time to hire have been introduced to monitor effectiveness of the City’s recruitment and onboarding processes. Through the Midland HR Phase I project the People & HR unit have worked to minimise pain points as far as possible within the scope of the approved project and existing system limitations. Clear requirements for a new Enterprise Resource Planning system have been developed and communicated with a suitable provider identified and engaged.</p> <p>A new Corporate induction has also been launched to support the effective induction of new hires into the City of London Corporation.</p> <p>In 2024 the transformation focus will be centred on ERP as a Phase 2 of this action. The new ERP will enable us to further improve the quality of our candidate experience, improve data through the recruitment process to inform decision making, and further improve the onboarding process (with the introduction of a new onboarding module) for new starters. ERP is expected to be implemented by Spring 25. The Recruitment and Onboarding module is scheduled to be an early module for implementation on the project in 2024.</p>	Alison Littlewood; Cindy Vallance; Dionne Williams-Dodoo	02-Feb-2024	30-Apr-2025
CR39e	<p>Ahead of the ERP launch in April 2025, a plan to develop the HR data dashboards and manual workforce reports for each department will be implemented in Q1 2024/2025 the aim for these reports is to enable HR Business Partners to support the departmental resource planning process using data. This action is reliant upon accurate data and reporting from the current HR system and the new ERP system.</p>	<ul style="list-style-type: none"> • Departmental workforce planning will be supported by the implementation of our new ERP, expected in Spring 25. • In the interim and as detailed in our People Strategy, the People & HR unit have planned additional activity in 2024/25 on manual workforce planning to support the organisation in introducing a workforce planning approach to resourcing. This work is being scoped and will align with the specific date as detailed below. • A new Workforce and HR dashboard has been developed to support HR Business Partners with workforce planning and strategic workforce discussions with their business areas. This is anticipated to be launched in Q1 2024/2025. <p>Work completed:</p> <p>-- An establishment data cleanse and establishment control process was introduced in September 2023 which will support department level reporting with increased accuracy.</p>	Dionne Williams-Dodoo	02-Feb-2024	30-Apr-2025

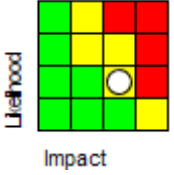
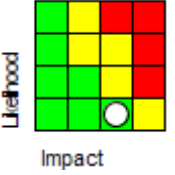

CR39f	The People Strategy is on track to launch in April 2024. The five identified workstreams will be captured as individual risks and will be tracked within the prioritised work plan of the People Strategy. The modernising our City Corporation and The My Talent My Development workstreams identify the work that will be completed to support the candidate attraction and retention of employees.	We successfully launched the 5 year people strategy which commences April 2024. All work programmes within the people strategy will progress according to the timetable outlined in the document, including those detailed in the summary from Feb 2024 as key priority activities.	Alison Littlewood; Cindy Vallance	09-Apr-2024	30-Apr-2025
CR39i	The metrics associated with the employee onboarding journey, continue to be monitored against the 3 KPI's as listed below.	<p>Whilst a KPI on time to hire is monitored on a monthly basis, against a target of less than 45 days, the average up to October 2023 was between 49 – 52 days.</p> <p>We have found that the KPI set does not helpfully account for notice periods which are outside of the City's control and, therefore, distorted the performance data. This KPI will be revised as part of the implementation of the City's new People Strategy in April 2024. The KPI have been refined into three specific measures through the employee onboarding journey to make them more meaningful and specific.</p> <p>The new KPIs set and to be monitored following the launch of our new Workforce and HR dashboard are as follows: -</p> <p>Complete Information received from Manager to advertisement made live (Primarily Rectmt)</p> <ul style="list-style-type: none"> • KPI: 4 working days (target for advert posted on COL job site, timeline agreed to take into account payroll deadline period) • Benchmark data from current data: 4.93 (average) • Advertising close date to conditional offer (Joint Rectmt/Manager) • KPI: 12 working days (managers are encouraged to plan their recruitment, stating anticipated interview dates on adverts, and agreeing shortlisting time with panel members. Workforce and Resourcing are to work with recruiting managers in ensuring all the info needed for conditional offer to be sent out is received. Benchmark data from current data: average 21.4 days. • Conditional offer to all checks complete (Joint Rectmt/Candidate) • KPI: 20 working days (This is dependent on how quickly referees provide references and whether the role requires a DBS/vetting and may therefore increase due to processing times) • Benchmark data from current data: average 24.2 days 		02-Feb-2024	31-Jul-2024
CR39j	We recognise that having a positive employment brand helps to attract potential candidates. This also relates closely to defining our employee offer and the work set out as part of The My Talent, My Development workstream of the 2024-2029 People Strategy sets out the elements of work associated with this important work.	We have committed to refreshing our values and behaviours in 2024/2025. This work is also closely linked to related workstreams that focus on performance management and leadership development. Consideration of approach and timing for these interconnected pieces of work is underway.		09-Apr-2024	31-Dec-2024

	This work will help us to better define what it means to be an employee and sell the Corporation to future candidates.				
CR39k	Our next Our People Survey which will measure staff engagement and provide feedback on working experiences at the City of London will launch on the 15th April 2024. Through the survey we will do the follow: 1, Understand the drivers that are contributing to any potential negative experiences at working at the City. 2, Understand what City of London corporation is doing well for its employees. 3, Understand themes and develop action plans that will enable us to position ourselves as the employer of choice. With a view that the summary of findings will feed into keeping the People Strategy as a living breathing document.	Questions and data have been submitted to People insight, marketing has commenced, launch on target for the 15th April 24, due to close 10th May. Presentations to SLT 28th May 24, ELB 27th June and CSC 3rd July.		03-Apr-2024	31-May-2024
CR39M Page 198	Approach to hard to fill roles - We have recruited a Strategic Campaigns and Resourcing Projects Lead on a 12 month FTC. This post will support with creating targeted and bespoke recruitment campaigns for senior/ exec recruitment and hard to fill posts at the City of London Corporation. A range of methods, including the use of appropriate search and select agencies, proactive candidate search and engagement, events etc. will be used to promote the City of London Corporation as a destination to work at. We will be looking to raise the employer profile of the City of London Corporation. We will also consider how and where we look for supply of talent e.g. engaging with our competitors as needed.	Post holder has now started.		03-Apr-2024	31-Mar-2025
CR39N	Alongside our broader review of the existing pay architecture and approach to Reward underway, we have been working with Members, our senior leadership and our Trade Unions to agree the Pay Award for 2024/25. This is with a view to achieving the best possible outcome in line with our affordability on pay within our existing structures.				28-Jun-2024

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR10 Adverse Political Developments 22-Sep-2014 Paul Wright Page 199	Cause: Policy issues that may compromise the City's operation as an international financial marketplace to which the City Corporation's functions are aligned; other financial and professional services issues that make the City Corporation vulnerable to political criticism; local government proposals that (either directly or indirectly) call into question the democratic legitimacy of the City of London Corporation; overarching political hostility. Event: Changes in international relationships particularly those with the EU; reputational questions related to financial institutions; local government changes in London; low turnout for Common Council elections; increase in political hostility to the Corporation. Impact: Damage to the City's ability to put its case nationally and internationally and to the City's standing as a dedicated international financial marketplace. Loss of investor confidence in, or attractiveness of, the Square Mile. The City of London Corporation would be compromised if the City's position as a world-leading financial and professional services centre were undermined. Loss of credibility for the City.		8	The risk appetite is assessed on the basis of an assumption as to the Corporation's ultimate constitutional existence in its current form beyond the risk register timeline. No change to the risk rating is suggested at this time. The City Corporation continues to engage constructively across the political spectrum and is planning a programme of activity ahead of the general election. 10 Apr 2024		4	24-Jan-2025	Constant
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR10a	Monitoring of Government legislation and proposed regulatory changes.	Constant attention is given to the form of legislation affecting the City Corporation and the broader City, and any remedial action pursued. Initiatives announced in The King's Speech have been assessed, and City Corporation departments are being alerted to issues of potential significance as the measures are introduced. Action is taken through negotiation with departmental officials or amendments tabled in Parliament as required. Targeted engagement across the political spectrum continues on matters that directly impact the City of London and which may form part of their manifestos for the next General Election expected in 2024.	Paul Wright	10-Apr-2024	24-Jan-2025
CR10b	Provision of information to Parliament, Government and the London Assembly on issues of importance to the City.	Making known the broad range of work of the City Corporation among opinion formers, particularly in Parliament and central Government, is part of the apparatus by which the City's	Paul Wright	10-Apr-2024	24-Jan-2025

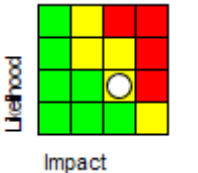
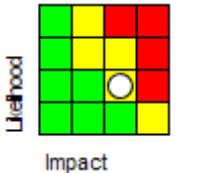

		voice is heard and by which the Corporation is seen to be "doing a good job" for a crucial sector of the economy, and for London (and the nation) across a wide spectrum of activity. The Remembrancer's Parliamentary Team and the Corporate Affairs Team continue to provide updates to the relevant departments and Members following major political developments and set piece Parliamentary events, the most recent followed the Budget. A further report will follow the Mayor and Assembly elections in May.			
CR10c	Engagement with key opinion informers in Parliament and elsewhere. Programme of work to monitor and respond to issues affecting the reputation of the City Corporation.	<p>Liaison with the City's MP and other MPs, Peers and Select Committee of both Houses on matters of importance to the City. Working with other organisations, including TheCityUK, International Law Committee, LawUK and the Financial Markets Law Committee, to analyse the legal and regulatory framework following the UK's departure from the EU.</p> <p>The administration of the All Party Parliamentary Group for Financial Markets and Services, managed through the Remembrancer's Office, is a useful engagement tool. The Group has had its AGM and a new Chair has been elected. Two events are planned before the Summer Recess.</p> <p>The Remembrancer's Parliamentary Team works closely with Corporate Affairs and the Office of the Policy Chairman over the Policy Chairman's parliamentary engagement programme, including providing content and briefing for bilateral meetings. An engagement plan for the Policy Chairman has been developed in collaboration with the Corporate Affairs team.</p>	Paul Wright	10-Apr-2024	24-Jan-2025

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR30 Climate Action 07-Oct-2019 Damian Nussbaum Page 201	<p>Cause: Insufficient resources and prioritisation allocated to Climate Action.</p> <p>Event: The City Corporation fails to reduce and mitigate the impact and effect of climate change.</p> <p>PHASE 2: DELIVER AND REFINE ACTION PLAN – To be addressed in completion of phase 1.</p> <p>Impact: As the governing body of the Square Mile dedicated to the City, there are a range of potential impacts including:</p> <ul style="list-style-type: none"> • failing to deliver on the net zero targets in our Climate Action Strategy • reducing our ability to effectively reduce carbon emissions in the next two carbon budget periods (2022 and 2027) • damaging the City’s credibility in Green Finance and Insurance markets; • reducing our ability to champion sustainable growth globally and enhance the relevance and reputation of the Square Mile • failing to adequately invest in climate resilience measures leading to negative impacts on social, economic and environmental outcomes • failing to adequately invest in net zero initiatives leading to negative impact on our financial and property investments 		8	The risk score is now lowered as CAS is now progressing with capital projects. The risks might change to red if there are significant delays in projects delivery. 17 Apr 2024		4	31-Mar-2027	 Decreasing

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR30k	Ongoing political and international relationship management	Strong progress towards 2027 net-zero target fuels positive media coverage. Stakeholder engagement plan unlocks political & international collaboration avenues.	Damian Nussbaum	20-Dec-2023	31-Mar-2027
CR30l	Deliver programme of works across operational and investment portfolios	Decisions outstanding on planned stock changes such as disposal strategies and major projects such as the Guildhall Master Plan, Barbican Arts Centre and Markets Co-location continue to	Paul Wilkinson	17-Apr-2024	31-Mar-2027

		<p>create uncertainty in the Corporate Properties Group workstream for CAS. As these buildings are amongst the highest emitters for the operational estate, understanding their future is essential in planning for, and delivery of, the 2027 CAS target.</p> <p>Construction price inflation, both in terms of availability and pricing of materials, and through the availability of labour, will impact the delivery programme. This may result in additional budget pressures. This is an industry-wide issue that the department is tracking closely.</p> <p>Alongside this, the grid decarbonises slower than emission model predicted.</p> <p>Recent unprecedented rises in energy prices and the cost of capital works present a significant risk to CAS target delivery. CAS is supported by the delivery of planned cyclical maintenance works which are now approved.</p> <p>The mitigation in place includes introduction of behavioural management programme in buildings and the implementation and potential expansion of the of Power Purchase Agreement (PPA) in January 2023, which between January and April generated 9M kWh. The cost saving fund is being designed and the first cost savings(circa 500k)should be transferred to fund during FY 2023/24.</p>			
CR30m	Monitor and drive performance against net zero and financial targets for financial investments and supply chain, continually refreshing learning	Received PCAF support in revaluation of financial investment emission accounting methodologies and targets. Purchased Goods & Services is progressing well against the target, further evaluation will be explored during emissions accounting assessment in July 2024	Caroline Al-Beyerty	17-Apr-2024	31-Mar-2027
CR30n	Monitor and drive performance against net zero and resilience targets, continually refreshing learning	<p>The Cool Streets & Greening Programme is trialling climate resilient measures in our streets and public realm at pilot sites across the Square Mile. The first two phases have made use of opportunities to make changes to the existing project pipeline, while the final two phases have instigated projects where they are likely to have the biggest impact. Phase 1 (advanced existing projects) - nine sites approved - seven complete - two at Gateway 5. Phase 2 (existing projects) - six sites approved - two onsite - three at Gateway 5 - one at Gateway 4. Phase 3 (Tree planting) - 100 targeted - 29 trees planted - 13 tree pits awaiting trees - 58 sites to be identified. Phase 3 (Landscaping) - four sites approved - four sites at Gateway 4. Phase 3 (Replanting) - fourteen sites approved - three sites complete - eleven sites at Gateway 4. Phase 4 (SuDS) - six sites approved - six sites at Gateway 2/3. Phase 3 and 4 make use of learning from the completed Cubic Mile (below ground mapping) project.</p> <p>Phase 1 of pedestrian priority programme has been approved. Phase 2 still needs approval and has political risk attached to it. If the programme of Pedestrian Priority restrictions and traffic reduction is not delivered this significantly undermines the ability to reach net zero.</p>	Bob Roberts	20-Dec-2023	31-Mar-2027
CR30o	Set out carbon removal action plan and mobilise	P&R in January approved rescope of the project which should protect sequestration rate and contribute to its increase by 2027. Currently recruitment for project manager is in progress.	Bob Roberts	17-Apr-2024	31-Mar-2027
CR30p	Run overarching engagement programme with our stakeholders and partners (phase 3 of engagement plan) and quality assure engagement for projects	New CAS Stakeholder Engagement Lead will be appointed in May 2024. Stakeholder engagement plan will be then designed in alignment with other CAS projects.	Damian Nussbaum	17-Apr-2024	31-Mar-2027
CR30q	Carry out impact assessments and equalities analysis on projects and stakeholder research and use their findings to shape future engagement and delivery	All CAS projects deliverables are assessed and equality assessment tests are completed as part of the project deliveries.	Judith Finlay	17-Apr-2024	31-Mar-2027

CR30r	<p>Agree to and implement appropriate governance to embed Climate Action in departmental scrutiny. Ensure appropriate capacity and capabilities are in place including for regular KPI progress reporting via the CPF. Ensure mechanisms in place for releasing staged financing. Set up regular tracking of impact of our actions on targets.</p>	<p>Target process tracking is done through Climate Action Dashboard updated. This update process is governed by a new Dashboard Data Governance & Reporting Procedure which has been shared with key officers in Q4 of 2022/23 and is updated annually. The dashboard allows tracking to take place across an initial 31 management KPIs as well as the main 21 reporting KPIs of our carbon footprint as expressed in tonnes of CO2e (Carbon Dioxide Equivalent). Going forwards, it is intended that this dashboard will be used as the basis for progress reporting to Committees.</p> <p>To manage risk effectively in the programme, all projects have a risk log and the overall risks are reported at a programme level to Policy & Resources Committee and via this CR30 corporate risk update. The project risks are being monitored quarterly as part of the status report update in the Risks and Benefits Log.</p> <p>Project performances are monitored quarterly against their projected achievement trajectories. These movements are being closely monitored between Member and officer governance.</p>	Damian Nussbaum	17-Apr-2024	31-Mar-2027
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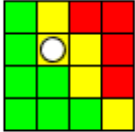
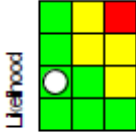
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR36 Protective Security	<p>Cause: Lack of appropriate governance, inadequate security risk assessments, prioritisation, and mitigation plans. Inadequate, poorly maintained or time expired security infrastructure and policies; lack of security culture and protective security mitigation; poor training, inadequate vetting, insufficient staff.</p> <p>Event: Security of an operational property and event space is breached, be that internal threat, protest and/or terrorist attack. Publicly accessible areas for which the Corporation are responsible for are subject to an undisrupted Terrorist attack.</p> <p>Effect: Injury or potential loss of life caused by an undisrupted attack, unauthorised access to our estate by criminals/protestors/terrorists; disruption of business/ high profile events; reputational damage.</p>	 <p>Likelihood</p> <p>Impact</p>	8	<p>Security governance is now embedded as business as usual. The move of the CCC and wholesale markets into the City Surveyor's department has further developed the standardisation of security operations across sites. The introduction of VSAT has extended security assessments across a wider segment of the property estate providing a more detailed audit of how vulnerability is managed. The creation of the Bridges Security Board and the Markets Security group is an additional positive step, demonstrating the City's commitment to security in the Square Mile and its areas of influence.</p> <p>2023 was yet another challenging year, with multiple protests occurring alongside the cycle of high-profile events that saw HM King Charles III become the King posts the Jubilee and funeral of HM Queen, the South Koren President, the UK Prime Minister, and many other visits by protected VIPs and high profile visitors. The excellent relationship with our security partners led to a programme of delivery that maintained the City's international reputation as a safe and secure venue. COLC has continued to protect both our public spaces through Protect Realm Board in partnership with COLP and TFL, mirrored with Protect Bridges Board.</p>	 <p>Likelihood</p> <p>Impact</p>	8	01-Jun-2024	

10-Jan-2022 Gregory Moore			<p>2024 is already presenting new security challenges that will continue to be met by strong governance and effective partnership relationships. As such it is recommended this score be reduced from 12 to 8, with continuous monitoring of this new embedded corporate security structures.</p> <p>We continue to prepare for the anticipated legislation around Martyn's Law but timing remains subject to parliamentary process. This has been discussed reviewed and recommendation agreed at SSB.</p> <p>25 Apr 2024</p>			Reduce	Constant
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR36c	Incident/Event/Protest Command	<p>No changes</p> <p>New Gold training delivered 22nd September 2023, with Comptroller attending a recent MAGIC (Multi Agency Gold Incident Command) Course, with enquiries in hand for others to do likewise. All events continue to be risk assed RAG, with appropriate command teams in place.</p> <p>A multi-agency table top exercise at the CCC will take place in February 2024, further command training in March, support those who missed September.</p>	Richard Woolford	25-Apr-2024	30-Jun-2024
CR36d	Prevent	<p>No changes</p> <p>Prevent continues to be monitored across COLC in support of COLP. This will be an agenda item next SSB.</p>	Valeria Cadena	25-Apr-2024	01-Jun-2024
CR36f	Protect	<p>No changes</p> <p>There is a vast array of partnership bodies that impact both the COLC and City wide, covering Security and Counter Terrorism. COLC is embedded with: • City of London Crime Prevention Association. • Cross Sector Safety and Security Communications. • Global Terrorism Information Network TINYg. • POOLRE • City Security Council • CPNI Strategic and Tactical meetings structures.</p>	Simon Causer	25-Apr-2024	01-Jun-2024

		<p>VSAT has extended the security assessment process across a more diverse section of the estate.</p> <p>Diverse attendance and support continues</p> <p>We are currently working with COLP in review all delivery of previous security footprints to ensure up to date and independent audit of works done.</p> <p>Continual monitoring continues.</p> <p>The previously report VSAT system has now been fully adopted and working parallel with site protect packs, this is now been reviewed across the City Surveyors estate to asses where we are in relation to protective security across our estate.</p> <p>COLP have introduced a new NaCTSO security assessment product that has been applied to Guildhall, Barbican, Tower Bridge, CCC, Mansion House and Leadenhall Market.</p> <p>The Protect Duty is anticipated and this is expected to create an additional level of governance but there is a high degree of confidence that City sites already exceed anything the Act will introduce.</p>			
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Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR21 Air Quality 07-Oct-2015 Bob Roberts	<p>Cause: Levels of air pollution in the City, specifically nitrogen dioxide and fine particles, impact on the health of residents, workers and visitors. The City Corporation has a statutory duty to take action to improve local air quality.</p> <p>Event: The City of London Corporation is insufficiently proactive and resourced, and does not have the right level of competent staff, to be able to fulfil statutory obligations, as a minimum, in order to lower levels of air pollution and reduce the impact of existing air pollution on the health of residents, workers and visitors.</p> <p>Effect: The City Corporation does not fulfil statutory obligations and air pollution remains a problem, impacting on health. Potential for legal action against the Corporation for failure to deliver obligations and protect health. Adverse effect on ability to deliver outcomes 2 and 11 of the Corporate Plan</p>	 Likelihood Impact	6	No change from previous risk rating. Draft Air Quality Strategy will go to May PHES committee with revised aims , aims in current strategy were met ahead of time 03 Apr 2024	 Likelihood Impact	2	31-Dec-2026	Reduce Constant

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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR21 001i	100% of vehicles owned or leased by the CoL are electric or hybrid by 2025	The City Corporation continues to add zero emission vehicles to its fleet with 12 hybrid and 28 pure electric vehicles. A database has been created of fleet carbon and air pollution (NOx and PM) emissions	Ruth Calderwood	14-Feb-2024	31-Dec-2025

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Top red risks only - short summary by department

Report Type: Risks Report

Generated on: 29 April 2024



Rows are sorted by Risk Score







Department Description Barbican Centre

Department Description: Barbican Centre 3

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
BBC Buildgs 027	Failure to maintain and renew Buildings and Estates Infrastructure	8	4	32		4	1	4		31-Dec-2025	Reduce	
BBC H&S 002	Failure to deal with Emergency/Major Incident/Risk of Terrorism	8	2	16		8	1	8		31-Sep-2024	Reduce	
BBC H&S 005	Non-compliance with Fire regulations	8	2	16		2	1	2		31-Dec-2025	Reduce	

Department Description Chamberlain's




Department Description: Chamberlain's 2

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CHB 002	Housing Revenue Account Financials	4	4	16		4	2	8		31-May-2025	Reduce	
CHB004	Casual Staff Pensions Entitlement/Enrolments	4	4	16		2	2	4		31-Dec-2024	Reduce	

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Department Description City of London Freeman's School

Department Description: City of London Freeman's School 1

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CLF-016	Financial Sustainability	4	4	16		2	2	4		31-Aug-2025	Reduce	

Department Description City of London Schools for Girls




Department Description: City of London Schools for Girls 3

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CLSG-07	School facilities (SA5-Operations)	8	3	24		8	2	16		31-Dec-2024	Reduce	
CLSG-01	External pressures on financial model (SA5-Operations)	4	4	16		4	3	12		31-Dec-2024	Reduce	
CLSG-13	Governance	4	4	16		4	3	12		31-Dec-2024	Reduce	

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Department Description City Surveyor's

Department Description: City Surveyor's 4

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
SUR MKT WM 001	MCP disruption / cancellation necessitating the Markets remaining in end-of-life/ deteriorating market infrastructure.	8	3	24		4	1	4		31-Dec-2026	Reduce	

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
SUR SMT 005	Construction and Service Contracts Price Inflation beyond that which was anticipated or planned	4	4	16		2	3	6		31-Mar-2025	Reduce	
SUR SMT 006	Construction Consultancy Management	4	4	16		4	1	4		31-Mar-2025	Reduce	
SUR SMT 009	Recruitment and retention of property professional	4	4	16		4	2	8		31-Mar-2025	Reduce	
SUR SMT 011	Contractor Failure	4	4	16		2	2	4		31-Mar-2025	Reduce	

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Department Description Department of Community & Children's Services

Department Description: Department of Community & Children's Services 1

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
DCCS HS 007	Blake Tower - Barbican Estate	4	4	16		2	2	4		27-Sep-2024	Reduce	



Department Description Environment

Department Description: Environment 2

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
ENV-SLT 005	Tree failure	8	4	32		4	3	12		31-Dec-2024	Reduce	
ENV-SLT 001	Maintenance and renewal of physical assets	4	4	16		2	3	6		31-Mar-2025	Reduce	

Department Description Guildhall School of Music and Drama



Department Description: Guildhall School of Music and Drama 1

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
GSMD DDP 002	Reduced Recruitment and Retention of Key Staff	4	4	16		2	2	4		31-Dec-2024	Reduce	

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Department Description Town Clerk's

Department Description: Town Clerk's 1

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
TC DTC PA 03	Fraud and Cyber Crime Reporting & Analysis Service (FCCRAS) Procurement	8	3	24		8	2	16		31-Dec-2024	Reduce	