



Audit and Risk Management Committee

Date: MONDAY, 8 DECEMBER 2014
Time: 1.45 pm
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members: Alderman Nick Anstee (Chairman)
Nigel Challis (Deputy Chairman)
Alderman Charles Bowman
Roger Chadwick (Ex-Officio Member)
Hilary Daniels (External Member)
Revd Dr Martin Dudley
Jamie Ingham Clark
Oliver Lodge
Alderman Timothy Hailes
Alderman Ian Luder
Kenneth Ludlam (External Member)
Caroline Mawhood (External Member)
Jeremy Mayhew (Ex-Officio Member)
Hugh Morris (Ex-Officio Member)
Graeme Smith

Enquiries: Julie Mayer
tel. no.: 020 7332 1410
julie.mayer@cityoflondon.gov.uk

Lunch will be served in the Guildhall Club at 1pm
NB: Part of this meeting could be the subject of audio video recording

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES OF THE PREVIOUS MEETING**
To agree the public minutes and non-public summary of the meeting held on 4th November 2014.

For Decision
(Pages 1 - 6)
4. **OUTSTANDING ACTIONS OF THE COMMITTEE**
Members are asked to note the Committee's outstanding actions list.

For Information
(Pages 7 - 8)
5. **THE CARE QUALITY COMMISSION (CQC) ROUTINE INSPECTION OF ADULT SOCIAL CARE REABLEMENT SERVICE**
Report of the Director of Community and Children's Services.

For Information
(Pages 9 - 30)
6. **MOORE STEPHENS ANNUAL AUDIT PLAN FOR THE NON-LOCAL AUTHORITY FUNDS**
Report of the External Auditors.

For Information
(Pages 31 - 50)
7. **INTERNAL AUDIT UPDATE REPORT**
Report of the Head of Internal Audit and Risk Management.

For Information
(Pages 51 - 68)
8. **INTERNAL AUDIT RECOMMENDATIONS FOLLOW-UP REPORT**
Report of the Head of Internal Audit and Risk Management.

For Information
(Pages 69 - 76)
9. **ANTI FRAUD AND INVESTIGATION UPDATE REPORT**
Report of the Chamberlain.

For Information
(Pages 77 - 84)
10. **RISK MANAGEMENT UPDATE**
Report of the Chamberlain.

For Information
(Pages 85 - 120)

11. **TERMS OF REFERENCE AND FREQUENCY OF MEETINGS OF THE AUDIT AND RISK MANAGEMENT MEETING**
Report of the Town Clerk.

For Decision
(Pages 121 - 126)

12. **COMMITTEE WORK PROGRAMME**
Members are asked to note the Committee's Workplan (*updates are shown in italics*).
For Information
(Pages 127 - 130)

13. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

14. **ANY OTHER BUSINESS WHICH THE CHAIRMAN CONSIDERS URGENT**

15. **EXCLUSION OF THE PUBLIC**

MOTION: That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

For Decision

Part 2 - Non-Public Agenda

16. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
To approve the non-public minutes of the meeting held on 4th November 2014.

For Decision
(Pages 131 - 132)

17. **SERVICE BASED REVIEW**
Joint report of the Chamberlain and the Head of Internal Audit and Risk Management.

For Decision
(Pages 133 - 156)

18. **HAMPSTEAD HEATH PONDS PROJECT - PRE-AUTHORITY TO START WORK - ISSUE REPORT**
Report of the Director of the Built Environment.

This report was approved by the Hampstead Heath, Highgate Wood and Queens Park Committee on 24 November 2014 and will be considered at the Projects Sub Committee on 9th December 2014.

For Decision
(Pages 157 - 168)

19. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

20. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

Part 3 - Confidential Agenda

21. **CHIEF OFFICER FLEXIBLE RETIREMENT**

Report of the Director of HR.

This report was received at the Establishment Committee on 18th September 2014.
For Information

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 4 November 2014

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall, on Tuesday, 4 November 2014 at 1.45 pm

Present

Members:

Alderman Nick Anstee (Chairman)	Alderman Ian Luder
Nigel Challis (Deputy Chairman)	Kenneth Ludlam (External Member)
Alderman Charles Bowman	Caroline Mawhood (External Member)
Roger Chadwick (Ex-Officio Member)	Jeremy Mayhew (Ex-Officio Member)
Hilary Daniels (External Member)	Hugh Morris (Ex-Officio Member)
Alderman Timothy Hailes	Graeme Smith

In Attendance

Officers:

Simon Murrells	Assistant Town Clerk
Neil Davies	Town Clerk's Department
Julie Mayer	Town Clerk's Department
Peter Kane	Chamberlain
Michael Cogher	Comptroller and City Solicitor
Caroline Al-Beyerty	Chamberlain's Department
Paul Nagle	Chamberlain's Department
Paul Dudley	Chamberlain's Department
Angus Fish	External Auditor, Deloitte
Nick Bennett	External Auditor, Moore Stephens
Lucy Nutley	External Auditor, Moore Stephens

1. APOLOGIES

Apologies were received from Rev Dr Martin Dudley, Jamie Ingham Clark and Oliver Lodge.

2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

There were no declarations.

3. MINUTES OF THE PREVIOUS MEETING

RESOLVED, that:

The public minutes of the meeting held on 9th September 2014 be approved.

4. **CITY'S CASH FINANCIAL STATEMENTS**

The Committee considered a report of the Chamberlain in respect of the City's Cash Financial Statements for 2013/14. Three briefing sessions had been arranged; they had been well attended and Members had found the sessions very helpful. The Chamberlain was pleased to report that the Financial Statements were unqualified and that the Audit Review Panel was also content.

During the discussion and questions on this item, the following were noted/clarified:

- The possible contribution to Crossrail of £50m from City's Cash had been disclosed in the Financial Statements as a contingent liability. Members noted that this treatment differed from the treatment of the £200m to be provided from City Fund, which is shown as a capital commitment, due to it being an executory contract. In response to further questions on Crossrail, Members noted that the £50m possible contribution from City's Cash had been reported to Policy and Resources Committee last December and the report had indicated that any contributions would be subject to further discussions. As the position was unclear, an update was requested for a future meeting.
- In view of the uncertainty, Members considered that the wording of the contingent liability note and the associated point in Moore Stephens' representation letter should have the word 'possible' inserted before the word 'contribution'.
- As a consequence of moving to pooled investment vehicles, recognised but unrealised gains or losses on non-property investments were now included in the Income and Expenditure Account rather than the Statement of Recognised Gains and Losses. This treatment would increase volatility and obscure the underlying income and expenditure position. The full year effect of this change would be seen from 2014/15 and the financial overview, in the annual report section of the financial statements, would need to provide an explanation.
- The City of London Pension Fund deficit had been apportioned between the City's three main funds and shown on the face of the balance sheets.
- The City Corporation's governance arrangements were common to all three funds: only one Annual Governance Statement was produced and this was reviewed by the Audit and Risk Management Committee.
- With regard to related party transactions, the Chamberlain agreed to check the disclosures for accuracy, particularly with regard to the number of Members declared in relation to certain organisations and to make corrections, as required. The Chamberlain also undertook to review the £10,000 de-minimis threshold for next year's related parties but such a review would need to consider the threshold in the context of

both organisations involved. For the City Corporation, £10,000 was not material but this sum might be significant for the transacting party.

RESOLVED, that:

Having considered Moore Stephens LLP's Management Letter, the Finance Committee be recommended to approve the City's Cash Financial Statements for the year ended 31 March 2014, subject to consideration of the comments of the Audit and Risk Management Committee, as set out above.

5. DELOITTE'S FINAL REPORTS ON THE AUDIT OF THE CITY FUND AND PENSION FUND

The Committee received a report of the Chamberlain in respect of Deloitte's final reports on the Audit of the City Fund and Pension Fund.

RESOLVED, that:

Deloitte's final Audit Reports be noted.

6. INTERNAL AUDIT CHARTER - REVIEW AND UPDATE

The Committee received a report of the Chamberlain in respect of the Internal Audit Charter. Members noted that two minor amendments had been made, in response to recommendations arising from the Peer Review earlier in the year, relating to consultancy work and the provision of assurance to other bodies. The Charter had also been updated to reflect the current role of internal audit in relation to value for money and efficiency savings.

RESOLVED, that:

The revised Audit Charter be approved.

7. 2015/16 INTERNAL AUDIT PLANNING

The Committee received a report of the Chamberlain, which presented the Internal Audit Plan for 2015/16. The Head of Internal Audit and Risk Management encouraged feedback from Members prior to the detailed audit planning stage commencing and the final version of the 2015/16 audit plan being presented to the Committee in February 2015.

During the discussion and questions, the following matters were raised/noted:

- There was a mature dialogue on risk exposure with all Chief Officers, in order to seek their perspectives when the plan is drawn up.
- The Fraud Investigation resource was extremely valuable to the City and, following the successful outcomes of recent tenancy fraud cases, housing has now been freed up for social needs. There had been other successful outcomes in internal cases; i.e. as discussed in the next report on the agenda (Cash Handling and Banking Audit).

- The statistics showing sickness also covered other absences such as jury service, volunteering and compassionate leave. Members asked if the differences could be identified in future reports.

RESOLVED, that:

The Internal Audit Planning Report be noted, subject to the items raised above.

8. CASH HANDLING AND BANKING AUDIT - INTERNAL AUDIT FOLLOW UP REPORT

The Committee received a report of the Head of Internal Audit, which provided a follow up on the Cash Handling and Banking Audit undertaken last year. Members were assured that the incident of cash loss at Billingsgate Market was an unfortunate, one-off and not part of any systematic weakness.

RESOLVED, that:

The Cash Handling and Banking Audit Report be noted.

9. AUDIT AND RISK MANAGEMENT COMMITTEE SURVEY

The Committee considered a report of the Town Clerk, which set out the results of the Audit and Risk Management Committee Survey. Members noted that the response rate had fallen on the survey conducted in 2013 but noted that the Chamberlain would be conducting a customer survey for their entire service.

Whilst keen to maintain some continuity and in order to show trends, the Town Clerk advised that the scoring had changed in order to give the survey more depth. One of the Members offered to provide a pro-forma used within their place of business and Members agreed that input into future questions would be helpful.

RESOLVED, that:

1. The Audit and Risk Management Committee Survey be noted.
2. The Committee continue to run the effectiveness surveys, which is considered best practice in local authorities.
3. The Committee be given the opportunity to review future questions, noting the assistance offered by one of the Members in respect of a pro forma survey.

10. OUTSTANDING ACTIONS OF THE COMMITTEE

The Committee reviewed its outstanding actions list and the following amendments were made:

- Agenda Management could now be removed.
- An update on the Anti-Fraud on-line training courses would be presented to the February Committee.

- An update on CR18 (Workforce Planning) and CR16 (Information Governance) would be included as part of the Risk Management Update Report, to be presented to the December Committee. As requested at the previous meeting, Members had been emailed further details on the breaches reported in September, and an update on training numbers would be included in the next report.

It was agreed to add the following items:

Internal Audit Planning

The statistics showing sickness also covered other absences such as jury service, volunteering and compassionate leave. Members asked if the differences could be identified in future reports.

Committee Survey

One of the Members offered to provide a pro-forma used within their place of business and Members agreed that input into future questions would be helpful.

Overtime and Holiday Pay

Currently indeterminate but this would be kept under review by the Audit and Risk Management Committee as the outcome might need to go before the Finance Committee and the Court of Common Council.

RESOLVED, that:

The Committee's Outstanding Actions list be noted.

11. COMMITTEE WORK PROGRAMME

The Committee received its work programme and asked if any changes since the last meeting could be shown in italics. However, on this occasion there had been no updates.

12. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There were no questions.

13. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no items of urgent business.

14. EXCLUSION OF THE PUBLIC

RESOLVED, that:

Under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act.

Item No	Para
15 – 16	-
17 - 18	1, 3

15. NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

In respect of the current on-going High Court Decision on holiday pay and the inclusion of regular overtime in setting the amount to be paid, Members noted that the matter was currently indeterminate but it would be kept under review as the outcome might need to go before the Finance Committee and the Court of Common Council.

16. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED

There were no items of urgent business.

17. SERVICE BASED REVIEW PROPOSALS - CHAMBERLAIN'S DEPARTMENT

The Committee received and noted a report of the Chamberlain in respect of the Service Based Review Proposals for the Chamberlain's Department.

18. INTERNAL AUDIT - SERVICE BASED REVIEW

The Committee considered and partially agreed a report of the Chamberlain in respect of Service Based Review proposals for the Internal Audit Division.

The meeting ended at 3.40 pm

Chairman

Contact Officer: Julie Mayer
tel. no.: 020 7332 1410
julie.mayer@cityoflondon.gov.uk

AUDIT AND RISK MANAGEMENT COMMITTEE - Outstanding Actions

	Item	Action	Officer responsible	Progress updates/target
1	International Centre for Financial Regulation (on-going)	Chamberlain advised Members to await the outcome of the police report, before taking a view about risk assurance implications.	Chamberlain	An individual has been charged and the trial date is set for 5 th January 2015. The Committee will receive an update on the outcome of the Trial.
2	Internal Audit Peer Review (added 4.3.14)	Once all the Peer Reviews had been published, officers would look at benchmarking results with London Boroughs.	Paul Nagle	Next report to Committee in March or June 2015.
3	Anti Fraud on-line training course (added 9.9.14)	Refresher Policy to be agreed with HR and presented to ARM in January 2015, as part of the update report on Fraud Awareness Training.	Paul Nagle/Chris Keesing	An update will be provided at the February meeting.
Page 7	Hampstead Heath (added 9.9.14)	An issue report will be presented to Hampstead Heath, Highgate Wood and Queens Park in November and Projects Sub and Audit and Risk Management Committees in December. The issue report indicates that, although the site preparation works may not start until February 2015, this is not anticipated to impact on final completion date.	Esther Sumner	The judicial review found in the City's favour on 28/11/14. Planning application likely to be considered on 15/01/15.
5	CR18 Workforce Planning (added 9.9.14)	Next scheduled report to include examples of a cost benefit analysis	Chrissie Morgan	Additional information in respect of this corporate risk will be included in the appendices to the December Risk Management update report.
6	CR16 (added 9.9.14)	Next scheduled report to include more detail on breaches and breakdown on training numbers and rollout/refresher periods.	Graham Bell	Additional information in respect of this corporate risk will be included in the appendices to the December Risk Management update report.

AUDIT AND RISK MANAGEMENT COMMITTEE - Outstanding Actions

	Item	Action	Officer responsible	Progress updates/target
7	Internal Audit Planning (added 4 November 2014)	The statistics showing sickness also covered other absences such as jury service, volunteering and compassionate leave. Members asked if the differences could be identified in future reports.	Paul Nagle	Analysis provided within December 2014 internal audit update report.
8	Committee Satisfaction Survey	One of the Members offered to provide a pro-forma used within their place of business and Members agreed that input into future questions would be helpful.	Neil Davies	Next Satisfaction Survey, to be confirmed
9	Overtime and Holiday Pay	Currently indeterminate but this would be kept under review by the Audit and Risk Management Committee as the outcome might need to go before the Finance Committee and the Court of Common Council.	Paul Nagle Caroline Al-Beyerty	

Committee:	Date:
Audit and Risk Management Committee	8 th December 2014
Subject: The Care Quality Commission (CQC) routine inspection of the Adult Social Care Reablement Service	Public
Report of: Director of Community and Children's Services	For Information
<p style="text-align: center;"><u>Summary</u></p> <p>This report informs Members of the outcome of the recent Care Quality Commission (CQC) announced routine inspection of the Adult Social Care Reablement Service which took place on 2 September 2014.</p> <p>The Adult Social Care Service provides reablement services to residents of the City of London for up to six weeks following their discharge from hospital, so that they can become more independent. The service provides home-based support involving domiciliary care, occupational therapy, physiotherapy, equipment, telecare and/or social work support.</p> <p>The CQC inspection addressed quality and safety of care against six overarching standards:</p> <ol style="list-style-type: none"> 1. Care and welfare of people who use services 2. Meeting nutritional needs 3. Cleanliness and infection control 4. Management of medicines 5. Safety, availability and sustainability of equipment 6. Assessing and monitoring the quality of service provision <p>The reablement service was found to meet the standard for each area without any additional conditions or requirements being placed upon the City of London by the CQC.</p> <p>The Inspection Report was presented to the Community and Children's Services Committee on 14th November and is attached as Appendix 1.</p> <p>Recommendation</p> <p>Members are asked to note the report.</p>	

Main Report

Background

Reablement is focused on enabling people to be independent following discharge from hospital. It is a prevention and early intervention service that is free to the individual and can last for up to six weeks, with the aim of supporting people in regaining their confidence, building their informal support, managing their risks and enabling their independence.

Adult Social Care provides a reablement service in order to:

- prevent people's needs from escalating
- prevent people needing ongoing social care services
- reduce dependency and enable independence
- reduce the need for readmission into hospital within a period of three months from original discharge.

The service is for adults with a social care need which is assessed as substantial or critical, regardless of age, and can include supporting people who have:

- dementia
- learning disabilities
- mental health conditions
- disabilities
- mobility and physical issues.

The service can also support individuals with confidence, behaviour and memory issues that might prevent them from managing their personal care, nutrition and practical tasks of daily living.

The staff provide support on a rota basis from 7am to 7pm, 5 days a week. All other hours are covered via an external supplier as required. The work of the external supplier is subject to contract monitoring arrangements which include weekly meetings to share information on the progress of the service users.

The reablement service is subject to an annual announced inspection by the CQC. The recent inspection took place on 2 September 2014.

Current Position

The attached report (Appendix 1) sets out the details of the inspection.

The Inspector met with staff from the Adult Social Care Reablement Service, including the two Care Support Coordinators who provide the direct support and the Occupational Therapist.

The Inspector visited one current service user and one previous service user.

The inspection addressed quality and safety of care against six overarching standards:

1. Care and welfare of people who use services
2. Meeting nutritional needs
3. Cleanliness and infection control
4. Management of medicines

5. Safety, availability and sustainability of equipment
6. Assessing and monitoring the quality of service provision

The Inspector found that the reablement service met the standard for each area without any additional conditions or requirements being placed upon the City of London by the CQC. The practice of information sharing on a weekly basis with the external provider and the reablement service was commended as good practice.

Corporate & Strategic Implications

The work of the reablement service forms part of the prevention and early intervention agenda, making the City safer for its residents.

The service assists in helping individuals to remain healthy and live longer within their own homes with maximum independence and dignity. Individuals are safeguarded well from harm and assisted to access their community as much as is possible.

Financial Implications

There are currently no additional financial implications contained within the CQC report or its recommendations. All current costs are covered within the allocated budgets.

Conclusion

The report has identified that the announced CQC inspection of the reablement service identified that the service met all service standards with no additional requirements being placed upon the service.

Background Papers

None

Appendix

1. CQC Inspection Report of COL Reablement Service on 2 September 2014

Contact: Marion Willicome-Lang marion.willicomelang@cityoflondon.gov.uk
020 7332 1216

This page is intentionally left blank

We are the regulator: Our job is to check whether hospitals, care homes and care services are meeting essential standards.

City of London

PO Box 270, Guildhall, London, EC2P 2EJ

Tel: 02073321899

Date of Inspection: 02 September 2014

Date of Publication:
September 2014

We inspected the following standards as part of a routine inspection. This is what we found:

Care and welfare of people who use services	✓ Met this standard
Meeting nutritional needs	✓ Met this standard
Cleanliness and infection control	✓ Met this standard
Management of medicines	✓ Met this standard
Safety, availability and suitability of equipment	✓ Met this standard
Assessing and monitoring the quality of service provision	✓ Met this standard

250

u

250

Contents

When you read this report, you may find it useful to read the sections towards the back called 'About CQC inspections' and 'How we define our judgements'.

	Page
Summary of this inspection:	
Why we carried out this inspection	4
How we carried out this inspection	4
What people told us and what we found	4
More information about the provider	5
Our judgements for each standard inspected:	
Care and welfare of people who use services	6
Meeting nutritional needs	8
Cleanliness and infection control	9
Management of medicines	10
Safety, availability and suitability of equipment	11
Assessing and monitoring the quality of service provision	12
About CQC Inspections	13
How we define our judgements	14
Glossary of terms we use in this report	16
Contact us	18

Summary of this inspection

Why we carried out this inspection

This was a routine inspection to check that essential standards of quality and safety referred to on the front page were being met. We sometimes describe this as a scheduled inspection.

This was an announced inspection.

How we carried out this inspection

We looked at the personal care or treatment records of people who use the service, carried out a visit on 2 September 2014, checked how people were cared for at each stage of their treatment and care and talked with people who use the service. We talked with staff and talked with other authorities.

What people told us and what we found

A single inspector carried out this inspection. The focus of the inspection was to answer five key questions; is the service safe, effective, caring, responsive and well-led?

Below is a summary of what we found. The summary describes what people using the service and the staff told us, what we observed and the records we looked at. We visited two people who used the service. We spoke with the assistant director for People Services, the service manager, two care workers and their line manager. We also spoke to a social worker and looked at six care records.

Is the service safe?

Care workers were trained as 'Trusted Assessors' which meant they could ensure equipment used was fit for purpose. They had been trained in safeguarding awareness and could demonstrate their knowledge of this to us. The service manager told us how "the Reablement team is embedded in the wider social care team and we all share our expertise around safeguarding and protection of vulnerable people." A person who used the service told us "my illness made me feel so vulnerable but my support workers helped me to feel totally safe with them."

Is the service effective?

We spoke to those who used the service and were told they were happy with the care provided. Staff told us they understood people's care and support needs and said they referred to the support plan at all times. One person who used the service told us "the service is staggeringly good." Staff had received training to meet the needs of the people whom they supported. There was knowledge of the person's needs gathered prior to discharge. In this way, the service was able to plan the most effective means to support the person when they returned to their home. We saw on one feedback form a person had written "the support speeded up my recovery towards independence."

Is the service caring?

A care worker told us "the best bit of my job is seeing people regain their independence, I love that." We were told how respect for the dignity of the person was observed and how permission was sought before any personal care was given. Before a service started, an assessment of the persons needs was carried out and a care plan was developed to meet those identified needs. One person who used the service told us "I was not used to being dependent upon anyone else, but the workers have been so sensitive to this and have been very kind without being patronising."

Is the service responsive?

People's needs had been assessed prior to hospital discharge in order to meet them effectively in their own homes. Records confirmed people's diverse needs and care and support had been provided, which met their wishes. A manager told us "the service is very flexible in order to maximise peoples' chances of improving." A local authority social worker told us "the Reablement service responds so quickly, especially at times when there is tremendous pressure from the hospital to release a bed."

Is the service well-led?

Staff had a good understanding of the philosophy of the service. They told us they were clear about their roles and responsibilities. Quality assurance processes were in place. We saw completed quality assurance forms [Satisfaction Survey] on the records of those who used the service. A local authority social worker told us they were asked for their verbal feedback. Care workers told us the management team were available to them at all times and "very supportive." A person who used the service told us "I can pick up the phone at any time to speak to a manager."

You can see our judgements on the front page of this report.

More information about the provider

Please see our website www.cqc.org.uk for more information, including our most recent judgements against the essential standards. You can contact us using the telephone number on the back of the report if you have additional questions.

There is a glossary at the back of this report which has definitions for words and phrases we use in the report.

Our judgements for each standard inspected

Care and welfare of people who use services

✓ Met this standard

People should get safe and appropriate care that meets their needs and supports their rights

Our judgement

The provider was meeting this standard.

Care and treatment was planned and delivered in a way that was intended to ensure people's safety and welfare.

Reasons for our judgement

There was one person using the service at the time of our inspection. We reviewed their care plan, and those of six others who recently used the service. We saw how information was presented in a clear and accessible way and care plans showed people's needs were assessed and care was planned and delivered in a person centred way. A manager told us the care workers [reablement coordinators] assessed those new to the service, and ensured this assessment took place on the day of discharge from hospital. Where there were complex needs, the assessment was done in hospital in conjunction with the hospital staff. If there was doubt about a person's Capacity to make a decision, their Capacity was formally assessed prior to leaving hospital. One care worker told us the hospital supplied background information and they then met with the person "as soon as possible upon discharge from hospital." They told us how the person was "always at the centre of their own care." A person who used the service told us they were assessed at home one hour after they were discharged from hospital. They told us "I was given very clear information and instructions. The care worker discussed with me the type of support I needed. I can't believe it was so good."

People's needs were assessed and care and treatment was planned and delivered in line with their individual care plan. The initial assessment which formed the care plan included goals and care objectives; medication; infection control; health and safety considerations; environmental hazards and identified daily tasks. We saw how the daily activities of the care worker were noted in the care plan. We saw there was a summary at the end of each week, and any progress made by the person who used the service was noted. For example, it was documented how a person had regained the ability to wash independently, which led to a reduction in support hours. A care worker told us of a person who acquired the manual dexterity to use a knife which meant they could assist in preparing their own meals. A person who used the service told us how "all along, the worker set me realistic goals and I could work at my own pace. I am sure that is why I am making good progress." In this way, the provider was able to deliver care, which centred on those who used the service as individuals and which reflected their changing needs.

An administrator told how they had frequent contact with District Nurses and attended a neighbourhood community meeting to learn who was in hospital and therefore likely to require a service upon discharge. During our inspection, we heard numerous telephone calls being made to other agencies where information was being shared appropriately and in a respectful manner. We were told how there was continuity of care and support for those who used the service as a result of effective communication between all those who provided it. A social worker told us how the Reablement team members were able to accurately identify those who required continuing services, following the six week intensive period of support offered by the Reablement team. This meant that early planning by the social work team was possible in order to initiate further social care interventions.

We visited a person who used the service and looked at a folder which contained their care plan, a signed record of the worker activities, emergency contact details, aims and objectives of the support and how to make a complaint. Care plans were reviewed each week during a meeting with the care workers and their line manager. We saw any actions from these reviews had been followed up. For example, if people's needs changed their support hours were altered in response to this. A person who used the service told us "sometimes I do not want to do what has been planned and the support workers are always so responsive." A manager told us in cases where a person became more unwell, they were immediately referred onto other services which provided longer term care. This showed that care and treatment was planned and delivered in a way which was intended to ensure people's safety and welfare.

Staff we spoke with told us how they would deal with an emergency, depending on the type. They said that in addition to dealing with the emergency they would also inform their manager. We saw on record staff had received First Aid training. This showed us that there were arrangements in place to deal with foreseeable emergencies.

Food and drink should meet people's individual dietary needs

Our judgement

The provider was meeting this standard.

People were protected from the risks of inadequate nutrition and dehydration.

Reasons for our judgement

We saw recorded on care plans a person's ability to eat and drink and whether they had any special dietary needs. The level of support they required was identified and could include prompting or guiding the persons hand on the spoon or fork. Since the focus of this service was on reablement, the majority of those who used the service could eat and drink independently. A care worker told us how they helped those who had previously used the service, to eat. They demonstrated awareness of people's individual food choices and needs, including people on special diets due to diabetes. They also told us how they encouraged those to whom they offered support to drink sufficient amounts of liquids for their needs. One care worker told us how a person who used the service did not like to drink water. They offered them alternatives such as squash or flavoured teas. In other situations, they provided a flask of tea for the person to sip during the day. In this way, people were supported to be able to eat and drink sufficient amounts to meet their needs.

In cases where a person's care plan included being supported to regain their ability to prepare food, a support worker told me they discussed with the person healthy alternatives prior to assisting with simple food preparation. They also told us they observed a person's weight and gave an example of where they contacted the GP to report rapid weight loss.

One person who used the service told us their care worker heated their meals for them and encouraged them to eat. They also said "my care worker always checks my fluid intake and replenishes my glass before they leave me."

The provider may wish to note that the support workers last did training on food hygiene in 2010.

Cleanliness and Infection control

✓ Met this standard

People should be cared for in a clean environment and protected from the risk of infection

Our judgement

The provider was meeting this standard.

People were protected from the risk of infection because appropriate guidance had been followed.

Reasons for our judgement

We noted from the records of people using the service, people's individual risk assessments contained information and guidance for staff on how to prevent and control the risk of infection of known risks.

There were effective systems in place to reduce the risk and spread of infection. Most people who used the service were recently discharged from hospital, and therefore were often vulnerable to infection. We asked staff how they minimised risk of infection and cross contamination. A manager told us all staff had been supplied with personal protective equipment [PPE] such as gloves and aprons. One care worker told us they used a combination of gloves, aprons, sanitisers and shoe covers when supporting a person. They then disposed of these in a separate bag. They also washed their hands thoroughly, according to guidelines. A person who used the service told us their support worker always "gowned up" prior to assisting with personal care. We observed copious supplies of aprons and gloves in the office and in the home of those people who used the service. Care workers told us they had received training in infection control. We looked at their training records and the provider may wish to note that the most recent training done in this area was in 2010.

Management of medicines

✓ Met this standard

People should be given the medicines they need when they need them, and in a safe way

Our judgement

The provider was meeting this standard.

People were protected against the risks associated with medicines because the provider had appropriate arrangements in place to manage medicines.

Reasons for our judgement

Those persons suitable for support from the Reablement service were identified as having the capacity to regain their independence following an intensive period of input and were self-medicating. All of the care plans we looked at confirmed this and consequently, care workers did not administer medication.

We were told the hospital pharmacy issued medicines in blister packs upon discharge. Since the person took responsibility for their own medication, there was no MAR [medicine administration record] sheet to be filled in by the support worker. However, a care worker told us how on occasion they observed the person they supported taking their medicine and they recorded this on their notes. If a situation occurred where they had to remind the person to take their medicine, this was also recorded. We were told how the GP would be contacted for advice if it were apparent the person regularly forgot to take their medication or stated they no longer wished to take their medicine.

A person who used the service told us they required no assistance to take their medication "but I know my care worker worries about me and will ask me whether I have taken it."

Our judgement

The provider was meeting this standard.

People were protected from unsafe or unsuitable equipment.

Reasons for our judgement

People were protected from unsafe or unsuitable equipment because the provider ensured that staff had appropriate training to check it was properly maintained and they could use it correctly. A manager we spoke with told us the care workers were trained 'Trusted Assessors' which meant they had specialist training to assess persons for basic equipment such as commodes, bathing and toileting equipment, grab rails and bed raises. A care worker showed us their certificate which confirmed this training was up to date. They told us they monitor the condition of the equipment and would reorder as necessary "I want those I support to be safe and comfortable." A care worker told us of a time when the brakes on a commode broke and they immediately reordered a new one. They also told us they had a full discussion with those whom they supported about the sort of equipment they might require and how it should be used "I want them to be safe, and at the same time, to be as independent as possible."

A care worker told us they often had to transfer those they supported, either from bed into a chair or wheelchair or the shower. They demonstrated to us their knowledge of how to do this safely and showed us their certificate for manual handling. They told us how they always informed the person before they performed any manoeuvre. A person who used the service told us "I feel completely safe in their hands. They transfer me gently and competently."

Assessing and monitoring the quality of service provision

✓ Met this standard

The service should have quality checking systems to manage risks and assure the health, welfare and safety of people who receive care

Our judgement

The provider was meeting this standard.

The provider had an effective system to regularly assess and monitor the quality of service that people receive.

Reasons for our judgement

The provider had an effective system to regularly assess and monitor the quality of service that people received. The agency provided personal care services to a small number of people over a short period of time, usually for six weeks. A manager told us quality assurance checks were done in the weekly team meeting, when the case of each person who used the service was discussed. We saw a record of these meetings and noted how a progress update was given on each person who received support. They also told us they did home visits and met with the person. We spoke to the Assistant Director of People Services who told us they "quality assured the Reablement service by accompanying the workers to visits on occasion and observing their activities." A care worker told us they knew they were doing a good job when "I get positive feedback from my person and when they make good progress."

When the service came to an end, those who used the service were given a 'Satisfaction Survey' to complete. We looked at 10 of these responses and noted comments such as "the carers were always very helpful and encouraging, willing to let me do things for myself" and "I received a really excellent service, for which I am very grateful."

Where there were comments requiring follow up, we saw that these were responded to appropriately. The manager we spoke with showed us one such comment and a record of how it was dealt with.

We saw there was a complaints procedure and people were made aware of this when the service started. There were no complaints recorded at the time of our inspection. We were told by a manager there had been no adverse events, incidents, errors or near misses recorded at the time of our inspection. A person who used the service told us there was good communication with the office and showed us a list of numbers which they knew they could use. They also said "I can't imagine I would ever have a complaint to make because they are all so good."

About CQC inspections

We are the regulator of health and social care in England.

All providers of regulated health and social care services have a legal responsibility to make sure they are meeting essential standards of quality and safety. These are the standards everyone should be able to expect when they receive care.

The essential standards are described in the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010 and the Care Quality Commission (Registration) Regulations 2009. We regulate against these standards, which we sometimes describe as "government standards".

We carry out unannounced inspections of all care homes, acute hospitals and domiciliary care services in England at least once a year to judge whether or not the essential standards are being met. We carry out inspections of other services less often. All of our inspections are unannounced unless there is a good reason to let the provider know we are coming.

There are 16 essential standards that relate most directly to the quality and safety of care and these are grouped into five key areas. When we inspect we could check all or part of any of the 16 standards at any time depending on the individual circumstances of the service. Because of this we often check different standards at different times.

When we inspect, we always visit and we do things like observe how people are cared for, and we talk to people who use the service, to their carers and to staff. We also review information we have gathered about the provider, check the service's records and check whether the right systems and processes are in place.

We focus on whether or not the provider is meeting the standards and we are guided by whether people are experiencing the outcomes they should be able to expect when the standards are being met. By outcomes we mean the impact care has on the health, safety and welfare of people who use the service, and the experience they have whilst receiving it.

Our inspectors judge if any action is required by the provider of the service to improve the standard of care being provided. Where providers are non-compliant with the regulations, we take enforcement action against them. If we require a service to take action, or if we take enforcement action, we re-inspect it before its next routine inspection was due. This could mean we re-inspect a service several times in one year. We also might decide to re-inspect a service if new concerns emerge about it before the next routine inspection.


In between inspections we continually monitor information we have about providers. The information comes from the public, the provider, other organisations, and from care workers.


You can tell us about your experience of this provider on our website.


How we define our judgements

The following pages show our findings and regulatory judgement for each essential standard or part of the standard that we inspected. Our judgements are based on the ongoing review and analysis of the information gathered by CQC about this provider and the evidence collected during this inspection.

We reach one of the following judgements for each essential standard inspected.

 **Met this standard** This means that the standard was being met in that the provider was compliant with the regulation. If we find that standards were met, we take no regulatory action but we may make comments that may be useful to the provider and to the public about minor improvements that could be made.

 **Action needed** This means that the standard was not being met in that the provider was non-compliant with the regulation. We may have set a compliance action requiring the provider to produce a report setting out how and by when changes will be made to make sure they comply with the standard. We monitor the implementation of action plans in these reports and, if necessary, take further action. We may have identified a breach of a regulation which is more serious, and we will make sure action is taken. We will report on this when it is complete.

 **Enforcement action taken** If the breach of the regulation was more serious, or there have been several or continual breaches, we have a range of actions we take using the criminal and/or civil procedures in the Health and Social Care Act 2008 and relevant regulations. These enforcement powers include issuing a warning notice; restricting or suspending the services a provider can offer, or the number of people it can care for; issuing fines and formal cautions; in extreme cases, cancelling a provider or managers registration or prosecuting a manager or provider. These enforcement powers are set out in law and mean that we can take swift, targeted action where services are failing people.

How we define our judgements (continued)

Where we find non-compliance with a regulation (or part of a regulation), we state which part of the regulation has been breached. Only where there is non compliance with one or more of Regulations 9-24 of the Regulated Activity Regulations, will our report include a judgement about the level of impact on people who use the service (and others, if appropriate to the regulation). This could be a minor, moderate or major impact.

Minor impact - people who use the service experienced poor care that had an impact on their health, safety or welfare or there was a risk of this happening. The impact was not significant and the matter could be managed or resolved quickly.

Moderate impact - people who use the service experienced poor care that had a significant effect on their health, safety or welfare or there was a risk of this happening. The matter may need to be resolved quickly.

Major impact - people who use the service experienced poor care that had a serious current or long term impact on their health, safety and welfare, or there was a risk of this happening. The matter needs to be resolved quickly

We decide the most appropriate action to take to ensure that the necessary changes are made. We always follow up to check whether action has been taken to meet the standards.

Glossary of terms we use in this report

Essential standard

The essential standards of quality and safety are described in our *Guidance about compliance: Essential standards of quality and safety*. They consist of a significant number of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010 and the Care Quality Commission (Registration) Regulations 2009. These regulations describe the essential standards of quality and safety that people who use health and adult social care services have a right to expect. A full list of the standards can be found within the *Guidance about compliance*. The 16 essential standards are:

Respecting and involving people who use services - Outcome 1 (Regulation 17)
Consent to care and treatment - Outcome 2 (Regulation 18)
Care and welfare of people who use services - Outcome 4 (Regulation 9)
Meeting Nutritional Needs - Outcome 5 (Regulation 14)
Cooperating with other providers - Outcome 6 (Regulation 24)
Safeguarding people who use services from abuse - Outcome 7 (Regulation 11)
Cleanliness and infection control - Outcome 8 (Regulation 12)
Management of medicines - Outcome 9 (Regulation 13)
Safety and suitability of premises - Outcome 10 (Regulation 15)
Safety, availability and suitability of equipment - Outcome 11 (Regulation 16)
Requirements relating to workers - Outcome 12 (Regulation 21)
Staffing - Outcome 13 (Regulation 22)
Supporting Staff - Outcome 14 (Regulation 23)
Assessing and monitoring the quality of service provision - Outcome 16 (Regulation 10)
Complaints - Outcome 17 (Regulation 19)
Records - Outcome 21 (Regulation 20)

Regulated activity

These are prescribed activities related to care and treatment that require registration with CQC. These are set out in legislation, and reflect the services provided.

Glossary of terms we use in this report (continued)

(Registered) Provider

There are several legal terms relating to the providers of services. These include registered person, service provider and registered manager. The term 'provider' means anyone with a legal responsibility for ensuring that the requirements of the law are carried out. On our website we often refer to providers as a 'service'.

Regulations

We regulate against the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010 and the Care Quality Commission (Registration) Regulations 2009.

Responsive Inspection

This is carried out at any time in relation to identified concerns.

Routine inspection

This is planned and could occur at any time. We sometimes describe this as a scheduled inspection.

Themed inspection

This is targeted to look at specific standards, sectors or types of care.

Contact us

Phone: 03000 616161

Email: enquiries@cqc.org.uk

Write to us
at: Care Quality Commission
Citygate
Gallowgate
Newcastle upon Tyne
NE1 4PA

Website: www.cqc.org.uk

Copyright Copyright © (2011) Care Quality Commission (CQC). This publication may be reproduced in whole or in part, free of charge, in any format or medium provided that it is not used for commercial gain. This consent is subject to the material being reproduced accurately and on proviso that it is not used in a derogatory manner or misleading context. The material should be acknowledged as CQC copyright, with the title and date of publication of the document specified.



City of London Corporation

**REPORT TO THOSE CHARGED WITH GOVERNANCE
DECEMBER 2014**

Bridge House Estates, City's Cash, City's Cash Trusts, the Corporations Sundry Trusts & Other Accounts

External Audit Strategy & Planning Report on the 2014-15 Financial Statements

www.moorestephens.co.uk

PRECISE. PROVEN. PERFORMANCE.

Contents

External Audit Strategy & Planning Report on the 2014-15 Financial Statements

	Page
1. Introduction	3
2. Scope of our audit	4
3. Our audit approach	6
4. Findings from the audit	8
5. Significant risks	10
6. Changes to accounting standards	12
7. Audit timetable, fees & our team	14
Appendix 1 – Entities Covered by the Plan	16
Appendix 2 – Charities SORP FRS 102 Statement of Financial Activities	18

1 Introduction

The City of London Corporation has appointed Moore Stephens as external auditors to Bridge House Estates, City's Cash, City's Cash Trusts, the Corporation's Sundry Trusts & other accounts, for the four year period 2013-14 to 2016-17. A full list of the charities and entities covered by this plan is included in Appendix 1. This document comprises our audit strategy and approach for the 2014-15 external audit, the second year of our appointment.

Our audit is designed to allow us to give an opinion on whether the financial statements are 'true and fair' and where applicable have been prepared in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice and the Charities Act 2011 as appropriate.

1.1 Purpose of the plan

The plan sets out the ways in which the City of London Corporation's City's Cash and the Corporation's charities and Moore Stephens will meet their respective responsibilities. The plan summarises:

- the responsibilities of the Corporation and the auditors;
- our audit approach to the audit;
- our assessment of key risk areas facing City's Cash and the Corporation's charities, and the impact of these risks on our audit;
- our liaison with internal audit;
- our timetable and the fee for the audit; and
- background to the Moore Stephens audit team.

1.2 Adding value through the audit

All of our clients quite rightly demand from us a positive contribution to meeting their ever-changing business needs.

We hope that our audit work will add value to the Corporation by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way we aim to help the Corporation promote improved standards of governance, better management and decision making and more effective use of public money. To this end we have already engaged with the Corporation to understand how we, and the Corporation, can work more effectively to improve our service during the 2014-15 audit.

Any comments you may have on the service we provide would be greatly appreciated.

1.3 Actions for the Audit and Risk Management Committee

The Audit and Risk Management Committee is invited to consider and discuss:

- whether our assessment of the risks of material misstatement to the financial statements are appropriate and complete;
- our proposed audit plan to address these risks; and
- whether the financial statements could be materially misstated due to fraud, and communicate any areas of concern to management and the audit team.

Nick Bennett

Partner

nick.bennett@moorestephens.com

Moore Stephens LLP

2 Scope of our work

2.1 Introduction

We set out below an outline of the nature and scope of the work we propose to undertake and the form of the report we expect to make, including where relevant, any limitations thereon.

As you are aware, we issue an opinion at the end of the audit as to whether the financial statements give a true and fair view of the state of affairs at the period end, of the results for the period then ended, and that the financial statements have been properly prepared in accordance with accounting standards and underlying legislation.

It is the responsibility of management and those charged with governance to prevent and detect fraud. In planning and performing the audit we need to consider the risk of material misstatement in the financial statements, including that due to fraud. We have made initial enquiries of management with regard to their assessment of the risk that the financial statements may be materially misstated due to fraud. The assessment of risk will be re-confirmed as part of our audit completion procedures before forming our opinion on the financial statements.

Consequently, we consider the risk of your financial statements being misstated and/or not being prepared in accordance with accounting standards and underlying legislation. We then direct our work toward areas of the accounts which could contain material misstatements. Auditors do not examine every item in a group of transactions or balances but instead select a sample of those transactions or balances for examination. The level of testing we carry out is based on our assessment of risk. We also document and review your systems, partly to confirm they form an adequate basis for the preparation of the accounts, but also to identify the controls operated to ensure the completeness and accuracy of the data.

2.2 Scope of the Audit

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK and Ireland)). These standards represent best practice in auditing, thereby increasing public confidence in the audit process.

As part of the audit we will review the information published with the financial statements, including information contained in each of the Trustee's Annual Reports. We will report to you if, in our opinion the published information given is inconsistent in any material respect with the financial statements.

2.3 Respective Responsibilities

In line with ISAs (UK and Ireland) we are required to agree the respective responsibilities of the City of London Corporation and Moore Stephens. These responsibilities are set out in our Letter of Engagement dated November 2013. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

2.4 Trustee's Responsibilities for the Corporation's charities

The Trustee is responsible for preparing the Trustee's Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards - UK GAAP (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the charity's governing document. It is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

2.5 Corporation of London responsibilities for City's Cash

The City of London Corporation is responsible for preparing the City's Cash financial statements in accordance with United Kingdom Accounting Standards - UK GAAP. It is also responsible for keeping proper accounting records and safeguarding assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

2.6 Report on matters by exception

Moore Stephens is also obliged to report on a number of matters by exception. These include whether adequate accounting records have been kept, and whether all information required for the audit has been provided.

2.7 Accounting estimates and related parties

ISAs (UK and Ireland) require us to consider the risk of material misstatement in respect of accounting estimates made by management. We have considered whether any significant risks exist and these are set out in the Significant Risk section of this report. We will work with management to identify any accounting estimates that may be made and we will assess whether any of these pose a significant risk of material misstatement.

We are also required to perform audit procedures to identify, assess and respond to the risks of material misstatement that may arise from failure to account for or disclose related party relationships appropriately.

Other matters

2.8 Materiality

The concept of materiality recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. A matter is material if its omission or misstatement would reasonably influence the decisions of users of the financial statements. The assessment of what is material is a matter of the auditor's professional judgement and includes consideration of both the amount and the nature of the misstatement. In determining materiality, we consider a range of measures relevant to the account. Our initial calculation of materiality for the entities and funds covered by this plan is included in Appendix 1.

2.9 Independence

Moore Stephens complies with relevant ethical requirements regarding independence and has developed safeguards and procedures in order to ensure our independence and objectivity.

We will reconfirm our independence and objectivity to the Audit and Risk Management Committee following the completion of the audit.

3 Our audit approach

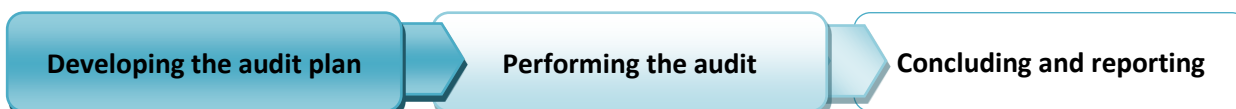
3.1 We plan to address significant risks of material misstatement in the financial statements

Our approach to the audit of financial statements uses a range of techniques to obtain audit evidence and assurance and is based on a thorough understanding of the organisation.

This understanding allows us to develop an audit strategy which focuses on addressing specific risks whilst providing an acceptable level of assurance across the financial statements as a whole.

3.2 Outline of our general audit approach

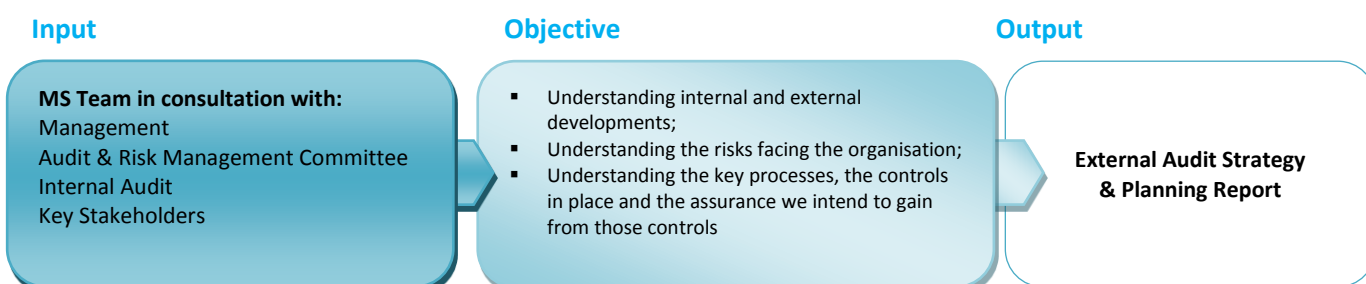
Our audit of the financial statements can be split into three phases:



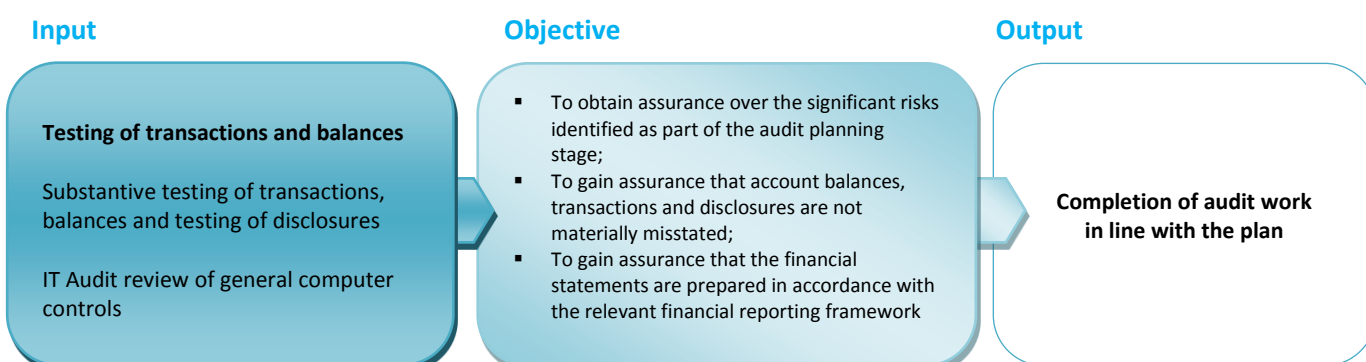
An overview of the inputs into each of the three audit approach phases, the work we undertake and our planned outputs is provided below.

3.3 The three phases of the audit

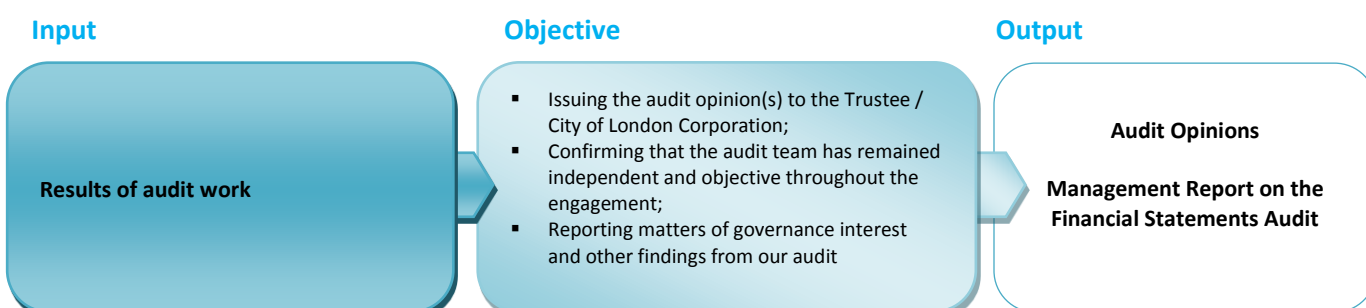
1. Developing the audit plan



2. Performing the audit



3. Concluding and reporting



3.4 Using the work of internal audit

We will liaise closely with internal audit throughout the audit process and seek to take assurance from their work where their objectives cover areas of joint interest. We also carry out a review of the internal audit structure and function in accordance with International Standard on Auditing (UK and Ireland) 610. Following our review of internal audit's plans we aim to place reliance on the work performed from a number of reviews undertaken, including the following audit assignments:

- GSMD – Milton Court income
- GSMD – Student awards, bursaries and scholarships
- Markets – Car park income
- Open Spaces – Inventory checks
- Open Spaces – Heritage Lottery Fund income
- Open Spaces – facilities management expenditure
- Corporate – Payroll, temporary staff
- Corporate – Payroll, overtime and expenses

In addition, our IT audit work will seek to gain assurance from a number of reviews being performed on disaster recovery, Oracle pre and post implementation testing and back up strategy and procedures.

3.5 Error reporting threshold

For reporting purposes, we will treat any misstatements below 1% of materiality in each individual account as "trivial", subject to a de-minimis limit of £500, and therefore not requiring consideration by the Audit and Risk Management Committee. Please note that this is a separate threshold to our consideration of materiality by value, which is used in forming the audit opinion.

4 Findings from the audit

We expect to communicate the following to you:

4.1 Proposed modifications to our report

As you would expect, we will discuss any proposed modifications to our report with you to ensure that you are aware of the proposed modification and the reasons for it. This will also ensure that there are no disputed facts and enable you to provide us with further information and explanations in respect of any matters giving rise to the proposed modification.

4.2 Uncorrected misstatements detected by us

As you are aware, when misstatements identified by us are not corrected we communicate all such uncorrected misstatements, other than those we believe are trivial, to you and request you make the corrections. Where you do not wish to make some or all of the corrections, we shall discuss with you the reasons for, and the appropriateness of, not making those corrections, having regard to qualitative as well as quantitative considerations, and consider the implications for our report of the effect of misstatements which remain uncorrected. We would also consider whether there are any uncorrected misstatements that should be communicated to the Trustee. We are required to obtain a written representation from the Trustee that explains your reasons for not correcting any misstatements brought to your attention by us. A summary of uncorrected misstatements will be included in, or attached to, a letter from you of representations made orally to us.

4.3 Significant findings from the audit

We will report to you any observations we may have regarding your systems and other appropriate matters. This report will focus on significant deficiencies that have come to our attention in the course of the audit and therefore will not necessarily cover all of the weaknesses that may exist in the system.

During the course of our audit, we consider the qualitative aspect of the accounting practices, including accounting policies, accounting estimates and financial statement disclosures, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. We would discuss, as necessary, the following items with senior management and the Audit and Risk Management Committee:

- The appropriateness of the accounting policies to the particular circumstances;
- The timing of transactions and the period in which they are recorded;
- The appropriateness of accounting estimates and judgements (for example, in relation to provisions) including the consistency of assumptions and degree of prudence reflected in the accounting records;
- The potential effect on the financial statements of any uncertainties including significant risks and disclosures, such as pending litigation, which are required to be disclosed in the financial statements;
- Material uncertainties related to events and conditions that may cast significant doubt on the ability to continue as a going concern;
- The extent to which the financial statements are affected by any unusual transactions during the period and the extent to which such transactions are separately disclosed in the financial statements;
- Any apparent misstatements in the Trustee's report or material inconsistencies between the reports and the audited financial statements;
- Disagreements about matters that, individually or in aggregate, could be significant to the financial statements or the auditor's report. These communications include consideration of whether the matters have or have not been resolved and the significance of the matters;
- Significant difficulties, if any, encountered during the audit;
- Significant matters, if any, arising from the audit that were discussed, or subject to correspondence with management; and
- Written representations we are requesting from management.

If, during the audit, we identify a fraud or obtain information that indicates a fraud may exist, we shall communicate this to you on a timely basis in order to assist you with your responsibility as regards the prevention and detection of such frauds.

We trust that this approach to the above matters is helpful to you.

4.4 Third parties interested in communications to those charged with governance

Occasionally you may wish to provide third parties, for example bankers, with copies of a written communication from ourselves. We need to ensure that any third parties that see any such communications understand that they were not prepared with them in mind. Therefore, we will normally state in our communications that the report has been prepared for the sole use of the City of London Corporation. It should not be disclosed to a third party, or quoted or referred to without our written consent and no responsibility is assumed by us to any other person. Consequently, we expressly disclaim any liability, howsoever arising, to third parties.

5 Significant risks

5.1 Risks of material misstatement in the financial statements

As part of our planning, we have held meetings with senior management to discuss their perception of the risks Bridge House Estates, City's Cash, City's Cash Trusts, the Corporation's Sundry Trusts & other accounts currently face. From this we have identified areas of significant audit risk and also areas where we consider that there are risk factors, either of material misstatement or to the delivery of the audit.

5.2 Significant issues identified during our audit fieldwork

Significant risks are identified as assessed risks of material misstatement that, in the auditor's judgment, require special audit consideration. Under International Standard on Auditing (UK and Ireland) 240, there are two presumed significant risks of material misstatement – fraud arising from management override of controls; and fraud in revenue recognition. Our initial planning work and discussions with the City of London Corporation senior finance team have not identified any additional significant audit risks.

Significant audit risk	Audit response
Revenue recognition (All funds and entities) Under International Standard on Auditing (UK and Ireland) 240, there is a presumed, albeit rebuttable, significant risk of fraud in revenue recognition. We consider this risk cannot be rebutted for income in all organisations.	Our work will include: <ul style="list-style-type: none"> documenting, evaluating and testing the controls which ensure income is completely and accurately recorded, specifically reviewing investment income and rental income from investment properties; performing substantive testing of all income stream transactions, including significant or unusual transactions; and reviewing the accounting treatment and disclosure of income to ensure that it is in accordance with UK GAAP and the Charities SORP.
Management override (All funds and entities) Under International Standard on Auditing (UK and Ireland) 240, there is a presumed significant risk of material misstatement owing to fraud arising from management override of controls.	Our work will include (but shall not be limited to): <ul style="list-style-type: none"> testing of journals; review and recalculation of estimates; and review of any significant or unusual transactions in the year.

5.3 Other risk factors

Further to the identification of significant audit risks, we have also identified risk factors which could potentially result in material misstatements. We do not propose, at this stage, to undertake specific audit procedures in response to these perceived risks. We will continue to monitor these areas during the year and adapt our audit approach as necessary.

Risk factor	Audit response
Managed Funds Transfer (City's Cash and Bridge House Estates) We understand that the City of London Corporation intends to make a number of changes to managed funds. In City's Cash and Bridge House Estates segregated funds are transferring to pooled vehicles.	Our work will include: <ul style="list-style-type: none"> discussion with officers and review of supporting documentation to assess and agree the accounting treatments and disclosures made in the financial statements; and confirming that the transactions pre-and post transfer are accounted for appropriately.

Risk factor	Audit response
<p>Crossrail contribution (City's Cash)</p> <p>The 2013-14 City's Cash accounts recognised a contingent liability on the basis that the City of London Corporation was in discussions with Government concerning a possible contribution of £50m from City's Cash upon completion of the Crossrail project. While the timing of the payment is projected to be 2018 and 2019, discussions during the year may clarify the liability further, which could impact the accounting treatment.</p>	<p>Our work will include:</p> <ul style="list-style-type: none"> discussion with officers and review of supporting documentation to assess and agree the accounting treatments and disclosures made in the financial statements; and reviewing and considering the disclosures made in the financial statements to ensure that they remain appropriate and in line with UK GAAP and are materially correct.
<p>Hampstead Heath Ponds (City's Cash Trusts)</p> <p>The City of London Corporation are currently engaged in a Judicial Review regarding proposed works on Hampstead Heath Ponds, which is being opposed by local residents. Following completion of the Judicial Review there will be greater clarity on when and if the works and services will be undertaken.</p>	<p>Our work will include:</p> <ul style="list-style-type: none"> discussion with officers and review of supporting documentation to assess and agree the accounting treatments and disclosures made in the financial statements; and reviewing and considering the disclosures made in the financial statements to ensure that they remain appropriate and in line with UK GAAP and are materially correct.

We will review the other accounting systems and management controls only as far as we consider necessary to perform an effective audit. As a result, our review may not detect all deficiencies or all improvements that could be made. Where we do uncover any significant deficiencies or weaknesses we will report these to you, with our recommendations for improvements.

6 Changes to accounting standards

FRSs 100, 101, 102 and 103 are set to replace current UK GAAP in 2015, with 2015-16 being the first year that the City of London Corporation will require to reflect the new standards. As a consequence of the updated FRSs, the Charities SORP has also been updated and will be applicable from 2015-16 for the Corporations' charities. The new standards are a step closer to IFRS and are a significant change in both the reporting structure of the primary financial statements and the language and terminology used.

The major changes which will affect the Corporation are set out below:

6.1 FRS 102

An important change on adoption of FRS 102 will be the change in format and titles of primary statements:

UK GAAP	FRS 102
Profit and Loss Account	Income statement
Statement of total recognised gains and losses	Other comprehensive income
Balance sheet	Statement of financial position
Cash flow statement	Statement of cash flows

The statement of cash flows will be substantially shortened and presented under three headings, as opposed to the current UK GAAP presentation of nine headings. This will require an exercise to reclassify the comparative 2014-15 figures into the following headings:

- Operating activities - essentially the 'default' category, encompassing all cash flows that do not fall within investing or financing activities, and are the day-to-day revenue-producing activities.
- Investing activities - those activities that involve the acquisition and disposal of long-term fixed assets.
- Financing activities - those that change the equity and borrowing composition of the Corporation's entities.

Changes in the value of investment properties will now be recognised as 'fair value through profit and loss', which requires the movement in value to be shown on the face of the Income Statement, as opposed to being recognised in the revaluation reserve and the Statement of Total Recognised Gains and Losses. This is likely to cause volatility in the income levels shown on the face of the Statement of Comprehensive Income as it will fluctuate with the market. Coupled with the requirement to also show the change in value of managed investments as 'fair value through profit and loss', there are likely to be significant fluctuations in the Income Statement from 2015-16 onwards.

As under IFRS, entities applying FRS 102 will have to accrue for holiday pay untaken by staff at the financial year end.

6.2 Charities SORP

The role of the Charities SORP FRS 102 is to provide guidance on how charities apply FRS 102 and therefore it will follow the updated requirements of FRS 102 along with additional requirements.

As with FRS 102, there will be changes to the names of the primary statements, with the Statement of Financial Activity (SoFA) remaining, but being re-ordered and reclassified. Governance costs are now allocated across a number of headings, as opposed to being a separate line on the SoFA. There will also be a number of changes in terminology which have been referred to in Appendix 2 to this report.

Charities SORP FRS 102 requires a number of additional disclosures in the Annual Report. These include:

- an explanation of any policy for holding reserves, stating the amount of these reserves and why they are held, including reasons as to why the Trustees may have decided that holding reserves is unnecessary;

- charities that make grants to institutions must disclose details of a sufficient number of these institutional grants so the user of the accounts can develop an understanding of the range of institutions the charity has supported – the disclosure must include all grants made to each institution when these are material in the context of the charity’s total charitable expenditure;
- the report must also include an explanation of the use the charity makes of social investments when this forms a material part of its charitable and investment activities, including an explanation of its social investment policies and explain how any programme related investments contributed to the achievement of its aims and objectives;
- the report must comment on significant events that have affected the financial performance and financial position of the charity during the reporting period;
- the report must include a description of the principal risks and uncertainties facing the charity and its subsidiaries, together with a summary of the plans and strategies for managing those risks; and
- the report must disclose the arrangements for setting the pay and remuneration of the charity’s key management personnel and any benchmarks, parameters or criteria used in setting their pay.

As for FRS 102, changes in value of investment properties and managed investments will be treated as ‘fair value through profit and loss’, which will require them to be shown in the income section of the SoFA. Again, we expect that Bridge House Estates and Hampstead Heath Trust in particular, will show volatility in income levels from 2015-16 onwards as a result of this change.

The SORP requires charities to recognise income when it is ‘probable’, as opposed to when it is virtually certain under SORP 2005. This may bring forward the recognition of income.

The SORP also now allows income from contracts to be classified as restricted if a contract specifically requires all income received under it to be spent on a particular purpose. This differs from SORP 2005 whereby only voluntary income was allowed to be recognised in this way.

7 Audit timetable, fees & our team

7.1 Audit timetable

The timetable set out in this section has been agreed in discussion with management during audit planning. Those dates with an asterisk are still to be confirmed.

Item	Timing	Responsibility
All Funds and Entities		
Audit planning meeting	21 November 2014	All
Audit planning visit (5 days fieldwork)	w/c 1 December 2014	Moore Stephens
Audit planning report presented to the Audit and Risk Management Committee	8 December 2014	Moore Stephens
Interim audit visit (5-8 days fieldwork)	w/c 3 February 2014	Moore Stephens
Delivery of the 2014-15 Accounts to Moore Stephens	Sundry and Other Trusts 18 May 2015	City of London Corporation
	Bridge House Estates 1 June 2015	
	Open Spaces 6 June 2015	
	City's Cash 31 July 2015	
Bridge House Estates, City's Cash Trusts and Sundry and Other Trusts		
Final audit visit commences	18 May 2015	Moore Stephens
Audit completion meeting following final audit visit	w/c 22 June 2015	All
Final audit completion meeting with management	w/c 29 June 2015	All
Audit Review Panel Meeting	w/c/ 6 July 2015	Audit Review Panel
Audit Review Panel Meeting with Chamberlain	w/c 6 July 2015	Audit Review Panel and Chamberlain
Audit and Risk Management Committee to consider Annual Report and Accounts and Audit Completion Report for Bridge House Estates, City's Cash Trusts and Sundry and Other Trusts	20 July 2015	City of London Corporation
Finance Committee to approve the accounts	21 July 2015	City of London Corporation
Chamberlain signs accounts	w/c 20 July 2015	Chamberlain
Signed accounts delivered to Moore Stephens for Audit Certificates to be signed	w/c 20 July 2015	Moore Stephens
City's Cash		
Final audit visit commences	3 August 2015	Moore Stephens
Audit completion meeting following final audit visit	w/c 1 September 2015	All
Final audit completion meeting with management	w/c 7 September 2015	All
Audit Review Panel Meeting	w/c 5 October 2015	Audit Review Panel
Audit Review Panel Meeting with Chamberlain	w/c 12 October 2015	Audit Review Panel and Chamberlain
Audit and Risk Management Committee to consider Annual Report and Accounts and Audit Completion Report for City's Cash	3 November 2015	City of London Corporation
Finance Committee to approve the accounts	17 November 2015	City of London Corporation

Item	Timing	Responsibility
Chamberlain signs accounts	w/c 16 November 2015	Chamberlain
Signed accounts delivered to Moore Stephens for Audit Certificates to be signed	w/c 16 November 2015	Moore Stephens

7.2 Audit fee

The fee for the 2014-15 of the of the bodies covered by this document was agreed following a tender process and amounts to £115,000.

Completion of our audit in line with the timetable and fee is dependent upon:

- City of London Corporation delivering a complete Annual Report and Accounts of sufficient quality that have been subject to appropriate internal review on the date agreed;
- City of London Corporation delivering good quality supporting evidence and explanations within the agreed timetable; and
- Appropriate City of London Corporation staff being available during the audit.

If significant issues arise and we are required to perform additional work which would result in a change in our fee, we will discuss this with you as soon as possible.

7.3 Key audit staff

Moore Stephens Partner	Nick Bennett Tel: 020 7651 1805 E-mail: nick.bennett@moorestephens.com	Nick will have overall responsibility for the audit opinions on Bridge House Estates, City's Cash, City's Cash Trusts and Sundry Trusts and other accounts, and for the City of London contract with Moore Stephens LLP. Nick will attend Audit & Risk Management Committee meetings as appropriate.
Moore Stephens Senior Manager	Lucy Nutley Tel: 020 7651 1530 E-mail: lucy.nutley@moorestephens.com	Lucy will be responsible for the audits of Bridge House Estates, City's Cash, City's Cash Trusts and Sundry Trusts and other accounts. Lucy will be the main day-to-day contact with finance staff. She will manage the on-site audit staff, review audit working papers and be responsible for resolving key audit issues. Lucy will attend Audit & Risk Management Committee meetings as appropriate.

7.4 Confirmation of independence

Ethical Standard 1 – *integrity, objectivity and independence*, issued by the Auditing Practices Board (APB), requires that external auditors ensure that the Audit and Risk Management Committee is appropriately informed on a timely basis of all significant facts and matters that bear upon the auditors' objectivity and independence.

We confirm that we will comply with APB Ethical Standards throughout our audit and that, in our professional judgement, there are no relationships between our firm and the City of London Corporation which need to be brought to your attention because they may impact on the independence and objectivity of the audit team.

Appendix 1 – Entities Covered by the Plan

The list of entities which are covered by this document are included in the table below. We have included in the table incoming resources, surplus/deficit and net assets based on 2013-14 accounts along with our initial assessment of materiality. Materiality has been calculated based on either the net assets of the entity or incoming resources and will be revisited as part of our final audit of the financial statements.

Activities (Taken from 2013-14 Accounts)	Incoming Resources £'000	Surplus/ (Deficit) £'000	Net Assets £'000	Indicative Materiality £'000
Bridge House Estates	40,900	1,600	1,024	1,500
City's Cash	138,500	(10,700)	1,860,400	3,000
City's Cash Trusts				
Ashtead Common Preservation of the common at Ashtead	538	-	-	6
Burnham Beeches and Stoke Common Preservation of the Open Space know as Burnham Beeches	890	(17)	821	8
Epping Forest Preservation of Epping Forest in perpetuity	7,213	302	6,779	67
Hampstead Heath Preservation of Hampstead Heath for the recreation and enjoyment of the public	9,369	947	30,950	95
Highgate Wood and Queens Park Kilburn Preservation of the Open Space known as Highgate Wood and Queens Park Kilburn	1,420	7	438	14
Sir Thomas Gresham Charity Provision of Almshouses and public lectures at Gresham College	26	-	-	1
West Ham Park Preservation of the open space known as West Ham Park	1,558	(32)	116	15
West Wickham Common and Spring Park Coulsdon & Other Commons Preservation of West Wickham Common and Spring Park Wood, and Coulsdon and Other Commons	1,108	12	12	11
Sundry Trusts	10	3	161	8
Charities Administered ICW the City of London				
Freemen's School Promotion of education through prizes				
City Educational Trust Fund Advancement of education through grants	130	(27)	3,390	57
City of London Almshouses Almshouses for poor or aged people	331	133	238	20
City of London Corporation Combined Education Charity Advancing education by the provision of grants and financial assistance	39	7	1,044	5
City of London Corporation Relief of Poverty Charity Relief of poverty for widows, widowers or children of a Freeman of the City of London	4	4	154	2
City of London Freeman's School Bursary Fund Promotion of education through bursaries	49	30	742	36

Activities (Taken from 2013-14 Accounts)	Incoming Resources £'000	Surplus/ (Deficit) £'000	Net Assets £'000	Indicative Materiality £'000
Sundry Trusts (continued)				
City of London School Bursary Fund Promotion of education through bursaries, scholarships and prizes	224	120	3,240	60
City of London School Education Trust Advancing education	5	(8)	6	1
City of London School Girls Bursary Fund Promotion of education through bursaries, scholarships and prizes	675	(38)	3,739	93
Corporation of London Charities Pool Investments pool for Sundry Trusts	1,457	531	20,317	105
Emmanuel Hospital Payment of pensions and financial assistance to poor persons	83	18	2,214	62
Guildhall Library Centenary Fund Provision of education and training in library, archives, museum, and gallery services	1	1	21	1
Hampstead Heath Trust To meet a proportion of the maintenance cost of Hampstead Heath	1,350	(32)	28,919	678
Keats House Maintenance of Keats' House	342	6	201	4
King George's Field Open space for sports, games and recreation	13	-	-	1
Samuel Wilson's Loan Trust Granting of low interest loans to young people who have or are about to set up in business	75	61	2,019	1
Signore Pasquale Favale Bequest Granting of assistance to eligible persons in the form of marriage portions	1	1	12	1
Sir William Coxen Trust Fund Granting of assistance to eligible charitable trusts in the form of donations	115	15	2,527	49
Vickers Dunfee Memorial Benevolent Fund Financial assistance to distressed past and present members of the CoL Special Constabulary and their dependents	7	(3)	188	6

Appendix 2 – Charities SORP FRS 102 Statement of Financial Activities

The table below shows the new terminology and layout of the Statement of Financial Activities, against the comparative SORP 2005 layout.

Charities SORP FRS 102 Extract		Comparative SORP 2005 Extract	
Donations and legacies	x	Voluntary income	x
Other trading activities	x	Activities for generating funds	x
Income from investments	x	Investment income	x
Income from charitable activities	x	Incoming resources from charitable activities	x
Other income	x	Other incoming resources	x
Total income and endowments	x	Total incoming resources	x
Expenditure on raising funds	(x)	Costs of generating voluntary income	(x)
Expenditure on charitable activities	(x)	Fundraising trading: costs of goods sold	(x)
Other expenditure	(x)	Investment management costs	(x)
	(x)	Resources expended on charitable activities	(x)
		Governance costs	(x)
		Other resources expended	(x)
			(x)
Net gains / (losses) on investments	x/(x)		
Net income / (expenditure)	x/(x)	Net incoming/(outgoing) resources before transfers	x/(x)
Transfers between funds	-	Gross transfers between funds	-
Gains / (losses) on revaluation of fixed assets	x/(x)	Gains/losses on revaluation of fixed assets for charities own use	x/(x)
Actuarial gains / (losses) on defined benefit pension schemes	x/(x)	Gains / (losses) on investment assets	x/(x)
Other gains / (losses)	x/(x)	Actuarial gains / (losses) on defined benefit pension schemes	x/(x)
Net movement in funds	x/(x)	Net movement in funds	x/(x)

This page is intentionally left blank

Committee:	Date:
Audit and Risk Management Committee	8 th December 2014
Subject: Internal Audit Update Report	Public
Report of: Head of Internal Audit and Risk Management	For Information
<p style="text-align: center;">Summary</p> <p>This report provides an update on internal audit activity since the Committee met on 9th September 2014. It sets out the independent opinion of the Head of Internal Audit in relation to the adequacy and effectiveness of the control environment for those areas of internal audit work concluded since the last update report to Committee.</p> <p>The outcomes from 14 audit reviews finalised since the last update are reported and significant risk issues highlighted. Two audit reviews resulted in Amber assurance ratings, which indicate there are significant audit findings which require mitigation and focused action by management.</p> <ul style="list-style-type: none"> • Corporate Wide - Payment Card Industry Data Security Standards (PCIDSS) Review • Chamberlains Department - City Procurement – Assisted Purchasing <p>Completion of the 2014/15 internal audit plan is at 44% which is above the expected 40% rate of completion for this time period. One interim senior auditor is now being retained until April 2015 to maintain the resources of the internal audit section close to a full level.</p> <p>A good level of performance is being maintained by the internal audit function, although the timely finalisation of audit reports, following issue of draft reports requires constant monitoring and regular escalation.</p> <p>Recommendation</p> <p>Members are asked to note the update report.</p>	

Main Report

Current Position

1. Since the last full update report to the Audit & Risk Management Committee in September 2014, 14 audit reviews have been finalised. Two of these reviews resulted in Amber assurances for which the headline issues and consideration of impact is analysed in **Table 1**. Further details of these reports are provided in **Appendix 1**.

Table 1 – Key Audit Report Headlines (details of recommendations in brackets)
<p>Corporate Wide – Payment Card Industry Data Security Standards (PCIDSS) Review – Amber (3 Amber, 2 Green)</p> <p>Assurance Level : Amber, Impact : Medium</p> <p>Materiality: City of London processes approximately 19,000 payment device transactions per annum to a value of approximately three million pounds. Failure to comply to PCIDSS can result in significant penalties of up to tens of thousand pounds, along with substantial reputational damage if personal financial information is not secure due to inadequate safeguards being in place.</p> <p>Key findings: From a sample of five Departments sampled, a moderate level of compliance exists, however, some weaknesses are present and a full PCIDSS assessment exercise is recommended to expose and manage all vulnerabilities.</p> <p>Management Response: Urgent action has been taken to address higher priority non-compliant areas, all recommendations from this review are agreed to be implemented by the end of April 2015.</p>
<p>Chamberlain’s Department – City Procurement – Assisted Purchasing - Amber Assurance (3 Amber, 5 Green recommendations)</p> <p>Assurance Level : Amber, Impact : Medium</p> <p>Materiality: Where preferred suppliers are not used, this team’s role was to ensure that the City obtains value for money in obtaining and assessing competitive quotations subject to a de-minims limit of £2,000 and in line with the City’s procurement regulations.</p> <p>Key findings: The audit was unable to provide assurance that all members of the Transactional Buying Team have the required skills, qualifications and experience to deliver an effective Assisted Purchasing service. It is anticipated that these issues should be resolved by the recent City Procurement restructure which looks to ensure that Transactional Buying staff have greater ‘category focus’. The audit also identified scope to improve the regular analysis of purchases dealt with by the service and improving the monitoring and escalation of non-compliance on the use of retrospective purchase orders.</p> <p>Management Response: All recommendations were agreed by management and are due to be implemented by May 2015.</p>

Current Position

2. In addition to highlighting these key issues arising from recent internal audit work, twelve internal audit reviews identified in **Table 2** have been finalised and reported over the last three months with a Green Assurance rating. Audit report summaries from these reviews are circulated separately to the Audit & Risk Management Committee and the Chairman and Deputy Chairman of the

relevant Service Committee. The detailed full internal audit report can be provided to members of this Committee on request.

Table 2 Green Assurance Audit Reviews	Red recs.	Amber recs.	Green recs.	Total
Barbican Centre: Projects – Interim Valuations		2	2	4
Projects – Extension of Time		1	2	3
Built Environment: Planning Applications			2	2
Department of Community and Children Services: Asylum Seekers – Assessment, Monitoring and Payment			8	8
Projects – Interim valuations		1	2	3
Chamberlain’s Department: Banking – Corporate Responsibility			2	2
City Surveyor’s Department: Projects – Interim Valuations		2	1	3
Markets and Consumer Protection Department: Billingsgate Car Park		1	3	4
Town Clerk’s Department: Finance Committee Grants			3	3
Police and Resources Committee - Policy Initiatives Fund and Contingency Budge		2	2	4
Member Declaration of Interests and Related Party Transactions			2	2
City of London Police: Project Office			1	1
Compensation Costs			3	3
Guildhall School of Music and Drama:				

Table 2 Green Assurance Audit Reviews	Red recs.	Amber recs.	Green recs.	Total
Sundial Court – Expenditure and Income		1	2	3

Key Financial Systems Flowcharting – Process and Controls

3. Internal Audit has now completed a major assurance project working jointly with the Chamberlain's Financial Service Division to flowchart all the main financial systems key process flows and controls, covering fifteen main systems. Once flowcharts were documented, challenge meetings chaired by the Financial Services Director were held with the Head of Audit, relevant Head of Service/Finance and key finance staff to review the documented systems. The aim of which was to gain assurance that appropriate key controls were present in the end to end process, identify potential inefficiencies or opportunities for more standardised working.
4. This high level assurance review confirmed that all expected key controls were in place. In one area, the testing of the actual application of internal controls was identified for further internal audit work and in other areas, control improvements that should result from the Oracle 12 upgrade were recognised. In addition, some areas where the adoption of a more standardised process across Departments were also identified. This flowcharting documentation is now being utilised in the development of a comprehensive Finance Manual for the Corporation.

Audit Work Delivery

5. Completion of the 2014/15 audit plan was 44% at mid November 2014 compared to an expected completion profile of 40% for this time of year, and 36% at the same time period in 2013.
6. There is one auditor and one audit apprentice vacancy both of which are currently being recruited to. One interim senior auditor is now being retained until April 2015 to maintain the resources of the internal audit section at a full level. Support has been provided between August and November by two senior auditors to facilitate the maintenance of the Corporate Risk Register and maintain momentum on the implementation of the Covalent Risk Management Software whilst the Corporate Risk Advisor role was recruited to.
7. Details of main audit reviews planned for the next quarter (January 2014 to March 2014) can be provided to Members on request.
8. Details of changes to the 2014/15 internal audit plan are provided in **Appendix 2**. The plan has been kept under regular review during the year, with some additional higher priority work added and lower risk work deferred or cancelled where the originally planned internal audit work was no longer considered the best use of internal audit resource.

Internal Audit Section Performance

9. A review of the performance of the internal audit function is provided in **Appendix 3**. Analysis of audit days delivered for the 2014/15 planning period is provided in **Appendix 4**.
10. In summary, the good performance levels in implementing audit recommendations as assessed by formal follow-up reviews have been maintained. There has been some reduction in the timely issue of final audit reports which is now below target at 70% (target 80%). Delayed responses have been escalated and responses received from Departments, although outside target timescales. The deadline given to Departments to provide responses to draft audit reports has reduced from 4 weeks to 3 weeks.
11. Performance in the timely issue of draft reports following completion of audit fieldwork has improved over the last 3 months, and is now just below target at 78% (target 80%). All other performance levels are meeting or exceeding targets.

Development of the Internal Audit Section

12. Work reviewing the efficiency of the internal audit process has commenced and an internal audit section training day has been arranged for the 17th December. Implementation of an upgrade to the internal audit section MK audit automation software to the latest version is planned for the first part of 2015.

Conclusion

13. Internal audit's opinion on the City's overall internal control environment is that it remains adequate and effective. Some areas of control do need focused improvement by management, particularly in the areas identified within the two amber assurance audit reports.
14. The internal audit section has one auditor and one audit apprentice vacancy. One temporary senior auditor has been extended until the end of April 2015 to assist with covering vacancies.

Appendices

- Appendix 1 – Audit Report Summaries
- Appendix 2 – Changes to the 2014/15 Internal Audit Plan
- Appendix 3 – Review of Internal Audit Performance
- Appendix 4 – Audit Resource Analysis

Background Papers:

2014/15 Internal Audit Plan

Paul Nagle

Head of Audit & Risk Management

T: 020 7332 1277

E: Paul.Nagle@cityoflondon.gov.uk

This page is intentionally left blank

APPENDIX 1 –Amber (Moderate Assurance) Audit Review Outcomes

Audit: Corporate Wide - Payment Card Industry Data Security Standards Review - (3 Amber and 2 Green priority recommendations)

Audit Scope and Background: A number of City of London (CoL) departments accept manual payments using handheld credit and debit card payment devices. The review performed an assurance function on the level of Payment Card Industry Data Security Standards (PCIDSS) compliance for these payments. At present the City of London processes approximately 19,000 payment device transactions per annum to a value of approximately three million pounds.

The PCI council expects all merchants (CoL is regarded as a merchant) to be compliant and it provides pre-defined Self-Assessment Questionnaires (SAQ) to assist in validating compliance. Failure to comply to PCIDSS can result in significant penalties of up to tens of thousand pounds, along with substantial reputational damage if personal financial information is not secure due to inadequate safeguards being in place.

Audit Findings: The areas reviewed within the PCIDSS comprise of the Network Configuration, Card Holder Data Protection, Vulnerability Management Program, Access Control Measures, System Monitoring and Testing and the Information Security Policy. Many of these areas already have some standards in place as part of normal industry practice.

The level of compliance was assessed from a selection of criteria against each main PCIDSS area. All departments except the Police and Institutional departments were sent brief questionnaires and of these, the following five departments confirmed using payment devices; Built Environment; Community & Children's Services; Culture, Heritage & Libraries; Markets & Consumer Protection; and Open Spaces. The findings from these 5 departments form the basis of the report.

A moderate level of compliance exists, however, some weaknesses are present and a full PCIDSS assessment exercise is recommended to expose and manage all vulnerabilities.

The amber recommendations arose from lack of a PCIDSS policy and the associated procedures and processes. When the Payment Card Industry standards were first introduced they were not as extensive as they are today thus previously an official policy was not required at the City of London. It was agreed to put these in place by the end of November 2014 which has been achieved.

A great degree of cross-departmental co-operation is required to perform and complete a PCIDSS assessment and therefore the recommendations are expected to take some time, especially during the first time of assessment. PCIDSS compliance must be an annual exercise. A full PCI compliance exercise will be designed by the end of December 2014, with assessments undertaken across all Departments by the end of March 2015.

Management have confirmed that they have implemented corrections to known vulnerabilities at the earliest opportunity.

Management Response: Urgent action has been taken to address higher priority non-compliant areas, all recommendations from this review are agreed to be implemented by the end of April 2015.

Audit: Chamberlains Department – Assisted Purchasing – (3 Amber and 5 Green priority recommendations)

Audit Scope and Background: The purpose of the audit was to obtain reasonable assurance that an effective control environment is in place to enable City Procurement's 'Assisted Purchasing' service to deliver value for money. This service was formerly delivered by the Transactional Buying team; responsibility for the service now falls to the Procurement Operations Team under the new City Procurement structure.

Audit Findings: The audit was unable to provide assurance that all members of the Transactional Buying Team have the required skills, qualifications and experience to deliver an effective Assisted Purchasing service. It is anticipated that these issues should be resolved by the recent City Procurement restructure, which looks to ensure that Transactional Buying staff have greater 'category focus' by aligning all roles to specific procurement categories. Despite significant investment of time in providing training and opportunities to develop staff skillsets, a number of staff did not meet the required standard.

The service delivery framework currently in place is adequately designed to enable the Assisted Purchasing Service to deliver value for money. The audit identified some areas where the control environment could be enhanced, those that relate to amber recommendations are as follows;

- Through regularly analysing spend of purchases dealt with by the service. Such analysis may help identify where the City may benefit from having a corporate contract in place in the future.
- Through improved monitoring and escalation of non-compliance on retrospective purchase orders; retrospective purchase orders effectively erode the contribution that the service can make to procurement decision making.

City Procurement has devised a set of performance metrics as a means of measuring, assessing and improving team performance in delivering the Assisted Purchasing Service. A review of the July 2014 City Procurement Service Performance Report, identified a number of areas in the presentation of performance metrics and corresponding targets where improvements could be made so that these provide a more effective means of measuring, assessing and improving performance. An amber recommendation has been agreed accordingly.

There are satisfactory arrangements in place for monitoring 'customer' satisfaction with the Assisted Purchasing Service.

Management Response: All recommendations were agreed by management and are due to be implemented by May 2015.

2014/15 Audit Plan Changes since March 2014

1 –Reviews Cancelled/Deferred

Department	Main Review	Days	Deferred/ Cancelled	Reason
Corporate Wide	Forensic Efficiency Review Support	40	Cancelled	Revised approach to work of Efficiency Board and support provided by Internal Audit around delivery of Service based Reviews
City Surveyor's Department	Rents Lettings and Vacancies	20	Deferred to 2015/16	Process under significant change as a result of Oracle 12 implementation and Manhattan System replacement. Internal Audit advice on aspects of revised controls being provided separately.
Corporate Wide	Procurement Fraud & Corruption	15	Deferred to 2015/16	Deferred to enable higher priority work including development of Contractor Final Accounts guidance.
Barbican Centre	Value Framework	10	Cancelled	On further investigation, area no longer considered an appropriate area of internal audit review.

2 – Additional Work

Review	Priority	Days	Reason
Corporate – Final Accounts Verification Procedures and guidance.	Medium	7	To provide technical advice supporting the development of proportionate and clear risk based procedures aligned to Corporate Project Procedures
Chamberlains Department - Main Financial Systems – Process and controls Flowcharting	High	75	High level assurance over the end to end process and controls of the main financial systems.
Markets & Consumer Protection – Cleaning and Recycling Contract Variation	Medium	10	Open Book audit of proposed Contract variation
Open Spaces – Crematorium	Medium	15	Review over Fuel controls, Procurement and Donation Income following identification of Fuel theft.
DCCS - Estate Offices	Medium	10	Additional Spot checks to those already planned to provide assurance across all Estate offices following theft and inadequate controls being identified at one office.

Note: does not include changes to Museum of London and London Councils audit plan

Review of Internal Audit Performance – November 2014

1. The following Key Performance Indicators are used for monitoring the Internal Audit section. Performance against these indicators is set out in the table below. Where targets have not been achieved, further comments on corrective action are provided after the table.

Performance Measure	Target	2014/15 Performance	Nov 14	Aug 14
Completion of audit plan	90% of planned audits completed to draft report stage by end of plan review period (31 st March 2015)	44% to date – slightly above expected completion rate	☺	☺
% recommendations confirmed fully implemented at time of formal follow-up	Overall – 75% Red – 100% Amber – 80% Green – 70%	Overall – 85% Red – 100% Amber – 87% Green – 84%	☺	☺
Timely production of draft report	80% of draft reports issued within 4 weeks of end of fieldwork	78% - some delays in issuing draft reports due to significant volume of carry forward work in first 3 months of year. Trend now improved, should achieve target by end of year.	☺	☹
Timely agreement and issue of final report	80% of final reports (including agreed management action plan) issued within 5 weeks of issue of draft report	70% - some delays in responses over the last 3 months, escalation is being applied where necessary.	☹	☺
Customer satisfaction	Through key question on post audit surveys – target 90%	95% - note Internal Audit questions included in Chamberlain's Department survey, output awaited.	☺	☺

Performance Measure	Target	2014/15 Performance	Nov 14	Aug 14
% of audit section staff with relevant professional qualification	- target 75%	93%	☺	☺

Completion of audit plan

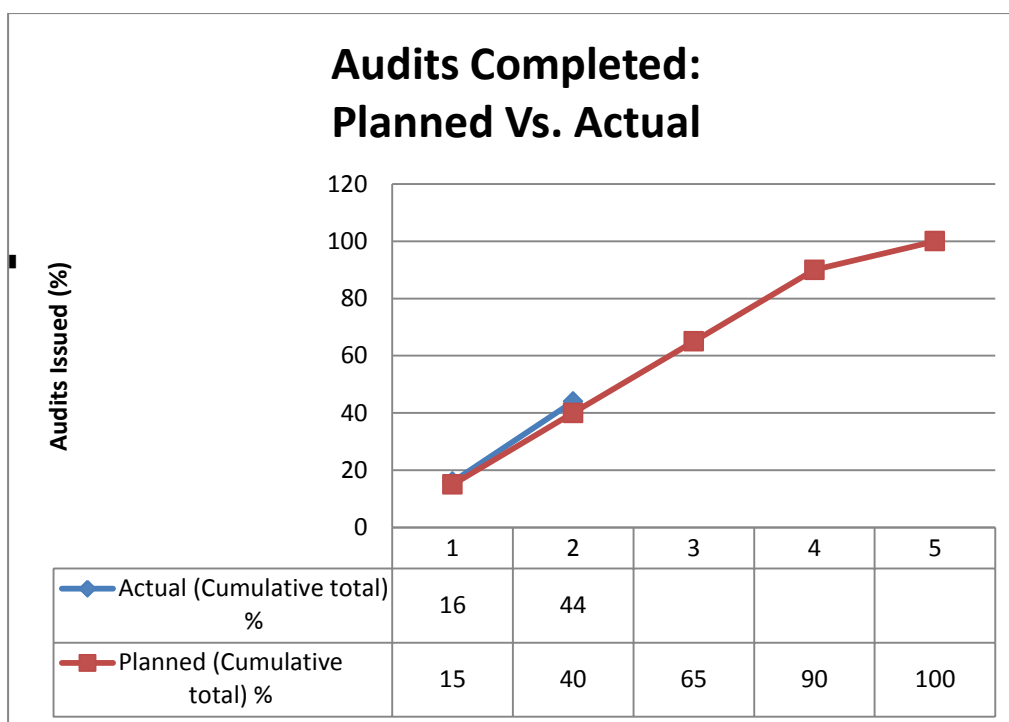
2. Delivery of the 2014/15 plan, as at the end of October 2014, is set out in **Table 3** below.

Table 3 - Committee Report

	Current Plan	Not Started	Planning	Fieldwork	Draft Report	Final / Complete	Deferred / Cancelled	% Complete
Full Reviews	81	30	6	12	10	18	5	35%
Spot checks & Mini Assurance Reviews	76	11	6	14	7	34	4	54%
Irregularity Investigations	2	0	0	0	0	2	0	100%
A&I/support reviews	4	0	0	3	0	0	1	0%
TOTAL	163	41	12	29	17	54	10	44%

KPI 1 (% completed)	44%
----------------------------	-----

3. A graph is provided below to show delivery of the internal audit plan against the assumed profile of completion anticipated at the start of year. Performance in completion of the 2014/15 audit plan was 44% at the middle of November, above the 40% completion rate projected for this period of the audit plan year.



4. Two temporary senior auditors have been retained for the first part of 2014/15 to ensure the timely completion of the 2013/14 carry forward work and cover the auditor vacancy. One of the temporary senior auditors has been extended until April 2015, to continue covering for the auditor vacancy. The Audit Apprentice left at the beginning of September. This vacancy is currently being recruited to.
5. **Implementation of Recommendations** – Overall implementation of audit recommendations as measured by formal follow-up reviews undertaken over the last year is now at 85%. Good performance in this area is being sustained. Further analysis of performance in this area is provided in the separate audit recommendations follow-up report.
6. **Timely production of draft report** – cumulative performance in issuing draft reports within four weeks of end of fieldwork is now at 78% for the year (previously 66%). Delays in issuing draft reports was an issue in the earlier part of the financial year due to an unusually high volume of audit work concluding in a short period causing backlogs in the Quality Assurance process. Performance over the last 3 months has improved, and target for year should be met.
7. **Timely agreement and issue of final report** – performance in this area has reduced from the 83% reported in the last quarter to 70%. Delayed responses have been escalated and responses received from Departments, although outside target timescales.
8. **% of audit section staff with relevant professional qualification** – following the appointment of two professional qualified senior auditors at the beginning of January 2014, the % of audit section staff with relevant professional qualifications is now increased to 93%.

This page is intentionally left blank

Appendix 4 – Internal Audit Resource Analysis (1st April 2014 to 31st October 2014)

	Original Plan Budget (Days)	Expected to Date (Days)	Actual to Date (Days)
Gross Days	4107	2448	2531
Uncontrollable Days			
Bank Holidays	128	76	62
Annual Leave	487	290	308
Net Available Days	3492	2082	2161
Days available for direct audits and support work			
Available for Projects			
Main Reviews/Spot Checks	1475	768	757
Follow-up's	139	83	45
2013/14 Plan C/fwd	275	275	280
	1889	1126	1082
Risk Management			
Corporate Risk Management	134	80	128
Ad hoc on-demand support/advice (risks & controls)	155	91	57
Chamberlain Business Continuity Support	8	5	4
Anti-Fraud & Corruption			
Fraud Investigations	318	189	209
Pro-active fraud & prevention	105	63	55
Audit Planning & Reporting			
Audit Planning & Reporting	52	31	30
Audit Plan progress reporting	47	28	11
External Audit Liaison/Co-ordination	15	9	3
Efficiency & Performance Review			
Support to Efficiency Board/EPSC and Officer Groups	40	24	17
Audit Development			
Continuous Improvement	68	41	31
Audit policy, research and development	56	33	46
Audit intranet	3	2	0
Member Support			
COL Audit & Risk Management Committee	45	27	59
GSMD Audit & Risk Management Committee	6	4	4
London Councils - Audit Committee	5	3	3
Museum of London - Audit Committee	6	4	3
Police Performance & VFM Committee	4	2	8
Barbican Centre Risk/Finance Committee	5	3	4
	1072	639	672

Admin Support

General (e.g. time recording/staff meetings/staff monitoring)
MK Audit Automation Software
Other Absences*

Audit Training
Corporate Training
CIPFA & IIA Training

246
23
126

78
18
40

146
14
75

47
11
24

211
46
63*

49
26
12

531**317****407*****Other Absences**

Sickness	43
Medical Appointments	6
Public Duties	3
Ceremonial	1
Paternity Leave	10
Total	63

Committee:	Date:
Audit & Risk Management Committee	8 th December 2014
Subject: Internal Audit Recommendations Follow-up	Public
Report of: Head of Audit and Risk Management	For Information

Summary

This report provides an update on the implementation of audit recommendations by management since the last follow-up report to the Audit & Risk Management Committee on 9th September 2014.

Six formal audit review follow-ups have been concluded since the September Committee with 74% of recommendations either fully implemented or superseded at the time of follow up; an overview of these is provided at **Appendix 1**.

At the middle of November 2014 there are no outstanding red priority actions from reviews previously concluded and reported to this Committee.

Cumulative performance in the implementation of audit recommendations over the last 24 months has been monitored with 86% of audit recommendations confirmed as implemented when formal audit follow-ups were undertaken. Where red and amber priority recommendations were still to be implemented at the time of audit follow-up, further updates have been sought from management to confirm timescales for resolution and these are outlined within this report

Management status updates on all open red and amber actions are provided in **Appendix 2**. The trend towards prompt implementation of amber recommendations following the agreement of internal audit reports continues to be evident and there are ten live amber priority recommendations at the time of reporting, six of which relate to historic audits (i.e. 2013/14 or earlier).

A review of recommendation statuses has been carried out by Internal Audit since the last update to this Committee, at which time there were eleven live amber and 245 live green priority recommendations. This exercise was focused on confirming the status of longstanding green priority recommendations, as amber issues are the subject of regular review and update. The outcome has been the closing down of a significant number of green priority recommendations, implementation having been confirmed or recommendations having been superseded. The current position as at the middle of November 2014 is that in addition to the ten amber open actions which are outlined in Appendix 2, there are 160 open green priority actions.

Members are asked to:

- Note the recommendations follow-up report; and
- Note performance in the timely implementation of recommendations following the agreement of internal audit reports continues to be evident.

Main Report

Formal Audit Follow-ups

1. Details of the six formal audit review follow ups concluded since the September 2014 report to the Committee are set out in Appendix 1, along with comments where internal audit recommendations were yet to be implemented.
2. As at the middle of November 2014, cumulative performance in the implementation of audit recommendations when formal audit follow-ups were undertaken, over the last 24 months, is as follows:-

Implementation at time of audit follow-up (last 2 years)	Red	Amber	Green	Total
Recommendations Agreed	12	80	179	271
Recommendations Implemented	12	71	150	233
% implemented	100%	89%	84%	86%

3. Formal follow-up activity since the last update to this Committee identified four amber priority recommendations which remained live at the time of testing. It is understood that two of these have since been implemented. The two remaining live amber priority issues are included within the report at Appendix 2.

Red and Amber Priority Recommendations Status

4. In addition to the formal audit follow-up process, internal audit obtains status updates from recommendation owners on a quarterly basis for any open red or amber priority recommendations. The outcomes from these status checks are reported in Appendix 2 and summarised in the following table.
5. There are currently no open red priority actions as these are nearly always implemented before or very soon after internal audit work is finalised. Similarly good performance in the prompt implementation of amber recommendations following the agreement of internal audit reports is reducing the number of open amber priority recommendations that require monitoring. There are currently ten live amber priority recommendations.

Open Amber/ Red Actions	Total	On-track per original agreed dates	Revised target date compared to original				Revised date to be agreed	Implementation Planned in future		
			1-3 mths	4-6 mths	7-12 mths	12 + Mths*		Next 3 mths	Next 4 to 6 mths	More than 6 mths
Red	-	-	-	-	-	-	-	-	-	-
Amber	10	3	-	-	1	3	4	2	-	4
Total.	10	3	-	-	1	3	4	2	-	4

* Details of the three amber priority recommendations where the revised target dates exceed by 12 months the original agreed date are as follows:-

- Open Spaces -Chingford Golf Course (2010 Audit): the recommendation to market test the management contract, last undertaken in 2001, was delayed initially pending developments and optional appraisal relating to the future of the site. Officers from City Procurement advised in early 2014 that tendering would not yield income benefits greater than currently achieved and it was determined that a recovery plan should be instigated, as well as a performance based contract introduced with the current contractor. The Visitor Services manager, responsible for this work, resigned in February 2014 and a recruitment exercise is in progress to appoint a successor. Once an appointment of the Visitor Services Manager can be achieved, it will be a high priority for a new performance contract to be completed, together with a full recovery plan. It is estimated that delivery of these objectives will be within 7 to 12 months of appointment.
- Markets and Consumer Protection – Car Parks (2012 Audit): implementation of the recommendation to address the poor quality of management information available from the car park barrier system at Smithfield has been delayed. The barrier equipment replacement is included in the procurement of the off-street car park management contract and the current contract (with APCOA) has been further extended. It is understood that procurement is in progress and the new contract start date will be 1st April 2015. The contract award is due to be announced towards the end of November 2014 and equipment replacement will take place within 12 months of contract commencement.

Community & Children's Services – Affordable Housing (2012 Audit): One amber priority recommendation is outstanding in respect of inclusion of the on-going revenue cost of additional housing units, plus estimates for rental income, within the 30-year Housing Business Plan. Confirmation is awaited of the current position regarding implementation.

Implementation of recommendations according to agreed timescales

6. Recommendation owners continue to be subject to challenge by Internal Audit where any slippage in implementation occurs; this is to ensure that revised timescales are only agreed in exceptional circumstances. There is a strong focus on the agreement of realistic implementation dates when audit reviews are being finalised and this is reflected in the generally high level of implementation at the time of formal follow-up exercises.
7. As reported earlier in this update report, there are a small number of longstanding amber priority recommendations where there have been several revisions to original timescales. Client liaison is on-going in these areas to ensure that Internal Audit continue to be kept informed of matters affecting the progress of implementation.

Closure of outstanding green recommendations

8. A review of recommendation statuses has been carried out by Internal Audit since the last update to this Committee, at which time there were eleven live amber and 245 live green priority recommendations. This exercise was focused on confirming the status of longstanding green priority recommendations, as amber issues are the subject of regular review and update. The high number of live green priority recommendations included some which had not yet been the subject of formal follow-up or had been found to be partially implemented at the time of follow-up testing.
9. The outcome of this exercise has been the closing down of a significant number of green priority recommendations, implementation having been confirmed or recommendations having been superseded. There are now 160 live green priority recommendations and formal follow-up exercises are planned in respect of a high proportion of these; it is intended that status updates will be obtained from recommendation owners in respect of the remainder.

Conclusion

10. There is a very high level of acceptance of internal audit recommendations and good communication with clients in respect of the progress of recommendations implementation, particularly related to high priority items. There remain a small number of historic amber priority recommendations (i.e. 2013/14 or earlier) where original agreed timescales have not been achieved and where revised implementation dates have either been agreed with Internal Audit or are in the process of being agreed.

Appendices

- **Appendix 1 – Formal Audit Follow-up reviews**
- **Appendix 2 – Red and Amber actions status update**

Paul Nagle

Head of Audit & Risk Management

T: 020 7332 1277

E: Paul.Nagle@cityoflondon.gov.uk

Audit Follow-ups September to November 2014					Recommendations Agreed				Recommendations Implemented				Appendix 1
Department	Audit Review	Main Report Finalised	Follow up Date	Original Assurance level	R	A	G	Tot	R	A	G	Tot	Exception Comments
Barbican Centre	Barbican ICT	Jul-13	Sep-14	Amber	0	3	3	6	0	1	3	4	Two amber recommendations involving Disaster Recovery (DR) were expected to be completed in full by November 2014 but have been only partially implemented. During the November DR test the need for additional hardware was identified. Without the additional hardware the test was expected to have a detrimental effect on the current hardware configuration and potentially impacting on IT operational availability. This additional hardware solution is to be fully reviewed by the Barbican IT and audit will be kept informed of the progress and the rescheduled DR test date. The Head of Audit and Risk Management has been informed of the circumstances and agreed to the revision of the timescale. Although complete loss of the computer was not possible, some elements of the DR were successfully tested and brought online such as: email, routing, system access, files server access and internet access.
City Surveyor	Building Repairs & Maintenance	Oct-13	Sep-14	Amber	0	5	3	8	0	5	3	8	
Built Environment	Variation Orders and Change Control	Jul-14	Sep-14	Green	0	0	2	2	0	0	1	1	The review identified that the department has partially implemented the recommendations made. Whilst the department has set out procedures for adding new rates to the schedule of rates included in the Term Contract, it does not set out the process for varying the works originally agreed at the time when the contract was let (regardless of whether these works are priced using existing rates, new rates or under the day work rates).
City Surveyor	Investment Property Recoverable Works	Jan-14	Sep-14	Green	0	1	0	1	0	0	0	0	The introduction of the new Building Repairs and Maintenance Contract has raised a different approach to the way in which costs are apportioned before being recharged to tenants. The recent follow up review identified that the department has partially implemented the recommendation made in respect of service charges and the department has adjusted its procedures to incorporate a reconciliation billed to service charge calculations on a building by building basis, each year. At the time of this review, however, the majority of Investment Property balancing charges for 2012/13 had still to be invoiced; invoices had only been raised in respect of 33 of the 71 (46%) investment properties where balancing charges are required to be billed. To put this in context, the amount of income still due to be invoiced in respect of 2012/13 balancing charges was approximately £198k, with a further £248k owed to tenants; this poses both a financial and reputational risk to the City. The on-going nature of the problem resulted in this recommendation being escalated from "green" to 'amber' priority. Subsequent to the formal follow-up exercise we have been advised that the outstanding recommendation has been addressed.
Town Clerk, City Surveyor & Built Environment	Final Account Verification	Mar-14	Oct-14	Amber	0	2	0	2	0	1	0	1	The follow-up review identified that one of the recommendations had been implemented, whilst the other recommendation had been partially implemented. In terms of the recommendation that has been partially implemented, the Corporate Programme Manager was devising a reporting facility to enable monitoring of those projects where final account verifications have yet to be undertaken by the Chamberlain's department, despite projects having reached practical completion. Appropriate guidance to facilitate monitoring had been distributed to staff involved in the delivery of projects and also to relevant staff in the Chamberlain's Financial Services Division. Subsequent to the formal follow-up exercise we have been advised that the outstanding recommendation has been addressed.

Audit Follow-ups September to November 2014					Recommendations Agreed				Recommendations Implemented				Appendix 1
Department	Audit Review	Main Report Finalised	Follow up Date	Original Assurance level	R	A	G	Tot	R	A	G	Tot	Exception Comments
City Surveyor	Asset Disposals & Capital Receipts	Apr-14	Oct-14	Green	0	0	4	4	0	0	3	3	The follow up review identified that the department has implemented three of the recommendations, whilst the other recommendation has been partially implemented. In terms of the recommendation that has been partially implemented, the department has so far devised a template to be completed by departments in submitting business cases for use of property declared 'surplus to requirements'. Whilst this will ensure that departments provide all required information in putting forward business cases, the department has yet to formally determine the criteria it will use to assess business cases. It is understood that the criteria to be used will need to be determined in conjunction with both the Chamberlains department and Town Clerk's department, and recent discussion indicate that this consultation is underway.
Totals					0	11	12	23	0	7	10	17	

Audit Actions Status - based on Management reports - as at 20/11/2014				Open Red & Amber			Open Red & Amber Actions			Revised target date compared to original date (for live reds / ambers)				Planned Implementation date			
Department	Audit Review	Main Report Finalised	Assurance level	R	A	Comments	On target to Orig Date	Revised Dates agreed	Revised to be agreed	1 to 3 mths	4 to 6 mths	7 to 12 mths	12 mths plus	<3 mths	3 - 6 mths	> 6 mths	
Open Spaces	Chingford Golf Course	Aug-10	Amber	0	1	The outstanding amber priority recommendation relates to the arrangements for management of the Golf Course, not tendered for some years. It was determined following discussion with City Procurement that re-tendering would not be advisable and as such it has been agreed that a recovery plan will be instigated and a performance based contract introduced with the current contractor. Once an appointment of the Visitor Services Manager (recruitment exercise in progress) can be achieved, it will be a high priority for a new performance contract to be completed, together with a full recovery plan.		1				1				1	
Markets and Consumer Protection	Markets Car Parks	Apr-12	Green	0	1	One amber priority recommendation is outstanding in respect of addressing the poor quality of management information available from the car park barrier system at Smithfield. The barrier equipment replacement is included in the procurement of the off-street car park management contract. It is understood that procurement is in progress and the new contract start date will be 1 April, 2015. The Contract Award is to be announced by the end of November 2014. Replacement equipment will take place within 12 months of the new contract commencing. APCOA contract has been extended accordingly.		1				1				1	
Community and Children's Services	Affordable Housing	Sep-12	Amber	0	1	One amber priority recommendation is outstanding in respect of inclusion of the on-going revenue cost of additional housing units, plus estimates for rental income, within the 30-year Housing Business Plan. Confirmation is awaited of the current position regarding implementation.			1				1				
Barbican	ICT	Jul-13	Amber	0	2	Two amber recommendations involving Disaster Recovery (DR) were expected to be completed in full by November 2014 but have been only partially implemented. During the November DR test the need for additional hardware was identified. Without the additional hardware the test was expected to have a detrimental effect on the current hardware configuration and potentially impacting on IT operational availability. This additional hardware solution is to be fully reviewed by the Barbican IT and audit will be kept informed of the progress and the rescheduled DR test date. The Head of Audit and Risk Management has been informed of the circumstances and agreed to the revision of the timescale. Although complete loss of the computer was not possible, some elements of the DR were successfully tested and brought online such as: email, routing, system access, files server access and internet access.			2								
Community and Children's Services	Holloway Estate Investigation	May-14	N/A		1	This amber priority recommendation relates to the lack of CCTV at the Holloway Estate Office, which has hampered identification of the individual responsible for the suspected theft of a Blackberry and cash from the site safe. We were originally advised that the installation of CCTV was to form part of the capital programme of works for 2014/15. We have since been notified that this has been made part of a project to install and upgrade CCTV on a number of estates with a view to obtaining better value by packaging the work into one contract. As a result the work has been rescheduled and as per the Asset Management Plan it will now be carried out in 2015/16.		1				1				1	
Open Spaces	Cemetery & Crematorium ICT Review	Jun-14	Amber	0	3	There are three live amber recommendations at the time of writing: 1) The need to investigate and address areas of poor performance within the Epilog system, especially the cremation desk diary and the burial bookings functions. This is understood to have been partially implemented, although the reason for poor performance is being re-appraised, which will impact on the planned action to address this; 2) the drafting of a BIA document for the IT systems, consulting with the Town Clerk's Security and Contingency Planning Group for assistance where necessary. This is understood to be on target for implementation by the target date of 28/11/14; and 3) Updating and reviewing the BCP (preferably on an annual basis as a minimum) to ensure its currency, and carrying out a BCP exercise in earnest to ensure procedures, contact information and facilities are present and the Business Continuity Plan operates adequately. This is understood to be on target for completion by the due date of 28/11/14.	2		1					2			
Town Clerk's	Public Relations Office	Jul-14	Green	0	1	This amber priority recommendation relates to the progression of discussions between the PRO and City Procurement regarding print services, continuing to consult them in instances where the value of the expenditure is expected to exceed the thresholds where competitive quotes or tender are required. We are advised by the Chairman of the Marketing and PR Procurement Category Board, which includes printing in its terms of reference, that a major revamp of the whole procurement of printing is being planned. Confirmation is awaited of the current position.	1									1	
Total				0	10		3	3	4	0	0	0	1	3	2	0	4

This page is intentionally left blank

Committee:	Date:
Audit and Risk Management Committee	8 th December 2014
Subject: Anti-Fraud and Investigation Up-date Report	Public
Report of: Chamberlain	For Information
<p style="text-align: center;">Summary</p> <p>This report provides Members with an update of our anti-fraud and investigation activity since our last report to Committee in September 2014.</p> <p>Housing benefit fraud investigations transferred to the Department for Work & Pensions (DWP), Single Fraud Investigation Service on 1st December 2014. All new fraud referrals that relate solely to Housing Benefit will be directed to the DWP.</p> <p>Data sets for the City Corporation and City Police involvement in the National Fraud Initiative (NFI) have been successfully uploaded to the Audit Commission. NFI output matches will be released on 29th January 2015 for further investigation.</p> <p>A liaison meeting with colleagues from the Home Office UK Visas and Immigration Team was successful in securing ongoing support for the verification of suspect identity documents in key risk areas including housing applications, housing benefit and recruitment. An agreement was also reached to undertake appropriate joint working initiatives in the future.</p> <p>Joint working with the City Police was successful in seizing vital evidence in support of a housing benefit fraud investigation. £84,000 has been restrained in this case under the Proceeds of Crime Act,</p> <p>A further three housing tenancy fraud cases, where serious housing tenancy fraud offences have been identified, have been submitted to the Comptroller and City Solicitor for prosecution action</p> <p>A whistleblowing allegation relating to corruption in the award decision of a grant made under the small grants scheme administered by the Department for Community & Children's services was fully investigated and found to be unsubstantiated.</p> <p>CIPFA released its code of practice; Managing the Risk of Fraud & Corruption in October 2014. Internal Audit will be benchmarking against this code in the new year.</p> <p>Recommendations Members are asked to note the report:</p>	

Main Report

Background

1. This report provides Members with a summary of our investigation caseload and outcomes since our last report to Committee in September 2014, along with a trend analysis against fraud investigation work carried out in the two previous reporting years. It also details the proactive anti-fraud activity currently being undertaken by the team and an update on the transfer of housing benefit investigations to the Department for Work & Pensions.

Single Fraud Investigation Service (SFIS)

2. Responsibility for the investigation of housing benefit fraud transferred to the Department for Work & Pensions, under the SFIS on 1st December 2014. All current live housing benefit fraud investigation cases have been reviewed and transferred. A post SFIS referral management and new burdens training session was held on 19th November for housing benefit staff, which was also attended by the Anti-Fraud Manager & the Fraud Investigator. Whilst we anticipate the majority of this post SFIS activity to be undertaken by the housing benefit staff, the internal audit section team will continue to provide support and advice where appropriate.
3. Whilst all new housing benefit fraud reports will go directly to SFIS from 1st December, the Anti-Fraud & Investigations team will screen these to ensure that any potential Council tax reduction fraud, and/ or, social housing tenancy fraud is identified, and can be acted upon promptly.
4. The City is retaining responsibility for the prosecution of one housing benefit fraud case, currently listed at the Central Criminal Court; the case involves an overpayment of £67,000. We have worked in partnership with Southwark Council who provided specialist Financial Investigator support. An order was granted by the Court enabling us to restrain £84,000 under the Proceeds of Crime Act. Working with the City of London Police vital evidence in support of the prosecution's case was seized following searches, with the benefit of search warrants, at addresses in London and Sunderland.

Proactive Anti-Fraud Activity

5. National Fraud Initiative (NFI) 2014/15 Exercise – Data sets for the City Corporation and City Police involvement in this valuable exercise were successfully submitted to the Audit Commission for data matching on 6th October; two further data sets will be submitted in December as per NFI timetable. The NFI output matches are released on 29th January 2014.
6. Home Office UK Visas and Immigration Team Liaison - The Anti-Fraud Manager met with the City of London region, Immigration liaison officer in October. The meeting was very positive, with an agreement for Home Office UK Visas and Immigration to continue to support the City by verifying questionable identity documents provided in support of applications for services and employment etc. In addition to this, the Home Office UK Visas and Immigration team have also agreed to work jointly with the City

Corporation in future proactive anti-fraud drives, designed to identify fraud and abuse of the services the City provides.

CIPFA Code of Practice - Managing the Risk of Fraud & Corruption

7. The CIPFA counter fraud centre released a code of practice in October 2014 entitled “Managing the Risk of Fraud & Corruption”. The code introduces a requirement for organisations to include a statement within their annual governance report about their response to tackling fraud and corruption and their adherence to the code. From an overview of the code of practice, the City Corporation’s counter-fraud and investigation activity is, on the whole, in alignment with the recommendations set out in the code. A more detailed review of the code in relation to our counter-fraud activities will be conducted and the outcomes of our findings will be reported to this Committee in February 2015 alongside the anti-fraud plans for 2015/16.

Protecting the Public Purse 2014

8. The Audit Commission released its “Protecting the Public Purse 2014” report in October; this report benchmarks Local Government’s anti-fraud and investigation activity using data collated from the mandatory fraud survey completed by all local authorities each July. The report concludes that housing tenancy fraud will represent the biggest fraud risk area for local authorities post the transfer of housing benefit fraud investigations to the Single Fraud Investigation Service. The Corporation is well placed to respond to this fraud risk, having developed a robust approach to dealing with housing tenancy fraud and having achieved some very good results in this area in recent years.

Whistleblowing – DCCS Small Grants

9. A whistleblowing report was received in February this year alleging corruption in a small grants scheme run by the Department for Community & Children’s Services. The whistleblower alleged that decisions on funding had been predetermined, as the Director of one of the charities bidding for funding was a friend of a Director at the Corporation. A comprehensive investigation was undertaken by Internal Audit and allegations were not substantiated. We did not identify any concerns relating to fraud or corruption in the small grants team. The whistleblower also reported their concerns to the Charity Commission who do not intend to investigate the matter any further after receiving a copy of our investigation report.

Housing Tenancy Fraud

10. Five housing tenancy fraud investigation cases are currently with the Comptroller and City Solicitor; four for criminal prosecution, and one for civil action to recover possession. These cases involve those that have illegally sub-let or submitted fraudulent applications to obtain housing from the Corporation. In three of the cases mentioned above, we have already gained possession of the property, and re-let them.

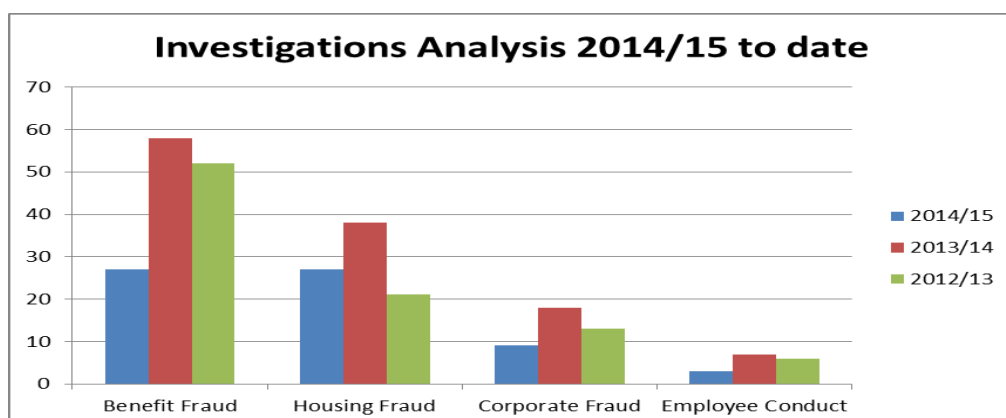
Corporate Fraud

11. PABX Fraud (Private Automatic Branch Exchange) – The City of London Girls School has recently been subject to a PABX fraud resulting in the loss of £4,000. PABX fraud occurs when an external hacker gains access to the telephone switchboard. The criminal then profits in two main ways, making a

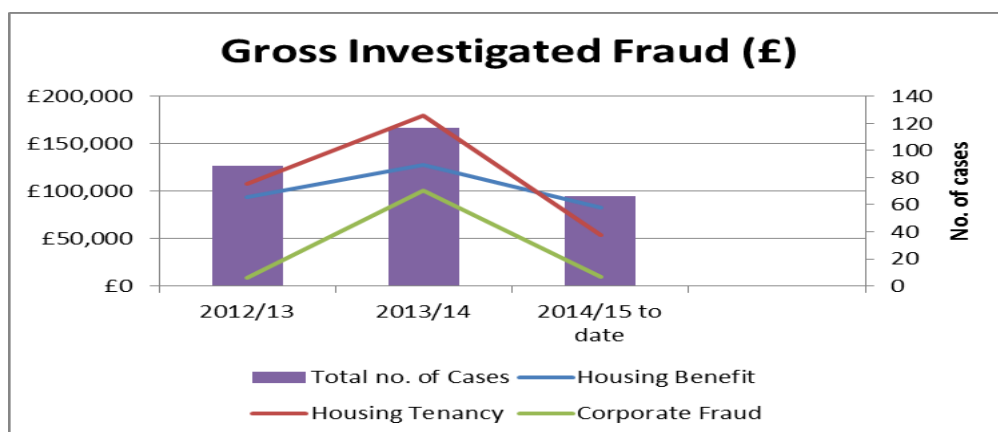
high volume of calls to premium rate numbers to which they are affiliated and selling calls via dialling international numbers through the compromised switch. It is very difficult to identify those responsible for these frauds owing to their nature and remote location. Internal Audit have undertaken a review of the City's main PABX system and found there to be a sound control environment with risks to system objectives being reasonably managed. Eight (two amber & six green) recommendations have been made in order to mitigate against further risks to fraud in this area.

Investigation Activity Summary

12. The following graphs summarise our investigation activity for the 2014/15 reporting year to date. The first shows the number of cases referred to the Investigation Team in the year, the number of cases closed and number of cases subject to investigation across all types of fraud. The Corporate Fraud bar relates to cases of theft, grant fraud and procurement fraud.



13. The second graph shows a trend analysis of the gross number of cases investigated during the current reporting year to date, against the previous two years. This shows all fraud types, along with the value of frauds detected for both housing benefit and housing tenancy investigations. The value of Corporate Fraud investigations are shown where these can be quantified, however, as previously advised, these are generally more problematic to quantify, owing to the nature of the offences committed.



14. Detailed housing benefit fraud and housing tenancy fraud caseload reports are contained in Appendix 1 to this report.

Conclusion

15. Internal Audit continues to provide a professional anti-fraud and investigation service across the Corporation with a wide range of fraud types being successfully investigated and reviewed. An overview of CIPFA's newly released code; "Managing the Risk of Fraud & Corruption" indicates that the Corporation's anti-fraud activities are in line with the Code of Practice.

Appendices

Appendix 1: Housing Benefit Fraud & Housing Tenancy Fraud Caseload

Contact: Chris Keesing, Anti-Fraud Manager

chris.keesing@cityoflondon.gov.uk 020 7332 1278

This page is intentionally left blank

Appendix 1 – Housing Benefit Fraud & Housing Tenancy Fraud Caseload as at 11/11/2014

Housing Benefit Fraud

Housing Benefit Fraud Case Referrals	April 2014 – Date		April 2013 – March 2014		April 2012 – March 2013
Referrals Received in current year	12		37		32
Cases carried over from previous years ¹	15		21		20
Total	27		58		52
Comprising					
Cases currently under investigation	6		7		12
Cases referred to DWP solicitors	2		2		1
Cases referred to City Solicitors	1		3		1
Cases subject to benefit entitlement re-assessment	0		1		6
Cases subject to Admin Penalty Action	0		2		1
Total number of live cases ²	9		15		21
Successful prosecutions	2		3		5
Successful Cautions	4		5		2
Successful Admin Penalties	2		5		2
Cases where fraud proven but no further action taken	5		5		4
Cases closed with no further action	5		25		18
Total number of closed cases	18		43		31
Total	27		58		52
Total value of HB/ CTB overpayments relating to the investigated cases detailed above ³	£82,582		£128,002		£93,211
Notes: ¹ Previous year's data shows the position at year end, and is provided for comparative purposes. Cases carried over from previous years do not represent live cases in the current reporting year. ² Total claim base approximately 1100 individuals ³ Total value of benefit payments per annum circa £5.7m					

Appendix 1 – Housing Benefit Fraud & Housing Tenancy Fraud Caseload as at 11/11/2014

Housing Tenancy Fraud

Housing Tenancy Fraud Case Referrals	April 2014 to Date		April 2013 to March 2014		April 2012 to March 2013
Referrals received in current year	13		28		9
Cases carried over from previous years ¹	14		10		11
Total	27		38		20
Cases currently under investigation	10		11		9
Cases closed with no further action	7		13		4
Cases with Comptroller & City Solicitor	5		3		1
Cases where possession pending	0		0		0
Cases where possession order granted	0		0		0
Cases where successful possession gained ²	1		10		6
Cases where successful prosecution action taken	3				
Cases where fraudulent application identified	1		1		0
Total	27		38		20
Value where successful possession gained ³	£54,000		£180,000		£108,000
Notes: ¹ Previous year's data shows the position at year end, and is provided for comparative purposes. Cases carried over from previous years do not represent live cases in the current reporting year. ² Cases where successful possession has been gained will be considered for criminal action where suitable, and where offences committed are serious enough to warrant proceedings under the Prevention of Social Housing Fraud Act 2013 and/ or the Fraud Act 2006. ³ Successful possession gained value of £18,000 per property sourced from Audit Commission value of national average temporary accommodation costs to Local Authorities for one family.					

Committee(s):	Date(s):
Audit and Risk Management Committee	8 December 2014
Subject: Risk Management Update	Public
Report of: Chamberlain	For Information

Summary

This report presents an update on the Corporate Risk Register, progress on implementing the Risk Management Information System (Covalent) and engagement with Service Committees on the new Risk Management strategy.

All Corporate risks have been reviewed by Chief Officers in accordance with the established risk review procedure. There are no changes in the scoring of any of the corporate risks since the last report to this Committee in September 2014. A date to achieve target risk has been added for each Corporate Risk.

Work has started to configure the new Covalent Risk Management Information System. The first tranche of super user system training will take place on 25th and 27th November 2014. Subsequent super user system training sessions are being arranged and will be completed by January 2015. The new system is on target to go live by the end of this financial year.

The new Risk Management strategy is being presented to all committees to inform them of their role in overseeing the management of risk by Chief Officers and will be completed by February 2015.

Appendices 2 to 4 provide additional information requested by the Committee at their meeting on 9 September 2014 in relation to the CR16: Information Security and CR18: Workforce Planning.

Recommendations

Members are asked to:

- Review the Corporate Risk Register (Para 4 and Appendix 1)

- Note the progress of the risk management information system ; and

- Note the progress in presenting the new Risk Management strategy to all committees and the arrangements for the informal Committee risk challenge sessions.

Main Report

Background

1. The Corporate Risk Register was last reviewed by the Summit Group on 23 October 2014 with further discussion in relation to the Air Quality Risk in November 2014.
2. In accordance with the established risk framework, each risk has been reviewed and updated by the responsible risk owner. The latest corporate risk register contains 10 corporate risks (Appendix 1). There have been no changes in the current score of any of the corporate risks and therefore no directional arrows, noting changes in risk scores on the Corporate Risk Profile (Page 15 of Appendix 1).

Corporate Risk Update

3. The 4x4 risk matrix format is now becoming firmly embedded in the work undertaken by the risk owners. At the request of the Audit and Risk Management Committee, the Date to Achieve Target Risk has now been added to the template. This will help promote greater quality and integrity of Target Risk scoring as, in order to arrive at such a date, the anticipated timing of the effects of mitigating controls will need to be thoroughly considered.
4. Key updates to the Corporate risk register are summarised below:
 - i. **CR2 (Supporting the Business City):** Additional issues and mitigating controls flagged regarding establishing a Capital Markets Union, telecoms/broadband infrastructure and implications of Scottish referendum. At any given time there are a number of issues that could undermine the City's position as a world leader in international financial and business services, and these are tackled with a supporting programme of work to minimise the overall current risk on an on-going basis. For this reason the target risk is not time-bound and is unlikely to be lower than the current risk of Amber. Specific issues will be refreshed at each review with appropriate mitigation actions.
 - ii. **CR11 (Pond Embankment Failures):** Current Risk remains at Red and there has been no update to the July position. However the risk owner advises that an update report will be provided to the December Audit and Risk Management Committee to reflect progress in the planning and judicial review process. In addition, a target date of 1st October 2016 has been provided for the achievement of the amber Target Risk position.
 - iii. **CR14 (Financial Viability Risk):** Current Risk remains at Red level. Based on the latest income projections, the 2017/18 forecast deficit is likely to be £11m (an update from the £8.9m reported in March), however the service based review savings are on track to be agreed by the 31 March 2015. This will result in the risk being re-rated from a Red to an Amber rating.
 - iv. There were no changes or significant updating events in respect of CR1, CR8, CR9, CR10, CR16, CR17 and CR18.

Further Risk Mitigation Information

5. At the September 2014 meeting, Members requested additional information concerning CR16 (Information Security), in particular updates on Data Protection Act breaches, and staff training.
6. There have been two reported Data Protection Act breaches since the last Committee report, neither of which was considered of a nature that it should be reported to the Information Commissioner.
7. In respect of Data Protection Act staff training, a risk-based approach has been taken with the high-risk departments being targeted first. This is reflected in the take-up of both the class-based presentations and e-learning. However, there is a need to increase the number of staff taking the e-learning course in both Data Protection and “Responsible for Information”. The switch to a new on-line system in the New Year will provide an opportunity to become more pro-active in promoting these courses.
8. Further information is contained in Appendices 2 and 3 respectively.
9. Members also requested further information (a costs and benefit analysis) concerning CR18 (Workforce Planning) and this is contained in Appendix 4 (to follow). Further information on this risk is provided in Appendix 4 and the Chief Officer Flexible Retirement Business Case is provided as a ‘Members only’ report on this agenda, for information.

Departmental Risks

10. Departmental risk registers are sent to the Internal Audit section each quarter in order to identify significant risks requiring potential escalation to the corporate risk register. As part of the new risk framework it was agreed that not all significant risks require escalation to the Corporate Risk Register, however they can still be significant for the respective department. As a result a new top departmental risk register has been created to raise awareness of these risks. Five Departmental red risks were considered by the Summit Group on the 23 October 2014. One of these five risks (MCP6 – see below) was considered for escalation on to the Corporate Risk Register.

“MCP6 (Air Quality): This is an emerging issue as the EU Commission has started legal action for non-compliance in relation to Air Quality. The potential fine for the UK is £300m however it is still unclear when this will finish or, if found guilty, how central government will seek payment of the fine through local authorities. It is likely that GLA will be responsible for distributing the fine to the City Corporation; however it is unknown how this decision will be made.”

11. The Summit Group requested greater clarity about the potential for any fine on HM Government being passed down to local authorities under the Localism Act. Having reviewed this in greater detail, Summit Group agreed that this risk should remain on the Markets and Consumer Protection Risk Register and not be escalated to the Corporate Risk Register at this time because it is currently being

well managed and as it presently stands does not fulfil the criteria for escalation within the Risk Management Strategy. This will be kept under review as the situation develops further.

Risk Management Information System

12. The new Covalent Risk Management Information System software has been successfully installed on the Corporation's network and access provided to the initial users. The first of three training sessions commenced on the 25 November 2014 and will be completed by January 2015.
13. Full roll out of the software, which will complete the move to the 4x4 scoring methodology, is still scheduled to complete over the remainder of the current financial year. This is led by the new Corporate Risk Advisor, Paul Dudley, who took up his post on 20 October 2014.

Risk Management Strategy

14. The Committee approved the Corporation's Risk Management strategy on 13 May 2014. The strategy is being submitted to all committees to inform them of their role in overseeing the management of risk by Chief Officers. So far the strategy has been presented to 12 committees with Open Spaces and City Gardens, Establishment Committee, City of London Freeman's School – Board of Governors and the City of London School for Girls – Board of Governors outstanding. This process will be completed by February 2015.
15. A series of communications raising awareness of the new Risk Management strategy and of the Covalent Risk Management Information System to staff is currently taking place. This includes an item on the intranet home page as well as an article in CoL- Staff News.

Cyclical Review of Corporate and Departmental Risks

16. The Committee undertook an informal risk challenge session with the Remembrancer's Department on the 4 November. The approach to the scheduling of the remainder of these sessions is being reviewed and the Town Clerk's Department and Markets and Consumer Protection Department will be rescheduled for review in the New Year.

Conclusion

17. The Corporate Risk Register continues to be actively reviewed and updated by risk owners in line with the requirements stipulated by the new Risk Management Strategy. Work is continuing to further enhance the effectiveness of managing and reporting risks throughout the organisation with the implementation of the Covalent software over the next 4 months being a major step forward.

Appendices:

- **APPENDIX 1** - Corporate Risk Register
- **APPENDIX 2** – Data Protection Act breaches
- **APPENDIX 3** – Information Security training update
- **APPENDIX 4** – Workforce Planning

Background Papers:

The City Corporation's Risk Management Strategy

Paul Dudley

Corporate Risk Advisor
Chamberlain's department

T: 020 7332 1297

E: paul.dudley@cityoflondon.gov.uk

This page is intentionally left blank

City of London Corporation

Corporate Risk Register

Contents

Summary Risk Register	2
Risk Supporting Statements	
CR1 Resilience Risk	5
CR2 Supporting the Business City	7
CR8 Reputational risk	8
CR9 Health and Safety Risk	9
CR10 Adverse Political Developments	10
CR11 Hampstead Heath Dam Failure	11
CR14 Financial Viability	13
CR16 Information Governance	14
CR17 Safeguarding	16
CR18 Workforce Planning	17
Corporate Risk Profile	18
Guidance Notes	19

Corporate Risk Register	Owned By	Chief Officers' Group	Version	2014 - 12
-------------------------	----------	-----------------------	---------	-----------

Administered By	Paul Dudley	Date	08/12/14
-----------------	-------------	------	----------

Summary Risk Register

Risk No.	Risk	Risk Owner / Lead Officer	Existing Controls	Current Risk		Planned Action	Target Risk Rating
				Rating	Direction		
CR1	City Corporation fails to work effectively with related parties to respond appropriately following a major incident/severe business disruption to restore service delivery, assist business recovery and support the community.	Town Clerk	City Police proactively managing the risk of terrorism. Disaster recovery/contingency plan in place, includes responsibilities under the Civil Contingencies Act.	A	↔	Maintain existing controls.	A
CR2	The City Corporation fails effectively to defend and promote the competitiveness of the business city which loses its position as the world leader in international financial and business services.	Director of Economic Development	International Regularity Strategy Group, Robust policy, media and political response, Role of Lord Mayor and Role of the Policy and Resources Committee Chairman.	A	↔	Economic Development Office engaged in a programme of work to support, defend and enhance the business city, in accordance with the EDO Business Plan.	A
CR8	Negative publicity and damage to the City Corporation's reputation.	Director of Public Relations	Communications Strategy in place, experienced media/communications team, Departmental Communication Representatives meetings, PR Toolkit.	A	↔	New Health and Safety management system being trialed to identify risks within property assets.	A
CR9	Major failure of health and safety procedures resulting in a fatality in an accident on City of London Corporation premises or to a member of the City of London workforce.	Health and Safety Committee / Relevant Chief Officer	Officer Health and Safety Committee in operation, monitoring key H&S issues and having oversight of the Health and Safety Top X risks.	A	↔	The Corporate Safety Team will be carrying out their own audits on departments.	A

Summary Risk Register

Risk No.	Risk	Risk Owner / Lead Officer	Existing Controls	Current Risk		Planned Action	Target Risk Rating
				Rating	Direction		
CR10	Adverse political developments undermining the effectiveness of the City of London Corporation.	Remembrancer	Promotion of the good work of the City Corporation, City Corporation needs to remain relevant and “doing a good job” and be seen as such.	A	↔	Maintain existing controls.	A
CR11	Dam failure at Hampstead Heath resulting in loss of life and damage to property and infrastructure	Director of Built Environment	Planning performance agreement in place, Communication with Land owners Budget controlled by Project Board.	R	↔	Planning permission to be sought.	A
CR14	Likely reductions in future spending rounds will reduce grant income for the City Corporation resulting in the Corporation being unable to maintain a balanced budget and maintain healthy reserves in City Fund significantly impacting on service delivery levels.	Chamberlain	Maintaining prudent management of City Fund finances, Robust financial planning, Scrutiny of the achievement of savings options by the Efficiency Board and Efficiency and Performance Sub-Committee	R	↔	Maintain existing controls.	R

Summary Risk Register

5

Risk No.	Risk	Risk Owner / Lead Officer	Existing Controls	Current Risk		Planned Action	Target Risk Rating
				Rating	Direction		
CR16	Loss or mishandling of personal or commercial information could result in harm to individuals, a breach of legislation such as the Data Protection Act 1988 which incurs a monetary penalty of up to £500,000. Breaches can also incur compliance enforcement action, corruption of data and significant reputational damage. To ensure the protection of information at the City Corporation a number of controls and risk owners must be exerted which span IT infrastructure, information policy, physical handling, online access and sharing and everyday behaviour within and outside the City Corporation	Chamberlain	Central monitoring & issuing of guidance including DP awareness . Annual awareness emails and other awareness raising tools. Some monitoring of data processor contracts to ensure DPA compliance.	A	↔	Compliance audits to be undertaken by the Town Clerk's Information Officers. Scrutiny and refresh of existing policy around information management, cyber security and technology infrastructure.	G
CR17	Failure of the City of London's statutory obligation to safeguard adults at risk and children	Director of Communities and Children Services	Corporate Safeguarding Policy, Partnership arrangements with Health, Housing, City of London Police and Voluntary sector, Governor Training sessions	A	↔	Awareness campaign, Quarterly review meetings with safeguarding champions	A
CR18	Loss of capacity due to changes in the working environment, reducing the ability to achieve our strategic aims and objectives	Director of HR	HR Business Plan 2014/17 (succession planning, sourcing strategy, employer of choice) Regular pay survey	A	↔	L&D Strategy to move to a culture of self-development improving capacity of the organisation	A

Risk Supporting Statement: CR1

Risk Owner: Town Clerk

Risk	City Corporation fails to work effectively with related parties to respond appropriately following a major incident/severe business disruption to restore service delivery, assist business recovery and support the community. Links to: Strategic Aims SA1 & SA2 and Key Policy Priority KPP3	Current Risk	A
		Likelihood	Impact
		Rare	Extreme
Detail	This risk has a number of components for the City Corporation resulting from the roles as an employer, a Local Authority and as the Police Authority for the square mile. The risk from the policing perspective (operational policing) is managed by the Commissioner of Police, the remaining elements cover a range of operational areas e.g. disaster recovery/business continuity, building management, employee and community safety. The City Corporation also has a responsibility under the Civil Contingencies Act 2004 to its businesses and residential communities to support them in the aftermath of an emergency. This risk is directly linked to CR2 (Supporting the Business City), CR3 (Financial Stability) and CR8 (Reputation Risk), any changes on this risk's assessment may lead to reassessment of these risks.		

Issues	Controls
<ul style="list-style-type: none"> * Public/business confidence in the City as a safe environment and international reputational issues * Specific locations as potential targets (high profile areas/buildings in the City and City Corporation assets) * Employee/community welfare issues (visitors, residents and workers) * Pre-planned events, whether in the City or elsewhere, that adversely affect business, property or communities for which the City Corporation has a statutory or corporate responsibility 	<ul style="list-style-type: none"> * Iconic sites within the City have been assessed by the Security Services and plans concerning these are regularly exercised (Assistant Town Clerk and relevant Chief Officers) * Generic Emergency Management Plan and Corporate and Departmental Business Continuity arrangements are in place and are regularly exercised (Assistant Town Clerk and all Chief Officers) * Disaster Recovery and backups are in place and are regularly tested (Chief Technical Officer and relevant Chief Officers) * Guidance and support is provided to businesses and residents on how they can better prepare for the potential impacts of emergencies (Assistant Town Clerk) * Through the Business Resilience Planning Considerations publication, the City Corporation provides practical advice to City firms on how to prepare for the potential impacts of various emergencies (Assistant Town Clerk) * The City Corporation leads on the multiagency forum for the Square Mile and plays an active role in the Central London sub-Regional Resilience Forum and other pan-London bodies (Town Clerk and Assistant Town Clerk) * The City Corporation conducts and takes part in multiagency exercises focusing on the key risks (Assistant Town Clerk) * Systems are in place to warn and inform the community (visitors, residents and businesses) (Assistant Town Clerk and Director of Public Relations) * Procedures are regularly reviewed, incorporating lessons learned from recent incidents and near misses, enabling greater coordination of the City's response. (Assistant Town Clerk and relevant Chief Officers) <p>Other relevant controls:</p> <ul style="list-style-type: none"> * Building safety and evacuation/invacuation plans are in place for City of London Corporation's corporate premises (City Surveyor and relevant Chief Officers)

Summary	<ul style="list-style-type: none"> * This risk relates specifically to the City Corporation's ability to address the impacts of a major incident/severe business disruption through its role as the lead for coordinating the activities of its service departments and other public services to restore the business and residential infrastructure. * The City of London Corporation arrangements are tested regularly and a programme of local and pan-London tests and exercises ensures the City Corporation remains able to respond appropriately to emergencies. * The City of London Corporation, along with the Police undertakes a range of activities with other agencies to prevent and prepare for emergencies. The Current Threat Level for the United Kingdom is at Substantial (meaning a terrorist attack is a strong possibility) therefore it is essential that the City Corporation maintains a high a level of preparedness to ensure that, together with its partner agencies, it is ready to respond to and lead the recovery phase of the emergency response to an incident. 	Target Risk	A
		Likelihood	Impact
		Rare	Extreme
		Date to Achieve Target Risk	N/A - Current Risk Accepted

Risk Supporting Statement: CR2

Risk Owner: Director of Economic Development

Risk	The City Corporation fails effectively to defend and promote the competitiveness of the business city which loses its position as the world leader in international financial and business services. Links to: Strategic Aims SA1 & SA3 and Key Policy Priorities KPP1 & KPP3	Current Risk	A
		Likelihood	Impact
		Possible	Major
Detail	If the City Corporation fails to provide effective support for and promotion of the competitiveness of the business city there is a danger that the City will lose its international position leading to a reduction in business activity in the City, lower income for and industry engagement with CoL. One of EDO's main purposes is to mitigate this risk. However, it should be noted that damage to the City's competitive position could occur as a result of circumstances beyond CoL's ability to influence.		
Issues * Domestic and EU tax and regulation is crucial to City competitiveness * The development of a European Banking Union and the ability to continue contracting euro-denominated business in the UK. *The new initiative on establishing a Capital Markets Union (i.e. all aspects not covered by banking union) has potential benefits but also risks. * The debate over the UK's relationship with, and membership of, the EU creates uncertainty over London's place in the Single Market and thus its attractiveness to international firms. * Issues which pose a major threat to the City's reputation e.g. response to Forex investigations, migration/access to skilled workers. * Lack of suitable telecoms/broadband infrastructure affects attraction of London/City as an investment destination. * An emerging issue is the implications for London following the Scottish independence referendum.		Controls * Programme of work of the EDO to promote and defend City's competitiveness and explain CoL's role (ref. EDO Business Plan) and role of the industry in supporting the wider economic growth and jobs creation agenda. (Assistant Director, City, EU, International Affairs) * International Regulatory Strategy Group's role to shape the European and international regulatory landscape in a way that preserves the free flow of capital and promotes open markets, and that development of a European Banking Union, and a Capital Markets Union do not lessen the European Single Market. (Director, Economic Development) *Pro-active EU engagement programme in Brussels (new Commission and Parliament) and Member States including bilateral dialogues e.g. France, Ireland and work of City Office Brussels (Director, Economic Development) . *US and Asia work programmes including China and India offices/Advisory Councils (Asst Director, City, EU, International Affairs) * Role of the Lord Mayor as an ambassador for the Business City. (Assistant Director, City, EU, International Affairs) and Role of the Policy and Resources Committee Chairman in promoting the City. (Assistant Director, City, EU, International Affairs) * The Communications Telecoms Strategy Board is a cross-departmental body addressing infrastructure issues. (Director, Economic Development) Robust policy, media and political response to industry developments affecting public perceptions of the City as a whole. (Both Assistant Directors, Economic Development)	

Summary At any given time there are a number of issues that could undermine the City's position as a world leader in international financial and business services, and these are tackled with a supporting programme of work to minimise the overall current risk on an on-going basis. For this reason the 'target' risk is not time-bound and is unlikely to be lower than the 'current' risk. Specific issues will be refreshed at each review with appropriate mitigation actions.	Target Risk	A
	Likelihood	Impact
	Possible	Major
	Date to Achieve Target Risk	N/A (see summary comment)

Risk Supporting Statement: CR8
Risk Owner: Director of Public Relations

Risk	Negative publicity and damage to the City Corporation's reputation. Links to: Strategic Aims SA1, SA2 & SA3 and Key Policy Priorities KPP1, KPP2, KPP3, KPP4 & KPP5	Current Risk	A
		Likelihood	Impact
		Possible	Major

Detail	This risk may materialise as a result external factors or failure to manage risk within the operations of the organisation. There will always be an inherent risk around reputation, but the specific threats present at any one time will vary depending on the nature of key projects, internal and external developments or factors. A shortlist of the most significant issues is maintained, updated by the Director of Public Relations on a quarterly basis using information gained from on-going liaison with departments and, in future as risk management becomes embedded, through examination of departmental risk registers. In addition to the shortlist below, there is a broad risk in relation to negative publicity or adverse media comment following failure of service delivery. The likelihood and impact of this is very much dependent upon the circumstances and outcome of the failure.
---------------	--

Issues n/a	Controls <ul style="list-style-type: none"> * Communications strategy in place (Director of Public Relations) * Experienced media/communication team with the right skills to handle reputation issues (Director of Public Relations) * Regular liaison with Committees and departments including through regular meetings with Chief Officers and departmental communication representatives, aiming to ensure the overall reputation of the organisation is kept under close review during all policy deliberations (Director of Public Relations) * PR Tool kit prepared for departmental communications representatives (Director of Public Relations) * Annual examination of departmental risk registers to identify emerging issues (Director of Public Relations) * Working with PR consultants to improve City Corporation's ability to respond to PR challenges (Director of Public Relations)
----------------------	--

Summary			Target Risk	A
* Adverse comment or publicity on the role, purpose and governance of the City Corporation	Likelihood	Impact	Likelihood	Impact
* Adverse publicity from any failures of performance by City Schools	4	2	Possible	Major
* Any failure on children's safeguarding procedures	3	4	Date to Achieve Target Risk N/A - Current Risk Accepted	
	2	8		
* Debate around the accountability and transparency of City's Cash	3	2		
* Failure to respond appropriately and in a timely way to adverse comment on social media	2	2		
* Hampstead Heath Hydrology and related issues	3	4		
* London Living Wage	2	2		
* Managing the impact of street works on visitors, residents and workers	4	2		

Risk Supporting Statement: CR9

Risk Owner: Health and Safety Committee / Relevant Chief Officer

Risk	Major failure of health and safety procedures resulting in a fatality in an accident on City of London Corporation premises or to a member of the City of London workforce. Links to: Strategic Aims SA2 & SA3 and Key Policy Priority KPP2	Current Risk	A
		Likelihood	Impact
		Possible	Major
Detail	Corporate oversight of health and safety risk is maintained by Corporate Human Resources, an officer Health and Safety Committee is in operation, chaired by the Town Clerk. A health and safety risk management system is in place, with monitoring and review mechanisms, ensuring that the key risks identified across the organisation are controlled and escalated accordingly. The committee monitors progress to address significant issues as they arise. For the purpose of maintaining the Corporate Risk Register, a shortlist of the most significant current health and safety risks will be maintained.		
<u>Issues</u> Management of Contractors.		<u>Controls</u> <ul style="list-style-type: none"> * Policy in place to meet legal requirement (Director of HR) * Corporate Training is in place and effective (Director of HR) * H&S Plans being developed and working groups in operation in all departments (All Chief Officers) * Top X being reported – further work on content improvement planned (All Chief Officers - coordinated by Corporate Health & Safety Manager) * Accidents & Near Misses being reported & investigated via a new system (All Chief Officers) * Departmental Competencies Improved and departmental H&S committees being monitored (Corporate Health & Safety Manager) * A new health and safety management system for buildings is being trialled within City Surveyors. The new system will help identify where health and safety risk exists within City of London property assets and assess how well it is being managed with a view to improving performance. (Health & Safety Manager Property) 	
<u>Summary</u> The H&S systems across the Corporation of London to ensure H&S compliance have been reviewed and the new Policy, approved by the Establishment Committee on 18th April 2013, is now prompting procedural reviews in some departments. The Town Clerk has communicated to all chief officers the importance of the responsibilities highlighted in the policy and a further training event is planned for all managers in March/April. Member training on the impacts of Health & Safety and decision making was delivered to new members. Near Miss reporting is happening, though this could still be improved in some departments a technological solution is currently being implemented to support and improve this.		Target Risk	A
		Likelihood	Impact
		Unlikely	Major
		Date to Achieve Target Risk	October 2016

Risk Supporting Statement: CR10

Risk Owner: Remembrancer

Risk	Adverse political developments undermining the effectiveness of the City of London Corporation. Links to: All Strategic Aims and Key Policy Priorities.	Current Risk	A
		Likelihood	Impact
		Rare	Extreme
Detail	Owing to its nature and geographical size, the City Corporation is particularly vulnerable to political developments concerning London government. There are two main issues at present: the continuing aftermath of the financial crisis with the resulting close scrutiny of the City Corporation, and the longer term threat to the Corporation's local authority functions from sharing of services and a possible London Government review.		
Issues * The current problems in the financial system have provoked allegations of undue influence and partial accounts of the City Corporation's lobbying activities and deployment of City's Cash. *A review of London government is not currently envisaged but increasing interest in fiscal devolution, the growth in sharing of services between authorities, and proposals for the creation of either combined authorities or a small number of London "super-boroughs", may prompt questions about the justification for the separate administration of the Square Mile.		Mitigating Actions * Promotion of the good work of the City Corporation. The City Corporation needs to remain relevant and "doing a good job" and be seen as such. (Remembrancer)	
Summary The organisation needs to ensure it is seen as important and relevant across a wide field of activities that are not geographically limited to the Square Mile or to the future of the financial sector alone. Current public affairs activities should be maintained to this end. Any functions which may be vulnerable on account of their size if kept as free standing operations need to be identified and the case for ameliorating action (e.g. partnerships, shared services) considered.		Target Risk Likelihood Rare	A Impact Extreme
		Date to Achieve Target Risk	N/A - Current Risk Accepted

Risk Supporting Statement: CR11

Risk Owner: Director of Built Environment

Risk	Dam failure at Hampstead Heath resulting in loss of life and damage to property and infrastructure Links to: Strategic Aim SA3 and Key Policy Priority KPP4	Current Risk	R
		Likelihood	Impact
		Unlikely	Extreme
Detail	There are two chains of ponds at Hampstead Heath. Three of the ponds are "large raised reservoirs" under the Reservoirs Act 1975 and are categorised as "A" because in the event of breach they would pose a risk to the community downstream. They are therefore supervised by a Panel Engineer under the provisions of the Reservoirs Act. Amendments to the Reservoirs Act by the Flood & Water Management Act 2010 are expected to bring the entire chain of ponds into the category of "high risk". A number of hydrological studies have indicated that there is insufficient spillway capacity and that in a flood event this could result in overtopping which could result in dam erosion and breach. The Ponds Project was initiated in July 2011 to resolve this risk. The City has also undertaken other interim mitigation measures (telemetry, weather monitoring and an on-site plan) but these fall short of the ultimate mitigation of the Ponds Project as they do not address dam breach which could arise from overtopping.		
Issues * Legal challenge results in delays to the project * Planning application determination period extended. Any delay in determination beyond October would delay the project until after summer 2015. * Cost increases * Landownership issues delay the project		Controls * Planning permission sought and Planning Performance Agreements signed - this includes an independent review by a Panel Engineer (Director of Built Environment) * Planning Performance Agreements in place with LB Camden (Director of Built Environment) * Budget controlled by the Project Board (Director of the Built Environment) * Communication with landowners affected (City Surveyor)	
Summary Due to the need to prevent dam breach which arises from insufficient spillway capacity, this risk can only be mitigated by the completion of the Ponds Project. It is worth noting that the City owns a number of other water bodies, some of which are currently categorised as "large raised reservoirs" while others maybe brought into the inspection and safety regime of the 1975 Act by the 2010 Act. The appropriate supervision of these water bodies is monitored as a business risk, for which the Director of Open Spaces is responsible.		Target Risk	A
		Likelihood	Impact
		Rare	Extreme
		Date to Achieve Target Risk	1st October 2016

Risk Supporting Statement: CR14

Risk Owner: Chamberlain

Risk	Likely reductions in future spending rounds will reduce grant income for the City Corporation resulting in the Corporation being unable to maintain a balanced budget and maintain healthy reserves in City Fund significantly impacting on service delivery levels. Whilst it is almost certain that reductions in grant income will occur in 2016/17 and 2017/18, we do not know the magnitude. Links to: Strategic Aim SA2 and Key Policy Priority KPP2	Current Risk	R
		Likelihood	Impact
		Likely	Major
Detail	This risk is already headlined in the medium term financial strategy approved by the Court of Common Council in March 2014. The financial strategy last year was to make further efficiencies to generate small surpluses for the next two years. These surpluses were to bolster our reserves, allowing time to plan for future government spending cuts. The 2013 Autumn Settlement announced a 15.8% reduction for 2015/16 for non-police services. Due to savings already made, the City Fund is able to accommodate this loss within a breakeven position for 2015/16. Further cuts are likely in future spending rounds and coupled with the financial impact of other pressures such as our share of the likely appeals losses under the new Business rates system and the progressive adoption of the London Living Wage, the 2017/18 forecast deficit is likely to be £11m based on latest income projections (and updated from the £8.9m forecast deficit position reported to Court in March) .However we have sufficient reserves to allow us to plan for managed savings once the magnitude of any reduction is known.		
<u>Issues</u> * Reduction in grant income to the City Corporation * Increasingly difficult to maintain a balanced budget * Increased pressure on reserves		<u>Controls</u> * Service based review to address the 2016/17 and 2017/18 forecast deficit, including a review of spend not in line with City Fund duties that may potentially be better funded from Bridge House Estates. (The Town Clerk, Chamberlain and Financial Services Director) * Cross-departmental workstreams reviewing strategic and operational asset management, income generation and effectiveness of specific spend areas. (The Town Clerk, Chamberlain and Financial Services Director) * Robust financial planning. (The Chamberlain and Financial Services Director) * Direct engagement with central government on grant formula (The Chamberlain and Financial Services Director) * Scrutiny of implementation of savings options by the Efficiency Board and Efficiency and Performance Sub-Committee. (The Town Clerk, Chamberlain and Financial Services Director)	
<u>Summary</u> The financial strategy already addresses this risk and a package of proposals totalling £22m was approved by Policy and Resources Committee in September 2014. Chief Officers will report to their service committees in the autumn on their detailed proposals as part of the budget setting process for 2015/16. Savings will begin to be reflected in budgets in 2015/16 with full impact by or before 2017/18. There is also a risk that the financial position will further deteriorate post 2018, so savings proposals above the £15m needed to balance City Fund and City's Cash will help mitigate this risk.		Target Risk	R
		Likelihood	Impact
		Likely	Major
		Date to Achieve Target Risk	N/A - Current Risk Accepted

Risk Supporting Statement: CR16

Risk Owner: Chamberlain

Risk	The loss or mishandling of personal or commercial information could result in harm to individuals, as well as a breach of legislation such as the Data Protection Act 1988, which can result in a monetary penalty of up to £500,000. Breaches can also incur compliance enforcement action and cause the corruption of data and significant reputational damage. To ensure the protection of information at the City Corporation a number of information related risk owners must be identified and controls implemented which span IT infrastructure, information policy, physical handling, online access, sharing and everyday behaviour with regards to information, both within and outside the City Corporation.	Current Risk	A
		Likelihood	Impact
		Possible	Serious
Links to: All Strategic Aims and Key Policy Priorities.			
Detail	There is a need to emphasise the importance of 'protecting information' and 'handling information' within the digital age (wider than the Data Protection Act). Therefore, broader awareness, guidance and links to compliance, controls, behaviours and risks etc are required in relation to different types of information we handle, and to sustain this engagement within the City Corporation		
Issues		Controls	
<ul style="list-style-type: none">- Lack of Member and staff awareness of, and engagement with required behaviour with regards to risks in handling information generally;- Office moves etc. increase the possibility of losing or misplacing personal information in transit;- Transferring personal information to third parties, e.g. when contracting out services;- Incorrect/accidental disclosure or loss of personal information, e.g. when sending personal information using any medium;- Insufficient security in place to protect personal information across the City Corporation: only social care information is encrypte/protectively marked.- lack of attention to risks posed by NOT sharing appropriate information - e.g. danger to life of vulnerable adults;- Increasing complexity and volume of information increasing costs of storage etc.		<ul style="list-style-type: none">* Central monitoring & issuing of guidance and communications exists for data protection compliance (DP) (since 2003), along with nominated senior officer responsibility, Access to Information Network with departmental reps (Deputy Town Clerk)* DP awareness written into corporate employee policies as a requirement (Director of HR)* DP: Employee Data Protection Policy requirement to complete the corporate DPA e-learning course (Director of HR)* DP: Rolling program of tailored DPA training presentations for all staff and Members (Information Officer)* DP: Record of all presentation attendees and e-learning sign-offs kept for audit purposes (Information Officer)* DP: Awareness emails sent biannually to all staff (Information Officer)* DP: Other awareness raising tools used when highlighting key issues (Information Officer)* DP: Some monitoring of data processor contracts to ensure DPA compliance (Chief Officers of All Departments where Data Processors Operate)* IS : IT security policy refresh and increased awareness/training in Information Security planned for Autumn 2014 to coincide with launch of Learning Portal in Learning and Development Week . (Chief Information Officer)	
Summary		Target Risk	G
<ul style="list-style-type: none">* The risk owner for CR16 is the Chamberlain. However, every Department has a responsibility for the personal information it processes, and therefore all Chief Officers must assume responsibility to ensure compliance with Information Governance and 'good practice' in relation to handling information. Good work is underway to mitigate DP risks, increase in education, training, communication and staff engagement in data security training.* Personal information, in whatever format it is held, should be kept secure at all times. Appropriate polices, procedures and tools should be in place, regarding the management of personal information, including share, transfer, disclosure, transportation and destruction of information in line with relevant policies and guidance.* Compliance audits undertaken by Town Clerk's Information Officers are underway across the organisation to monitor DP adherence and suggest improvements.* There are e-learning training courses for DP, Information Security and Handling Information Level 1,2,3. The latter courses will be replaced by new Civil Service courses renamed 'Responsible for Information'. Completion rates will be trackable by Information Officer and IS with launch of Learning Portal in October 2014.		Likelihood	Impact
		Unlikely	Serious
		Date to Achieve Target Risk	N/A - Current Risk Accepted

Risk Supporting Statement: CR17

Risk Owner: Director of Community and Children Services

Risk	Failure of the City of London's statutory obligation to safeguard adults at risk and children Links to: Strategic Aim SR2 and Key Policy Priority KPP2	Current Risk	A
		Likelihood	Impact
		Rare	Extreme
Detail	The risk could lead to harm to our service users and severely damage the City of London's reputation, including the possible investigation and lack of public confidence in the services provided. Although primarily this risk sits with the Community and Children's Services department there will be close working arrangements with departments such as Culture, Heritage and Libraries and Open Spaces who also provide services for children and adults at risk.		
Issues * Weaknesses have been identified embedding safeguarding across the City of London and within schools located within the City.		Controls * In accordance with the new Corporate Safeguarding Policy, approved in April 2014, Departmental Safeguarding Champions have been appointed in the following departments - Town Clerks, City Bridge trust, Culture heritage and Libraries, Open Spaces, Markets and Consumer Protection and Built Environment. Training has taken place and quarterly review meetings have been scheduled. (Service Managers for Children and Adult Services) * A raising awareness campaign for staff called "notice the signs" was launched in June with posters, leaflets, badges, screen savers. An impact analysis will be carried out in December 2014 to assess the success of the campaign and to identify if further actions need to be implemented. This campaign will cease in Mid October when a raising awareness campaign for residents will be launched in mid October 2014 (Strategic Communications Manager) . * Partnership arrangements in place with Health, Housing, City of London Police and Voluntary sector to monitor reports of harm. (Service Managers for Children and Adult Services) * Term based reviews with the Guildhall School of Music and Drama and City Schools. (Assistant Director - People Division) * A further review of safeguarding arrangements in City schools was undertaken during the summer and the results are due to be published shortly. (Assistant Director - People Division)	
Summary Work is ongoing to embed safeguarding issues within the City of London and Schools located in the City. This will be supported by the Corporate Safeguarding Policy and the implementation of the associated training and communication plans. The annual safeguarding report is currently being drafted, this will be presented to the Children's Executive Board, the Health and Wellbeing Board and the Member led Safeguarding Sub-Committee before December 2014.		Target Risk	A
		Likelihood	Impact
		Rare	Extreme
		Date to Achieve Target Risk	N/A - Current Risk Accepted

Risk Supporting Statement: CR18

Risk Owner: Director of Human Resources

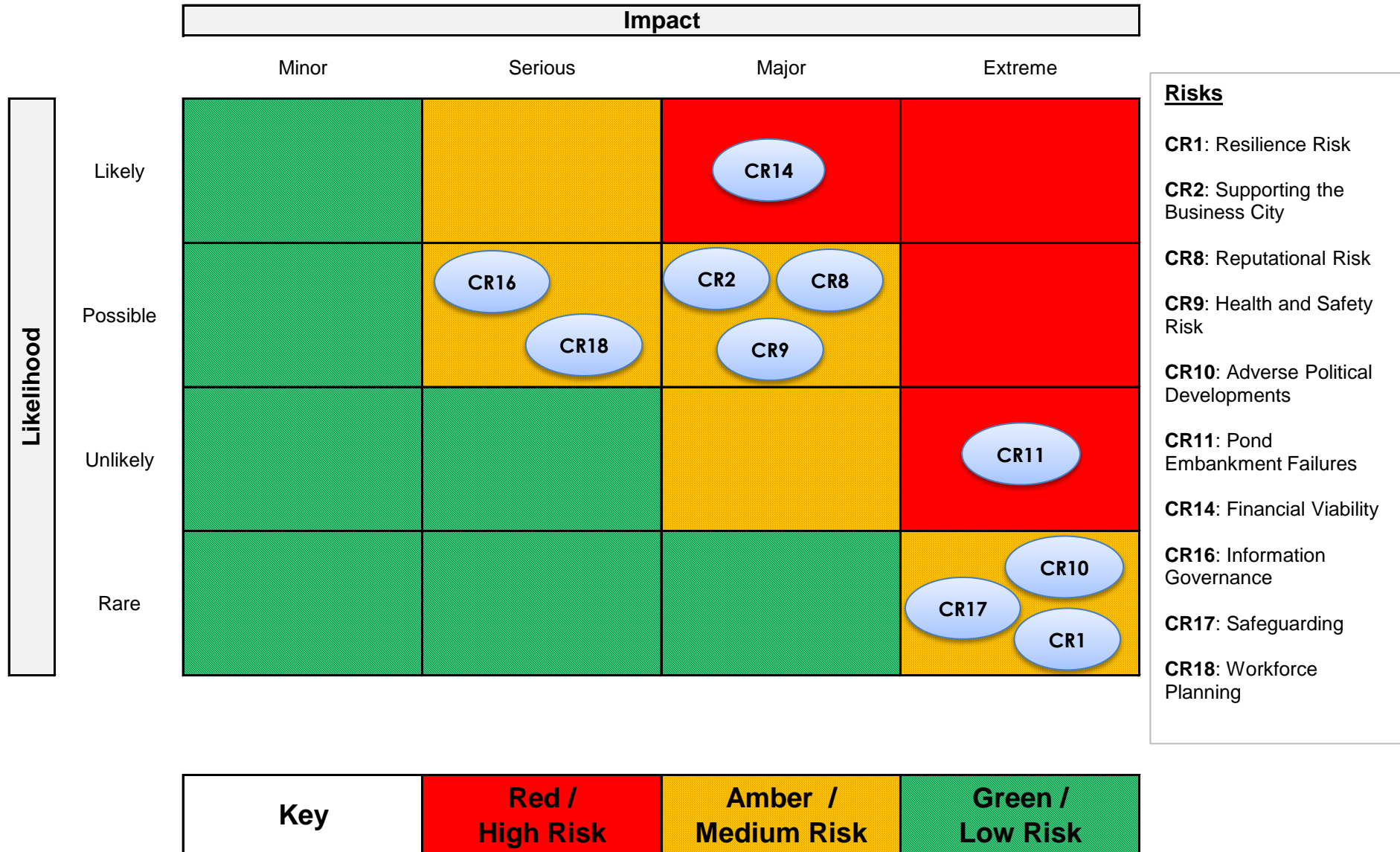
Risk	Loss of capacity due to changes in the working environment, reducing the ability to achieve our strategic aims and objectives Links to: All Strategic aims and key policy priorities.	Current Risk	A
		Likelihood	Impact
		Possible	Serious

Detail	<p>The fact that we have been less affected by the economic downturn than most and have largely protected our employees through this time, actually increases the risk for the next 3 years. Other organisations are starting to slowly recover and the market value of specialist skills is beginning to increase (we see that now with IS), this is at a time we are doing service reviews and taking large amounts out of the budget this has the potential to increase turnover of our most marketable staff. We can no longer predict turnover on the basis of age so the risk of losing skills and experience and corporate knowledge without adequate time to prepare is greater than before. In addition we operate in so many different markets for jobs it is not just the value of the posts in the markets which affect our ability to attract and retain staff. Technology and ways of working is affecting all 'professions', being 'leading edge' and having the jobs most sought after in different fields is also dependant on being at the forefront of the industry. If we fall behind in that we will have to recruit from different levels in the market.</p>
---------------	--

Issues	Controls
<ul style="list-style-type: none"> * Removal of Default retirement age * New Pension regulations * Moving of Statutory Pension Age * Key staff leaving the organisation as job market improves * Working environment lacks application of latest technology and is unattractive to retain and attract new staff 	<ul style="list-style-type: none"> * The HR Business Plan for 2014/17 includes development of succession planning and a revised sourcing strategy which is intended maintain our position in our critical markets as the employer of choice. (Head of Corporate HR and Business Services) * The Business Plan also includes a regular pay survey to better inform the market rates which in turn informs our sourcing strategy for key posts and improves our response and conversion rates. (Head of Corporate HR and Business Services) * That the revised PDF scheme addresses these issues specifically and is better aligned to developing staff for the future needs of the business and that staff are asked to indicate their medium term plans if known. (Head of Corporate HR and Business Services)

Summary The risk remains at Amber but the likelihood is expected to reduce by the controls.	Target Risk	A
	Likelihood	Impact
	Possible	Serious
	Date to Achieve Target Risk	N/A - Current Risk Accepted

Corporate Risk Profile



Guidance Notes

Risk Register Headings	Description
Risk No.	Unique reference for the risk.
Risk Details	Description of the risk.
Risk Owner	Officer responsible for the overall management of specific risks
Control Owner	Officer responsible for coordinating the activity to control the risk
Existing Controls	Controls in place to mitigate the risk.
Current Risk	The assessed level of risk taking in to account the existing controls.
Target Risk	The level at which the risk will be deemed as acceptable.
Risk Status	Overall status of Red, Amber or Green calculated in accordance with the assessment of Likelihood and Impact, having applied the risk assessment matrix.
Direction	An indicator to highlight the change in Current Risk since last reported
Planned Action	Details of further action required to mitigate the risk to an acceptable level.

Ratings	Risk Status
R	High risk, requiring regular monitoring and deployment of robust control measures.
A	Medium risk, requiring at least quarterly monitoring, further mitigation should be considered.
G	Low risk, less frequent monitoring, consideration may be given to applying less stringent control measures for efficiency gains.

Guidance Notes

Likelihood Scores	Brief Description
1 Rare	Robust mitigating controls in place, the risk may occur only in exceptional circumstances, (e.g. not likely to occur within a 10 year period or no more than once across the current portfolio of projects).
2 Unlikely	Adequate mitigating controls in place, the risk may occur in remote circumstances (e.g. risk may occur once within a 7-10 year period or once across a range of similar projects).
3 Possible	Reasonable mitigating controls in place, but may still require improvement. External factors may result in an inability to influence likelihood of occurrence (e.g. risk event could occur at least once over a 4-6 year period or several times across the current portfolio of projects).
4 Likely	Mitigating controls are inadequate to prevent risk from occurring, the risk may have occurred in the past (e.g. risk event could occur at least once over a 2-3 year period or several times across a range of similar projects).

Impact Scores	Brief Description
1 Minor	Isolated service user/stakeholder complaints, Minor incident or failure to achieve team plan objectives
2 Serious	Adverse local media coverage/multiple service user/stakeholder complaints, Significant injury or failure to achieve service plan objectives
4 Major	Adverse national media coverage 1-3 days, Major injury or failure to achieve strategic plan objective
8 Extreme	National publicity more than 3 days, Fatality or life threatening illness / disease, failure to achieve a major corporate objective

	Rare	Unlikely	Possible	Likely
	1	2	3	4
Criteria	Less than 10%	10 – 40%	40 – 75%	More than 75%
Probability	Has happened rarely/never before	Unlikely to occur	Fairly likely to occur	More likely to occur than not
Time period	Unlikely to occur in a 10 year period	Likely to occur within a 10 year period	Likely to occur once within a one year period	Likely to occur once within three months
Numerical	Less than one chance in a hundred thousand (<10 ⁻⁵)	Less than one chance in ten thousand (<10 ⁻⁴)	Less than one chance in a thousand (<10 ⁻³)	Less than one chance in a hundred (<10 ⁻²)

	Minor	Serious	Major	Extreme
	1	2	4	8
Service Delivery / Performance	Minor impact on service, typically up to 1 Day	Service Disruption 2-5 Days	Service Disruption > 1 week to 4 weeks	Service Disruption > 4 weeks
Financial	Financial loss up to 5% of Budget	Financial loss up to 10% of Budget	Financial loss up to 20% of Budget	Financial loss up to 35% of Budget
Reputation	Isolated service user/stakeholder complaints contained within business	Adverse local media coverage/multiple service user/stakeholder	Adverse national media coverage 1-3 days	National publicity more than 3 days. Possible resignation of leading Member or
Legal / Statutory	Litigation claim or fine less than £5,000	Litigation claim or fine between £5,000 and £50,000	Litigation claim or fine between £50,000 and £500,000	Multiple civil or criminal suits. Litigation claim or fine in excess of £500,000
Safety / Health	Minor incident including injury to one or more individuals	Significant Injury or illness causing short term disability to one or more person	Major injury or illness/disease causing long term disability to one or more person	Fatality or life threatening illness / disease (e.g. Mesothelioma) to one or more

Objectives	Failure to achieve Team plan objectives	Failure to achieve one or more service plan objective	Failure to achieve a Strategic plan objective	Failure to achieve a major corporate objective
------------	---	--	---	--

This page is intentionally left blank

Data Protection Act breaches

There have been two breaches of the Data Protection Act (DPA) involving personal information since those reported to the Audit and Risk Management Committee in September 2014.

Both breaches were reported to the Information Officer in the Town Clerk's Department and neither was considered to be of a nature that it should be reported to the Information Commissioner.

1. Chamberlain's Department – Financial Services Division: 20/8/14

An employee within another Department sent an email to the inbox of Chamberlain's FOI generic email address requesting a P60. The employee had included in the email their home address and a pay remittance advice showing the total pay for June 2014. An employee in the Financial Services Division forwarded this email to the generic (shared) email address for the Chamberlain's Business Support Division resulting in more employees gaining access to this information than was necessary.

Action: Once it was reported by one of the recipients of the email, the Information Officer in the Town Clerk's Department arranged for the following action: staff involved were reminded to be vigilant with regards to the forwarding of personal information, especially to generic or shared email addresses. Those who should not have received the email were required to delete it and all those who were involved or affected by this breach were reminded of DPA requirements, and appropriate DPA training was assessed for the staff responsible. It was noted that the email in question remained in-house at all times.

Due to the circumstances of this incident, and the swift recovery actions, it was felt unnecessary to advise the employee whose personal information was the subject of this breach.

2. Town Clerk's Department: 20/8/14

An email, containing personal information, including accusations concerning home life, about a City Corporation employee, was submitted to the City Corporation, via the Contact Centre, from an external source. The email was subsequently mishandled by the Contact Centre and forwarded to an external email address belonging to a separate public body. The recipient at that external email address handled the email in a professional manner and immediately alerted the City Corporation as to the error with this email. They also confirmed that the email had been deleted.

Action: Once aware of the incident, the Contact Centre informed the Information Officer in the Town Clerk's Department. The matter was then investigated, and the performance of those involved in the incident was reviewed. It was also required that the Contact Centre review its induction and training procedures and material to include a greater emphasis on data protection. Further data protection specific training will be provided to all staff in the Contact Centre, with a programme of regular refresher training.

Given the nature of the information involved in this incident, together with the swift

actions of the external recipient, it was recommended that the individual who was the subject of the email should not be advised about this incident.

Information Security training update

Introduction

The City Corporation has a number of training courses that relate to aspects of Corporate Risk CR16 – Information Security. These seek to:

- raise awareness of the importance of protecting City Corporation information assets;
- draw attention to our policies and procedures;
- explain officers' responsibilities; and
- outline the security measures we have in place.

Training provided

Training in "Protecting Information" has been run at three levels since 2011, to give a broad understanding and awareness of the importance of protecting information. This is provided as e-learning. The Level 1 course applies to all employees, although Chief Officers' discretion has been available to exempt non-IT users. Between 2011 and mid-November 2014, 1,337 employees completed this course. The Level 2 course applies to line managers. As well as being responsible for their own data and actions, line managers need to ensure that their direct reports are properly trained and handle data correctly. Between 2011 and mid-November 2014, 425 employees completed this course. The Level 3 course is aimed at Information Asset Owners, who are responsible for all data in a specific system, or department. Between 2011 and mid-November 2014, 70 employees completed this course.

Separate, more in-depth training is provided in respect of the Data Protection Act, in recognition of the financial consequences arising from a serious breach of the Act. Three types of training are provided:

- i. Data Protection Act e-learning package, introduced in 2005. All staff are required to complete this, in accordance with the employee Data Protection Policy. As at mid-November, 1,376 staff have completed the course.
- ii. Data Protection presentations. These are two-hour, classroom-based presentations, which commenced in autumn 2011. Staff are trained department-by-department, with the order determined by a risk assessment (based on the information they process, notified breaches at the City, and breaches reported nationally). Within each department, all staff are invited to attend. As at mid-November, 721 staff have attended. A waiting list is maintained by Corporate HR, and as the number on the list decreases, further departments are added to the schedule.
- iii. Specialist training is provided as required. Examples include training for City Police staff handling licensing hearing papers, following a recent breach; and training for Committee and member Services staff, resulting in specific Data Protection guidance being drafted for the updated Guidance for Committee Report Writing.

Note: Figures for e-learning course completion do not exclude staff who have left the organisation, and for the Data Protection Act course, may include staff who have completed the training more than once.

Recent changes

From mid-November, the “Protecting Information” courses noted above were replaced by a suite of e-learning courses entitled “Responsible for Information”, provided by the Civil Service. There are four courses, covering:

- General users – for all staff with access to electronic or paper data, and/or who process (i.e. create, update or transfer) data in any form;
- Information managers (“Information Asset Owners”) – for staff who are responsible for the flow, storage, retention, or system management of information in their team or department (e.g. business or officer managers);
- The Senior Information Risk Owner
- Non-executive Directors and Boards – which will be available to Members through Core Zone.

Staff will select the course appropriate to their circumstances.

The Data Protection training remains as noted above, however in an effort to increase the rate of throughput for the Data Protection presentations, the numbers invited to each presentation have been increased.

Measuring Effectiveness

The expected benefits of the training programme are:

- Improved data protection and security awareness with the City Corporation;
- Reduced risk of the loss of personal and sensitive data; and
- Increase in the public perception of secure and responsible management of data.

The effectiveness of training is not directly assessed, however:

- The Data Protection e-learning package contains a test which must be satisfactorily completed before the training is recorded as completed;
- Data Protection compliance is checked through a recently-instituted system of compliance checks, carried out by the AIN (Access to Information Network) contacts in each department, and
- From September 2014, the standard Learning and Development evaluation form was introduced for staff attending the Data Protection presentations.

The number of breaches reported is not necessarily a good indicator of the effectiveness of training, as reported incidents may increase as awareness levels increase.

Next Steps

In January 2015, the City Corporation is switching to a new on-line learning management system (‘City Learning’). This will be fully integrated with the ‘City People’ HR system, and produce accurate management information. This will enable the setting of targets for completion rates, regular tracking of compliance, and accurate reporting to Chief Officers and Members.

Allied with this, there will be a concerted campaign to ensure that all current staff complete the course(s) appropriate to their role, and that new starters complete the courses as part of their induction process.

This page is intentionally left blank

Corporate Risk 18 – Workforce Planning

Since the last meeting of the Audit and Risk Management Committee, the flexible retirement of a chief officer has been agreed. There is no additional cost to the organisation of the retirement, for example no enhancement of pension. The Chief Officer in this case will provide a handover period to his successor and will deliver a significant project for the City of London Corporation at less cost than consultancy.

In general flexible retirements will be agreed where they similarly benefit the organisation and are at no cost to the organisation. There may be exceptional circumstances where there is some small cost, which generates greater savings where it would be appropriate to agree a flexible retirement.

Part of our HR strategy is to recruit to vacant posts faster whilst retaining the quality of the recruitment. This involves reengineering process. November 17th saw the first part of this strategy with the launch of the new recruitment self-service modules. This should shorten process times and reduce cost of recruitment.

In September we also had our IIP inspection, and I am pleased to say not only have we retained IIP where many other organisations have not, we have been successful in achieving a greater number of indicators. We are aiming for the Gold award within the next 2 years. Much of the assessment has been about workforce development and the assessors were impressed with our workforce planning, but we recognise it is not necessarily of the same quality across the whole organisation.

Also in September we achieve 'Achievement' in the Workplace Well Being Charter, and indication of our commitment to the health of our staff and addressing lifestyle issues. We are aiming for Excellence (the highest level) in the next 12 months.

The IIP assessment and Workplace Well Being Charters are important in being an organisation which is attractive to work for. Added to this we are also pleased to report the success of City Learning Live week which explored the issue of diversity and inclusion for performance.

This page is intentionally left blank

Committee: Audit and Risk Management Committee	Date: 8 th December 2014
Subject: Terms of Reference and Frequency of Meetings of the Audit and Risk Management Meeting	Public
Report of: Town Clerk	For Decision
<p style="text-align: center;"><u>Summary</u></p> <ol style="list-style-type: none"> 1. As part of the post-implementation review of the changes made to the governance arrangements in 2011 it was agreed that all Committees/Boards should review their terms of reference annually. This will enable any proposed changes to be considered in time for the reappointment of Committees by the Court of Common Council. 2. The terms of reference of the Audit and Risk Management Committee are attached as an appendix to this report for your consideration. <p><u>Recommendations</u></p> <ol style="list-style-type: none"> 3. That, subject to any comments, the terms of reference of the Audit and Risk Management Committee be approved for submission to the Court, as set out in the appendix. <p>The Committee are also asked to consider the frequency of their meetings going forward.</p>	

Contact:

Julie Mayer

Telephone: 020 7332 1410

Email: julie.mayer@cityoflondon.gov.uk

This page is intentionally left blank

WOOLF, Mayor

RESOLVED: That the Court of Common Council holden in the Guildhall of the City of London on Thursday 1st May 2014, doth hereby appoint the following Committee until the first meeting of the Court in April, 2015.

AUDIT & RISK MANAGEMENT COMMITTEE

1. **Constitution**

A Non-Ward Committee consisting of,

- nine Members elected by the Court of Common Council* at least one of whom shall have fewer than five years' service on the Court at the time of their appointment
- three external representatives (ie. non-Members of the Court of Common Council with no voting rights)
- the Chairman and Deputy Chairman of the Finance Committee (ex-officio with no voting rights)
- a representative of the Policy & Resources Committee (ex-officio with no voting rights)

*The Chairmen of the Policy and Resources, Finance and Investment Committees are not eligible for election to this Committee and the Deputy Chairman of the Audit & Risk Management Committee for the time being may not be a Chairman of another Committee.

2. **Quorum**

The quorum consists of five Members ie. at least three Members elected by the Court of Common Council and at least one external representative.

3. **Membership 2014/15**

- 2 (2) Charles Edward Beck Bowman, Alderman, *for two years*
- 2 (2) Jamie Ingham Clark, *for two years*
- 2 (2) Timothy Russell Halles, Alderman, *for three years*
- 4 (3) Nigel Kenneth Challis
- 4 (3) Oliver Arthur Wynlayne Lodge, T.D, B.Sc.
- 4 (2) Nicholas John Anstee, Alderman
- 1 (1) Graeme Martyn Smith, *for three years*
- 4 (1) The Revd. Dr. Martin Dudley
- 4 (1) Ian David Luder, B.Sc.(Econ.), Alderman

together with three external representatives:-

Hilary Daniels (*appointed for a four year term expiring in March 2016*)
Kenneth Ludlum (*appointed for a three year term to expire in March 2017*)
Caroline Mawhood (*appointed for a four year term expiring in March 2018*)

and together with the Members referred to in paragraph 1.

4. **Terms of Reference**

Audit

- (a) To consider and approve the annual internal and external audit plans.
- (b) To commission and to receive reports from the Chief Internal Auditor on the extent that the City of London Corporation can rely on its system of internal control and to provide reasonable assurance that the City of London Corporation's objectives will be achieved efficiently.
- (c) To meet with the external auditors prior to the presentation of the Accounts to the Court, consider the audited annual accounts of the City Fund and the various non-local authority funds, to receive and consider the formal reports, letters and recommendations of the City of London Corporation's external auditors and to make recommendations relating to the approval of the accounts (to the Finance Committee).
- (d) To meet with the external auditors of the City's various funds at least once in each calendar year prior to the presentation of the financial statements to the Court.
- (e) To report back as necessary to the Court of Common Council.
- (f) To appoint an Independent Audit Panel to make recommendations on the appointment of external auditors to the Court of Common Council.

Risk Management

- (a) To monitor and oversee the City of London Corporation's risk management strategy, anti-fraud and anti-corruption arrangements; and to be satisfied that the authority's assurance framework properly reflect the risk environment.

- (b) To consider all audit or external inspection reports relating to any department at the City of London Corporation and seek assurance that action has been taken where necessary.
- (c) To receive an annual report from the Chamberlain reviewing the effectiveness of the City of London's risk management strategy.
- (d) To consider and report back to the Court on any risks related to all governance issues.

Borradell

Audit and Risk Management Work Programme 2015 *(Updates are shown in italics)*

Date	Items
24 February	<ul style="list-style-type: none"> • Fraud Awareness Training Update • Pro-active anti-fraud plan 2015/16 • Risk Management Update • Annual Governance Statement – methodology • 2015/16 Internal audit plan • <i>Deloitte's annual audit plan for City Fund Financial Statements including agreement of the audit fee</i> • <i>Deloitte's annual audit plan for the Pension Fund Financial Statements including agreement of the audit fee</i> <i>(Members to meet in private session with Deloitte)</i> <p><i>Risk Management Challenge Sessions</i></p> <ul style="list-style-type: none"> • <i>Town Clerks</i> • <i>Markets and Consumer Protection</i>
28 April	<ul style="list-style-type: none"> - Internal Audit Progress Report - Internal Audit recommendations follow-up report - Investigation Update report <p><i>Risk Management Challenge Sessions</i></p> <ul style="list-style-type: none"> • <i>Open Spaces (including Revised Risk CR11: Pond Failures)</i> • <i>Built Environment</i>
2 June	<ul style="list-style-type: none"> • Internal Audit Progress Report • Internal audit recommendations follow-up report • Anti-Fraud & Investigation Update report • Risk Management Update • Head of Internal Audit Opinion and Annual report • HMIC Police Inspections Summary report • Annual Governance Statement – 2014/15 • Private Member meeting with Head of Internal Audit

	<p><i>Risk Management Challenge sessions</i></p> <ul style="list-style-type: none"> • <i>Community & Children Services (including update on CR17: Safeguarding)</i> • <i>City Surveyors</i>
20 July	<ul style="list-style-type: none"> • Audited 2014/15 City Fund and Pension Fund Financial Statements together with Deloitte's report thereon • Audited 2014/15 Bridge House Estates and Sundry Trusts Financial Statements together with Deloitte's report thereon • Audited 2014/15 City's Cash and City's Cash Trust Funds Financial Statements together with Moore Stephens report thereon
17 September	<ul style="list-style-type: none"> • Internal Audit Progress Report • Internal audit recommendations follow-up report • Investigations Update report • Risk Management Update <p><i>Risk Management Challenge Sessions:</i></p> <ul style="list-style-type: none"> • <i>Culture, Heritage & Libraries</i> • <i>Comptroller & City Solicitor</i>
3 November	<ul style="list-style-type: none"> • Deloitte's Annual Audit Letter on the City Fund and Pension Fund Financial Statements • Moore Stephens - annual audit plan for the Non Local Authority Funds including agreement of the audit fee • Internal Audit Planning 2016/17 <p><i>Risk management Challenge Sessions:</i></p> <p><i>City of London Boys School</i></p> <p><i>City of London Girls School</i></p> <p><i>City of London Freemans School</i></p>
December	<ul style="list-style-type: none"> • Internal Audit Progress Report • Internal audit recommendations follow-up report • Investigations Update report • Risk Management Update <p><i>Risk Management Challenge Sessions</i></p> <ul style="list-style-type: none"> • <i>Mansion House</i>

- | | |
|--|--|
| | <ul style="list-style-type: none">• <i>Chamberlain's Department</i> |
|--|--|

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank