



Audit and Risk Management Committee

Date: TUESDAY, 13 SEPTEMBER 2016
Time: 2.00 pm
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Part 1 - Public Agenda

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1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES OF THE PREVIOUS MEETING**
For Decision
(Pages 1 - 6)
4. **OUTSTANDING ACTIONS OF THE COMMITTEE**
For Information
(Pages 7 - 8)
5. **COMMITTEE WORK PROGRAMME**
For Information
(Pages 9 - 10)
6. **ANTI FRAUD AND INVESTIGATIONS UPDATE**
For Information
(Pages 11 - 18)
7. **INTERNAL AUDIT UPDATE**
For Information
(Pages 19 - 28)
8. **RISK UPDATE**
For Information

(Pages 29 - 66)

9. **DEEP DIVE: CR01 RESILIENCE RISK - EVENT OR SITUATION RELATED TO TERRORISM OR OTHER SERIOUS EVENT/MAJOR INCIDENT**

For Information
(Pages 67 - 114)

10. **DEEP DIVE RISK REVIEW - CR19 - IT SERVICE PROVISION**

For Information
(Pages 115 - 120)

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

12. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

(Pages 121 - 176)

Item received too late for circulation in conjunction with the Agenda.

John Barradell
Town Clerk and Chief Executive

AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 18 July 2016

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall on Monday, 18 July 2016 at 10.30 am

Present

Members:

Nigel Challis (Deputy Chairman)
Deputy Roger Chadwick (Ex-Officio Member)
Henry Colthurst
Hilary Daniels (External Member)
Revd Dr Martin Dudley
Alderman Peter Estlin
Deputy Jamie Ingham Clark
Kenneth Ludlam (External Member)
Caroline Mawhood (External Member)
Hugh Morris (Ex-Officio Member)

In Attendance

Officers:

Julie Mayer	- Town Clerk's Department
Peter Kane	- Chamberlain
Caroline Al-Beyerty	- Chamberlain's Department
Leigh Lloyd-Thomas	- External Auditor, BDO
Margaret Jackson	- Culture, Heritage and Libraries Department
Steve Telling	- Chamberlain's Department
David Pearson	- Director of Culture, Heritage and Libraries

At 11 am, the Committee observed 1 minute silence to remember those who lost their lives in the Niece Terrorist Attack on Bastille Day.

1. APOLOGIES

Apologies were received from Alderman Anstee and Jeremy Mayhew.

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

The minutes of the meeting held on 14th June were approved.

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

The Committee received its outstanding actions list and noted the following updates since the last meeting:

- Members noted that a Deep Dive Risk Review for the Boys School had been scheduled for February 2017. The School suggested that, in delaying until February, rather than September 2016, they would be able to produce a more meaningful report. Furthermore, the beginning of September is always a very busy time for the school.
- In respect of the new Multi Academy Trust (MAT), the Deputy Chairman of the Education Board was in attendance and suggested that this area might warrant its own 'Deep Dive' Risk Review, given the pace of expansion of MATs. Members agreed with this suggestion.
- It was also suggested that, following the Brexit vote, 'Adverse Political Developments' also warranted a Deep Dive Review. The Chamberlain suggested that, given the current level of uncertainty, this might be best scheduled in the autumn.
- In respect of the External Benchmarking Review, the Chamberlain advised that, following receipt of emails from Members of the Committee, he had negotiated an additional 5 days work and would allocate time with Members of the Committee, which had not been part of the original Terms of Reference. The Chamberlain advised that he had commissioned the review in order to carry out a quality assurance check and not in response to any issues. Members would receive an outcome report in the autumn.
- In respect of the Annual Governance Statement, Members noted that this would be removed from the Outstanding Actions List once the Annual Accounts had been signed off.

5. **COMMITTEE WORK PROGRAMME**

The Committee received its work programme, up to February 2017. It was suggested that the Committee Effectiveness Review could be scheduled less frequently. Given that the majority of the work had been done, the Chamberlain suggested that it should go ahead this time and the Town Clerk agreed to check whether there was any guidance on frequency and good practice.

6. **CULTURE, HERITAGE AND LIBRARIES DEPARTMENTAL RISK REPORT 2016-17**

The Committee received a report of the Director of Culture, Heritage and Libraries in respect of the Departmental Risk Register. Members noted that, following a recent Risk Challenge Session, the Director and his Senior Management Team had worked with the Chamberlain to produce a new, more strategic register. Members noted that the new register had been presented to the Culture, Heritage and Libraries Committee on 11 July and Members had been very pleased with the revisions. The new register would be monitored

and shared regularly with the Culture, Heritage and Libraries and Audit and Risk Management Committees, as appropriate.

In response to Members' questions, the following points were raised/noted:

An external Member queried whether the 'Working Partnerships' Green rating was appropriate and whether it tested the impact of any future deterioration in relationships. The Director advised that, whilst this was part of the Department's on-going challenges, there was an expectation on managers to show professional awareness and be pro-active in recognising opportunities. The Member also suggested that it might be helpful to indicate which partnerships might pose the highest risks and the Director agreed to develop the narrative further.

In respect of the heightened terrorist risk, the Director advised that he worked closely with the Police and sought their advice on security measures. Members noted that Rapiscan and CCTV were installed at Tower Bridge but not at the Monument, which would be operationally difficult. The Director also advised that he had been working with the Assistant Town Clerk on a whole scale security review across the Guildhall. Members suggested that it might be timely for the Audit and Risk Management Committee to receive a Deep Dive Report on the threat of a terrorist attack from Town Clerk's Department.

In response to a comment that Risks 1 and 8 were very similar (i.e. Effect of Terrorism on Tower Bridge and the Monument and Major Events/ Incidents which affect London); the Director explained that there had been some debate in recent years as to the grading of terrorist related risks and they were likely to be amber if very stringent mitigations were place. Members also noted that Risk 1 focussed on an attack at Tower Bridge and the resulting impact on transport, tourism and income to the City Bridge Trust; whereas Risk 8 covered a more general risk on the impact of falling numbers of tourists to the City after major incidents e.g. terrorism, adverse weather etc., which required a high level of awareness but might be difficult to mitigate. The Director felt that the distinction between the two risks enabled greater focus on the different aspects within each and Members agreed that, at this stage, they should not be joined.

Members noted IT performance generally across the City of London Corporation and its potential impact on the public facing aspects of the Culture, Heritage and Libraries Committee. The Director advised that this had also been discussed at the Culture, Heritage and Libraries Committee last week and was being monitored with the Chairman of the Culture Heritage and Libraries Committee and the IT Sub Committee. The Director agreed to review the score of the risk covering a loss of IT systems.

In concluding, the Chairman and Members thanked the Director for a good, strategic risk report and register, evidenced by the quality of debate and focus which it had prompted.

RESOLVED, that - the contents of the report and the actions identified to monitor and effectively manage risks arising from operations in the Culture, Heritage and Libraries Department be noted.

7. 2015/16 CITY FUND AND PENSION FUND FINANCIAL STATEMENTS - TOGETHER WITH BDO'S REPORT THEREON.

The Committee considered a report of the Chamberlain in respect of the 2015/16 City Fund and Pension Fund Financial Statements, together with BDO's report thereon.

Members noted that two briefing sessions had taken place (for all Members of the Court of Common Council - on 6th and 7th July 2016) and notes from those sessions had been circulated to Members of the Audit and Risk Management Committee and Finance Committee, ahead of their meetings this week. This was the first year for BDO acting as the City of London Corporation's External Auditors of the City Fund and Pension Fund Financial Statements and, subject to their outstanding work being concluded satisfactorily, they would be giving an unqualified opinion.

The Financial Services Director had advised Members (at the briefing sessions) about a pension's system/ledger system reconciliation discrepancy. This was being worked through and very nearly complete. Whilst minor, the Director would be augmenting resources in this area in the future to avoid any recurrence.

The External Auditor thanked the Chamberlain for the spirit of joint working, particularly as the Audit intensified over the past 5 weeks. The External Auditor took Members through their summary report as follows:

- Management Override of Controls – no bias had been detected.
- Revenue Recognition – a rent miscoding (isolated error) would be corrected in the final version of the statements.
- Lease Premiums – the Auditors were content with the position and Members were reminded that City's Cash had adopted very similar accountancy standards. Bernard Morgan House had been treated as an investment property as the City of London Corporation had retained the freehold (it was previously classified as 'held for sale'). The Auditor advised that they had only just received some Investment Property Valuations but the spread sheets, as at 31 March 2016, were as expected. Post Brexit, the rental income risks of £24-27m over the next 4 years were noted but this would not be noted in the accounts unless there was more certainty before the financial statements are signed by the auditors.
- Valuation of Housing Dwellings – the assumptions used by the values on rent yields were incorrect for some Barbican Estate Properties, which resulted in the values being £4.6m overstated on the Balance Sheet. This would also be corrected in the final version of the statements. The

Income and Expenditure Account would not be affected by this adjustment.

- Pension Liabilities – the Auditors were content with the assumptions and Members noted that the Treasury sets the discount rate to be used. The City of London Corporation should be more concerned with the triennial Actuarial Valuation, which is currently being undertaken, using 31 March 2016 as the base date.
- Use of Resources – the Auditors would continue to work with Her Majesty's Inspection of Constabulary on the City of London Police's provisional findings.
- Litigation – It was confirmed that as part of the annual closing of accounts process the Comptroller and City Solicitor provides confirmation of litigation that the City Corporation is involved with; the Financial Services Director advised that so far there was nothing significant that should be added by way of a note to the financial statements.
- Risk Management – There is a section on risk management in the narrative summary but also a section on the nature and extent of financial risks arising from financial instruments at disclosure note 20. It would be helpful if there was a link between the two.
- Investment Management Expenses – the Auditor explained that the FCA was encouraging disclosure of 'hidden' fees. This information was not requested from fund managers this year but the Financial Services Director would write to Fund Managers again in time for next year. The Auditor confirmed that this omission would not be classified as a disclosure deficiency.
- Accounting Policies – there had been no accrual for Fund Manager Fees in relation to private equity holdings and, whilst this was not material, requesting the information from the managers and accruing for the final months of the year should be considered in the future.
- National Fraud Initiative – final checks were being made into the timely processing of death certificates.
- Fair Value of Private Equity – a net reduction of £198,000 would be adjusted in the final version of the financial statements.

In concluding, Members thanked the Chamberlain and the Auditors for a fresh perspective on the accounts which had highlighted some different issues.

RESOLVED, that:

1. Having considered the contents of BDO's progress reports, the approval of the City Fund and Pension Fund Financial Statements, for the year ended 31 March 2016, be recommended to the Finance Committee.

2. Authority be delegated to the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee, for the approval of any material changes to the financial statements required before the signing of the audit opinion by BDO, which is expected to be by the end of August or early September 2016.

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

There were no questions.

9. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There were no items of urgent business.

The meeting ended at 11.40 am

Chairman

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

AUDIT AND RISK MANAGEMENT COMMITTEE - Outstanding Actions- August/September 2016 update

	Item	Action	Officer responsible	Progress updates/target
	1. Risk Management (added 3.11.15)	<ol style="list-style-type: none"> 1. A further risk challenge session be added covering Education more generally, with an invitation extended to the Chairman of the Education Board. 2. Multi Academy Trusts to be the subject of a 'Deep Dive' Review 3. 'Adverse Political Developments' to be the subject of a Deep Dive Review in the Autumn of 2016, once there was more certainty following the Brexit vote. 	P Dudley P Kane	1. As the next review of Community and Children's Services was due in May 2017, it would allow sufficient time for the new Multi Academy Trust (MAT) to embed.
Page 7	2. Risk update reports (added 14.6.16)	<ol style="list-style-type: none"> 1. Future reports to include more information about the City of London Corporation's risk appetite; i.e. how long it would be appropriate for a risk to remain as red. 2. Future reports to include the direction of travel and a 'heat map'. 	P Dudley	
	3. City of London Boys' School (Added 26.1.16)	Further to the discussion at the Risk Challenge Session on 26 th January, the school to be the subject of a future 'deep dive' risk review.	Paul Dudley	The Board of Governors of the Boys School has met since the Risk Challenge session. The Chairman of the Board of Governors attended the risk challenge session and continues to progress the actions.
	4. Head of Internal Audit's Annual Opinion Report (Added 14.6.16)	Members suggested that the Commissioner of the City of London Police be invited to the meeting of the Audit and Risk Management Committee on 13 th September 2016, when the Committee was due to receive the HMIC Inspection Report.	Peter Kane Neil Davies	

AUDIT AND RISK MANAGEMENT COMMITTEE - Outstanding Actions- August/September 2016 update

5.	External benchmarking exercise in respect of Risk Management (Added 14.6.16)	During the summer of 2016, the Chamberlain had commissioned an External benchmarking exercise in respect of Risk Management..	Paul Dudley Peter Kane	The Terms of Reference of the Review had been revised, following input from Members and Members would receive an outcome report in the Autumn
6.	Annual Governance Statement (Added 14.6.16)	To be removed once the Annual Statement of Accounts had been signed off.	Neil Davies	<ol style="list-style-type: none"> 1. Source document for para 26 checked: "very good" is a quote from the inspection report - deleted 'particularly'. 2. Agreed an amendment with last year's Head of Internal Audit regarding his opinion. Resulting, amended AGS has been approved by the Chairman.

Audit and Risk Management Work Programme 2016/17

Date	Items
8 November 2016	<p>Draft 2015/16 Non-Local Authority Financial Statements (City's Cash, Bridge House Estates, City's Cash Trust Funds, and the Sundry Trusts) together with Moore Stephens report thereon.</p> <p>Risk Update</p> <p><i>Results of Committee Effectiveness Survey</i></p> <p><i>HMIC Inspections</i></p> <p>Deep Dive Risk Review – CR02 – Loss of Business Support for the City</p> <p>Risk Challenge Sessions: Community and Children's and Town Clerk</p>
7 February 2017	<p>Risk Update</p> <p>Deep Dive Risk Review - City of London Boys School</p> <p>Deep Dive Risk Review: CR14 Funding Reduction and CR 10 Adverse Political developments</p> <p>Risk Challenge Sessions: Barbican Centre and Guildhall School of Music and Drama</p>

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Committee(s)	Dated:
Audit and Risk Management Committee	13/09/2016
Subject: Anti-Fraud & Investigations Up-date Report	Public
Report of: Chamberlain	For Information
Report author: Chris Keesing – Anti Fraud Manager	

Summary

This report provides Members with an update of our anti-fraud and investigation activity; it also provides an analysis of the cases investigated since the start of the 2016/17 reporting year.

The Anti-Fraud & Investigation team have recently prosecuted two social housing tenants, following contested trials at the Central Criminal Court, with one receiving a 15 month prison sentence, demonstrating our commitment to taking robust action against those that seek to abuse, for personal gain, social housing provided by the City Corporation.

The team recently investigated an identity fraud by several users at the Barbican library, which resulted in a significant loss of library stock. Following investigation a successful insurance claim for the value of £5,215 was made, which will be used to replace the dishonestly borrowed library stock.

The value of identified fraud from the 13 cases concluded in 2016/17 to date, amounts to £373,215, so far this reporting year.

A joint proactive exercise with the Home Office Immigration Enforcement Team has commenced, which seeks to identify social housing fraud and no recourse to public funds fraud.

The contract to manage a new London Counter Fraud Hub has been awarded to CIPFA, with a pilot exercise scheduled to commence this autumn. The City Corporation is currently considering the benefits of participation in the pilot.

The National Fraud Initiative (NFI) 2016/17 exercise, now managed by the Cabinet Office, is underway, with the City's participation being overseen by the Anti-Fraud Manager. A timetable has been communicated to departmental data-set owners, along with data specifications and fair processing guidance to ensure that the City is ready for data up-loads from 10 October 2016.

Recommendation(s)

- Members are asked to note the report

Main Report

Background

1. This report updates Members with the key issues arising from anti fraud and investigations work since the last report to Committee in March 2016.

Investigation Activity Summary

2. An analysis of the number of cases investigated during the current reporting year 2016/17 to date, compared with the previous reporting year has been included as Appendix 1 to this report showing all fraud types along with the value of frauds detected. The value of identified fraud from the 13 cases concluded in 2016/17 to date amounts to £373,215.

Social Housing Tenancy Fraud

3. Since our last report to this Committee, two contested social housing tenancy fraud prosecution cases have been heard at the Central Criminal Court, and are summarised below;
 - I. Jenis Ifill – a City of London social housing tenant since 2012 used counterfeit Home Office leave to remain documents to obtain social housing and housing benefit from the City of London. Ms Ifill was found guilty at the Central Criminal Court on 16 June 2016, following a ten day trial, of one charge of possessing a false identity document with improper intention, contrary to the Identity and Documents Act 2010, and four charges of dishonestly making a false representation to obtain council housing and housing benefits, contrary to the Fraud Act 2006. Ms Ifill was sentenced to fifteen months imprisonment for all charges, to run concurrently. A short report on the outcome of the case was published in the London Evening Standard on 20 June 2016, and also features in this September's quarterly housing newsletter, delivered to all City of London housing tenants. Civil action is currently underway to recover the tenancy.
 - II. Fatima Garba – a City of London social housing tenant for over ten years, dishonestly sub-let her social housing property for profit, Ms Garba was found guilty at the Central Criminal Court on 18 July 2016, following a three day trial, of four charges of dishonestly making a false representation on social housing tenancy forms, contrary to the Fraud Act 2006; Ms Garba will be sentenced in September. The tenancy has already been recovered and is now let to a family in greater need.
4. Social Housing Tenancy Fraud continues to be a key fraud risk area, and the Anti-Fraud & Investigation Team continues to provide investigative support across all aspects of Housing, from initial applications for assistance to the investigation of tenancy breaches and right to buy concerns. A summary of our work to date this financial year, in this area, is detailed in Appendix 2 to this report.

Corporate Anti-Fraud & Investigation Activity

5. Corporate investigations are defined as fraud, corruption or conduct cases which relate to employee fraud or conduct, or other third party fraud.

6. A recent investigation at the Barbican library, following a report of suspected dishonest non-return of library loans was undertaken by the team. Following a detailed investigation, it was found that several library members, all from the same or very similar addresses, had borrowed library items valued in excess of £5,000 that had not been returned. Enquiries with colleagues across London boroughs identified similar issues with library stock loaned to persons using the same names and addresses that had likewise not been returned. It was evident that counterfeit ID had most likely been furnished when the library membership applications were submitted, as attempts to trace these individuals were unsuccessful. Four recommendations were made to strengthen the controls surrounding library membership and recovery of losses, which have all since been implemented. Likewise a successful insurance claim was made for the value of £5,215.16, which will be used to replace the dishonestly borrowed library stock.

Whistleblowing

7. The City's whistleblowing policy identifies the Head of Audit & Risk Management as one of the main contacts for staff wishing to report a concern that they believe they cannot discuss with their line manager. The number of referrals to Internal Audit continues to be relatively low, however when a referral is received they are generally of high significance leading to further investigation. Since the start of the 2016/17 reporting year, two whistleblowing referrals (as defined in the policy) have been received, both of which are current subject to investigation by the Anti-Fraud team.

Fraud Awareness

8. The Anti-Fraud Manager delivered a fraud awareness presentation to colleagues across the Department for Communities and Children's Services, at their team away day on 7 July 2016. The interactive session was well received and highlighted the benefits of our continued, joined up approach, to tackling social housing tenancy fraud across the City's housing estates. It also provided an opportunity to launch a new team email account, which enables us to record and track new referrals and queries faster and more efficiently, whilst providing, in most cases, a quicker response – particularly where fraud concerns are existent.

Proactive anti-fraud activity

9. A data-matching solution, incorporating basic case management software, has been procured by the team. The data-matching solution seeks to identify social housing tenancies that have been obtained by deception or that are being unlawfully sub-let; and directly links to our programme of proactive anti-fraud activity, whilst the case management software allows us to test and consider the benefits of a longer term case management software package at the City.
10. As part of this proactive exercise, and as detailed in our Anti-Fraud & Investigation update report to this Committee in March 2016, our joint working initiative with the Home Office Immigration Enforcement Team, that seeks to

identify no recourse to public funds concerns across our housing estates, has now recently commenced. A meeting has been arranged with colleagues from the Home Office Immigration Enforcement Team later this month, in order to discuss the outcomes and consider next steps.

London Counter Fraud Hub

11. CIPFA have recently been awarded a contract to provide data analytics services to the London Counter Fraud Hub (LCFH). The LCFH is a partnership between all the London boroughs designed to facilitate better sharing of data, and identify instances of fraud and error, in areas including unpaid council tax, illegal property letting and unpaid business rates. The LCFH is set to launch a pilot scheme in the autumn this year, followed by full roll-out in 2017. The City Corporation is considering the benefits of participation in the LCFH, in consultation with CIPFA. Internal Audit will update this Committee with developments of the LCFH and the City's participation in future Anti-Fraud & Investigation up-date reports.

National Fraud Initiative (NFI)

12. Preparation for the NFI 2016/17 exercise is currently underway. The Anti-Fraud Manager is the Key Contact for the exercise for both the City of London Corporation, and the City of London Police. The NFI is a bi-annual data-matching exercise, now managed by the Cabinet Office, since the closure of the Audit Commission.
13. A timetable is in place for NFI activity, and departmental data contacts for the City of London and City of London Police have been notified of data requirements and fair processing notice responsibilities. Data-sets will be uploaded to the NFI secure site from 10 October 2016, with matches being released for review and investigation from 26 January 2017. Internal Audit will update this Committee with developments of the NFI 2016/17 exercise as part of future Anti-Fraud & Investigation up-date reports.

Conclusion

14. Internal Audit continues to deliver a professional anti-fraud and investigation service across the organisation, our two recent successful social housing tenancy fraud prosecutions at the Central Criminal Court, demonstrate our commitment to taking robust action against those that seek to abuse the services provided by the City Corporation. Reactive and proactive anti-fraud and investigation activities continue to identify fraud and error, whilst resultant investigations also identify areas for improvement in internal anti-fraud control environments.

Appendix 1: Analysis of cases investigated during the current reporting year Appendix 2: Housing Tenancy Fraud Caseload

Contact:

Chris Keesing, Anti-Fraud Manager

E: chris.keesing@cityoflondon.gov.uk

T: 020 7332 1278

Appendix 1 - Analysis of the number of cases investigated during the current reporting year 2016/17 to 17/08/2016.

1. The chart below provides a detailed analysis of the number of completed investigations, during the current reporting year 2016/17 to date, against the previous reporting year, showing all fraud and investigation types along with the value of investigated cases, including where these can be quantified, the value of corporate investigations.

Activity	Completed Investigations 2015/16	Investigation Value 2015/16 (£'s)		Completed Investigations 2016/17 to Date	Investigation Value (£'s) 2016/17 to Date
Social Housing Tenancy Fraud ²	15	270,000		5	90,000
Right to Buy ³	1	103,000		2	206,000
Housing Application Fraud ²	10	180,000		4	72,000
Disabled Parking	1	575		0	0
Corporate Investigations ⁴	4	216,907		2	5,215
Total	31	770,482		13	373,215

Notes:

¹ Previous year's data shows the position at year end, and is provided for comparative purposes.

² Successful possession gained and housing application fraud identified valued at £18,000 per property/application, in-line with nationally accepted values associated with social housing tenancy fraud.

³ Right to buy discount value currently £103,000.

⁴ Corporate Fraud Investigations include cases of fraud, corruption or conduct.

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Appendix 2 – Housing Tenancy Fraud Caseload as at 17/08/2016

Housing Tenancy Fraud Case Referrals	April 2016 to August 2016	April 2015 to March 2016
Housing tenancy fraud referrals received in current year	20	58
Right to buy referrals received in current year	27	10
Housing application referrals (Inc. NFI Appcheck) received in current year	52	43
Home purchase grant referrals received in current year	0	3
Cases carried forward from previous year (all disciplines)	44	14
Total	143	128
Cases/Referrals currently under investigation		
Cases/referrals currently under investigation	66	44
Cases/referrals closed with no further action	58	53
Cases with Comptroller & City Solicitor for prosecution	2	4
Cases with Comptroller & City Solicitor for civil recovery	4	1
Cases where possession order granted	0	0
Cases where successful possession gained ¹	5	15
Cases where successful prosecution action taken	2	0
Cases where fraudulent application identified	4	10
Right to buy fraud successfully identified	2	1
Total	143	128
Value where successful possession gained/ right to buy fraud identified ²		
	£368,000	£553,000
Notes:		
¹ 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.		
² 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. RTB discount value currently £103,000, per property.		

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Committee:	Date:
Audit and Risk Management Committee	13 September 2016
Subject: Internal Audit Update Report	Public
Report of: Head of Audit and Risk Management Report author: Pat Stothard – Head of Audit and Risk Management	For Information

Summary

This report provides an update on internal audit activity since the last Committee report made at the June 2016 meeting. It also sets out the overall 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. The opinion is that the overall internal control environment is adequate and effective although some areas require strengthening.

The outcomes of the internal audit work finalised since the last Committee are summarised in Appendix 1. Fifteen assurance reviews have been finalised since the last report to the Committee. There were two Red audits finalised in relation to City of London Police Fuel Cards and Chamberlain's Wi-Fi Security and Operations. Six audits resulted in Amber assurance opinions and seven in Green opinions. Both Amber and Green opinions represent adequate control environments.

As at 19 August 2016, 26.5% of the 2016-17 internal audit plan had been completed to draft report stage, together with a number of audits at work in progress and planning stage, against a profiled target of approximately 35% at the midway point of Quarter 2. The internal audit plan is on target to be completed by 31 March 2017.

The six monthly programme of follow up work is underway, with many recommendations followed up and draft status findings are being considered by Chief Officers and management teams to confirm progress.

Recommendation

- That this report is noted.

Main Report

Background

1. This report sets out internal audit activity since the last report to Committee and the opinion of the Head of Audit and Risk Management in relation to the adequacy and effectiveness of the control environment.

Current position

2. The outcomes of the internal audit work finalised since the last Committee have been reported to Members through our Members Briefings. A summary of the outcome of our audit work can be seen in **Appendix 1**. Fifteen assurance reviews have been finalised since the last report to the Committee. There were two Red audits finalised in relation to City of London Police Fuel Cards and Chamberlain's Wi-Fi Security and Operations. Six audits resulted in Amber assurance opinions and seven in Green opinions. Both Amber and Green opinions represent adequate control environments.
3. In addition to the assurance reports, a further audit has been completed on the Sir John Cass School – Financial Value Standard which has been completed with a satisfactory outcome.
4. The Red recommendation arising from the Fuel Cards audit related to a lack of monitoring in place for the fuel cards contract:

Recommendation: The responsibility for the monitoring of the AllStar fuel card contract in relation to the City of London against the performance indicators defined in the contract should be allocated to an appropriate member of staff. Regular contract monitoring reports should be prepared and provided to an agreed senior monitoring officer accordingly. Appropriate service credits (section 5, paragraphs 5.4 & 5.5 of the Call Off contract) should be applied where relevant.

Management accepted the recommendation and the CoLP Fleet Manager has confirmed that he is now monitoring the performance of the AllStar Ltd fuel card contract in relation to the CoLP.

5. The Red recommendation arising from the Wi-Fi audit related to patching and ongoing network support. Wireless access points and controllers that made up the wireless network were classified as 'end of life' and unpatched and were in the process of being replaced. The management response was as follows:

"Corporation will be progressing replacement of the Wi-Fi service over the coming 12 months. Although this means we will not be able to address this risk within the usual 1 month time limit we will update audit on a quarterly basis. IT Division will investigate options for additional mitigation. A number of the services on the Wi-Fi infrastructure have now been migrated to the new Open Mediated

Wi-Fi service we have procured from O2. Target Implementation Date: 13th August 2017.

Currently, the Open Mediated Wi-Fi service has gone live, and the replacement of the Wi-Fi service is currently in design and is on target to complete by the target date.

- Beyond these issues, there are no fundamental control failings that need to be brought to the attention of Members from our work since the previous Committee.

Internal Audit Section Performance and Delivery

- Performance levels against KPIs continue to be generally good, although steps are being taken to improve the performance of delivery and there is a renewed focus within the team on quality of audit reports. The input of a number of key stakeholders is being sought to feedback on potential improvements. Completion of the 2016/17 audit plan to at least draft report stage was 26.5% as at 19 August 2016, with a number of audits at work in progress and planning stage, against a profiled target of approximately 35%.
- Details of performance levels against targets are set out below:

Performance Indicators

Performance Measures	Target	Actual
1 Completion of audit plan	95% of planned audits completed to draft report stage by end of plan review period (31 March 2017)	26.5%
2 Timely production of draft report	Average time taken to issue draft reports within 28 days of end of fieldwork i.e. exit meeting date.	20 days
3 Timely response to draft report	Average time taken to obtain a full management response within 28 days of the draft report being issued.	27 days
4 Timely issue of final report	Average time taken to finalise the review within 7 working days on full response from management	6 days
5 Customer satisfaction	Through key question on post audit surveys – target 90%	100%
6 Percentage (%) of audit section staff with relevant professional qualification	Target 75%	78%

Implementation of Audit Recommendations

- The six monthly programme of follow up work is underway, with many recommendations followed up, and draft status findings of implementation are being considered by Chief Officers and management teams to confirm progress.

The outcomes of the implementation of recommendations will be reported once this work has been completed.

Conclusion

10. Internal Audit's opinion of the City's overall internal control environment is that it remains adequate and effective although some areas of the financial and operational framework do require strengthening by management as identified in the Red and Amber reports highlighted to the Committee in Members Briefings.

Appendices

Appendix 1 – Audit report final reports for 2015/16 and 2016/17, and Internal Audit plan progress report for 2016-17

Contacts

Pat Stothard, Head of Audit & Risk Management
Email: pat.stothard@cityoflondon.gov.uk

Internal Audit Work 2015-16 – finalised audits

No	Department	Main Audit Review	Status *	Assurance ***	Recommendations Made**				Recommendations Agreed**			
					R	A	G	Total	R	A	G	Total
1	City of London Police	Procurement Cards	Final Report	Amber	0	8	1	9	0	8	1	9
2	City of London Police	Police Allowances and Ad-hoc Payments	Final Report	Green	0	0	0	0	0	0	0	0
3	City of London Police	Fuel Cards	Final Report	Red	1	4	0	5	1	4	0	5
4	Chamberlain's	IT Infrastructure Library (ITIL)	Final Report	Amber	0	1	10	11	0	1	10	11
5	Chamberlain's	Cloud Security	Final Report	Green	0	0	0	0	0	0	0	0
6	Chamberlain's	WiFi Security and Operations	Final Report	Red	1	4	0	5	1	4	0	5
7	CLSG	Institutional Review	Final Report	Amber	0	6	3	9	0	6	3	9
8	Open Spaces	Chingford Golf Course	Final Report	Amber	0	7	1	8	0	7	1	8
9	Built Environment	Recoverable Costs	Final Report	Green	0	0	1	1	0	0	1	1
10	City Surveyors	Investment Property Purchases and Sales	Final Report	Green	0	1	1	2	0	1	1	2

Internal Audit Work 2016-17 (as at 19 August 2016)

This appendix complements the summary outcome of final reports as presented above.

Progress against the plan – Summary

No of Reviews	Fieldwork	Draft Report	Final Report
61	8	10	6
	13%	16.5%	10%

Progress against the plan – Detail

No	Department	Main Audit Review	Status *	Assurance ***	Recommendations Made**				Recommendations Agreed**				
					R	A	G	Total	R	A	G	Total	
1	Corporate	Emergency Planning	Fieldwork										
2	Corporate	Project Management	Draft Report										
3	Corporate	IT Data Management											
4	Corporate	IT Cyber Security											
5	Corporate	Risk Management											
6	Corporate	Safeguarding	<i>Draft Terms of Reference</i>										
7	Town Clerks	Electoral Registration	Fieldwork										
8	Town Clerks	Bridge House Trust Grants											
9	Town Clerks	Pay and Reward	Draft Report										
10	Town Clerks	Guildhall Club Accounts	Fieldwork										
11	Town Clerks	EDO – Supporting Businesses											
12	Chamberlain	Budget Management	Fieldwork										
13	Chamberlain	Payroll	Draft Report										
14	Chamberlain	Accounts Receivable											
15	Chamberlain	VAT	Fieldwork										
16	Chamberlain	Procurement Cards	Final Report		-	2	4	6	-	2	4	6	
17	Information Systems	IT Contract Management											

No	Department	Main Audit Review	Status *	Assurance ***	Recommendations Made**				Recommendations Agreed**				
					R	A	G	Total	R	A	G	Total	
37	Culture, Heritage and Libraries	Library Book and Audio Video Stock	Draft Report										
38	Mansion House	Security Contract Management											
39	Mansion House	Annual Plate Review	Final Report		-	-	-	-	-	-	-	-	-
40	City of London Police	Standard Operating Procedures	Draft Report										
41	City of London Police	Budget Monitoring											
42	City of London Police	International Fraud Academy	Draft Report										
43	City of London Police	Community Consultation	Final Report		-	1	-	1	-	1	-	1	1
44	City of London Police	Grant Audits											
45	City of London Police	Action Awareness											
46	City of London Police	Governance Framework	<i>Draft Terms of Reference</i>										
47	City of London Police	Income Streams and Generation											
48	City of London Freemans School	TBC											
49	City of London Schools	TBC											
50	City of London School for Girls	TBC											
51	Guildhall School of Music and Drama	Strategic Planning											
52	Guildhall School of Music and Drama	Income Generation											
53	Guildhall School of Music and Drama	Succession Planning											
54	Guildhall School of Music and Drama	Satellite Site Operations											
55	Barbican Centre	Major Incident, Security and Safety											
56	Barbican Centre	Catering	Fieldwork										
57	Barbican Centre	Customer Experience											
58	Barbican Centre	Car Parking System	Fieldwork										
59	Corporate	Procurement Compliance c/fwd	Final Report		-	-	1	1	-	-	1	1	1

No	Department	Main Audit Review	Status *	Assurance ***	Recommendations Made**				Recommendations Made**			
					R	A	G	Total	R	A	G	Total
60	Corporate	DCCS Departmental Review c/fwd	Final Report		-	1	6	7	-	1	6	7
61	Children and Community Services	Barbican Estates Car Parks – Strategic Review	Draft Report									

* Status definitions _ Fieldwork + Formal TOR Issued. Draft = Formal draft report issued. Final = Review complete and final report issued

** Only completed once final report has been issued.

Performance Indicators

Performance Measures	Target	Actual
1 Completion of audit plan	95% of planned audits completed to draft report stage by end of plan review period (31 March 2017)	26.5%
2 Timely production of draft report	Average time taken to issue draft reports within 28 days of end of fieldwork i.e. exit meeting date.	20 days
3 Timely response to draft report	Average time taken to obtain a full management response within 28 days of the draft report being issued.	27 days
4 Timely issue of final report	Average time taken to finalise the review within 7 working days on full response from management	6 days
5 Customer satisfaction	Through key question on post audit surveys – target 90%	100%
6 Percentage (%) of audit section staff with relevant professional qualification	Target 75%	78%

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Agenda Item 8

Committee(s)	Dated:
Audit and Risk Management Committee	13 September 2016
Subject: Risk Management Update	Public
Report of: Dr Peter Kane, Chamberlain	For Information
Report author: Paul Dudley, Chamberlain's Department	

Summary

This report provides the Audit and Risk Management Committee with an update on the corporate and top red departmental risk registers following the review by the Chief Officer Risk Management Group (CORMG) on 21 June 2016 and Summit Group on 12 July 2016.

There are currently 11 corporate risks on the corporate risk register (no change in the number of corporate risks reported on 14 June 2016). All corporate risks have been reviewed and updated and there are no risks which have changed in risk score.

The total number of top red risks is now seven (nine in June 2016) following a number of changes made to this register by Open Spaces and Children and Community Service departments.

A total of 286 risks (as at 21 June 2016) have been identified by departments providing a wide range of risks that may affect service delivery. Departments have used the Corporation's Risk Management Strategy (May 2014) to ensure a consistent approach to the way risks are described and scored.

The UK, following a referendum on 23 June 2016, voted to leave the European Union. It is too early to determine how this decision will affect the UK economy in the medium to long term although in the immediate aftermath of the decision there has been some volatility in the currency and financial markets. The impact on the City of London Corporation is being assessed and closely monitored.

Following consultation with the Audit and Risk Management Committee the external review of risk management has commenced. It involves a review of existing risk information, a risk management survey of the top 120 managers and interviews with a number of members, chief officers, senior officers and departmental risk co-ordinators. It is intended to report to the outcome of this review at the November meeting of the Audit and Risk Management Committee.

Recommendation

Members are asked to note:

- (a) The corporate and top red departmental risk registers.
- (b) The impact of Brexit is being assessed and closely monitored
- (c) Note the progress being made on the external risk management review.

1.0 Background

- 1.1 The corporate risk register was last reviewed by the CORMG on 21 June 2016 and Summit Group on 12 July 2016.
 - 1.2 In accordance with the established risk framework, each risk has been reviewed (and where appropriate risk descriptions revised) by the responsible risk owner and departmental management teams.
 - 1.3 A total of 286 wide ranging risks have been identified by departments comprising of 21 red, 159 amber and 106 green risks. This compares with total of 272 risks in June 2016 which included 24 Red, 145 amber and 103 green risks. Since June 2015 there has been a 91% increase in the risks added on to the system. This is partly due to risks previously being held on departmental spreadsheets being transferred on to the Covalent system as well as new risks being added at both departmental and service levels. Departments have used the Corporation's Risk Management Strategy (May 2014) to ensure that there is a consistent approach to the way risks are described and scored.
 - 1.4 Of the 286 total risks, there are 11 corporate and seven top red departmental risks. There are another 94 amber and 55 green risks recorded at departmental level. The remaining 119 risks are at service/team levels.
 - 1.5 Departments have used the Corporation's Risk Management Strategy (May 2014) to ensure that there is a consistent approach to the way risks are described and scored. Attached as appendix 1 is the corporate risk matrix which illustrates the likelihood and impact ratings as well as the definitions for red, amber and green risks.
 - 1.6 The corporate risk register is attached as appendix 2 (providing details of each risk, a brief update, where appropriate a target risk date, mitigations) and a summary of the top red departmental risk register is attached as appendix 3. In addition a new report (attached as appendix 4) shows the corporate risks score and status since September 2015. This is included in response to the Committee requesting information about the movement of corporate risks over time. This report indicates that the corporate risk register has been relatively stable over the last 12 months. There has been some movement in the risk scores of CR01 (Resilience) and CR16 (Information Security) and two new risks added - CR20 (Road Safety) and CR 21(Air Quality) in October 2015. From October 2016, CR11 Hampstead Heath Ponds project will be removed from the register as the project will be completed shortly.
- ## **2.0 Corporate risk register**
- 2.1 There are currently 11 corporate risks (four red and seven amber risks) and there are no changes in risk score in this reporting period.

Table 1 below – List of corporate risks as at 24 August 2016 (Risk score order)

Risk no	Risk title	Risk rating	Current Risk score	Risk score change
CR11	Hampstead Heath Ponds	Red	16	↔
CR 19	IT Service Provision	Red	16	↔
CR20	Road Safety	Red	16	↔
CR21	Air Quality	Red	16	↔
CR09	Health and Safety Risk	Amber	12	↔
CR01	Resilience Risk	Amber	12	↔
CR16	Information Security	Amber	12	↔
CR02	Loss of Business Support for the City	Amber	8	↔
CR10	Adverse Political Developments	Amber	8	↔
CR17	Safeguarding	Amber	8	↔
CR14	Funding Reduction	Amber	6	↔

2.2 The Hampstead Heath ponds project is due to be completed by October 2016. As a result the corporate risk CR11 will be removed from the corporate risk register. However this risk remains at red (16) as essential works are in progress ensure the channelling of water away from the dam and protecting it in the event of a serious rainfall event.

3.0 Top departmental red risks

3.1 There are currently seven top departmental red risks - a net decrease of 2 risks since the June 2016 report. The following changes have been made to the top red departmental risk register:

Risks de-escalated: **OSD 005** - Animal, Plant and Tree disease, **DCCS PE 004** Pupil funding - introduction of new formulae may reduce levels of funding from 2017/18 and **DCCS HS 002** Failure to carry out and review effective Fire Risk Assessments for more than 5000 units of residential accommodation and a number of commercial units.

New risk: **OSD 006** Impact of Housing and /or transport development

The one new risk (**OSD 006**) has been highlighted in the top red departmental risk register, attached as appendix 3.

3.2 The highest top red risk is **DCCS PE 002** Failure to deliver expansion of Sir John Cass Foundation Primary School to two form entry in September 2016, which has a risk score of 24.

DCCS PE 002 – Failure to deliver the expansion of Sir John Cass’s Foundation Primary School. Although agreement has now been reached to operate a bulge class in September 2016, the City Corporation is still seeking a permanent expansion to a 2 form entry (2FE). The risk remains at RED as negotiations are continuing and the

target date for the resolution to this risk (i.e.2FE) has been amended to September 2017. Officers attended the Sir John Cass's Foundation Board meeting in August and further information e.g. cost projections and estimates of City of London pupils have been requested by the Board before making a decision.

All other red risks are scored at 16.

4.0 EU Referendum

- 4.1 The UK, following a referendum on 23 June 2016, voted to leave the European Union. It is too early to determine how this decision will affect the UK economy in the medium to long term although in the immediate aftermath of the decision there has been some volatility in the currency and financial markets.

5.0 External review of risk management

Following consultation with the Audit and Risk Management Committee the external review of risk management has commenced. It involves a review of existing risk information, a risk management survey of the top 120 managers and interviews with a number of members, chief officers, senior officers and departmental risk co-ordinators. The consultant has completed the first round of interviews with the second round commencing on 25 August and ending on 8 September 2016. It is intended to report to the outcome of this review at the November 2016 meeting of the Audit and Risk Management Committee.

6.0 Conclusion

- 6.1 The corporate risk register was reviewed by CORMG (21 June 2016). The CORMG provides additional assurance to the Summit Group, COG and the Audit and Risk Management Committee that corporate risks are appropriate and being actively managed.

Appendices:

APPENDIX 1 – Corporate Risk Matrix

APPENDIX 2 – Corporate risk register

APPENDIX 3 – Top Red departmental risk register

APPENDIX 4 – Corporate Risks – Risk Status

Contact: *Paul.Dudley | Paul.Dudley@cityoflondon.gov.uk | 02073321297*



City of London Corporation Risk Matrix (Black and white version)

Note: A risk score is calculated by assessing the risk in terms of likelihood and impact. By using the likelihood and impact criteria below (top left (A) and bottom right (B) respectively) it is possible to calculate a risk score. For example a risk assessed as Unlikely (2) and with an impact of Serious (2) can be plotted on the risk scoring grid, top right (C) to give an overall risk score of a green (4). Using the risk score definitions bottom right (D) below, a green risk is one that just requires actions to maintain that rating.

(A) Likelihood criteria

	Rare (1)	Unlikely (2)	Possible (3)	Likely (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)

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(B) Impact criteria

Impact title	Definitions
Minor (1)	Service delivery/performance: Minor impact on service, typically up to one day. Financial: financial loss up to 5% of budget. Reputation: Isolated service user/stakeholder complaints contained within business unit/division. Legal/statutory: Litigation claim or find less than £5000. Safety/health: Minor incident including injury to one or more individuals. Objectives: Failure to achieve team plan objectives.
Serious (2)	Service delivery/performance: Service disruption 2 to 5 days. Financial: Financial loss up to 10% of budget. Reputation: Adverse local media coverage/multiple service user/stakeholder complaints. Legal/statutory: Litigation claimable fine between £5000 and £50,000. Safety/health: Significant injury or illness causing short-term disability to one or more persons. Objectives: Failure to achieve one or more service plan objectives.
Major (4)	Service delivery/performance: Service disruption > 1 - 4 weeks. Financial: Financial loss up to 20% of budget. Reputation: Adverse national media coverage 1 to 3 days. Legal/statutory: Litigation claimable fine between £50,000 and £500,000. Safety/health: Major injury or illness/disease causing long-term disability to one or more people objectives: Failure to achieve a strategic plan objective.
Extreme (8)	Service delivery/performance: Service disruption > 4 weeks. Financial: Financial loss up to 35% of budget. Reputation: National publicity more than three days. Possible resignation leading member or chief officer. Legal/statutory: Multiple civil or criminal suits. Litigation claim or find in excess of £500,000. Safety/health: Fatality or life-threatening illness/disease (e.g. mesothelioma) to one or more persons. Objectives: Failure to achieve a major corporate objective.

(C) Risk scoring grid

		Impact			
		Minor (1)	Serious (2)	Major (4)	Extreme (8)
Likelihood	X				
	Likely (4)	4 Green	8 Amber	16 Red	32 Red
	Possible (3)	3 Green	6 Amber	12 Amber	24 Red
	Unlikely (2)	2 Green	4 Green	8 Amber	16 Red
	Rare (1)	1 Green	2 Green	4 Green	8 Amber

(D) Risk score definitions

RED	Urgent action required to reduce rating
AMBER	Action required to maintain or reduce rating
GREEN	Action required to maintain rating

This is an extract from the City of London Corporate Risk Management Strategy, published in May 2014.

Contact the Corporate Risk Advisor for further information. Ext 1297

October 2015

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Corporate Risk Register - Detailed Report

Report Author: Paul Dudley

Generated on: 24 August 2016



Rows are sorted by Risk Score

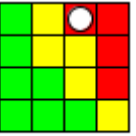
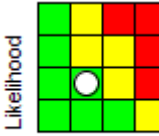

Code & Title: CR Corporate Risk Register 11

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR11 Hampstead Heath Ponds - overtopping leading to dam failure 05-Feb-2015 Sue Ireland; Paul Monaghan	<p>Cause: The earth dams on Hampstead Heath are vulnerable to erosion caused by overtopping</p> <p>Event: Severe rainfall event which causes erosion which results in breach, leading to failure of one or more dams</p> <p>Impact: Loss of life within the downstream community and disruption to property and infrastructure - including Kings Cross station and the Royal Free Hospital. A major emergency response would need to be initiated by Camden Council and the police at a time when they are likely to already be dealing with significant surface water flooding. Damage to downstream buildings and infrastructure would result in significant re-build costs. The City's reputation would be damaged. An inquiry and legal action could be launched against the City.</p> <p>The Ponds Project has been initiated to mitigate this risk as the current interim mitigations of telemetry, weather monitoring, an on-site emergency action plan do not address the issue of the dam's vulnerability to overtopping</p>	<p>Likelihood</p> <p>Impact</p>	16	<p>The project continues to progress well and it is anticipated that the engineering works will conclude in October.</p> <p>19 Aug 2016</p>	<p>Likelihood</p> <p>Impact</p>	8	31-Oct-2016	<p>↔</p> <p>No change</p>

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR11 a Project Director to review budget monthly with Project Board - specific consideration of use of risk contingency	Regular monitoring of budget and risk provisions	No change: Works well under way some elements delayed but still to be completed to contract programme – forecast still within current budget	Paul Monaghan	19-Aug-2016	31-Oct-2016
CR11 b Agreement of methods of working with utilities	Agreement of methods of working with utilities	No change: Identifying utilities in order to negotiate new wayleaves, needs to be in conjunction with routes across the Heath.	Paul Monaghan	19-Aug-2016	01-Mar-2017
CR11 c Site supervision by E and OS to ensure appropriate H&S procedures	Regular review of H&S and working practices - in particular movement of vehicles	Weekly meetings continue to take place and working practices are continually challenged. City staff have attended and contributed to contractor led H&S training sessions.	Paul Monaghan	19-Aug-2016	31-Oct-2016
CR11 d Liaison Officer to engage proactively through site notices, media, electronic communications, PPSG and CWG	Liaison Officer role defined by planning conditions in respect of CWG, but will undertake broader community engagement role as previously	Liaison officer continuing all the activities and the CWG continues to meet and receiving some positive feedback.	Paul Monaghan	19-Aug-2016	31-Oct-2016
CR11 f Daily ecological monitoring by BAM and Heath staff to	As per planning consent and conditions	Ongoing daily water quality and dust monitoring undertaken. Data published and issued monthly to CWG. Wildlife and nesting birds continually monitored and work programmes adapted to minimise the impact.	Paul Monaghan	19-Aug-2016	31-Oct-2016

check for nesting birds					
CR11 g Weekly site meetings to secure clear communication between OS, DBE and BAM	To secure clear understand of impact on the Heath, resolution of any issues, discussion of complaints	Weekly site visits take place with the whole project team and no change ongoing continuing consultation with all stakeholders. Complaints log discussed at CWG .	Paul Monaghan	19-Aug-2016	31-Oct-2016
CR11 h Resolution of issues with adjoining land owners	There are 4 different adjoining landowners who the City is engaging with. The land ownership will be resolved according to the specifics of each case - via transfer, access agreements or registration as co-undertakers with the EA.	The designs have been approved and construction of HG1 is nearly complete. There are few outstanding issue with the landowners but these will not impact on the progression/conclusion of the project.	Paul Monaghan	19-Aug-2016	31-Jul-2016
CR11 i Approval of designs for Highgate 1	The design approved for Highgate No. 1 impacts on another landowner. Discussions as to an acceptable alternative have been progressing. Any change will require planning permission.	The planning authority has approved the designs	Paul Monaghan	19-Aug-2016	31-Jul-2016

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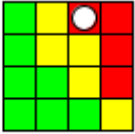
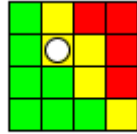

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date	Current Risk score change indicator
CR19 IT Service Provision	<p>Cause: The whole Police IT Estate and parts of the Corporation are in need of further investment.</p> <p>Event: For the Corporation, poor performance of IT Service and for the Police critical failure of the Police IT Service.</p> <p>Effect: Loss of communications or operational effectiveness (may also lead to low staff morale). Possible failure of critical Corporation and Policing activities. Reputational damage.</p>	 <p>Likelihood</p> <p>Impact</p>	<p>16</p> <p>The primary focus of the team is on stabilisation, a more robust approach to managing change has been adopted, reducing the risk of service interruption. Team level approach to risk management is now aligned fully to the top level approach the risk is expected to reduce to Amber by December 2016 followed by steady progress to Green in the following months.</p> <p>Initial work has been completed to identify the key components of the IT infrastructure and core business applications that will reach end of life, or need re-procurement over the next</p>	 <p>Likelihood</p> <p>Impact</p>	<p>4</p> <p>31-Dec-2017</p>	

14-Jul-2015 Simon Woods				5 years. This process has identified a bow wave of investment that will need to be evaluated against risk, business need and affordability. This work will be shared with key stakeholders and will form the basis of a refreshed IT Roadmap. 24 Aug 2016				No change
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Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR19b JOINT Network refresh programme.	Joint network refresh programme to resolve issues around network resilience and ensure we have diverse routes for network traffic, avoiding single points of failure.	JOINT Network refresh programme – initial scoping has been completed and highlighted weakness in the original design and planning assumptions. Specifically that the proposed work did not offer an end to end solution that would eliminate the risks in the current infrastructure, Further work is being commissioned to establish a comprehensive baseline and to re-plan the project addressing the issues around resilience. A fully costed high level solution design will be completed by December 2016, with implementation scheduled after that point.	Simon Woods	24-Aug-2016	31-Dec-2016
CR19c JOINT End User Device Renewal	Investment in any retained IT infrastructure to ensure that this meets the same standards of resilience and continuity as delivered by the IaaS infrastructure.	The tactical deployment of new devices to users of the oldest desktop kit has been completed. This has reduced the risk of end user device hardware failure to staff using end of life kit. A solution proposal has not been signed off to progress with move to a fully managed desktop environment based upon Window10. This phase of the EUDR programme is currently being mobilised.	Simon Woods	24-Aug-2016	31-Mar-2017
CR19d CoLP Investment in any retained IT infrastructure	Investment in any retained IT infrastructure to ensure that this meets the same standards of resilience and continuity as delivered by the IaaS infrastructure	IT Division are reviewing what infrastructure will be retained within Police premises and working to align to the Police accommodation programme.	Simon Woods	24-Aug-2016	31-Dec-2016

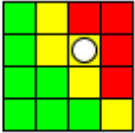
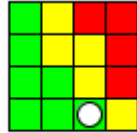
Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR20 Road Safety 23-Oct-2015 Carolyn Dwyer	Cause: Limited space on the City's medieval road network to cope with the increased use of the highway by vehicles and pedestrians / cyclists within the City of London. Interventions & legal processes take time to deliver Event: The number of casualties occurring in the City rises instead of reducing. Effect: The City's reputation and credibility is adversely impacted with businesses and/or the public considering that the Corporation is not taking sufficient action to protect vulnerable road users; adverse coverage on national and local media	 Likelihood	16	Vehicle and driver safety now a requirement in the City of London Responsible Procurement Strategy. Draft Road Danger Reduction campaign now out for consultation. Final document expected end of August. 18 Jul 2016	 Likelihood	6	30-Apr-2017	 No change

Action no, Title	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR20a Joint Safer Transport Team	Implement a joint City of London Corporation & City of London Police Road Safety/Safer Transport Team	Business case for joint location still under review. Decision still expected Autumn (in parallel smarter ways of information sharing currently being progressed).	Steve Presland	18-Jul-2016	01-Oct-2016
CR20b Permanent Bank Junction redesign	Permanent Bank Junction redesign	Still on track	Steve Presland	18-Jul-2016	30-Nov-2018
CR20c Interim Bank Junction redesign	Working with TfL to explore and, where practicable, deliver short term design/operational improvements to Bank Junction	It is anticipated that a report to proceed to implementation will presented by December this year with implementation by the end of April 2017.	Steve Presland	18-Jul-2016	30-Apr-2017
CR20d Road Safety Communications Strategy	Work with the Corporation's Communications Office to deliver a Road Safety Communications Strategy	Draft Road Danger Reduction campaign now out for consultation. Final document expected end of August.	Steve Presland	18-Jul-2016	30-Nov-2016
CR20e City Contracts	Explore embedding vehicle and driver safety in all City of London Corporation contracts	Vehicle and driver safety now a requirement in the City of London Responsible Procurement Strategy.	Steve Presland	18-Jul-2016	30-Sep-2016

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR21 Air Quality 07-Oct-2015 Jon Averns Page 40	<p>Cause: Small particulate pollution has chronic health impacts from long term exposure at very low concentrations and is in evidence within the City and central London. There is also a health impact associated with long term and short term exposure to nitrogen dioxide.</p> <p>Event: Under certain atmospheric conditions there is a higher probability of poor air quality within the City and it is more likely that residents, workers and visitors would suffer the acute consequences.</p> <p>Effect: The consequences both acute and chronic may include: An increase in hospital referrals placed upon both emergency services and the NHS for those already suffering from respiratory or cardiovascular conditions (it may also place a strain on City social services). An increase in deaths, particularly of those already suffering from respiratory or cardiovascular conditions (both residents and workers). Economic costs such as acting as a deterrent of businesses coming to London or staying and financial penalties for non-compliance with air quality limits. Persistent poor air quality may affect the longer term health of the City population. Persistent poor air quality may attract adverse media coverage making the City seem a less attractive place to live and work.</p>	Likelihood  Impact	16	This risk continues to be regularly reviewed in line with all statutory obligations imposed by the Environment Act 1995. 17 Aug 2016	Likelihood  Impact	6	31-Dec-2020	 No change

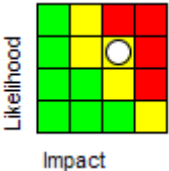
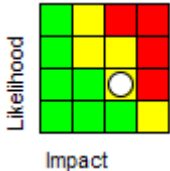
Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR21 001a Implement policies	Implement the policies contained in the City of London Air Quality Strategy 2015-2020. The strategy contains 10 policy areas with 60 specific actions. An annual report will be produced demonstrating progress with each action.	Actions within the 5 year strategy on track. Annual report to be submitted to the GLA detailing exact progress by August 2016	Jon Averns	11-Apr-2016	31-Aug-2016

CR21 001b Review Air Quality	Review and assess air quality in line with statutory obligations of the Environment Act 1995. Submit all relevant statutory reports. Approval of all reports by Defra and the GLA will demonstrate compliance with statutory obligations.	The timetable for submitting the report under the new arrangements for LLAQM has changed. The 2016 report will therefore be submitted by August 2016	Jon Averbs	11-Apr-2016	31-Aug-2016
CR21 001c Become an Exemplar Borough	Ensure the City Corporation becomes a Mayor of London Exemplar Borough for air quality.	The City is taking all relevant action required by the GLA to become an exemplar borough but the scheme hasn't been officially launched yet	Jon Averbs	11-Apr-2016	29-Dec-2017
CR21 001d Develop communication strategy.	Develop and implement a robust communications strategy to ensure people have sufficient information to reduce their exposure on days of 'high' air pollution.	The strategy is being drafted as of June 2016	Jon Averbs	17-Aug-2016	30-Sep-2016
CR21 001e Develop plan	Develop and implement a plan for reducing the impact of diesel vehicles on air pollution in the Square Mile. This is to complement the work being undertaken by the Mayor of London to reduce air pollution in the central zone through the implementation of the Ultra-Low Emission Zone.	Baseline work completed with Policy Exchange on range of options available. Submitted bid for funding for Low Emission neighbourhood. Obtained £100,000 funding from the Mayors Air Quality Fund to look into this further	Jon Averbs	11-Apr-2016	31-Dec-2018

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR01 Resilience Risk 20 Mar-2015 Ian Barradell	Cause - Lack of appropriate planning, leadership and coordination Event - Emergency situation related to terrorism or other serious event/major incident is not managed effectively Effect - Major disruption to City business, failure to support the community, assist in business recovery. Reputational damage to the City as a place to do business.	 Likelihood Impact	12	The Status of this risk hasn't changed. A review of the organisation's security procedures is currently being undertaken to ensure that they are consistent and appropriate for the threat level. Implementation of the review findings will take place over the coming year. The CoL's own business continuity is heavily dependent on resilient IT and a test as to whether an identified single point of failure in the Guildhall Justice Rooms has been rectified is awaited. 19 Aug 2016	 Likelihood Impact	4	31-Mar-2017	↔ No change

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR01A Emergency Exercise	Full exercise (Allovis) to test the emergency and business continuity plans across the organisation. The exercise will involve the emergency services	This action is now complete	Gary Locker	29-Jan-2016	11-Jun-2015
CR01B Corporate review of Business Continuity planning	Prepare and complete a report for the Summit Group, based on the findings of a review of departmental business continuity planning	This action is now complete	Gary Locker	29-Jan-2016	30-Nov-2015
CR01C Exercise Unified Response	Large scale multi-agency exercise which will test the CoL's Borough Emergency Co-ordination Centre (BECC)	Lessons learnt from the exercise have been fed back into the corporate emergency planning process and business continuity plans. This action is now complete	Gary Locker	17-Jun-2016	01-Jun-2016

CR01D Elimination of single points of failure, resulting in loss of services	Working with the IS division, remove potential single points of failure from business continuity processes.	Currently waiting for feedback from the IS division regarding testing on changes to the VPN infrastructure that will ensure that the network will be available virtually in the event of a systems outage in Guildhall. Still awaiting test by IT to determine whether single point of failure in Guildhall Justice Rooms has been rectified.	Gary Locker	19-Aug-2016	01-Dec-2016
CR01E Corporate Review of Security	Conduct a review of the City of London's physical security arrangements to ensure that are consistent and appropriate for the threat level. Implementation of the review findings be complete by the end of 2016	Consultant Marshall Kent has been engaged to provide the independent review, work commenced in April		17-Jun-2016	31-Dec-2016

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR09 Health and Safety Risk 22-Sep-2014 Chrissie Morgan	<p>Cause - Safety is treated as a low priority by the organisation, lack of training of staff and managers, management complacency, poor supervision and management</p> <p>Event - Statutory regulations and internal procedures relating to Health and Safety breached and/or not complied with.</p> <p>Effect - Possible enforcement action/ fine/prosecution by HSE, Employees/visitors/contractors may be harmed/injured, Possible civil insurance claim, Costs to the Corporation, Adverse publicity /damage to reputation, Rectification costs</p>		12	<p>This risk has been reviewed by the SMT on 1 August 2016, and there is no change to the assessment at this time. Consideration is being given to the implementation of recommendations made during the recent external audit of the Occupational Health and Safety management system by the British Safety Council. This may lead to a lowering of the risk score.</p> <p>19 Aug 2016</p>		8	31-Mar-2017	↔ No change

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR09A External Verification	External verification of the CoL's safety management system	British Safety Council have awarded 4 star status. This action is now closed	Oliver Sanandres	18-Apr-2016	29-Feb-2016
CR09B	Rolling programme of departmental compliance audits	The 2016-17 programme of audits is now completed	Oliver	21-Jun-	31-Mar-

Compliance Audits	conducted by the Corporate Health and Safety Unit		Sanandres	2016	2016
CR09C Compliance Checks 2016-17	Annual Programme of compliance checks	The programme for this year is currently on target to be achieved by March 2017	Oliver Sanandres	19-Aug-2016	31-Mar-2017
CR09D Implementing external verification recommendations	Develop a series of actions that will help to implement the best practice recommendations contained in the recent external verification of the CoL's Occupational Health and Safety Management Systems	The actions are currently being prioritised	Oliver Sanandres	19-Aug-2016	31-Mar-2017

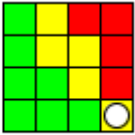

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR16 Information Security 22-Sep-2014 Simon Woods	<p>Cause: Breach of IT Systems resulting in unauthorised access to data by internal or external sources. Officer/ Member mishandling of information.</p> <p>Event: Cybersecurity attack - unauthorised access to COL IT systems. Loss or mishandling of personal or commercial information.</p> <p>Effect: Failure of all or part of the IT Infrastructure, with associated business systems failures. Harm to individuals, a breach of legislation such as the Data Protection Act 1988. Incur a monetary penalty of up to £500,000. Compliance enforcement action. Corruption of data. Reputational damage to Corporation as effective body.</p>	 Likelihood	12	No Change to overall risk score/assessment 04 Aug 2016	 Likelihood	4	31-Dec-2016	↔ No change

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR16b Review and strengthen Data Retention, Management and Ownership.	For all major systems establish data owner and retention policy for information therein.	A Chief Officer Cyber workshop, delivered by Templar Executives, on 23 June, significantly raised awareness and helped to identify priority areas for action. There will be continued engagement throughout the summer to with a view to building a culture of information ownership both corporately and across departments. Work is well underway and Senior Information Asset Owners and Information Asset Owners have now been identified and	Christine Brown	05-Jul-2016	31-Dec-2016

		communicated with in a number of departments.			
CR16h Online Training for Members	Online training to be made available to Members following workshop in February 2016.	Online training options are still being explored to identify the most training package. This should be available and promoted to Members by September 2016.	Simon Woods	20-Jun-2016	30-Sep-2016

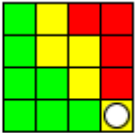
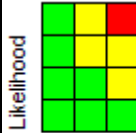

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR02 Loss of Business Support for the City Page 45 22-Sep-2014 John Barradell	Cause - The City Corporation's actions to promote and support the competitiveness of the business City do not succeed. Event - The City's position as the world leader in international financial services is adversely affected Effect - The City loses its ability to attract and retain high value global business activity, both as a physical location and in mediating financial and trade flows; the City Corporation's business remit is damaged and its perceived relevance is diminished. Reputational damage to the City as a place to do business and to Corporation ability to govern effectively	 Likelihood	8	Following review, the risk assessment/scoring is unchanged The Corporation and the International Regulatory Strategy Group ensure we engage on the key regulatory issues that affect the financial and professional services industry, informing our engagement with policy makers, regulators and the media. ED office is engaged in a programme of work to support, defend and enhance the business city, in accordance with ED Business Plan. Following the results of the Promoting the City Review submitted by Sir Simon Fraser in January 2016 and the UK's decision to leave the EU in June 2016, Members of the Policy & Resources Committee have released funds of £2.55 million per year for the ED Office (alongside other departments) to step up the work they are doing in this area to mitigate the risk and maintain the business City as competitive.	 Likelihood	8	31-Mar-2017	↔
				22 Aug 2016				

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR02A Special Representative of the City to the EU	Appointment of former Foreign Office Minister, Jeremy Browne, to new position to enhance our engagement with EU policy makers.	Since the UK's decision to leave the EU, Jeremy Browne has been visiting several key EU Member States to reengage the City's key stakeholders in Europe.	Giles French	22-Aug-2016	01-Sep-2015
CR02B Restructure of the team working on financial and professional services	City, EU and International Affairs teams have been restructured into City Competitiveness and Regulatory Affairs teams to remove geographical boundaries and provide greater policy focus to work. Job descriptions have been reviewed for same purpose.	A Review by Sir Simon Fraser reporting on the success of the Corporation in Promoting the City was carried out. In response to that further restructure of the team is being carried out to restructure the City Competitiveness and Regulatory Affairs team into three: Policy and Innovation Team, Regulation Team and Exports and Investment Team, Job descriptions have been reviewed and the new roles will be in place by January 2017	Giles French	22-Aug-2016	31-Jan-2017
CR02C UK Referendum on membership of the EU	City Corporation providing opportunities for informing the debate on the EU Referendum, and representing the views of the financial and professional services sector	Since the UK's decision to leave the EU, the Corporation is working with trade associations and other bodies in the City to collate a combined view to present to government ahead of Brexit negotiations. The Corporation has worked with and facilitated discussions with bodies across the City. Research has been commissioned to demonstrate how EU corporates use UK based financial services, and to examine the feasibility of a UK regional visa regime	Damian Nussbaum	22-Aug-2016	23-Mar-2017

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR10 Adverse Political Developments	<p>Cause: Financial services issues that make the City Corporation vulnerable to political criticism; local government devolution proposals that call into question the justification for the separate administration of the Square Mile; overarching political hostility.</p> <p>Event: Functions of City Corporation and boundaries of the City adversely affected.</p> <p>Impact: Controversy over reforms which damages the City's reputation as a place to do business. The future of the City of London Corporation as an independent body could be undermined.</p>	 <p>Likelihood</p> <p>Impact</p>	8	There has been close engagement with those responsible for formulating proposals to enable the devolution of responsibilities while safeguarding the City. The current focus is on the reform of business rates. The developing domestic political situation is being given close consideration. Constant attention is given to the form of legislation affecting the City. Making known the work of the City Corporation among opinion formers, particularly in Parliament and Central Government, is necessary so that the	 <p>Likelihood</p> <p>Impact</p>	8		↔

22-Sep-2014 Paul Double				<p>City Corporation is seen to remain relevant and "doing a good job" for London and the nation and is seen to be an objective assessment. The Office also provides advice on the City Corporation's approach to important political developments including the result of the EU referendum to leave the EU and the general parliamentary mood.</p> <p>07 Jul 2016</p>				No change
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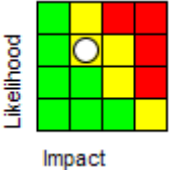
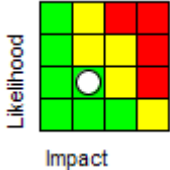

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR10a Monitoring legislation	Monitoring of Government legislation and proposed regulatory changes.	Relevant Bills in the Government's legislative programme have been identified and City Corporation departments alerted to issues of potential significance as the measures are introduced in the new Session. Action taken through negotiation with departmental officials or amendments tabled in Parliament as required. The legislative consequences of Britain leaving the EU as they may affect the Corporation and the City more generally as an international financial centre will be a particular focus.	Paul Double	24-Jun-2016	31-Mar-2017
CR10b Provision of information	Provision of information to Parliament and Government on issues of importance to the City.	Briefing has been provided for parliamentary debates on air quality, immigration, housing, planning, the creative industry, trade and investment, apprenticeships, economic crime, Fintech and broadband.	Paul Double	23-May-2016	31-Mar-2017
CR10c Stakeholder engagement	Engagement with key opinion informers in Parliament and elsewhere. Programme of work to monitor and respond to issues affecting the reputation of the City Corporation.	Liaison with the City's MP and other MPS, Peers and Select Committees of both Houses depending on subject matter. Continuing engagement on devolution in London and liaison with London Councils and Central London Forward on the application of devolution to the London boroughs and the City, either directly from Central Government or the Mayor.	Paul Double	06-Jun-2016	31-Mar-2017

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR17 Safeguarding 22-Sep-2014 Ade Adetosoye	Cause: Not providing appropriate training to staff, not providing effective management and supervision, poor case management Event: Failure to deliver actions under the City of London' safeguarding policy. Social workers and other staff not taking appropriate action if notified of a safeguarding issue Effect: Physical or mental harm suffered by a child or adult at risk, damage to the City of London's reputation, possible legal action, investigation by CQC and or Ofsted	 Likelihood	8	Work is still ongoing to raise awareness of safeguarding. The priority this financial year is to raise awareness of financial abuse and scams. This work is progressing in liaison with Trading Standards and City of London Police and a scoping exercise is being undertaken. 09 Aug 2016	 Likelihood	8	31-Mar-2017	 No change

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR17b	Work with HR to develop training and programmes to support staff	The majority of staff have undertaken the e-learning modules. Outstanding training will be completed by end of December to include new staff that have joined the Department. This training has been added to the list of Mandatory training for DCCS staff	Chris Pelham	25-Nov-2015	31-Dec-2015
CR17c	Safeguarding Awareness Sessions for DCCS Staff	3 raising awareness sessions will be delivered to Community and Children's Services staff. These sessions will cover updated Child Sexual Exploitation and Children Missing from home, Education and or Care protocols and referral process which have been updated and circulated to all professionals. A Multi Agency Sexual Exploitation group is now fully functioning.	Chris Pelham	20-Aug-2015	31-Jul-2015
CR17d	Raising awareness of Private Fostering, role of Local	A Multi Agency Briefing Event will be held with over 60 partners attending to launch the new referral process, to highlight the role of the Local Authority Designated Officer and raise awareness Private Fostering and the City of London Thresholds document.	Chris Pelham	20-Aug-2015	30-Sep-2015

Authority Designated Officer (LADO)					
CR17e Prevent agenda - new guidance	New guidance on the Prevent agenda is being circulated to the City family of schools including the City of London Academies. A leaflet has been produced for parents and carers regarding the Prevent agenda.	Completed - this work has now been completed and the new guidance on the Prevent agenda has been sent to the City of London Family of Schools and the new leaflet has been circulated to parents and carers.	Chris Pelham	20-Aug-2015	10-Jul-2015
CR17f Review of City of London Safeguarding Policy	A review of the City of London Safeguarding Policy will be undertaken with the involvement of the Departmental Safeguarding Champions	Completed - revised policy agreed at Safeguarding sub committee and launched at Safeguarding Champions meeting in December	Chris Pelham	18-Jan-2016	31-Dec-2015
CR17g Preparation for Inspection of Children's Services and Ofsted Inspection Framework	Work is ongoing to prepare for an Ofsted Inspection of Children's Services. Concerns have been raised by The Society of Local Authority Chief Executives (SOLACE), Local Government Association (GLA) and Association of Directors of Children's Services (ADCS) about the current Ofsted inspection framework regarding the lack of flexibility and understanding of local demographics and service needs. No Local Authority has been assessed as outstanding since the inspection framework was revised almost 2 years ago.	Completed - All appropriate staff and partners have completed the awareness sessions regarding the Thresholds of Needs document	Chris Pelham	18-Apr-2016	31-Mar-2016
CR17h Evaluation of Notice the Signs – awareness raising campaign	Evaluation of Notice the Signs – awareness raising campaign	Completed. An evaluation of the Notice the Signs campaign was presented to the City of London Safeguarding sub-committee of the Community and Children's Services Committee stating the campaign's impact has been significant and resulted in increased numbers of safeguarding alerts	Chris Pelham	25-Nov-2015	31-Oct-2015
CR17i New London wide Adults Safeguarding Procedures agreed	Procedures to be formally adapted and training provided	Completed - New London wide Adult Safeguarding Procedures have been formally adopted. Training has been provided to appropriate staff and forms for use on the Social Care information system are now available.	Chris Pelham	18-Apr-2016	31-Mar-2016
CR17j Promoting role of Local Authority	Raising awareness of the LADO role with Members and partners	Completed - referrals to the LADO have increased as a result of the work to highlight the role of the LADO. An external facing email is now available to make reporting easier. Training on safer recruitment has been provided to staff and partners via the City and Hackney Safeguarding Children Board. Guidance has been reviewed and updated.	Chris Pelham	18-Apr-2016	31-Mar-2016

Designated Officer (LADO)					
CR17k Review role of Safeguarding Champions	The role of Safeguarding Champions to be reviewed and to consider if Domestic Violence can be added to the role	The City of London Domestic Abuse Co-ordinator now attends the Safeguarding Champions group. A survey is being undertaken with all Champions to ensure future sessions of the Safeguarding Champions Group are tailored to their needs.	Chris Pelham	09-Aug-2016	31-Oct-2016
CR17l Online Adult Safeguarding Training	Online basic Adult Safeguarding training will be mandatory for DCCS staff	Online basic Adult Safeguarding training will be mandatory for DCCS staff. A suitable product will be identified and will be added to the online learning resource	Chris Pelham	09-Aug-2016	31-Dec-2016
CR17m Raise Awareness of financial abuse and scams	The Adult Social Care Team will be working with the City of London Police to raise the profile of financial abuse and scams	A scoping exercise is being undertaken which will be completed by the end of November. Recommendations will be made to address issues identified and it is likely a public event will be held in March 2017 to raise awareness and highlight the work being done by the City of London and City of London Police.	Chris Pelham	09-Aug-2016	31-Mar-2017
CR17n Raising Awareness of Children Missing Education	A public facing campaign will be undertaken during September 2016 to raise awareness of this issue.	This campaign will coincide with the start of the school year and will run throughout September. The campaign will cover how to spot the signs and promote what to do if concerns are identified, underpinning this will be the message that it is everyone's responsibility.	Chris Pelham	09-Aug-2016	30-Sep-2016

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR14 Funding Reduction 22-Jun-2015 Peter Kane	Cause: Reduced funding from Central Government. Event: Reduced funding available to the City Corporation and City of London Police. Effect: City Corporation will be unable to maintain a balanced budget and healthy reserves in City Fund, significantly impacting on service delivery levels and reputation.		6	No change to overall risk score 04 Aug 2016		4	31-Mar-2017	 No change

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR14b SBR implementation – Departmental Savings and cross-cutting reviews.	SBR proposal implementation within Departments and with cross cutting workstreams to identify further efficiencies in strategic asset management, income generation, and reviews of grants and hospitality. Scrutiny by the Officer Strategic Resources Group and Efficiency and Performance Sub-Committee.	SBR proposal implementation within Departments and with cross cutting workstreams to identify further efficiencies in strategic asset management, income generation, and grants. Scrutiny by the Officer Strategic Resources Group and Efficiency and Performance Sub-Committee.	Caroline Al-Beyerty	05-Jul-2016	31-Mar-2017
CR14h Develop Efficiency Plan	Efficiency Plan to be developed and approved by Finance and Policy & Resources Committee which sets out a framework that would incorporate continuous improvement savings and a rolling review programme to secure more radical changes in efficiency and effectiveness.	Draft Efficiency Plan in circulation - broad principles signed off.	Peter Kane	04-Aug-2016	14-Oct-2016
CR14i Develop strategy to address projected Police deficits	City Police is forecasting deficits in 2017/18 and 2018/19 which need to be addressed.	City Police initiating a fundamental review of activity and cost drivers.	Caroline Al-Beyerty	04-Aug-2016	31-Mar-2017

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Top Red Departmental Risk Register - Detailed Report

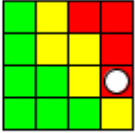


Report Author: Paul Dudley
Generated on: 22 August 2016

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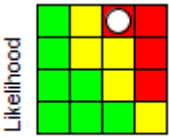
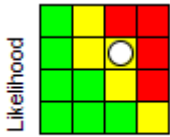
Code & Title: DBE TP Transportation and Public Realm 1 DCCS HS Housing Services 1 DCCS PE People Division 1 GSMD EFI GSMD Estates, Facilities and Infrastructure 1 GSMD POS GSMD Policy, Organisation and Strategic Planning 1 OSD Department of Open Spaces Risk Register 1 SUR SMT Senior Management Team - DEPARTMENTAL RISKS 1

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date	Current Risk score change indicator
DCCS PE 002 Failure to deliver expansion of Sir John Cass Foundation Primary School to 2 form entry in September 2017 11-Jun-2015 Ade Adetosoye	Cause Expansion not delivered Event Building project not completed Effect Lack of first choice school places for City children	<p>24</p>	The risk remains at RED as negotiations are continuing and the target date for the resolution to this risk (i.e. 2 form entry) has been amended to September 2017. Officers attended the Sir John Cass's Foundation Board meeting in August and further information e.g. cost projections and estimates of City of London pupils have been requested by the Board before making a decision. 22 Aug 2016	<p>2</p>	31-Aug-2017	↔ No change

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
DCCS PE 002a Tripartite meetings	Tripartite meetings take place between the Sir John Cass Foundation, Sir John Cass Foundation School Board of Governors and the City of London have taken place but no further meetings have been scheduled.	Tripartite meeting have reconvened and the first meeting will take place on 19 April 2016	Chris Pelham	23-May-2016	19-Apr-2017
DCCS PE 002b Discussions with Comptroller and City Solicitor and others regarding the expansion	Efforts to engage with parties to the negotiation continue	Although agreement has now been reached to operate a bulge class in September 2016, the City Corporation is still seeking a permanent expansion to a 2 form entry. The risk remains at RED as negotiations are continuing and the target date for the resolution to this risk has been amended to September 2017. Officers attended the Board meeting in July and further information has been requested by the Board before making a decision.	Chris Pelham	01-Aug-2016	31-Aug-2016

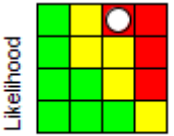
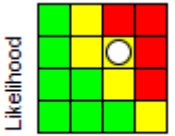

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
TP-01 Road Traffic Collision caused by City of London staff or contractor who is unfit to drive while on City business 13-Mar-2015 Steve Presland	Cause: A member of staff/contractor who is unfit or unqualified to drive causes ... Event: a road traffic collision which results in ... Impact: death or injury; financial claim	Likelihood  Impact	16	The risk will be reduced to Amber from Mid-September once all departments have been written to via Chief officers with all procedures and information to implement the Corporate Transport policy and staff start reading the policy and carryout the mandatory ELearning module and answer the training needs analysis questionnaire. 19 Aug 2016	Likelihood  Impact	8	01-Sep-2016	 No change

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
DBE-TP-01a Approve Corporate Transport Policy	Approve Corporate Transport Policy [NB this depends on HR and Chief Officers]	ACTION COMPLETED 16 Jul 15	Oliver Sanandres	29-Apr-2016	31-Aug-2015
DBE-TP-01b Implement Corporate Transport Policy	Implement Corporate Transport Policy (including establishing monitoring regimen)	County Transport Policy to go live Mid September	Steve Presland	19-Aug-2016	23-Sep-2016

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
DCCS HS 003 Lone Working 14-Jan-2016 Paul Murtagh	Cause Staff working on their own in isolated locations or visiting residents or clients homes Event Staff suffer verbal abuse, physical attack or are an accident victim Effect Harm or serious injury to staff	 Likelihood	16 Impact	A DCCS Lone Working Policy has been drafted and is due for formal approval by the Departmental Leadership Team in September. 09 Aug 2016	 Likelihood	12 Impact	31-Mar-2017	↔ No change

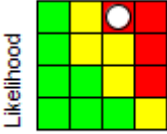


Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
DCCS HS 003a Sky Guard Review	A review of the current Lone worker protection device is in progress. Some staff report connectivity problems. At the finish of the review a decision will be taken to continue or to investigate a different solution	Following a review of the Sky Guard system, the Departmental Leadership Team has agreed to formally roll out the system to lone workers during quarter three. The roll out will include training for staff and formalising procedures for monitoring by managers.	Paul Murtagh	09-Aug-2016	30-Dec-2016
DCCS HS 003b Lone Working Procedures	Not all staff are working in compliance with the departmental lone working procedures. These will be reviewed to check why they are not being implemented by	A DCCS Lone Working Policy has been drafted and is due for formal approval by the Departmental Leadership Team in September. The new policy and procedures will be rolled out during the re-introduction of Sky Guard during quarter three.	Paul Murtagh	09-Aug-2016	30-Dec-2016

	all staff and reviewed if appropriate. Compliance with new procedures will be monitored by managers and the quarterly Health and Safety Committee. It is anticipated that monitoring information will be available from Skyguard or the replacement system.	As another option a free one month test of a smartphone / tablet APP has been scheduled for quarter three.			
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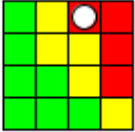

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
GSMD EFI 001 Failure to Secure Lease Renewal of Sundial Court in 2020 09-Jul-2015 Michael Dick	Cause: Sundial Court , (the School's student accommodation), is owned by a private landlord, who currently leases the building to the School. Lease expires in 2020. Event: Landlord may not want to renew the lease to the School as there may be better development potential elsewhere. Alternative specialist music student accommodation might not be found. Impact: Loss of on-campus student accommodation for 177 students. Loss of student services and offices. Loss of student union facility and rehearsal room. Risk of reduced interest in students choosing GSMD if there is no onsite accommodation available.	 Likelihood Impact	16	Further to the June meeting between CSD and the Landlord's agent feedback is being sought and is awaited. 16 Aug 2016	 Likelihood Impact	12	05-Apr-2017	 No change

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
GSMD EFI 001a Dilapidations Survey	Commissioning of specialist dilapidations survey	The dilapidations survey is still in progress and expected to be delivered by 31 August 2016. The Building Surveyor has reported (02-Aug 2016) that most of the survey works have been completed and is due for completion by the end of August 2016 after which the Dilapidation report will be submitted. Now 80% complete.	Michael Dick	16-Aug-2016	31-Aug-2016
GSMD EFI 001b Accommodation Alternative	Search for availability of alternative student accommodation	Active and in progress. Consideration has already been given to alternative accommodation provided by third parties however, these offered less space and were located 40 minutes away from the School. The rental charges were between £200-300 per week and rental charges were applied for 52 weeks per year as opposed to just 42 weeks per year current charged at Sundial Court.	Michael Dick	16-Aug-2016	09-Sep-2016
GSMD EFI 001c City	Engagement with City Surveyor on action plan	Ongoing. Development of the action plan can begin in earnest following feedback from CSD and the Landlord and completion of the dilapidations survey works at the end of August.	Michael Dick	16-Aug-2016	30-Sep-2016

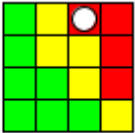
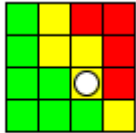
Surveyor Liaison		Work will be carried out with the CSD to develop the plan. The regular maintenance programme continues which also addresses some of the anticipated Landlord compliance issues.			
GSMD EFI 001d Student Accommodation Strategy	Develop long-term student accommodation strategy	The full paper containing the Student Accommodation Strategy was withdrawn before May Board meeting 2016 and a much shorter paper with only the actions relating to the recommendation for early negotiations with the Sundial Court Landlord was substituted. A full accommodation strategy is due to go to the Board in September at the request of the Chairman and Principal.	Michael Dick	16-Aug-2016	05-Sep-2016

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
GSMD POS 002 Impact of Geopolitical Events Page 57 16-Oct-2015 Katharine Lewis	Cause: Geopolitical events Event: Problems obtaining visas for non EU students; Dropout from EU students as continuing recession in parts of Europe affects ability of students to support themselves; BREXIT Impact: Inability to recruit, impact on institutional development, internationalisation and financial planning	 Likelihood Impact	16	In addition to the actions take on 5 July the School has been working with sector agencies, principally Universities UK, to make sure that Ministers are aware of the challenges to institutions from potential falls in EU student recruitment. 01 Aug 2016	 Likelihood Impact	6	05-Apr-2017	 Increased Risk Score

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
GSMD POS 002a External Compliance Check	External Compliance check of administration relating to visa students is currently underway	The compliance report has been delayed due to the EU referendum result. This has been chased by the School		01-Aug-2016	02-Dec-2016
GSMD POS 002b Internationalisation Strategy	School's first internationalisation strategy is in development. Will aim to focus our international engagement, in particular identifying key partnerships with potential to benefit the School; underpinning ongoing excellence, innovation and sustainability	Internationalisation strategy currently incorporated within School's main strategy but it is envisaged that there should be a separate strategy for this area.		14-Jun-2016	31-Dec-2016

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<p>SD 006</p> <p>Impact of Housing on/ or transport development</p> <p>NEW RISK on REGISTER</p> <p>10-Mar-2015</p> <p>Sue Ireland</p>	<p>Cause: Pressure on housing and infrastructure in London and South East; failure to monitor planning applications and challenge them appropriately; challenge unsuccessful; lack of resources to employ specialist support or carry out necessary monitoring/research, lack of partnership working with Planning Authorities</p> <p>Event: Major development near an open space</p> <p>Impact: Increase in visitor numbers, permanent environmental damage to plants, landscape and wildlife, air and light pollution, ground compaction and resulting associated effects on tree and plant health. Wear and tear to sports pitches. Lack of budget to facilitate repairs, potential for encroachment.</p>	<p>Likelihood</p>  <p>Impact</p>	16	<p>The likelihood and impact of this risk remain unchanged. However a review at SLT concluded that the actions that could be taken by the department were unlikely to bring the impact or likelihood down as far as previously suggested. The previous assessment was felt to be overly optimistic. The department continues to engage with local planning applications and policy.</p> <p>17 Aug 2016</p>	<p>Likelihood</p>  <p>Impact</p>	12	31-Mar-2019	<p>↑</p> <p>Increased Risk Score</p>

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
OSD 006 d Divisional delivery of risk actions	Implement the actions associated with the following divisional risks: OSD EF 010 OSD P&G 007 OSD TC 002 OSD NLOS 011	Actions associated with this risk are delivered through the divisional risk registers. Officers across the divisions continue to respond to local issues.	Andy Barnard; Martin Rodman; Paul Thomson	19-Aug-2016	01-Apr-2019

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<p>SUR SMT 009 Failure of implementation and management of the Oracle Property Management System</p>	<p>Cause: Implementation and subsequent management of Oracle Property module to meet business needs Event: Inappropriate technological solution or unsuccessful project management or failure to implement an appropriate management framework Impact: Unable to manage property portfolio / loss of income and poor property maintenance</p>	 <p>Likelihood</p> <p>Impact</p>	<p>16</p>	<p>This risk continues to be progressed, however there five issues that are being finalised. At the request of CASC (11 March 2016) the department has provided target dates and a progress report for each of these five outstanding issues.</p> <p>i. Data Validation (Archibus interface with Oracle) Target September 2016. The Oracle interface with Archibus has been completed and is operational. There remains work needed to the data which requires restructuring and cleansing. This is a six month project being led by the Corporate Property Group Director. Status is GREEN.</p> <p>ii. Service Charge Module Target September 2016. PwC attended site to work on the remaining Caps issue (31st Mar / 6th April) as planned. Business retesting took longer than expected due to year end. However the Service Charge Caps issue has been fixed and signed off ready for production. This is working for investment properties but Markets are having to restructure their data. This is now being looked at by our In-house Production team. Status is RED.</p> <p>iii. Argus Interface This is a deliverable of the internal development team. Based on current priorities and commitments closure is</p>	 <p>Likelihood</p> <p>Impact</p>	<p>8</p>	<p>30-Sep-2016</p>	<p>↔</p>

03-Mar-2015
Nicholas Gill

			<p>expected in September 2016. Argus interface with Oracle functions correctly but the converse is a problem. Status is RED. (No change)</p> <p>iv. Archibus Interface Delivery completed and closed March 2016. Further enhancements and changes will be allocated to the internal development team once the Archibus data validation exercise above is completed or priority dictates. Status is GREEN.</p> <p>v. OPN Reports Target date was 29th April 2016. Thirteen reports have been impacted by service charge 'dummy lease' for vacant units work-around, most notably Tenant Debt and Vacancy reports. All this is now the subject of a separate review and any outcomes will be subject to testing which is likely to move the target date to end of July. Status is RED. (No change) on track.</p> <p>15 Jul 2016</p>				No change
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Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
SUR SMT 009a Monitor Staff Resources	Monitor staff resources to manage business as usual tasks and project	Completed	Nicholas Gill	23-Jun-2016	30-Apr-2016
SUR SMT 009b Replace core Manhattan functions	Replace core Manhattan functions of rent, leases management and service charge recovery	Completed	Nicholas Gill	23-Jun-2016	30-Aug-2015

<p>SUR SMT 009c Ensure efficient use and future management of system -</p>	<p>Ensure efficient use and future management of system- implement Asset Management Information System Ensure Data Loader is able to update projects</p>	<p>Business as usual model still to be addressed.</p>	<p>Nicholas Gill</p>	<p>23-Jun-2016</p>	<p>30-Sep-2016</p>
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Corporate risks - risk status history

Generated on: 25 August 2016


Appendix 4




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Code & Title	Risk creation date	Risk Score	Current Risk Matrix	ARMC Meetings	Risk Score	Risk Status	Likelihood Description	Impact Description	Risk score change (Latest)
CR01 Resilience Risk	20-Mar-15	12		13-Sep-16	12		Possible	Major	→
				14-Jun-16	12		Possible	Major	
				08-Mar-16	12		Possible	Major	
				26-Jan-16	8		Rare	Extreme	
				03-Nov-15	8		Rare	Extreme	
				17-Sep-15	8		Rare	Extreme	
CR02 Loss of Business Support for the City	22-Sep-14	8		13-Sep-16	8		Unlikely	Major	→
				14-Jun-16	8		Unlikely	Major	
				08-Mar-16	8		Unlikely	Major	
				26-Jan-16	8		Unlikely	Major	
				03-Nov-15	8		Unlikely	Major	
				17-Sep-15	8		Unlikely	Major	
CR09 Health and Safety Risk	22-Sep-14	12		13-Sep-16	12		Possible	Major	→
				14-Jun-16	12		Possible	Major	
				08-Mar-16	12		Possible	Major	
				26-Jan-16	12		Possible	Major	
				03-Nov-15	12		Possible	Major	
				17-Sep-15	12		Possible	Major	
CR10 Adverse Political Developments	22-Sep-14	8		13-Sep-16	8		Rare	Extreme	→
				14-Jun-16	8		Rare	Extreme	
				08-Mar-16	8		Rare	Extreme	
				26-Jan-16	8		Rare	Extreme	
				03-Nov-15	8		Rare	Extreme	
				17-Sep-15	8		Rare	Extreme	
CR11 Hampstead Heath Ponds - overtopping leading to dam failure	05-Feb-15	16		13-Sep-16	16		Unlikely	Extreme	→
				14-Jun-16	16		Unlikely	Extreme	
				08-Mar-16	16		Unlikely	Extreme	
				26-Jan-16	16		Unlikely	Extreme	
				03-Nov-15	16		Unlikely	Extreme	

 = Red risk.

 = Amber risk

 = Green risk

ARMC Meetings = Audit and Risk Management Committee meeting

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Committee Audit and Risk Management	Dated: 13 September 2016
Subject: Deep Dive: CR01 Resilience – Event or situation related to terrorism or other serious event/major incident	Public
Report of: Town Clerk	For Information
Report author: Gary Locker, Head of Resilience	

Summary

This strategic risk reflects issues for which the City of London Corporation has both primary responsibility and control. This review has focused on the preparedness of the City of London Corporation and its delivery departments to respond effectively to an emergency situation related to terrorism or other serious event/major incident.

For the purpose of clarity the current definition of a ‘major incident’ is an event or situation requiring the implementation of special arrangements by one or more of the emergency services following an incident:

- Involving either directly or indirectly large numbers of people
- The rescue and transportation of a potentially large number of casualties
- The large scale combined resources of Police, London Fire Brigade, London Ambulance Service
- The mobilisation and organisation of the emergency services and support services, for example a Local authority to cater for the threat of death , serious injury or homelessness via set up of rest centres , humanitarian support through volunteer local authority employees crisis support teams
- The handling of a large number of media enquiries likely to be generated both from the public and news media.
- Acts of terrorism

This review has also examined the effectiveness of our engagement with key partner agencies involved in responding to incidents of this nature, as well as our work with the Square Mile business and residential communities. The risk is owned and managed by the Town Clerk.

Main Report

Introduction

1. This deep dive report on CR01 Resilience risk has been prepared at the request of the Audit and Risk Management Committee. The risk has a number of

components for the City of London Corporation resulting from its roles as an employer, a provider of local government services and as the Police Authority for the Square Mile. The risks from a policing perspective (operational policing) are 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. Under the Civil Contingencies Act 2004, the City of London Corporation (defined by the Act as a Category 1 responder) also has a responsibility to support its businesses and residential communities in the aftermath of a major incident

Context

2. The UK faces a serious and challenging threat from international terrorism. The UK threat level, determined by the Joint Threat Analysis Centre (JTAC) for international terrorism, is currently at SEVERE, meaning an attack is highly likely. The threat to the mainland UK excluding Northern Ireland from Northern Irish Related Terrorism is currently assessed as SUBSTANTIAL meaning an attack is a strong possibility
3. In the context of the City of London, the City Police has the lead responsibility for disrupting and preventing a terrorist attack as well as leading the initial response should an attack occur. They are supported in this task by the Metropolitan Police Service, the Security Services and other partners, including the City Corporation.
4. The City of London Corporation must also plan to respond to a number of other foreseeable risks. The City of London Risk Register, which is a publicly available document on the City Corporation's website and attached to this report, focuses on the most impactful emergencies that could happen in the square mile or elsewhere in the UK but with significant impacts on the square mile, using the National Risk Assessment and the Greater London Risk Register as the starting point. This assessment includes details of how likely they are to happen and the impacts if they do. This includes the impacts to people, their property, the environment and local businesses. This document is designed to inform the square mile community about the risks that could occur that could impact their daily activities. It is intended as a tool for driving better preparedness across the whole community

Statutory Requirements

5. The Civil Contingencies Act 2004 places the City of London Corporation under a statutory duty to ensure that it is prepared to respond to an emergency, including public order incidents. Under this Act, the City of London Corporation has a number of specific duties:
 - i. assess the risk of emergencies occurring and use this to inform contingency planning
 - ii. put in place emergency plans
 - iii. put in place business continuity management arrangements

- iv. put in place arrangements to make information available to the public about civil protection matters and maintain arrangements to warn, inform and advise the public in the event of an emergency
 - v. provide advice and assistance to businesses and voluntary organisations about business continuity management
6. Two further duties are prescribed in the Regulations for all emergency responding organisations:
- i. share information with other local responders to enhance co-ordination
 - ii. co-operate with other local responders to enhance co-ordination and efficiency

Current Position

Common consequences and mitigating actions / risk controls

7. The issues for the City Corporation to manage would include:
- i. Dealing with damage to specific areas and buildings, for example Guildhall
 - ii. Employee and community welfare
 - iii. Public and business confidence
 - iv. Coordination of the services of the City of London Corporation and other public services
8. For responding to these specific issues the City Corporation has a range of mitigating controls, these include;
- i. Business continuity plans. These are currently being reviewed and updated. At the last review in 2014/15 the City Corporation's increased dependence on IT for business delivery and hence the importance in business continuity planning was highlighted.
 - a. The move to infrastructure as a service should have increased organisational resilience, however during a series of incidents it became apparent that there remains a single point of failure in connectivity infrastructure in the Guildhall Justice Rooms which prevented access to systems hosted in remote data centres. The overall assessment of CR01 was re-rated from amber 8 to amber 12 on 18 April 2016 to reflect ongoing concerns about the robustness of the City Corporation's own IT and its effect on business continuity.
 - b. IT services has an initial test planned in the near future. This will test the resilience of all remote access services following some new facilities which have been installed to remove the dependency on the remote access gateway at Guildhall Justice Rooms. Once this test has been conducted successfully, more work can be carried out with departments on developing their business continuity plans. In addition a disaster recovery site exercise is planned at the London Metropolitan Archives building later in the autumn.

- ii. The City Corporation has plans in place to support employees following an incident including the availability of a Freephone advice line. We also have arrangements to care for the residential community should they become displaced by an incident through the establishment of rest Centres. Support is also available for the business community, for example, through the establishment of a Business Information Centre at which briefings will be provided by service departments and the emergency services. A joint rest centre exercise with Community and Children's Services and Resilience planning team will be held in the City next month.
- iii. A review of City of London Corporations emergency planning arrangements was undertaken by an independent consultant, Mick Free, in 2014 and one of the recommendations was the establishing of a Strategic Resilience Forum, Chaired by Town Clerk, with membership from City of London Police and City business to oversee the work of the City of London Resilience Forum
- iv. The City Corporation has a comprehensive Major Incident plan that is regularly reviewed and exercised. These exercises include the 'blue light services', the voluntary sector, the military, the utilities, City Corporation service departments and the business community. This plan fits into the wider Pan-London arrangements and the interaction between both levels is also subject to regular exercises.
- v. The work of the City of London Resilience Forum was instrumental in generating the City Risk Register. The Forum recently conducted a series of thematic workshops exploring how businesses need to prepare to respond to the key risks (including terrorism and public order). These workshops have led to the production of a comprehensive guidance document. The document (available on the City Corporation website) contains a detailed description of the potential impacts on business associated with each set of risks identified in the City Risk Register. The document also contains a compilation of simple measures that businesses of all sizes can implement to help them be better prepared to deal with the impacts identified
- vi. The City of London Corporation along with the 32 London Boroughs is subject to a set of Minimum Standards for London (MSL). This comprises of a set of standards aligned to resilience and emergency planning arrangements locally and Pan London. The MSL for each local authority is subject to peer review. The next round of peer review for 2016 will focus on eight key areas of resilience planning work:
 - Local Emergency plan
 - Community Shelter plans
 - Evacuation
 - Identification of vulnerable persons
 - Warning, informing, alerting arrangements
 - Excess death plans
 - Pandemic Influenza
 - Severe weather

9. In addition to a regular programme of simulations the recent pan-London and International Exercise Unified Response provided number of opportunities for testing the effectiveness of our plans and coordination arrangements through overarching local authority objectives, to test London Local Authority Gold arrangements, The City of London co-ordination centre as well as the role of local authority liaison officer the City has been able to derive significant confidence that its plans are effective and are consistent with Pan London and national major incident plans.
10. The Centre for the Protection for National Infrastructure and the Security Services continually develop guidance on how to deal with the type of terrorist attacks that have happened around the world. Following on from this guidance, iconic sites within the City have been assessed by the Security Services and plans concerning these are regularly reviewed using simulations of real incidents and role plays.
11. Following the increase in the UK threat level to SEVERE in August 2014, the proliferation of terror attacks in Western Countries, Europe and the number of disrupted plots in London and the UK, Town Clerk commissioned a security review of all Corporation activity, critical buildings and assets in early 2016. This review has delivered a security strategy which provides aims and ambition for delivery by the City Corporation. The strategy is currently being reviewed by a new officer Security board Chaired by the Town Clerk. The strategy includes the delivery of a Corporate Security plan intended to deliver the aim and ambition of the strategy by setting out specific activity areas of governance, threat and risk, concept of operations to include cyber and information protection
12. To support the delivery of priority security enhancements, Resource Allocation sub-Committee agreed a specific budget under the management of the Town Clerk. Project reports detailing how individual issues will be addressed are progressing through the Committee system.
13. The City of London Corporation is also working closely with other business districts in London (such as Canary Wharf and the London Bridge Quarter) to help them become better prepared to respond to potential terrorist attacks
14. As a result of lessons learned from the disorder experienced in London in 2011, we have strengthened the support network for residents of our housing estates both inside and outside the Square Mile – including reassurance measures via staff on site. Support is also available for the business community, for example, through the establishment of a Business Information Centre at which briefings will be provided by service departments and the emergency services.
15. An information sharing protocol was also signed in 2014 between City of London Police and City of London Corporation providing an effective means of sharing information and intelligence on known protest , groups and intentions to allow the Corporation to be better prepared

Conclusion & Assessment of the existing controls

16. The City of London has comprehensive plans that cover emergency response, business continuity and disaster recovery. These plans meet the requirements established by Central Government through the Cabinet Office and have been benchmarked against those of all London local authorities.

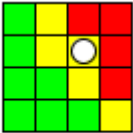
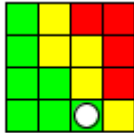
Gary Locker
Head of Resilience

Corporate Risk CR01 - Resilience

Report Author: Paul Debuse

Generated on: 19 August 2016



Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR01 Resilience Risk 20-Mar-2015 John Barradell	<p>Cause - Lack of appropriate planning, leadership and coordination</p> <p>Event - Emergency situation related to terrorism or other serious event/major incident is not managed effectively</p> <p>Effect - Major disruption to City business, failure to support the community, assist in business recovery. Reputational damage to the City as a place to do business.</p>	<p>Likelihood</p>  <p>Impact</p>	<p>12</p>	<p>The Status of this risk hasn't changed. A review of the organisation's security procedures is currently being undertaken to ensure that they are consistent and appropriate for the threat level. Implementation of the review findings will take place over the coming year. The CoL's own business continuity is heavily dependent on resilient IT and a test as to whether an identified single point of failure in the Guildhall Justice Rooms has been rectified is awaited.</p> <p>19 Aug 2016</p>	<p>Likelihood</p>  <p>Impact</p>	<p>4</p>	<p>31-Mar-2017</p>	<p>↔</p> <p>No change</p>

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR01A Emergency Exercise	Full exercise (Allovus) to test the emergency and business continuity plans across the organisation. The exercise will involve the emergency services	This action is now complete	Gary Locker	29-Jan-2016	11-Jun-2015
CR01B Corporate review of Business Continuity planning	Prepare and complete a report for the Summit Group, based on the findings of a review of departmental business continuity planning	this action is now complete	Gary Locker	29-Jan-2016	30-Nov-2015
CR01C Exercise Unified Response	Large scale multi-agency exercise which will test the CoL's Borough Emergency Co-ordination Centre (BECC)	Lessons learnt from the exercise have been fed back into the corporate emergency planning process and business continuity plans. This action is now complete	Gary Locker	17-Jun-2016	01-Jun-2016
CR01D Elimination of single points of failure, resulting in loss of services	Working with the IS division, remove potential single points of failure from business continuity processes.	Currently waiting for feedback from the IS division regarding testing on changes to the VPN infrastructure that will ensure that the network will be available virtually in the event of a systems outage in Guildhall. Still awaiting test by IT to determine whether single point of failure in Guildhall Justice Rooms has been rectified.	Gary Locker	19-Aug-2016	01-Dec-2016
CR01E Corporate Review of Security	Conduct a review of the City of London's physical security arrangements to ensure that are consistent and appropriate for the threat level. Implementation of the review findings be complete by the end of 2016	Consultant Marshall Kent has been engaged to provide the independent review, work commenced in April.		19-Aug-2016	31-Dec-2016



City of London Local Risk Register

2016 revised edition

Document History

Version	Date	Details	Lead assessor
1	2011	Whole document review New issue	Peter Clarke, Contingency Planning Officer, City of London Police
2	2013	Whole document review / New issue Removal of references to Olympic risks	Peter Clarke, Contingency Planning Officer, City of London Police
3	05/2015	Whole document review New issue First issue for online publication	Néstor Alfonso Santamaría, Resilience Officer, City of London
3.1	07/2015	Revised version following public consultation	Néstor Alfonso Santamaría, Resilience Officer, City of London
3.2	08/2016	Whole document review	Gary Locker Head of Resilience, City of London

All queries relating to this document should be directed to:

City of London Resilience Unit
 Guildhall
 PO Box 270
 London
 EC2P 2EJ
 Email: resilience@cityoflondon.gov.uk

Version:	3.2
Prepared by	Gary Locker Head of Resilience City of London
Authorised by	John Barradell, Town Clerk, City of London
Date Issued:	08/2016
Next planned review:	08/2017

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Context

Risk assessment is the first step in developing the required capabilities to prepare for and reduce the risk of emergencies. It ensures that emergency responders make plans that are sound and proportionate to the risks faced by the community they serve. The Civil Contingencies Act 2004 places a duty on all emergency responders to carry out risk assessments.

The National Risk Assessment (NRA)

The National Risk Assessment (NRA) is produced every two years and it identifies all the major hazards and threats the UK should prepare for within a five-year horizon. Reasonable Worst Case Scenarios are the basis for the assessment. They are developed by the lead department for each risk and are informed by historical and scientific data, specialist modelling, trend surveillance and expert judgment. This process is led by the Civil Contingencies Secretariat within the Cabinet Office and it involves government agencies, scientists and academics, as well as operators of critical national infrastructure. It covers malicious and non-malicious events that could cause harm and disruption to the UK. The NRA is then used as the basis for capabilities-based planning to support emergency preparedness and response from national to local level.

The NRA is classified at "Secret" and access needs to be arranged via the City of London Police Counter Terrorist and Special Branch. The Cabinet Office also produces a public version of this assessment which is published online (the [National Risk Register](#)).

The pan-London Risk Register

This risk register is used by the London Resilience Partnership as the basis for developing risk based emergency response capabilities, allowing the partnership to prioritise its resilience activities effectively.

The risks included in the London Risk Register are based on the 'reasonable worst case scenarios' developed nationally. The London Risk Register provides an assessment of the likelihood and impact of these scenarios for Greater London.

The London Risk Register is maintained by the London Risk Advisory Group. This group includes local authorities, police forces and other blue light services, the National Health Service, Public Health England, Environment Agency and calls on other as necessary. The London Risk Register is [published online](#) by the London Resilience Partnership.

The City of London Risk Register

Introduction

The City of London Risk Register provides information on the most impactful emergencies that could happen in the Square Mile or elsewhere in the UK but with significant impacts on the Square Mile. This assessment includes a details of how likely they are to happen and the impacts if they do. This includes the impacts to people, their houses, the environment and local businesses. This document is designed to inform the Square Mile community about the risks that could occur that could impact their daily activities. It is intended as a tool for driving better preparedness across the whole community.

Looking at all of the risks together can also help emergency services, local authorities and other organisations plan their joint response. This risk register aims to inform the decisions these agencies make on emergency preparedness and disaster risk reduction.

Scope

The City of London Risk Register focuses on serious emergencies that could happen, using the National Risk Assessment and the Greater London Risk Register as the starting point.

An emergency is defined in the Civil Contingencies Act 2004 as:

- An event or situation which threatens serious damage to human welfare in a place in the United Kingdom
- An event or situation which threatens serious damage to the environment of a place in the United Kingdom
- War or terrorism which threatens serious damage to the security of the United Kingdom.

Emergencies covered by this register are divided into two broad categories:

1 Collectively known as **hazards:**

Accidents
Natural events

2 Known as **threats:**

Malicious attacks

Methodology

The City of London Risk Register follows the same method used at a Pan-London level for assessing and prioritising risks. The City of London Resilience Forum, has the overall responsibility for identifying the threats and hazards that, in their view, could give rise to an emergency within the Square Mile in the next 5 years.

The City of London Risk Register, in line with the National Risk Assessment methodology, assesses the impact of risks against a set of impact scales that have been devised to take into account the definition of an emergency given in the Civil Contingencies Act (2004). Five impact dimensions have thus been identified:

- the number of fatalities that are directly attributable to the emergency
- illness or injury over the period following the onset of the emergency
- levels of social disruption to people's daily lives. Ten different types of disruption are taken into account, from an inability to gain access to healthcare or schools to interruptions in supplies of essential services such as food, water and fuel, and to the need for evacuation of individuals from an area
- economic harm – the effect on the economy overall, rather than the cost of repairs
- the psychological impact that emergencies may have, including widespread anxiety, loss of confidence or outrage that communities may experience

Each of the dimensions listed above is scored on a scale of 0 to 5 (with 5 being the most significant one). The overall impact, which indicates the relative scale and extent of all the impacts, is the mean of these five scores.

The likelihood of each risk is calculated at a national level, using both historical data and numeric modelling. Scientific expertise is also sought at a National and Pan-London level to inform the development and review of risks.

The likelihood of terrorist or other malicious attacks is assessed more subjectively. The willingness of individuals or groups to carry out attacks is balanced against an objective assessment of their capability – now and, as far as possible, over the next five years – and the vulnerability of their potential targets.

In accordance with current practice across Greater London, each hazard is assigned a Risk ID which is consistent with the one assigned to that risk nationally. For this reason, the numbers for these risks are not consecutive (as some risks that have been identified nationally are not relevant to the City). Threats are assigned a Risk ID which is aligned to the Greater London's Risk Register system.

Risk matrix

Impact		Likelihood				
		1	2	3	4	5
Catastrophic 5			X5, H41			
Significant 4			HL12, H45		H23	
Moderate 3			HL14, H2, H57, X6	H18, H24, X2, X4	HL42, X1	X3
Minor 2			H19	H9, H35	H17, H56	X7, H30, H40
Limited 1						
		Low	Medium Low	Medium	Medium High	High

Risk Priority

Very High
High
Medium
Low

Risk ID	Risk Title
H9	Large toxic chemical release
HL12	Accident involving transport of hazardous chemicals
HL14	Road accident involving transport of fuel/explosives
H17	Storms & Gales
H18	Low temps and heavy snow
H19	Major coastal and tidal flooding
H21	Severe inland flooding
H23	Influenza Pandemic
H24	Emerging infectious diseases
H30	Loss of emergency fire and rescue cover because of industrial action
H35	Industrial action by key rail or London Underground workers
H40	Localised telecommunications failure
H41	National electricity failure (Blackstart)
H45	Technical failure of regional electricity network
H48	Heat Wave
H56	Severe Space Weather
H57	Large scale public disorder

Risk ID	Risk Title
X1	Attacks on crowded places
X2	Attacks on Transport Systems
X3	Attacks on Infrastructure
X4	Small scale Unconventional Attacks
X5	Catastrophic Unconventional Attack
X6	Cyber attacks: infrastructure
X7	Cyber attacks: data confidentiality

Common consequences

Through highlighting likely common consequences throughout the top risks identified in this assessment, this document aims to avoid duplication and provide a

Disruption to transport affecting:

- The ability of people to get to work or get home
- Delivery of goods, materials and services (including public services)
- Rail and tube services
- Road traffic

Disruption to utilities affecting:

- Ability to maintain services and a working environment
- Ability to remain at home
- Communication with others (including customers, staff and loved ones)

Financial costs including:

- Cleaning and building maintenance
- Building repairs and site recovery
- Rising insurance premiums and excess
- Legal fees
- Temporary staff replacement and staff welfare
- Emergency aid, assistance and charitable contributions

quick reference guide of those impacts which are common to most risks faced by the Square Mile.

What to prepare for?

Disruption to your own resources:

- Overstaffing/resourcing (staff wishing to stay and help, rather than go home and rest to take over the next shift).
- Understaffing/supply chain disruptions (inability of staff to get to work or unwillingness of staff to go back to the area following an incident).
- Over-exhaustion of staff who have not been able to have enough rest.
- Competing demands for services/supplies required for recovery.

A summary of the top consequences for each risk theme can be found in the [Business Resilience Planning Considerations](#).

Top Risks

Severe Weather

The disruptive effects of specific types of severe weather can vary widely depending on the event. For common consequences of the various types of severe weather, refer to the first section of this document.

The majority of the City of London is classed as being at Very Low risk of flooding from river and sea flooding. However, parts nearer the Thames, including Walbrook Wharf, are identified as Low risk and therefore have a chance of flooding of between 0.1% and 1% in any given year. For the Square Mile, the most relevant type of flooding is the one linked with heavy rain, known as surface water flooding (refer to the [City of London Strategic Flood Risk Assessment](#) for further details).

What to prepare for? -Flooding

- Damage to property (water ingress or floating vehicles/debris hitting your building).
- Sewers bursting (contaminated water entering your building).
- Pedestrian subways filled with water.
- In worst case scenarios it could take up to five years to fully recover from the damage to the transport infrastructure (including the Tube).

What to prepare for? -Storms and gales

- Trees blown down blocking streets/access to buildings and crushing cars.
- Collapse of scaffolding, cranes, billboards or other temporary structures.

What to prepare for? -Low temperatures and heavy snow

- Very low temperatures pose a health risk to vulnerable people.
- School closures.
- Ice/snow on pavements and accumulating on surfaces or temporary structures.
- Temperature in offices falling under minimum acceptable limits (around 16°C) and forcing building closures.

What to prepare for? -Heat waves

- Very high temperatures pose a health risk to your vulnerable staff or their family members.
- Increased power demand as a result of building cooling.
- Members of the public seeking refuge in your building's public areas.

What to prepare for? -Drought

- Burst water mains due to lack of water pressure.
- Water shortages leading to building closures due to health and safety concerns.

Electricity network failure

Being part of the critical national infrastructure, the electricity network is built to withstand a series of impacts, including winter weather. Robust emergency plans are in place to help it deal with lightning, strong winds, flooding and other incidents that can sometimes affect power supplies. The resilience of the power network serving the City of London is rated as one of the best in the world, with only a 3% failure rate on any one component.

Recognising this level of resilience, this section deals with the unlikely risk of failure to the electricity supply that could occur as a consequence of industrial accidents, technical failure, severe weather or malicious activity.

What to prepare for?

Some consequences of electricity supply disruption are specific to large-scale disruptions, but most would still be relevant for localised disruptions (which are more likely to occur).

- Widespread darkness (your building might stand out as one of the few buildings with power).
- Excess demand could lead to shortages of fuel for generators.
- Increased calls for people trapped in lifts (emergency services will attempt to recover costs for this type of call).
- Loss of electricity supply to areas not on generators / whole building (if no generators on-site).
- Disruption to key safety features of your building (lighting, fire alarms, public announcements system, CCTV, access control system, etc.).
- Alarms being triggered / security features defaulting to open mode.
- Businesses with sufficient generators could be asked to assist in taking demand off emergency power being sent out by power supply companies.
- Knock-on impacts on other infrastructure (disruption to telecommunications, specially voice-over-IP systems and mobile network; road signals, transport network, petrol stations, etc.).
- Knock-on impacts on other utilities (such as water) and their ability to provide a service.
- Disruption to cash machines and point of sale terminals.
- Staged resumption might see fluctuations in power supply.
- Energy supply shortage or transmission constraints leading to rota disconnections.
- Uncontrolled shutdown of key business systems (leading to data corruption / loss of data).

Telecommunications failure

The key impacts covered in this theme centre on significant disruptions leading to loss of service by more than one provider (including land lines and mobile networks) for several days (mainly as a result of widespread power outages).

Significant disruptions affecting one provider could affect other operators due to the level of interdependencies within the sector. It is also anticipated that a major incident in London will place the mobile telecommunications network under a level of stress similar to those experienced during New Year's Eve, potentially over a longer period of time.

What to prepare for?

- Loss of communications infrastructure may impede your ability to communicate with others or receive instructions from the emergency responders.
- 'Home working' as a recovery solution might be unavailable.

Direct impacts involve the loss of the following:

- Voice communications
- SMS / MMS messaging
- Internet

The community might also experience disruption to the following:

- Machine-to-machine data
- Cash machines
- Chip and PIN machines (and other point of sale terminals)
- Smart metering (gas, electric and water)
- Vending machines - restock information
- Ticket machines - including payment systems

Other systems that could also be affected include:

- Traffic light control and traffic monitoring systems
- Bus monitoring and time information at bus stops
- Water monitoring, in pipes, rivers, reservoirs and at pumping stations
- Electricity use monitoring and remote switching
- Panic alarms for vulnerable people
- Panic alarms for victims of crime
- Electronic TAGs for criminals
- Cash in transit tracking
- Parcel tracking for courier services

Human diseases (including pandemic flu)

Human diseases can present themselves in a wide range of forms. For this reason, the impacts associated with these can vary considerably from one outbreak to another.

Even though the outbreak of H1N1 influenza in 2009 (known as 'swine flu') was milder than the reasonable worst-case scenario that the UK Government's plans considered, this does not mean the severity of future pandemics will be the same as the 'swine flu' outbreak. The reasonable worst-case scenario for assessing the potential impacts of this risk is based on the 1918–19 'Spanish flu' outbreak.

A pandemic is potentially a unique event in terms of planning in that it would result in cases of disease across the whole world. This could have particular challenges for multinational businesses.

Even though pandemic influenza remains the most significant civil emergency risk for the United Kingdom as a whole, seasonal diseases (such as Norovirus) could also present a risk to businesses. These diseases are not likely to cause death but their ability to spread through the workforce and lead to staff absenteeism shouldn't be underestimated.

What to prepare for? - Pandemics:

- Large-scale staff absenteeism (up to 10% of the workforce during the peak, and 50% over the duration).
- A pandemic wave could last 15 weeks, with multiple waves.
- Staff absences could affect key critical business cycles and distribution points.
- Whole teams affected at one time.
- Impacts not limited to a single geographical region (consider impact on international branches of your business/headquarters or the operations of your critical suppliers).
- Staff disruptions in key infrastructure providers could affect delivery fleets, public transport, specialist maintenance contractors, outsourced media relations/press teams, etc.
- Impacts on the wider population could result in the following:
 - School closures and the resulting absence of staff.
 - Key staff unwilling or unable to travel to work (staff who are worried despite being well).
 - More staff requiring time off to care for relatives (not just the traditional staff with caring responsibilities).
 - Staff requiring compassionate leave/counselling for dealing with bereavement.

- Increase in business activity (for companies providing services like health insurance or medical supplies or within specific sections within the business, such as HR).
- Staff shortages in certain business-protection functions could lead to changes in the threat landscape (potential increase in opportunistic attacks seeking to exploit financial, cyber-security or physical security vulnerabilities).

What to prepare for? - Outbreaks of infectious diseases

(including seasonal illnesses such as Norovirus and exotic diseases)

- Disruption usually lasts for 48-72 hours but re-infection is a possibility (staff still in the contagious stage of the illness returning to work).
- Whole teams may be affected at the same time (contagion amongst those working in close proximity).
- Impact could be limited to a single business (so your business might not be able to benefit from a relaxation of rules as there is no wider systemic impact).
- Norovirus is a seasonal illness that occurs every year. Once caught, it results in 48-72 hours sickness, yet return to work should be delayed for 48 hours after last vomiting. Having caught it once does not provide immunity for more than three months. Half of the people exposed to the virus will catch it.

Civil disorder

The risk of public disorder is something most organisations in the Square Mile have been exposed to in one form or another. The ways in which public order incidents manifest themselves can prove challenging to both law enforcers and businesses/organisations. It often occurs following a trigger event, yet it is not always possible to identify it as such at the time it happens. The unrest that is created from this trigger can result in further sporadic actions, which could include rioting, looting, vandalism, protest, violence and arson.

What to prepare for?

- Disruption to deliveries/collections (including mail, office supplies and refuse collections).
- Interruptions to your supply chain.
- Presence of trespassers/unauthorised people in your own premises.
- Demonstrators inside business premises.
- Public transport disruptions (including heavy traffic).
- Potential for arson attacks on company vehicles or other corporate assets (including buildings).
- Broken glass (and other damage to building) at street level and lower floors.
- Misinformation caused by rumours spread on social media/networking sites, news channels, etc.
- Staff absences (both linked to the transport disruptions or due to disorder near their homes).
- Additional support required by lone workers or by staff living in affected areas (this could include help with temporary relocation).
- Reputational impacts of staff taking part in violent disorder (could even be wearing corporate uniforms).
- Difficulty in gaining access to key markets (like the Lloyd's insurance market).
- Multiple invocations of recovery sites (this could lead to syndicated space provision not being available).
- Neighbours protecting their property better could mean your building becomes a more vulnerable target.
- Difficulties protecting large glass areas, boarding-up properties, fencing areas or deploying crowd barriers at short notice.
- Blue light services' resources might be tied up dealing with the situation elsewhere or access to premises could be made difficult due to security concerns – the police would need to provide protection to fire brigade and ambulance service crews attending the scene of disorder (these could cause delays to their response).
- Delays to extra security staff (additional staff required at short notice could be affected by transport disruptions or the supplying company might not have enough resources to meet a peak in demand).

- Following the disorder the following impacts could be expected:
 - Need to arrange for protection to damaged areas of buildings.
 - Extra cleaning costs.
 - Legal costs.
 - Insurance claims / requirement to review cover.
 - Limited availability of specialist glass providers/stocks, leading to delays in replacing damaged glass panels.
 - Similar problems replacing other components of building damaged during the disorder.

Terrorism

The Square Mile is a safe place in which to live and work. Nevertheless, it is prudent to prepare for these rare incidents which could cause significant disruption.

At the time of writing this document, the [threat to the UK from international terrorism is severe](#). This means that a terrorist attack is highly likely, although there is no intelligence to suggest that an attack is imminent.

The UK faces a wide range of threats and attacks could include marauding gunmen, improvised explosive devices (IED), human and vehicle borne devices, suicide attacks or chemical, biological, radiological attacks, to name a few attack modes.

The United Kingdom's counter-terrorism strategy (titled CONTEST) is organised around four work streams:

- Pursue: to stop terrorist attacks.
- Prevent: to stop people becoming terrorists or supporting terrorism.
- Protect: to strengthen our protection against a terrorist attack.
- Prepare: to mitigate the impact of a terrorist attack.

What to prepare for?

- Phone operators receiving bomb threats.

- Members of staff being radicalised and carrying out the attack (insider threat) or being identified as linked to the perpetrators.
- Reception/security staff receiving urgent instructions from the police (including the need to move all staff to a safe area or to evacuate via an alternative route).
- General staff would be required to comply with instructions from the police and other emergency services (even if these seem counterintuitive).
- Increase in staff absences (initially as a result of transport disruption but with time reasons for absence could include fear of future attacks or a significant change of circumstances at home).
- Acute infrastructure disruptions (including outages of the mobile phone network, utilities and public transport).
- Members of staff being directly affected by the incident, including the following related impacts:
 - Dealing with staff (or their family members) being kidnapped or held hostage.
 - Accounting for staff and liaise with Casualty Bureau.
 - Need for staff to provide witness statements for the police.
 - Communicating with next of kin of affected staff.
 - Dealing with multiple bereavements within your workforce.

- Dealing with the psychological impacts of the incident on the workforce.
- Arranging memorial/funeral services for staff.
- Dealing with large quantities of floral tributes delivered to your office.
- Seeing an increase in requests for longer periods of compassionate leave or sick leave.
- Longer-term transport disruptions (if the incident has damaged the highways or the public transport infrastructure).
- Damage to your building or other corporate assets (like corporate cars) – this damage could include structural damage leading to complete or partial loss of a building.
- Disruptions as a result of cordons set up by the police (including buildings being made unavailable even if not directly affected).
- Disruptions as a result of parts of your building becoming crime scenes.
- Cleansing of buildings and other assets, including:
- Disposal of contaminated objects/surfaces following a chemical, radiological or biological attack.
 - Removal of debris and derelict structures.
 - Cleaning of surfaces affected by water or fire/smoke.
 - Removal of stains from porous surfaces (including concrete and stone).
- Disruptions to your supply chain.
- Requirement for additional security as a result of an increase in the threat level.
- Sudden increase in workload for companies providing services that might be in higher demand following an incident (such as engineering firms, insurance providers, etc.).
- Damage to your organisation's reputation (caused by comments from estranged employees or images of damaged buildings with your logo on them).
- Effects on customers or clients (they might not feel safe/comfortable visiting or attending meetings at your premises).
- Having to stay in a safe place within your building for a prolonged period of time (including tending to injuries caused by the incident until the emergency services are able to reach you).
- Delays in assistance from the emergency services (at least until their staff can operate in a reasonably safe environment).
- Having a set of basic outline floor plans available for the emergency services in the event they need to navigate your building.

Cyber

The previous iteration of the City Risk Register, in line with the London Risk Register and the National Risk Assessment, recognised a number of risks that could be grouped under the broad heading of "cyber".

These concentrate on cyber attacks targeting various systems considered to be part of the critical national infrastructure. All these risks could have direct consequences that may lead to a civil emergency, as outlined in the Civil Contingencies Act.

Within the financial services industry, the Bank of England's Financial Policy Committee acknowledged the need for the Financial Authorities to work with the relevant Government agencies and industry to improve and test the sector's resilience to cyber attack.

Locally, the City of London Corporation and the Police have been supporting the work of the Financial Authorities and HM Government, as well as the initiatives led by businesses, to make the City more resilient to cyber attacks.

A working group of the City of London Resilience Forum has been convened with the help of the Centre for the Protection of National Infrastructure (CPNI) to:

- review the cyber risks and suggesting those most relevant to the Square Mile;
- identify any gaps in the current assessment;
- communicate the reviewed risks to the wider City community.

A brief generic description of the "cyber" risks has been included in this year's register but an in depth report on these risks is expected to be produced by the working group on Cyber mentioned above in the first quarter of 2015.

Detailed assessments - Hazards

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Risk ID	Risk Title	Risk Description	Scoring		City Relevance	Mitigation
			likelihood	impact		
H9	Toxic Chemical Release	<p>This risk assumes a chemical release outside the city with the plume from the incident affecting City residents and workers resulting in up to 50 fatalities & up to 2000 casualties. This risk could result in environmental contamination with associated environmental impacts. This risk might require remediation and/or decontamination.</p> <p>Excessive demands on healthcare services locally both short term and long term. Water supplies might be at risk. Contamination of farm land could lead to avoidance of certain foodstuffs.</p> <p>For example: A chlorine release or a large industrial complex or bulk storage of chemicals near to London. There are some sites of this nature within the M25.</p>	3	2	<p>There are no large industrial complexes or bulk storage facilities within the City of London or near its borders.</p> <p>Impact dependent on wind direction.</p>	<p>London Emergency Services Liaison Panel Major Incident Manual Pan-London Chemical, Biological, Radiological, Nuclear response arrangements.</p> <p>Mobilisation plans for specialist responders.</p> <p>London Emergency Services Liaison Panel Major Incident Manual.</p> <p>Mutual Aid Plan between Metropolitan Police Service (MPS), British Transport Police (BTP) and City of London Police.</p>

Risk ID	Risk Title	Risk Description	Scoring		City Relevance	Mitigation
			likelihood	Impact		
HL12	Local accident involving transport of hazardous chemicals	Up to 50 fatalities and up to 500 casualties (direct injuries from the accident would be similar to road or rail accidents; indirect casualties are possible, if substance covers wide area). The extent of the impact would depend on substance involved, quantity, nature and location of accident. The assumption is based on phosgene / chlorine.	2	4	The City is at the centre of London's road network, with major thoroughfares seeing significant amounts of heavy vehicle traffic. Upper Thames Street Tunnel is one of the major routes through London for heavy traffic.	Legislation, regulations and guidance on the carriage of dangerous goods. Specialist Emergency Services and other responder equipment and resources. Specific emergency response arrangements for Upper Thames Street tunnel. Generic emergency response plans. Mutual Aid Plan between Metropolitan Police Service (MPS), British Transport Police (BTP) and City of London Police.
			High			
HL14	Local (road) accident involving transport of fuel/explosives	Up to 30 fatalities and up to 20 casualties within vicinity of accident/explosion. Area would require evacuating up to 1 km radius depending on substances involved. Potential release of up to 30 tonnes of liquid fuel into local environment, watercourses etc. Large quantities of firefighting media (foam) could impact on environment. Roads and access routes impassable for a time. Emergency access into/out of large populated areas becomes difficult or impossible.	2	3		
			High			

Risk ID	Risk Title	Risk Description	Scoring		City Relevance	Mitigation
			likelihood	Impact		
H17	Severe Storms and Gales	<p>Storm force winds affecting most of the South East England region for at least 6 hours. Most inland, lowland areas experience mean speeds in excess of 55 mph with gusts in excess of 85 mph.</p> <p>Up to 10 fatalities and similar number of casualties (chiefly linked to crane collapses) with short term disruption to infrastructure including power, transport networks, homes and businesses.</p> <p>Trees blown down blocking streets/access to buildings and crushing cars.</p> <p>Collapse of scaffolding, cranes, billboards or other temporary structures.</p>	4	2	<p>Impacts on transport infrastructure outside the City of London could lead to significant disruptions within the Square Mile.</p> <p>Collapse of cranes affected by the winds might extend the disruption period, including disruption to working sites and nearby streets.</p> <p>For the Square Mile, the most relevant type of flooding is the one linked with heavy rain, known as surface water flooding (refer to the City of London Strategic Flood Risk Assessment for further details).</p>	<p>Business continuity plans for responding organisations are in place to ensure critical Services are maintained.</p> <p>Police Mobilisation Plans and organisational response plans.</p> <p>Local Authority plans for assisting vulnerable residents.</p> <p>Generic emergency response plans.</p> <p>Severe weather warnings from Met Office.</p> <p>Public Weather Service Advisory messages.</p>

Risk ID	Risk Title	Risk Description	Scoring		City Relevance	Mitigation
			likelihood	Impact		
H18	Low temperatures and heavy snow	<p>Snow falling and lying over most of the area for at least 1 week. After an initial fall of snow there is further snow fall on & off for at least 7 days. Most lowland areas experience some falls in excess of 10cm, a depth of snow in excess of 30 cm and a period of at least 7 consecutive days with daily mean temp below -3C. Up to 30 fatalities & thousands of casualties, mainly due to slips, trips & falls. However there will be a large number of excess morbidity -mortality above the number in a normal winter. There is likely to be some disruption to transport networks, businesses, power supply & water supply & also school closures.</p> <p>The cold/snow event definition is based on a February 1991 type event, bearing in mind the impact of more recent events such as February 2009, Dec 2009 – Jan 2010 have had.</p>	3	3	<p>There may be an impact on vulnerable residents, particularly the elderly.</p> <p>There is potential for disruption to transport services which may impact on Emergency Services and Local Authority staff being able to get to work.</p> <p>Impacts on transport infrastructure outside the City of London could lead to significant disruptions within the Square Mile.</p>	<p>Business continuity plans for responding organisations are in place to ensure critical Services are maintained.</p> <p>Police Mobilisation Plans.</p> <p>Strategic Salt Protocol (Dept for Transport) for Local Highways Authorities in England (ensures sufficient salt stocks are available).</p> <p>Local Authority plans for assisting vulnerable residents.</p> <p>Generic emergency response plans.</p>

Risk ID	Risk Title	Risk Description	Scoring		City Relevance	Mitigation
			likelihood	Impact		
H19	Major Coastal and tidal flooding affecting parts of more than two UK regions	<p>Combination high tides and major sea surge, resulting from gale force winds and heavy rainfall. Many coastal regions and tidal reaches of rivers affected by overtopping or failure (breach) of coastal and/or estuary defences.</p> <p>Flooding from breaches in defences would be rapid and dynamic with minimal warning and no time to evacuate. Inundation from overtopping of defences would allow as little as 4 hours to evacuate. Widespread structural damage. Up to 50 fatalities and 400 casualties, including those whose death, illness or injury is an indirect consequence of flooding.</p>	2	2	<p>Due to its geographical location, the City of London is unlikely to be directly affected by Major Coastal Flooding. Flood defence in the form of the Thames Barrier is used to protect central London from such flooding.</p> <p>Knock on impact of disruption to Transport networks may affect Emergency Services and Local Authority staff being able to get to work.</p> <p>Significant added disruption to London's transport infrastructure.</p>	<p>Thames Barrier Flood Defence tested regularly.</p> <p>Flood warnings issued by the Environment Agency and the Flood Forecasting Centre.</p> <p>Major Incident and multiagency flood plans in place.</p> <p>Search and Rescue Plans exist for the Thames area including the Maritime and Coastguards Agency, the Royal National Lifeboat Institution and the MPS Marine Unit).</p> <p>Business continuity plans for responding organisations covering critical services.</p>

Risk ID	Risk Title	Risk Description	Scoring		City Relevance	Mitigation
			likelihood	Impact		
H21	Flooding: Severe fluvial flooding affecting more than two UK regions	<p>A single massive fluvial event or multiple concurrent regional events following a sustained period of heavy rainfall extending over two weeks (perhaps combined with snow melt and surface water flooding). The event would include major fluvial flooding affecting a large, single urban area. Closure of primary transport routes. Infrastructure failure. Loss of essential services (gas, electricity & telecoms) to over 300 homes and businesses directly affected for up to 14 days. Sediment movement and disruption to water supplies. Significant regional economic damage. U to 10 fatalities and 500 casualties and 20 missing persons (not accounted for in first 48 hours).</p> <p>Assumes damage or failure at several sites of telecommunications, electrical sub stations, water and sewage treatment works, road bridges and rail embankments, rendering these essential services inoperable for up to 14 days.</p>	2	3	<p>The City of London is built mainly on high ground, with lower areas towards the banks of the Thames. The area of Lower Thames Street may suffer fluvial flooding as water runs off from other parts of the City.</p> <p>Knock on impact of disruption to Transport networks may affect Emergency Services and Local Authority staff being able to get to work.</p> <p>Significant added disruption to London's transport infrastructure, with closure of key transport routes for up to 5 days .</p>	<p>Thames Barrier Flood Defence tested regularly.</p> <p>Flood warnings issued by the Environment Agency and the Flood Forecasting Centre.</p> <p>Major Incident and multiagency flood plans in place.</p> <p>Search and Rescue Plans exist for the Thames area including the Maritime and Coastguards Agency, the Royal National Lifeboat Institution and the MPS Marine Unit).</p> <p>Business continuity plans for responding organisations covering critical services.</p>
			High			

Risk ID	Risk Title	Risk Description	Scoring		City Relevance	Mitigation
			likelihood	Impact		
H23	Influenza type disease (pandemic)	<p>Previous pandemics have led to different outcomes. Based on understanding of previous pandemics, a pandemic is likely to occur in one or more waves, possibly weeks or months apart. Each wave may last between 12-15 weeks. Up to half the population could be affected. All ages may be affected, but until the virus emerges we cannot know which groups will be most at risk.</p> <p>Assumptions:</p> <p>Up to 50% of the population falling ill, spread over one or more waves. A case fatality ration of up to 2.5% in a reasonable worst case scenario and a corresponding case hospitalisation demand ration of 4%, 25% of which require level 3 critical care. Peak illness rates of 10-12% in each of the weeks in the peak fortnight. Absence rates for illness reaching 15-20% in the peak weeks with significant disruption to essential services such as transport as a result</p>	4	4	<p>Knock on impact of disruption to Transport networks may affect Emergency Services and Local Authority staff being able to get to work.</p> <p>Increase in fatalities – potential for ‘excess deaths’ placing strain on health and Local Authority Services at a time of increased demand.</p> <p>Potential for school closures could increase absence rates. Staff might not be willing to travel on public transport.</p> <p>Potential restrictions on public gatherings and international travel.</p>	<p>Pan London Flu Pandemic Response Framework.</p> <p>Major Incident Plans.</p> <p>Flu Plans for emergency responders.</p> <p>Access to antiviral drugs from the National Stockpile and vaccinations for critical personnel.</p> <p>Business continuity plans for responding organisations are in place to ensure critical Services are maintained.</p>

Risk ID	Risk Title	Risk Description	Scoring		City Relevance	Mitigation
			likelihood	Impact		
H24	Emerging infectious diseases	<p>Precise impact will depend upon the effectiveness of antibiotics and anti virals in fighting infection. Based upon the experience of the outbreak of Severe Acute Respiratory Syndrome (SARS) in 2002, the worst case likely impact of such an outbreak originating outside the UK would be cases occurring amongst returning travellers and their families and close contacts, with a spread to health care workers within hospital setting.</p> <p>Short Term disruption to local hospital intensive care facilities and possible disruption of several weeks to elective procedures.</p> <p>Infection can spread rapidly from person to person before the first case is identified. The new infection does not originate in the UK but rapid global spread to UK via air travel.</p> <p>Possibility of spread within a hospital setting, prior to the infection being identified.</p>	3	3	<p>Due to the international nature of business conducted within the City of London, increased potential for infected persons to arrive here before illness is identified.</p> <p>Public concern about travel and possible international travel restrictions could cause City-wide impacts beyond those caused by the illness itself.</p>	<p>Emerging Infectious diseases response arrangements.</p> <p>Specialist health sector response arrangements.</p> <p>Major Incident Plans.</p> <p>Business continuity plans for responding organisations are in place to ensure critical Services are maintained.</p>

Risk ID	Risk Title	Risk Description	Scoring		City Relevance	Mitigation
			likelihood	Impact		
H30	Loss of emergency fire and rescue cover because of industrial action	<p>A series of strikes by fire fighters takes place, spread over a period of two months, perhaps lasting up to 48 hours each.</p> <p>London, and possibly other metropolitan areas, would have only very thin cover. Assumes no military assistance.</p>	5	2	<p>The City of London has a number of high rise buildings that would require specialist responses that could be affected by industrial action.</p> <p>Automatic attendance to fire alarms might be impacted.</p>	<p>Health and Safety at Work Act.</p> <p>Employment Act 1980.</p> <p>Employment Act 1988.</p> <p>Public Order Act 1986.</p> <p>Trade Union and Labour Relations (Consolidation) Act 1992.</p>
H35	Industrial action by key rail or London Underground workers	Strike action resulting in the total shut down of either London Underground or the rail network on a national scale (e.g. action by key rail workers, e.g. infrastructure workers such as signallers) for more than 3 days. Greater impact if action occurs in a co-ordinated manner.	3	2	<p>The Square Mile is heavily reliant on public transport (as most workers across the City live outside of Central London.</p>	<p>Anti-Social Behaviour Act 2003.</p> <p>Organisational Business Continuity Arrangements</p>

Risk ID	Risk Title	Risk Description	Scoring		City Relevance	Mitigation
			likelihood	Impact		
H41	Technical failure of national electricity network (Blackstart)	<p>Total blackout for up to 3-5 days due to loss of the National Grid. 3 days is best time. If there is damage to the network (say from storms) this timescale could be extended up to 5 days. Possible loss of life support machines, civil unrest, no alarms, street lighting, gas heating, rail transport, water supplies and mobile (PMT) telecommunications etc. Backup generators available for limited time for individual business and emergency services in some instances.</p> <p>Occurs in winter and blackout lasts for up to 3 days.</p> <p>Most of the country reconnected within three days, London late on in process. Demand not able to be met after three days.</p> <p>The high voltage electricity transmission network in Great Britain has never experienced a complete shutdown in its history.</p> <p>The electricity system is resilient. Although</p>	3	4	<p>Potential knock on impact to transport infrastructure and ability of Emergency Services and Local Authority Staff to get into work.</p> <p>Passengers trapped on Underground trains or lifts, gridlock on road network if traffic light management systems fail – leading to increase demand of Police, Fire & Ambulance Services.</p> <p>Impact on Health Services (St Bartholomew's Hospital) although backup systems may mitigate for a short time.</p>	<p>National Grid has in place "Black Start" procedures to re-energise the network in a timely and organised manner following such an occurrence.</p> <p>Business continuity plans for responding organisations are in place to ensure critical Services are maintained.</p>

Risk ID	Risk Title	Risk Description	Scoring		City Relevance	Mitigation
			likelihood	Impact		
		it is technically possible for a single fault to cascade across the entire system, network safeguards exist to prevent a fault spreading beyond the original source.			Given the reliance of the City businesses on electricity to power IT systems as well as light and heating, the failure of any part of the system could have a significant impact on the City	
HL42	Loss of cover due to industrial action by workers providing a service critical to the preservation of life	A series of strikes by fire fighters takes place, spread over a period of two months, perhaps lasting up to 48 hours each. Assumes no military assistance.	4 Medium	3	London, and possibly other metropolitan areas, would have only very thin cover. St. Bartholomew's hospital could be affected.	Police Act (1996). Royal College of Nursing Code on Industrial Action. Standards of conduct, performance and ethics. Alternative emergency cover protocols for the Fire Brigade Organisational Business Continuity Arrangements

Risk ID	Risk Title	Risk Description	Scoring		City Relevance	Mitigation
			likelihood	Impact		
H43	Tele-communication infrastructure -human error.	Widespread loss of telecommunications and data services (including public land line and mobile networks) at a regional level for up to 3 days Assumes Greater London as a reasonable worst case. Assume emergency Services communication systems are also affected.	3	4	<p>City of London businesses heavily reliant upon telecommunication infrastructure.</p> <p>Businesses likely to use Disaster recovery sites or fall-back facilities.</p> <p>SME's likely to be affected due to lack of Business Continuity plans.</p> <p>Loss of Emergency Services communications systems would invoke mutual aid.</p>	<p>Satellite phones available Pan London basis.</p> <p>City of London Police have a number of 'Field telephones for local use'</p> <p>Pan-London Telecoms Subgroup to counter the effect on the emergency services.</p> <p>Business continuity plans for responding organisations are in place to ensure critical services are maintained.</p>

Risk ID	Risk Title	Risk Description	Scoring		City Relevance	Mitigation
			likelihood	Impact		
H45	Technical failure of electricity network due to operational error or bad weather causing damage to the system.	<p>Total shutdown of the electricity supply in Greater London occurring during working week and lasting for 24hours. Damage to distribution overhead lines meant that many customers remained without a supply for several days before repairs could be completed.</p> <p>An event of this kind occurred in October 1987 when severe storms led to the electricity transmission network in the south east being shut down.</p>	2	4	<p>The reasonable worst case scenario assumes Greater London as the region being affected.</p> <p>Similar to the H41 scenario but with a more limited impact.</p>	<p>National Grid has in place "Black Start" procedures to re-energise the network in a timely and organised manner following such an occurrence.</p> <p>Business continuity plans for responding organisations are in place to ensure critical Services are maintained.</p>

Risk ID	Risk Title	Risk Description	Scoring		City Relevance	Mitigation
			likelihood	Impact		
H48	Heat Wave	<p>Daily maximum temperatures in excess of 28 C and minimum temperatures in excess of 15C over most of the region for around 2 weeks at least 5 consecutive days where maximum temperatures exceed 32C. Up to 100 fatalities and 500 casualties, mainly amongst the elderly. There could be disruption to power supply and transport infrastructure.</p> <p>Impact on electricity generation due to air conditioning load in large buildings in urban areas.</p> <p>Possible impact on infrastructure such as melting of tarmac and buckling of rails.</p>	4	2	<p>Potential impact on elderly or known vulnerable residents but these are relatively low in number.</p> <p>Knock on impacts on staff caring for vulnerable persons at home.</p>	<p>Vulnerable residents identified by Local Authority & support plans in place.</p> <p>Advice from Transport for London regarding carrying drinking water on the underground and avoiding peak time travel.</p> <p>Business continuity plans for responding organisations are in place to ensure critical services are maintained.</p>

Risk ID	Risk Title	Risk Description	Scoring		City Relevance	Mitigation
			likelihood	Impact		
H56	Severe Space Weather	<p>Two coastal electrical sub-stations serving approximately 100,000 customers each are severely damaged and unable to supply electricity for two or more months.</p> <p>It is likely that rota-disconnections would be used in the affected areas for the rest of the period until the substations repairs were completed.</p> <p>Disruptions to satellite services for several days, including interruptions and degradations of GPS. This could result in casualties and fatalities as GPS is an integral component of modern automated dispatch systems used by the emergency services.</p> <p>Temporary short term (1hours) nationwide losses of wireless systems including mobile phones, internet and other related services.</p>	4	2	<p>Due to geographical location, The City of London is unlikely to be directly affected by loss of power supply in coastal areas. It may suffer possible knock on impact in relation to travel disruption.</p> <p>Possible significant consequences for health emergency services if communications or GPS affected, leading to greater waiting time for ambulances.</p> <p>Impacts on financial services as a result of loss of GPS constellation.</p>	<p>LESLP and Major Incident Manuals.</p> <p>Pan London Command & control Plan.</p> <p>Generic emergency plans.</p> <p>Business continuity plans for responding organisations are in place to ensure critical services are maintained.</p>

Risk ID	Risk Title	Risk Description	Scoring		City Relevance	Mitigation
			likelihood	Impact		
H57	Large scale public disorder in site(s) in a single city, or in multiple cities, occurring concurrently over several days.	The police will need to coordinate resources nationally, in order to respond to, and manage this scale of disorder. The ways in which public order incidents manifest themselves can prove challenging to both law enforcers and businesses/organisations. It often occurs following a trigger event, yet it is not always possible to identify it as such at the time it happens. The unrest that is created from this trigger can result in further sporadic actions, which could include rioting, looting, vandalism, protest, violence and arson.	2 High	3	<p>Planned protest marches that become disorderly or violent whether in the City or elsewhere that adversely affect business, property or communities.</p> <p>Static disorderly protests that adversely impact on the daily life of the City are a possibility</p> <p>Spontaneous or organised outbreaks of civil disorder that adversely impact on the daily life of the City cannot be ruled out.</p>	<p>Systems are in place to warn and inform the community</p> <p>Generic emergency plans.</p> <p>Business continuity plans for responding organisations are in place to ensure critical services are maintained.</p> <p>Procedures have been reviewed incorporating lessons learned during 2012</p> <p>Guidance and support is provided to businesses and residents on how they can be better prepared.</p>

Detailed assessments - Threats

Risk ID	Risk Title	Risk Description	Scoring		Mitigation
			likelihood	impact	
X1	Attacks on crowded places	Crowded places remain an attractive target for a terrorist attack. Crowded places by their nature are easily accessible and offer the prospect for an impact beyond the loss of life alone. Attacks are often (but not always) carried out without prior warning.	4	3	Major Incident Plans. Pan London Response & Recovery Plans, including Structural Collapse Plan. Work of counter terrorism security advisors to raise awareness and provide training. Physical security measures where appropriate. Emergency services response plans. Emergency services specialist resources.
			High		
X2	Attacks on infrastructure	Many of the impacts which could result from industrial accidents, technical failure or severe weather could also result from a terrorist attack on infrastructure. The risk and impact vary according to the criticality of the infrastructure assets affected.	3	3	Major Incident Plans. Pan London Response & Recovery Plans, including Structural Collapse Plan. Work of counter terrorism security advisors to raise awareness and provide training. Physical security measures where appropriate. Emergency services response plans. Emergency services specialist resources.
			High		

Risk ID	Risk Title	Risk Description	Scoring		Mitigation
			likelihood	impact	
X3	Attacks on transport system	Conventional attacks on transport systems are judged to be the more likely (however the likelihood of them affecting any one individual is still extremely low). This is supported by evidence from around the world. Attacks on transport can take different forms and result in different levels of impact. Stringent security measures are in place at airports. Most rail and underground systems are more open and therefore attractive potential targets. To date no attack against maritime interests in the UK has been mounted by terrorists.	5	3	Major Incident Plans. Pan London Response & Recovery Plans, including Structural Collapse Plan. Regulation and security processes of individual public transport sectors. Contingency plans developed by operators in conjunction with responders.
			High		

Risk ID	Risk Title	Risk Description	Scoring		Mitigation
			likelihood	impact	
X4	Small Scale Unconventional Attacks	The likelihood of terrorists successfully undertaking an attack against a nuclear or chemical facility or obtaining chemical, biological, radiological (CBR) or nuclear materials remains low, but not negligible. If such attacks were successful, their potential impact on the UK would be severe and significantly greater than a conventional attack. The potential impacts of an incident involving CBR agents will depend on a range of factors including type and quantity of CBRN materials used. This could range from small-scale (assassination or poisoning) to mass-impact (widespread dispersion and contamination) which is reflected in the scores. Such attacks could take the form of release of harmful materials in an indoor or outdoor environment or contamination of food or water. Radiological materials could also be combined with explosives to produce a radiological dispersal device that would aim to spread radioactive material over a wide area.	3	3	Major Incident Plans. CBRN Pan London Plans. Pan London Response & Recovery Plans, including Structural Collapse Plan. Well-developed specialist response capability. Access to medical countermeasures.
X5	Catastrophic Unconventional Attack		2	5	

Risk ID	Risk Title	Risk Description	Scoring		Mitigation
			likelihood	Impact	
X6	Cyber attacks: infrastructure	Increasing reliance on cyber space brings new opportunities and new threats. The very openness of the networks presents a vulnerability of compromise or damage to networks from the actions of hackers, criminals or foreign intelligence services. The two assessments cover risks of cyber attack against infrastructure and cyber attacks resulting in a loss of data confidentiality. Impacts of both types of cyber attack could include economic and societal disruption.	2	3	National Cyber Security Programme Additional outreach to businesses and public regarding cyber threats and security (including Cyber Essentials programme) UK National Computer Emergency Response Team (CERT-UK) National Cyber Crime Unit Centre for Protection of National Infrastructure providing security advice (including sector-specific information exchanges)
			High		
X7	Cyber attacks: data confidentiality	While terrorists can be expected to continue to favour high-profile physical attacks, the possibility that they might also use cyber space to facilitate or mount an attack is growing.	5	2	
			Medium		

This document has been produced using best practice from across the public sector and academia including the UK National Risk Register, the Hampshire and Isle of Wight Community Risk Register, the Lincolnshire Community Risk Register, the Greater London Risk Register, the Sutton Community Risk Register and the Cambridge Risk Framework produced by the Cambridge Centre for Risk Studies at the Judge Business School, University of Cambridge.

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Committee Audit and Risk Management	Dated: 31 08 2016
Subject: Deep Dive: CR19 IT Service Provision	Public
Report of: Chamberlain	For Information
Report author: Simon Woods Head of IT & acting CIO	

Summary

Significant change over the past four years has sometimes made it difficult to maintain a focus on the significant risks associated with an ageing, complex IT infrastructure.

There is now a new drive to focus on risk and resiliency to ensure that the organisation experiences fewer interruptions to service.

Recent actions taken by the IT Division include:

- Implementation of a more detailed risk management process for the IT Division that links to the corporate risk management system (Covalent). (Plans are being worked up to integrate fully with Covalent by the end of the calendar year).
- Increased oversight and scrutiny of change to reduce the risk of organisational impact.
- The setting of an expectation for staff across the Division that business impact from works being progressed with excessive risk is no longer acceptable.
- Reviewed key programmes of work to ensure they will properly address service instability issues. (One major programme is being reset as a result).

Recommendation

Members are asked to note the report.

Main Report

Background

1. The significant restructure of roles and responsibilities in 2013, the migration to a complex partial outsource partnership with Agilisys, and the on-boarding of City Police into the arrangements with Agilisys have at times diverted attention away from the underlying risks associated with an ageing complex infrastructure.
2. Some attempts have been made to address specific risks during this time but work has not progressed as quickly as we would like due to a focus on immediate, business-as-usual pressures, the costs of change, and the discovered complexity of the work required.
3. Changes within the IT Division during 2016 have provided an opportunity to reset the focus of the Division with much more emphasis on risk. This re-focussing of the Division has been actively supported by the new Chairman of the IT Sub Committee and we will be developing our approach further with his support.

Current Position

4. A new cycle of risk identification and review has been established that is aligned to the corporate approach. The IT Division will be looking to migrate fully to the corporate risk system (Covalent) by the end of the year to further strengthen the approach being taken.
5. The IT Division recruited an IT Service Management consultant during 2016 and their key focus has been the oversight and scrutiny of the change management processes being followed by the technical teams. Although there have been business impacting issues, the number and impact has reduced. The learning from this work will feed into the future target operating model currently being developed by the IT Division.
6. The change to a risk focussed approach to the delivery of IT services is a key factor in the current discussions about the future relationship we will have with our managed service partner, Agilisys. We are seeking to ensure that the proposed model for the future will improve our ability to maintain a more resilient service. The proposal for the future partnership is going to IT Sub Committee in November 2016.
7. One of the key projects that will improve our overall resilience is the replacement of our existing network infrastructure (joint network refresh programme or JNRP). The project is currently being reset to ensure that it delivers an end-to-end solution that is robust and performs to the true needs of the organisation. Work to clarify the full requirement is underway and will include a full inventory of the equipment to be replaced and a review of the environments where it is located. (Environmental issues have caused a number of stability issues in the past).

Risk mitigation

8. Work to support business continuity in the event of a major incident that prevents staff access to Guildhall is nearing completion. Although the physical work was completed some time ago it has been problematic to set-up a credible test of the functionality that doesn't impact the organisation. When invoked the new infrastructure will enable most staff to work from other City locations or remotely with laptops if required to do so. The team is currently planning for the test at the end of September.
9. As part of a wider exercise to prioritise the projects we have on our portfolio we have taken account of the risk mitigation that the works provide. Work that lowers risk is now prioritised wherever possible.
10. Close collaboration between the IT Division and the team leading the Police accommodation work is enabling us to stabilise some of the more fragile environments that host IT services for the Police. Although much of the IT infrastructure has now been migrated to the data centres managed by Agilisys, some remains and it will be migrated to environments that are fit-for-purpose as accommodation works progress.

Communications strategy

11. The migration of the more detailed IT risk process to the corporate covalent system by the end of 2016 will improve visibility of the risks we are managing. When complete the risk lead for the organisation will be able to report on the current status as and when required.
12. The process for managing risk has been shared with the IT Steering Group that is chaired by the Chamberlain and attended by Chief Officers and the Commissioner. We will be updating this forum with the detail of the more significant risks as part of the meeting cycle.
13. Whenever a very serious risk is identified we declare it quickly to senior staff so that we can prioritise our response to the issue according to organisational impact.
14. Major failures that do occur are recorded in major incident reports (MIRs) and the learning from these is fed back into the risk process where required.

Corporate & Strategic Implications

15. The management and mitigation of risk in IT is critical as the implications of failures from not doing so can be significant and widespread. We engage regularly with the Business Continuity lead for the organisation to ensure that the current level of resiliency is understood and plan to create better definitions of the current picture so that departments can plan even more effectively.

16. We have improved our engagement with facilities colleagues during 2016 and this will continue over the coming months. By working together we will ensure that the related services that IT depends upon (power, cooling and accommodation) are at the required standard to maintain the continuity of the IT service.

Conclusion

17. The re-focusing of IT Division to improve risk mitigation is having a positive impact. The processes we have set-up will be strengthened further and we will be adopting the corporate covalent system fully this year.

18. Although they will take a significant amount of time, essential infrastructure works around our network and the environments where our IT resides will further lower the risks associated with the provision of IT services.

Appendices

- Appendix 1 – Risk and Progress Summary for CR19: IT Service Provision

Background Papers - None

Simon Woods

Head of IT & acting CIO

T: 07564 144222

E: simon.woods@cityoflondon.gov.uk

CR 19 – IT Service Provision

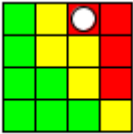
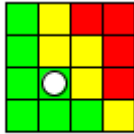
Report Author: Paul Dudley

Generated on: 30 August 2016



Rows are sorted by Risk Score

Code & Title: CR Corporate Risk Register 1

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date	Current Risk score change indicator
CR19 IT Service Provision 14-Jul-2015 Simon Woods	<p>Cause: The whole Police IT Estate and parts of the Corporation are in need of further investment.</p> <p>Event: For the Corporation, poor performance of IT Service and for the Police critical failure of the Police IT Service.</p> <p>Effect: Loss of communications or operational effectiveness (may also lead to low staff morale). Possible failure of critical Corporation and Policing activities. Reputational damage.</p>	<p>Likelihood</p>  <p>Impact</p>	<p>16</p>	<p>The primary focus of the team is on stabilisation, a more robust approach to managing change has been adopted, reducing the risk of service interruption. Team level approach to risk management is now aligned fully to the top level approach the risk is expected to reduce to Amber by December 2017 followed by steady progress to Green in the following months.</p> <p>23 Aug 2016</p>	<p>Likelihood</p>  <p>Impact</p>	<p>4</p> <p>31-Dec-2017</p> <p>↔</p>

Action no, Action owner	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR19b	Joint network refresh programme to resolve issues around network resilience and ensure we have diverse routes for network traffic, avoiding single points of failure.	JOINT Network refresh programme – work on-going. Work currently focussing on ensuring the scope of the planned works is understood and any gaps addressed.	Simon Woods	20-Jun-2016	31-Dec-2016
CR19c	Investment in any retained IT infrastructure to ensure that this meets the same standards of resilience and continuity as delivered by the IaaS infrastructure.	Work on-going but pace is slower than originally planned to ensure that the quality is in line with users' expectations. Planning around the next generation devices continues and IT Division is finalising the PO to progress this work.	Simon Woods	20-Jun-2016	31-Dec-2016
CR19d	Investment in any retained IT infrastructure to ensure that this meets the same standards of resilience and continuity as delivered by the IaaS infrastructure	IT Division reviewing what infrastructure will be retained within Police premises and working to align to the Police accommodation programme.	Simon Woods	20-Jun-2016	31-Dec-2016

Committee(s) Audit and Risk Management Committee	Dated: 13/09/2016
Subject: City Fund and Pension Funds Financial Statements 2015/16	Public
Report of: Chamberlain	For Decision
Report author: Stephen Telling, Chamberlain's Department	

As indicated to the Audit and Risk Management and Finance Committees in July there were a number of items in the Draft City Fund and Pension Fund Financial Statements for the year to 31 March 2016 that were still being reviewed by BDO. The audit is now nearing completion and BDO have issued updated reports on their findings. These are attached at Annexes 2 and 3 for the City Fund and Pension Fund respectively, with amendments from the reports submitted in July highlighted in green. Representatives from BDO will be in attendance at the Committee to present their reports.

There are a number of changes to the City Fund Balance Sheet but the overall net impact is a reduction in net assets of £0.5m, from £1,555.9m in the draft submitted in July to £1,555.4m in the latest version. An analysis of the changes is set out in Annex 1.

The closing net assets of the City of London Pension Scheme have increased by £0.4m, from £801.8m in July to £802.2 in September largely due to two investment valuations that were understated in the earlier draft.

Recommendation

The Audit and Risk Management Committee is asked to review the contents of BDO's reports and recommend, to the Finance Committee, the approval of the amendments to the financial statements arising from BDO's audit.

Annexes

- Annex 1 - Summary of changes to the City Fund Balance Sheet
- Annex 2 - BDO's audit findings on the City Fund
- Annex 3 - BDO's audit findings on the City of London Pension Fund

Background Papers

2015/16 City Fund and Pension Fund Financial Statements – 18 July 2016.

Stephen Telling

Deputy Financial Services Director
T: 020 7332 1284
E: steve.telling@cityoflondon.gov.uk

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Summary of Changes to the City Fund Balance Sheet between July and September 2016

	31 March 2016	(1)	(2)	(3)	(4)	(5)	31 March 2016
	ARMC July 2016	Revaluation Adjustments	Police Pension Liability	Finance Lease Liability	External Bank Account	Receipt In Advance	ARMC Sept 2016
	£m		£m	£m	£m	£m	£m
Property, Plant and Equipment	890.5	(4.6)					885.9
Heritage Assets	8.9						8.9
Investment Property	1,359.0	6.2		1.5			1,366.7
Intangible Assets	0.1						0.1
Investments	0.2						0.2
Long-Term Debtors	36.6						36.6
Long-Term Assets	2,295.3	1.6		1.5			2,298.4
Short-Term Investments	712.4						712.4
Inventories	0.5						0.5
Intangible Current Assets	0.4						0.4
Short-Term Debtors	68.0						68.0
Cash and Cash Equivalents	57.1				0.6		57.7
Current Assets	838.4				0.6		839.0
Short-Term Creditors	(271.0)				(0.6)	(0.3)	(271.9)
Provisions	(46.3)						(46.3)
Current Liabilities	(317.3)				(0.6)	(0.3)	(318.2)
Pensions Liability	(1,017.1)		(1.8)				(1,018.9)
Capital Grants and Contributions Received in Advance	(90.8)						(90.8)
Deferred Credits	(151.7)						(151.7)
Other Long-Term Liabilities	(0.9)			(1.5)			(2.4)
Long-Term Liabilities	(1,260.5)		(1.8)	0.0			(1,263.8)
NET ASSETS	1,555.9	1.6	(1.8)	0.0	0.0	(0.3)	1,555.4
Usable Reserves	(258.5)					0.3	(258.2)
Unusable Reserves	(1,297.4)	(1.6)	1.8				(1,297.2)
TOTAL RESERVES	(1,555.9)	(1.6)	1.8	0.0	0.0	0.3	(1,555.4)

1. The net increase of £1.6m comprises an understatement of £6.2m in relation to an investment property partly offset by an overstatement of £4.6m on the valuation of residential property.

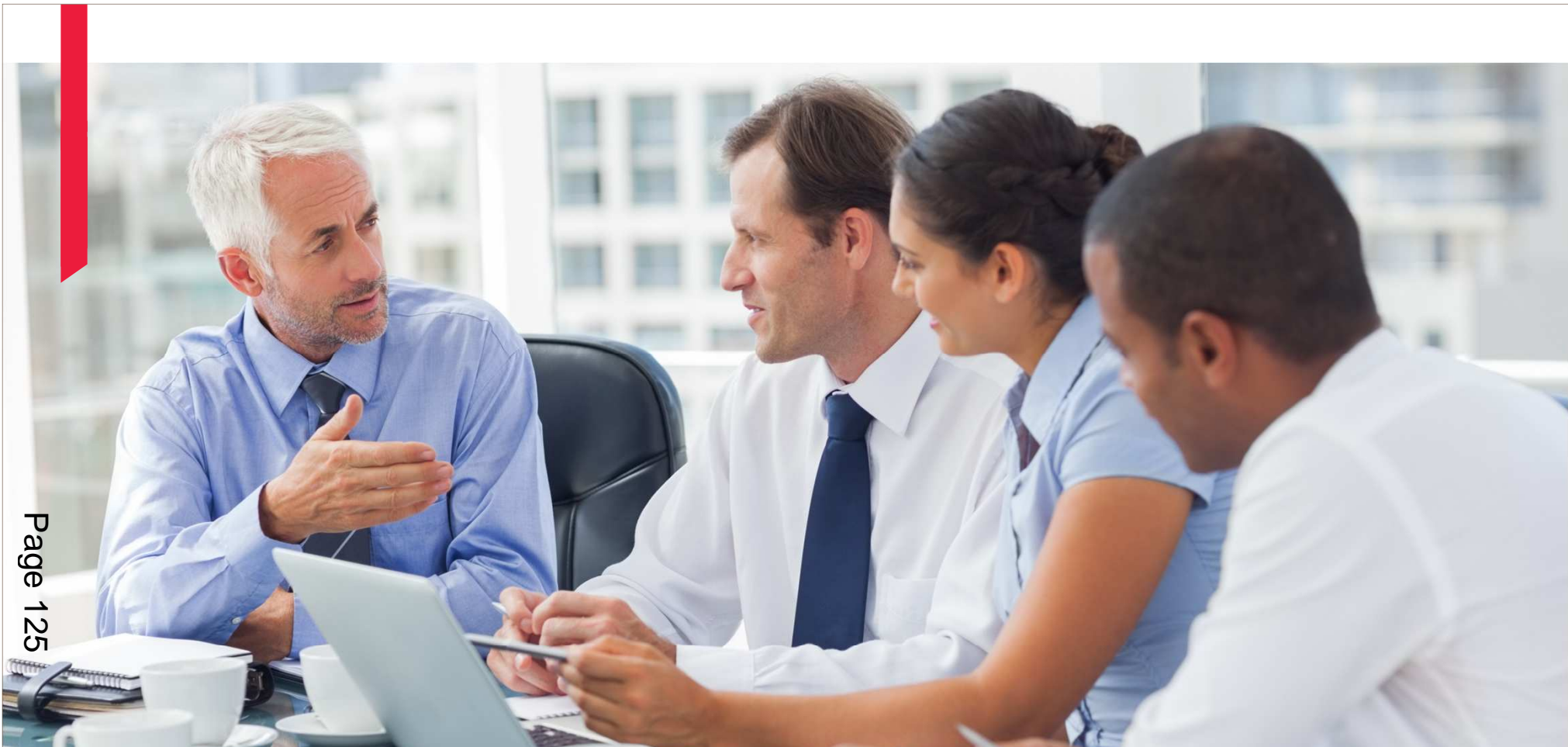
2. In the original actuarial report an amount of £2.4m for commutation lump sums was double counted. A revised report was provided by the actuary and, after taking into account the impact of this adjustment on other actuarial assumptions, the overall liability on the police pension increased by £1.8m.

3. An adjustment is required to show separately the entries in relation to a finance lease liability which had been valued on a net basis (i.e. the valuation was based on rent receivable net of rent payable)

4. The original balance sheet did not include a rent deposit (a creditor) of £0.6m held in new bank account.

5. Rent income in the draft statements was overstated by £0.3m as an adjustment had not been posted for a rent received in advance. This adjustment increases creditors by £0.3m and reduces usable reserves by the same amount.

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CITY OF LONDON - CITY FUND

AUDIT FINDINGS REPORT

Audit for the year ended 31 March 2016 - Issued to the Audit and Risk Management Committee - 07 September 2016

LEIGH LLOYD-THOMAS
Engagement Lead

T: 0207 893 2616
E: leigh.lloyd-thomas@bdo.co.uk

KERRY BARNES
Audit Manager

T: 0207 893 3837
E: kerry.l.barnes@bdo.co.uk



PURPOSE AND USE OF THIS REPORT

We present our updated Audit and Risk Management Committee Report which details the key findings to date arising from the audit for the attention of those charged with governance. It forms a key part of our communication strategy with you, a strategy which is designed to promote effective two way communication throughout the audit process.

We have updated the report and highlighted changes in green compared to the report we issued to the Audit and Risk Management Committee on 18 July 2016.

As auditors we are responsible for performing our audit in accordance with International Standards on Auditing (UK & Ireland) which provide us with a framework which enables us to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements and our value for money conclusion. As the purpose of the audit is for us to express an opinion on the financial statements and value for money, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist. As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

This report has been prepared solely for the use of the Audit and Risk Management Committee. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person.

We would like to thank staff for their co-operation and assistance during the audit to date and throughout the period.



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SUMMARY

AUDIT SCOPE AND OBJECTIVES

- We have completed our audit procedures in accordance with the planned scope and our objectives have been achieved, subject to the completion of work set out within the outstanding matters section of this report.
- There were no significant changes to our planned audit approach nor were any restrictions placed on our work.
- No additional significant audit risks were identified during the course of our audit procedures subsequent to our audit planning report to you dated February 2016
- Our materiality levels have not required reassessment since our audit planning referred to above.

KEY AUDIT AND ACCOUNTING MATTERS

The key matters that have arisen in the course of our audit are summarised below:

Impacting on Core Financial Statements

- £312,462 in relation to rental income has been recorded as 2015/16 income but should have been recorded as 2016/17 income.
- Cash & bank and creditors understated by £600,327 due to unrecorded rent deposit received directly via an internet payment into a newly created bank account.
- Barbican Estate asset valuation overstated by £4.56 million due to incorrect rents used in valuation.
- No.1 Alie Street investment land value understated by £6.2 million due to incorrect accounting of the lease premium received for this asset.
- The actuary double counted the computation lump sum resulting in a net increase of £1.8m to police pension liabilities.
- The treatment of the Museum of London finance lease principal agreed with the previous auditors is inconsistent with how other finance leases have been accounted for.

Impacting on Disclosure Notes Only

- A number of issues in relation to the operating and finance lease disclosures.
- Some of the Related Party Transactions notes require adjustment to allow for accruals.
- We have identified a small number of changes to other disclosures, particularly in relation to compulsory redundancies, financial instruments and capital commitments.

Management has confirmed that the accounts will be amended to correct all of the above. Please see the key audit and accounting matters section for details of the items identified and the adjustments that will be made to correct these.

We have also suggested that management consider including a post balance sheet event disclosure to highlight the potential impact of Brexit. Management has concluded that it is still too early to report any potential impact and if disclosures were included this would require significant amounts of work for little added value. The FRC has however recommended that financial statements should include a non-adjusting subsequent event note where there has been a significant change in balance sheet items, such as pension fund liabilities, since the year end.

AUDIT OPINION

Subject to the successful completion of the work set out within the outstanding matters section of this report we anticipate issuing an unqualified opinion on the financial statements for the year ended 31 March 2016 by 23 September.

We have no matters to report in relation to the arrangements in place to secure economy, efficiency and effectiveness.

OTHER MATTERS FOR THE ATTENTION OF COMMITTEE

- We will carry out our audit in relation to the whole government accounts return when we have completed our testing on the financial statements. We will provide our audit opinion before the 21 October 2016 deadline.

KEY AUDIT AND ACCOUNTING MATTERS

SIGNIFICANT AUDIT RISKS

We reported our risk assessment, which brought to your attention areas that require additional or special audit consideration and are considered significant audit risks, in the 2015/16 audit planning report dated February 2016. These significant risks have been highlighted in red and findings have been reported in the following table.

We have since undertaken a more detailed assessment of risk following the completion of our review of the authority's internal control environment and draft financial statements, and we have not identified any additional significant risks.

NATURE OF RISK	RELATED CONTROLS / RESPONSE TO RISK	HOW THE RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION AND RECOMMENDATION
MANAGEMENT OVERRIDE OF CONTROLS	<p>Auditing standards presume that a risk of management override of controls is present in all entities.</p> <p>By its nature, there are no controls in place to mitigate the risk of management override</p>	<p>We respond to this risk by testing the appropriateness of accounting journals and other adjustments to the financial statements, reviewing accounting estimates for possible bias and obtaining an understanding of the business rationale of significant transactions that appear to be unusual.</p>	<p>Our audit work in relation to journals and estimates is in progress (see below for more detail on estimates).</p> <p>Work to date has not identified any significant issues. We will update the Audit and Risk Management Committee at the meeting on 13 September with the result of our testing.</p>
REVENUE RECOGNITION	<p>Auditing standards presume there is a risk of fraud in relation to revenue recognition.</p> <p>In particular, we consider there to be a significant risk in respect of the existence (recognition) and accuracy of revenue and capital grants that are subject to performance and / or conditions before these may be recognised as revenue in the comprehensive income and expenditure statement (CIES).</p> <p>(Continued)</p>	<p>We have carried out audit procedures to gain an understanding of the authority's internal control environment for significant income streams, including how this operates to prevent loss of income and ensure that income is recognised in the correct accounting period.</p> <p>We have tested a sample of grants subject to performance and / or conditions to confirm that conditions of the grant have been met before the income is recognised in the CIES.</p>	<p>We have documented our understanding and key controls in respect of the City Fund's internal control environment for significant income streams and no significant weaknesses were identified.</p> <p>We have not identified any issues as part of our revenue grant income testing.</p>

KEY AUDIT AND ACCOUNTING MATTERS

Continued

NATURE OF RISK	RELATED CONTROLS / RESPONSE TO RISK	HOW THE RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION AND RECOMMENDATION
<p>REVENUE RECOGNITION (continued)</p>	<p>We also consider there to be a significant risk in relation to the completeness and existence of fees and charges and property rental income recorded in the CIES.</p>	<p>We have tested a sample of fees and charges and property rental income to ensure income has been recorded in the correct period and that all income that should have been recorded has been recorded.</p>	<p>Testing of fees and charges and property rental income identified one error amounting to £312,462 in relation to rental income that has been recorded as 2015/16 income but which should have been recorded as 2016/17 income.</p> <p>Management has confirmed that this will be adjusted in the amended version of the financial statements.</p>

KEY AUDIT AND ACCOUNTING MATTERS

Continued

OTHER AUDIT RISKS AND ACCOUNTING ISSUES

We report below our findings of the work designed to address all other risks identified in our 2015/16 audit planning report and any other relevant audit and accounting issues identified as a result of our audit: ■ **Normal risk** ■ **Other issue**

NATURE OF RISK	WORK PERFORMED AND FINDINGS	CONCLUSION
CROSSRAIL COMMITMENT	The City Fund has committed to contribute £200 million towards the costs of constructing Crossrail. The payment is dependent on achievement of a number of conditions, primarily completion of certain works in relation to Crossrail stations. Management has reported that the commitment conditions are crystallised only upon completion of these works and continue to report this as a commitment rather than a liability in the financial statements. The original project plan had assumed that the required works would be completed by March 2016, but there appears to be slippage with completion forecast in March 2017.	<p>We have reviewed the progress of the Crossrail works against the agreement required to crystallise the payment and are satisfied that this remains a commitment rather than a liability at 31 March 2016.</p> <p>There has not been any recent formal correspondence with Transport for London (TfL) and no confirmation has been received to suggest that commitment conditions have crystallised. Management has stated that discussions with TfL indicate a forecast completion date of March 2017.</p>
LEASE PREMIUMS	<p>The City Fund is party to a significant number of lease arrangements as lessor. The premiums and rents are apportioned between the land element, which will ordinarily be an operating lease recognised as revenue, and the building element which is likely to be a finance lease and recorded as a capital disposal. The element of the premium relating to the land is treated as deferred income and released to revenue over the term of the lease.</p> <p>We have met with management and the City Surveyors to discuss the process applied for apportioning the significant lease premiums received in 2015/16 between land and buildings.</p> <p>As part of this meeting, we agreed that management would restate the value of the Bernard Morgan House asset held for sale as at 31 March 2015 (£7.2 million) from assets held for sale to surplus assets as a lease was issued rather than a sale/disposal. The value of the asset would then be revalued to £30.4 million to reflect the lease premium received and then this would be transferred to investment properties within 2015/16.</p>	<p>We are satisfied with land and building apportionments for leases and recognition of the associated lease premium between deferred income and capital receipts.</p> <p>Our testing of the accounting treatment for the lease premium received in 2015/16 in relation to No.1 Alie Street investment land has identified that £6.2 million of the total lease premium received (£16.5 million), had not been added to the carrying value of the asset. This has resulted in an understatement to investment properties disclosed in the balance sheet and to the gain on revaluation of investment properties as part of the surplus on the provision of services in the comprehensive income and expenditure statement by £6.2 million.</p> <p>Management has confirmed that this will be adjusted in the amended version of the financial statements. The adjustment does not impact on the City Fund unallocated reserve because asset revaluations are statutory adjustments reversed to the capital adjustment account (unusable reserve).</p> <p>The restatement of Bernard Morgan House has been correctly adjusted in the draft accounts.</p>

KEY AUDIT AND ACCOUNTING MATTERS

Continued

NATURE OF RISK	WORK PERFORMED AND FINDINGS	CONCLUSION
CONSIDERATION OF RELATED PARTY TRANSACTIONS	<p>We consider if the disclosures in the financial statements concerning related party transactions are complete and adequate and in line with the requirements of the accounting standards.</p> <p>Our audit work identified that some related party transaction notes require adjustment for accruals.</p>	<p>Management has confirmed that the related party transactions disclosure amounts will be amended.</p>
FINANCE AND OPERATING LEASES - 21 GARLICK HILL	<p>In order to verify the completeness of leases disclosed in the financial statements we reviewed evidence such as non current asset valuation certificates to determine if all significant leases had been identified and disclosed.</p> <p>Our audit work identified that one investment property, 21 Garlick Hill, had been leased to the City on a long term basis a number of years ago but had not been included in the disclosures as finance lease (City as a lessee), but had rather been included as an operating lease (City as a lessee).</p>	<p>Management has confirmed that the finance and operating lease disclosures will be adjusted in the amended version of the financial statements as follows:</p> <ul style="list-style-type: none"> • Reduce minimum lease payments for operating leases (City as a lessee) by £6.27 million • Increase the carrying amount of investment properties for finance leases (City as a lessee) by £15.7 million in the current year and £11.75 million as a prior year comparative. <p>These corrections do not impact on the surplus on the provision of services for the year.</p>
OPERATING LEASES - CITY AS A LESSOR DISCLOSURE	<p>This disclosure estimates the total rents receivable over the lives of the various operating leases. We reviewed the disclosure to ensure it complied with requirements set out in the CIPFA code and the following was identified:</p> <ul style="list-style-type: none"> • Incorrect rent amount used when calculating minimum lease payments in relation to the No.1 Alie Street lease for the new lease arrangement. Impact reduction of operating lease payments by £15.3 million over the life of the lease. • Incorrect rent amount used when calculating minimum lease payments in relation to the 20 St. Dunston's Hill. • Incorrect lease term used to calculate minimum lease payments in relation to the 21 Garlick Hill lease where City sublets to outside parties • Long term lease premiums for deferred income should have been included and spread over the length of the leases. 	<p>The overall impact of the adjustments will be to increase estimated future rents receivable from £2.9 billion to £3.1 billion in the 2015/16 disclosure. This takes account of the following amendments that management has confirmed will be included in the final version of the financial statements.</p> <ul style="list-style-type: none"> • No.1 Alie Street - minimum lease payments reduced by £15.3 million • 20 St Dunston's Hill- minimum lease payments increased by £9.5 million • 21 Garlick Hill - minimum lease payments increased by £0.8 million • Lease premium deferred income - future minimum lease payments increased by £152.5 million in the disclosure for 31 March 2016 and reduced by £28 million when calculating the comparator. <p>These corrections impact operating lease disclosures only and there is no impact on the surplus on the provision of services for the year.</p>

KEY AUDIT AND ACCOUNTING MATTERS

Continued

NATURE OF RISK	WORK PERFORMED AND FINDINGS	CONCLUSION
<p>MUSEUM OF LONDON FINANCE LEASE</p>	<p>The City Fund leases out the Museum of London (MoL) on a long term operating lease basis meaning the residual value of the land is accounted for as investment land in the accounts. A number of years ago the City Fund granted a loan of £18.1 million to the MoL in order for internal capital works to be carried out on the building and accounted for this as a loan in the accounts. In 2008/09 it was concluded in conjunction with the then auditor that it would be more appropriate to account for the transaction as a finance lease (City as a lessor) rather than a loan therefore the accounts were changed to reflect this.</p> <p>On the basis that the amount of annual principal receivable is relatively immaterial it was agreed with the then auditor that the principal could continue to be accounted for as income to the City Fund unallocated reserve rather than be treated as a capital receipt. However, to be consistent with the treatment of other finance leases, the accounting would need to change. This will require reductions to the capital adjustment account and to the City Fund unallocated reserve and increases to the deferred capital receipts reserve and to the capital receipts reserve.</p>	<p>Management has confirmed this will be adjusted in the amended version of the financial statements as follows:</p> <ul style="list-style-type: none"> • Transfer £8.5 million from the opening balance (01/04/15) of capital adjustment account to restate the opening deferred capital receipts reserve balance as this is total principal outstanding • Transfer £3.6 million from the opening balance of the unallocated city fund reserve to restate the capital receipts reserve as this is the amount of principal recognised since accounting for the transaction as a finance lease • Transfer £0.6 million from the City Fund unallocated reserve to the capital receipts reserve as at 31/03/16 as this is the amount of principal received in 2015/16.
<p>BARBICAN ESTATE ASSET VALUATION</p>	<p>Our review of the valuation in relation to Barbican Estate residential properties found that the rents used to inform the valuations were incorrect and as a result valuations for these properties are overstated by £4.56 million as is the revaluation reserve.</p>	<p>Management has confirmed the error will be adjusted in the amended version of the financial statements by reducing the value of the asset and the revaluation reserve by £4.56 million.</p>

KEY AUDIT AND ACCOUNTING MATTERS

Continued

NATURE OF RISK	WORK PERFORMED AND FINDINGS	CONCLUSION
POLICE PENSIONS	The actuary report used to prepare the financial statements double counted the computation lump sums of £2.41 million. The actuary has since provided revised calculations (August 2016) to correct this error.	Management has confirmed this will be corrected in the amended version of the financial statements based on the revised actuary report by reducing benefits paid by £2.4 million and increasing actuarial gains arising from financial assumptions by £0.6 million. The net impact increases pension liabilities by £1.8 million.
RENT DEPOSIT RECEIVED	Our review of the general ledger cash and bank figures has identified an amount of £600,327 rent deposit received in 2015 directly into a new bank account via an internet payment but which had not been included in the cash and bank figures in the accounts.	Management has confirmed this will be corrected in the amended financial statements by increasing cash and cash equivalents and rent deposit creditors by £600,327.
NARRATIVE REPORTING	The Corporation City Fund will be required to produce a 'Narrative Report' replacing the Explanatory Foreword in the financial statements.	We are satisfied that the narrative report meets the new requirements of the CIPFA Code and that financial information is consistent with the financial statements.

KEY AUDIT AND ACCOUNTING MATTERS

Continued

ACCOUNTING ESTIMATES

Our views on significant estimates, including any valuations of material assets and liabilities, arrived at the preparation of your financial statements are set out below:

ESTIMATES

INVESTMENT PROPERTY VALUATIONS

The Code has introduced a change in the basis of valuation of investment properties (IFRS 13), from a market value to a 'highest and best use' valuation. There is a possibility that valuations may be significantly different in certain circumstances particularly where an investment property could be developed for use with alternative consents, such as residential conversion, or where a current lease term is coming to an end and the property could be developed to enhance rental amounts.

The Council will instruct JLL to carry out the annual valuation of the City Fund investment property portfolio having regard to the possibility of significant change in valuations under the highest and best use approach.

This is not considered to be a change in accounting policy but a change in estimation technique that should be applied prospectively from 1 April 2015.

Due to the significant carrying value of investment properties and inherent uncertainty that this new valuation basis could introduce, there is a risk that investment properties may not be appropriately valued as at 01 April 2015 and 31 March 2016.

AUDIT FINDINGS AND CONCLUSIONS

Our meeting with management and JLL in February 2016 suggested that investment property valuations were unlikely to move significantly as a result of IFRS 13 because the majority of properties were already valued at 'highest and best use' and that there were sufficient observable inputs to support the assumptions used in valuing the properties.

Whilst the City Fund's capital value of investment properties has increased by £180 million this mainly relates to a general increase in the market (using the IPD capital index for City office space). There were however several outliers where the market value had significantly increased/decreased due to changes in rental amounts, change in property use and receipt of lease premiums.

After discussing the valuation methodology with the valuer, we are satisfied that the observable inputs used to value the assets have been disclosed as 'level 2' in the financial statements. We note that the European Public Real Estate Association (EPRA), a leading trade association, has suggested that in the majority of cases investments property valuations are likely to be level 3 valuations due to the extent that unobservable inputs or individual assumptions for each property. We will keep this under review as generally accepted practice develops.



PRUDENT

AGGRESSIVE

KEY AUDIT AND ACCOUNTING MATTERS

Continued

ESTIMATES

PROPERTY, PLANT & EQUIPMENT VALUATIONS

Local authorities are required to ensure that the value of property, plant and equipment (PPE) is not materially different to the current value (or fair value for surplus assets) at the balance sheet date. The fair value for housing dwellings, land and buildings included in PPE is a management estimate based on existing use values or depreciated replacement cost (DRC).

Management use external valuation data to assess whether there has been a material change in the value of classes of assets and periodically (minimum of every five years) employs an external expert (valuer) to undertake a full valuation.

The indices available to management to assess valuation changes are produced independently and are based on observable data (asset sales and building contract prices). The valuation expert is independent of management and will use its sector knowledge of local sales to estimate the fair values and remaining useful economic lives of assets.

We consider there to be a risk over the valuation of housing dwellings, land and buildings where valuations are based on assumptions or where updated valuations have not been provided for a class of asset at year-end.

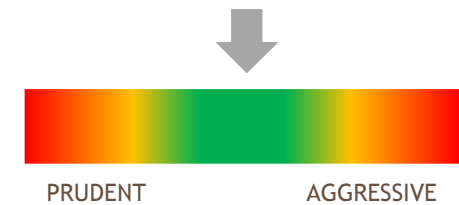
AUDIT FINDINGS AND CONCLUSIONS

As at 31 March 2016 PPE had increased by approximately £81.9 million due to revaluations (the majority being attributable to council dwellings).

We reviewed the valuations provided and the valuation methodology applied, and confirmed that the basis of valuation for assets valued in year is appropriate based on Code requirements.

We compared the valuations to expected movements using available market information and concluded that the movements are within expectations.

We note that the useful economic life for dwellings has been set at 125 years based on the usual term for leases granted. This is significantly longer than used by other local authorities and we are currently discussing with management and the valuers whether this is consistent with the RICS red code guidance. The additional depreciation that may result from applying asset lives of between 60 to 80 years (commonly used) would not be material.

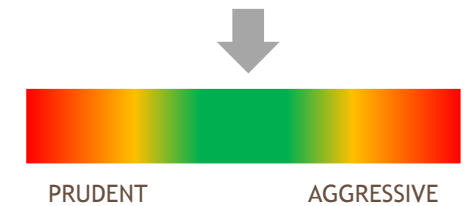


KEY AUDIT AND ACCOUNTING MATTERS

Continued

ESTIMATES	AUDIT FINDINGS AND CONCLUSIONS
<p>PENSION LIABILITY ASSUMPTIONS</p> <p>The net pension liability relates to the Police pension fund and City Fund’s share of the City of London Corporation pension fund.</p> <p>Actuarial estimates are calculated by an independent firm of actuaries with specialist knowledge and experience. The estimates are based on the most up to date membership data held by the pension fund and have regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability.</p>	<p>As at 31 March 2016 net pension liabilities disclosed in the Balance Sheet decreased by £45.4 million compared to the balance at 31 March 2015.</p> <p>It should be noted that these retirement benefits (liabilities) will not actually be payable until employees retire but because the City has a commitment to make the payments (for those benefits) there is a requirement to disclose the information in the accounts at the time employees earn their future entitlement.</p> <p>The last formal valuation of both funds was carried out as at 31 March 2013. In order to assess the value of liabilities as at 31 March 2016 the actuary has rolled forward the value of the liabilities calculated at the latest formal valuation, allowing for up to date financial assumptions. The key changes to the financial assumptions relate to:</p> <p>City of London Corporation:</p> <ul style="list-style-type: none"> • Reduction in the pension increase rate from 2.8% to 2.3% • Reduction in the salary increase rate from 4.3% to 3.8% • Reduction in the discount rate from 4.4% to 3.6% <p>City Police:</p> <ul style="list-style-type: none"> • Reduction in the pension increase rate from 2.4% to 2.3% • Reduction in the salary increase rate from 4.2% to 4.1% • Increase in the discount rate from 3.3% to 3.6% <p>These changes have resulted in the significant decrease in the present value of the scheme liabilities at 31 March 2016.</p> <p>We have compared the assumptions used by the actuary to calculate the present value of future pension liabilities with the expected ranges provided by the independent consulting actuary. We are satisfied that the assumptions used are not unreasonable or outside of the expected ranges.</p> <p>Please refer to the findings table above for details of the error identified in relation to police pension computation lump sums.</p>

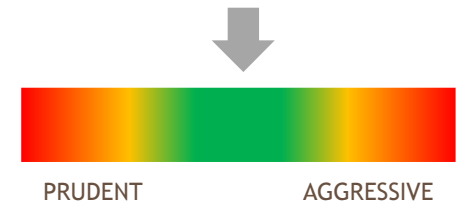
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KEY AUDIT AND ACCOUNTING MATTERS

Continued

ESTIMATES	AUDIT FINDINGS AND CONCLUSIONS
<p>NON DOMESTIC RATES APPEALS PROVISION</p> <p>Billing authorities are required to estimate the value of potential refund of business rates arising from rate appeals, including backdated appeals. The Valuation Office Agency (VOA) provides information regarding the appeals currently being assessed and settled. Management use this information to calculate a success rate for specific business types for settled appeals, and applies an appropriate rate to each type of business appeal still outstanding at year end.</p> <p>We consider there to be a risk in relation to the estimation of the provision due to potential incomplete data and assumptions used in calculating the likely success rate of appeals.</p> <p>We are aware that some NHS organisations are also appealing their business rate charge and are seeking to obtain charitable status to claim mandatory rate relief.</p>	<p>We have reviewed the current list of appeals provided by the VOA and how this information is used to calculate a success rate for each category of appeal. No issues have been identified.</p> <p>We have tested the accuracy of the information used to calculate the success rate, for example, settled appeals and no issues have been identified.</p> <p>We are not aware of any appeals made by NHS organisations.</p>



KEY AUDIT AND ACCOUNTING MATTERS

Continued

ESTIMATES

ALLOWANCE FOR NON-COLLECTION OF RECEIVABLES

The City Fund includes a material amount in respect of provision for non-collection of NDR, rents and sundry debt arrears. The provision is based on management assumptions in relation to the collection of the debt. There is a risk that the provisions may not accurately reflect collection rates based on age or debt recovery rates.

(continued)

AUDIT FINDINGS AND CONCLUSIONS

Non-domestic rate arrears and cost provision

The City Fund's share of debts and provision at the 31 March 2016 was £6.8 million and £3.2 million respectively.

The majority of the provision has been calculated using the best information available at the year-end, for example, current collection rates.

Around £0.410 million of the provision has been calculated using CIPFA guidelines which are not considered to be up-to-date and may not accurately reflect the aging profile or current collection of debt within the City. Management has explained that costs are likely to outweigh the benefits of collating current collection rates for these debts.

We are satisfied that the provision is not materially misstated.

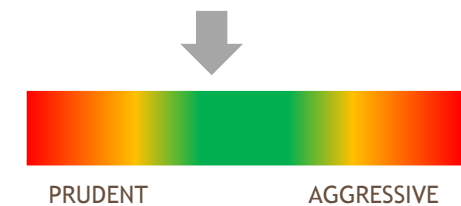
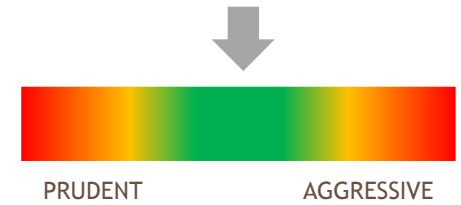
Rent arrears and cost provision

Arrears and provision as at 31 March 2016 were £13.8 million and £1 million respectively.

The majority of arrears relate to current tenants and the management surveyor reviews all individual arrears over £15,000 to determine the likely rent to be recovered.

The provision relating to approximately £2 million of rent arrears (relating to rent attached to Barbican property and HRA), appears to be based on a standard percentage (3-6 mths 25%, 6-12mth 50% and >1year 100%). The standard percentages do not appear to correlate to the aging profile of debt and corresponding collection rates.

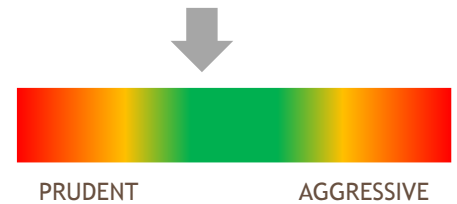
Given that the total value of debt is immaterial the provision is not materially misstated. However, we would recommend that current assumptions around standard percentages are regularly reviewed to ensure that any potential material misstatements do not arise.



KEY AUDIT AND ACCOUNTING MATTERS

Continued

ESTIMATES	AUDIT FINDINGS AND CONCLUSIONS
<p>ALLOWANCE FOR NON-COLLECTION OF RECEIVABLES</p>	<p>Sundry debt arrears and cost provision</p> <p>Arrears and provision as at 31 March 2016 were £9.4 million and £2.1 million respectively.</p> <p>Barbican centre</p> <ul style="list-style-type: none"> • 3-5 month arrears (£0.443 million) are reviewed on a case-by case basis and provided for based on historical collection of similar debt • All arrears over 6 months (£0.367 million) are fully provided for however this does not appear to be based on current collection history. <p>Police</p> <ul style="list-style-type: none"> • Arrears totalling £1.4 million are calculated using management percentages of 0%, 5%, 25%, 50%, and 100% at <3mths, 3-6mths, 6-12mths, 12-24mths, 24+mths. However, no workings to support these assumptions have been provided. <p>Given that the total value of debt is immaterial the provision is not materially misstated. However, we would recommend that current assumptions around standard percentages are regularly reviewed to ensure that any potential material misstatements do not arise.</p>



KEY AUDIT AND ACCOUNTING MATTERS

Continued

FINANCIAL STATEMENT DISCLOSURES

Our views on the sufficiency and content of your financial statements' disclosures are set out below:

DISCLOSURE AREA	AUDIT FINDINGS AND CONCLUSIONS
POST BALANCE SHEET EVENTS - BREXIT	<p>In light of the referendum vote for the UK to leave the EU and the consequential uncertainties in the political and economic environment, the Financial Reporting Council (FRC) has recommended that financial statements should include a non-adjusting subsequent event note where there has been a significant change in balance sheet items, such as pension fund liabilities, since the year end.</p> <p>We have suggested that the Council should consider disclosing a post balance sheet event to recognise this issue and the consequential potential impact on the pension fund liabilities arising on lower bond yields and investment property valuations.</p> <p>Management has informed us that the disclosure will not be included in the accounts because the view of the City is that it is still too early to assess whether there will be any medium/long term impact, which is the basis on which asset allocation and wider investment strategy decisions are made. Also, investment values change from day to day due to any number of factors of which Brexit is only one. Therefore, management believe that the disclosure would require significant amounts of work for little value added.</p>
OTHER DISCLOSURES	<p>We have identified a small number of changes to other disclosures, particularly in relation to compulsory redundancies, financial instruments and capital commitments. Management will amend the disclosures in the final version of the financial statements.</p>

OUTSTANDING MATTERS

We have substantially completed our audit work in respect of the risk areas identified for financial statements for the year ended 31 March 2016, and anticipate issuing an unqualified opinion on the financial statements if no significant issues are identified in the work that remains to be completed.

The following matters are outstanding at the date of this report. We will provide a verbal update on these matters to the Audit and Risk Management Committee as part of September 2016 meeting:

Completion of work in relation to:

- Completion of the review of journals
- Review of the annual governance statement.

Review and agreement of the final WGA data collection tool against the final set of financial statements.

Subsequent events review.

Management representation letter to be approved and signed.



CONTROL ENVIRONMENT

Significant deficiencies

We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to you.

As the purpose of the audit is for us to express an opinion on the authority's financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist. As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

We have not identified any significant deficiencies in internal control.

WHOLE OF GOVERNMENT ACCOUNTS

We comment below on other reporting required:

MATTER	COMMENT
<p>For Whole of Government Account (WGA) component bodies that are over the prescribed threshold of £350 million in any of: assets (excluding property, plant and equipment); liabilities (excluding pension liabilities); income or expenditure we are required to perform tests with regard to the Data Collection Tool (DCT) return prepared by the authority for use by the Department of Communities and Local Government for the consolidation of the local government accounts, and by HM Treasury at Whole of Government Accounts level.</p> <p>This work requires checking the consistency of the DCT return with the audited financial statements, and reviewing the consistency of income and expenditure transactions and receivables and payable balances with other government bodies.</p>	<p>HM Treasury’s Whole of Government Accounts team issued a newsletter at the end of June to explain the delay in issuing the DCT which was released on Monday 4 July. This means that local authorities’ deadline to submit the unaudited DCT to HM Treasury has been extended to 12 August and similarly our deadline to issue our audit opinion on the DCT has been extended to 21 October 2016.</p> <p>We will carry out our audit on the DCT when we have completed our testing on the financial statements. We will provide our audit opinion on the DCT before the 21 October 2016 deadline.</p>

USE OF RESOURCES

Key informed decisions, deployed resources and sustainable outcomes

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money). This is based on the following reporting criterion:

- In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

There are three sub criteria that we consider as part of our overall risk assessment:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

We reported our risk assessment, which included use of resources significant risks, in the 2015/16 Audit Plan issued in February 2016. We have since undertaken a more detailed assessment of risk following our completion of the interim review of financial controls and review of the draft financial statements, and we have not included any additional significant risks.

We report below our findings of the work designed to address these significant risks and any other relevant use of resources work undertaken.

RISK	WORK PERFORMED	AUDIT ISSUES AND IMPACT ON CONCLUSION
FINANCIAL SUSTAINABILITY (POLICE)	<p>We have reviewed the financial performance of City Police to date and its financial sustainability through review of the medium term financial and strategic plans.</p> <p>As at 31 March 2016 City Police’s net expenditure (to be met from government grants, local taxation and transfers to/from reserves), was £67.4 million against a budget of £66 million. The overspend of £1.4 million was met from a transfer from the Police reserve.</p> <p>The update to the Medium Term Financial Strategy (MTFS) to 2018/19 has forecast current budget gaps for City Police in 2017/18 (£2.9 million) and 2018/19 (£4.8 million) which includes current earmarked reserves being exhausted during 2018. Management are currently reviewing the financial strategy to balance the budget over the medium term. The strategy includes maximising opportunities to increase income, exploring potential additional funding streams and further efficiencies and controls on expenditure.</p>	<p>It is essential that City Police ensure that cost models supporting service delivery are accurate and up-to-date in order to clearly represent resources required in the medium term. The current MTFS requires significant savings that are currently not supported by robust plans.</p> <p>City of London Corporation, as a whole organisation, are in a position to fund current forecast deficits in respect of City Police and on that basis we have concluded that City Police remain financially sustainable over the period of the MTFS.</p>

USE OF RESOURCES

Continued

RISK	WORK PERFORMED	AUDIT ISSUES AND IMPACT ON CONCLUSION
<p>FINANCIAL SUSTAINABILITY (CITY FUND)</p>	<p>We have reviewed the financial performance of the City Fund to date and its financial sustainability through review of the medium term financial and strategic plans.</p> <p>There was a net surplus for the year of £0.8m which compared to a budget deficit of £14.5m. This was mainly due to slippage/re-phasing of major revenue repairs, maintenance, improvement projects, increased interest from interest earnings and central contingencies and provision not being required, as well as increased rent income from City Fund Property Investment Estate including a backdated rent review together with reduced operational costs.</p> <p>As at 31 March 2016 usable reserves amounted to £258.2 million and, of this, £200 million is committed to the Crossrail capital project and also includes sums earmarked for purposes such as Highways, HRA and the Police.</p> <p>In our audit plan we reported that the City Fund’s medium term financial forecast (MTFF) was currently indicating a surplus position over the next four years, including a surplus of £5.9 million in 2016/17 reducing to £1 million by 2019/20. The MTFF projections have been based on conservative income growth from business rates, council tax, rental income and other income streams as well as budgeting for increased expenditure in relation to pay rises, heightened security measures, delayed cyclical repairs and provisions for service transformation.</p> <p>The MTFF was updated in June and indicated an improved position with annual surpluses of £5m-£6m across the forecast period. However, these surpluses are likely to be reduced due to the recent decrease in interest rates and there may be other potential impacts arising from Brexit.</p> <p>Nevertheless, City Fund finances appear to be relatively robust over the medium term.</p>	<p>There are healthy levels of reserves available to support City Fund’s services in the medium term therefore we are satisfied that there are appropriate arrangements in place to continue to remain financially sustainable over the period of the MTFS.</p>

APPENDICES

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APPENDIX I: MATERIALITY

MATERIALITY - FINAL AND PLANNING

	FINAL	PLANNING
Materiality	£5,300,000	£5,300,000
Clearly trivial threshold	£100,000	£100,000

Planning materiality for the authority has been based on 1.5% of the prior year gross expenditure. The clearly trivial amount is based on 2% of the materiality level. We had no reason to revise our final materiality level.

APPENDIX II: INDEPENDENCE

INDEPENDENCE - ENGAGEMENT TEAM ROTATION		
SENIOR TEAM MEMBERS	NUMBER OF YEARS INVOLVED	ROTATION TO TAKE PLACE IN YEAR ENDED
LEIGH LLOYD-THOMAS - Audit engagement partner	1 st year	31 March 2021
Engagement quality control reviewer	1 st year	31 March 2021
KERRY BARNES - Audit manager	1 st year	31 March 2026

APPENDIX II: INDEPENDENCE

Continued

INDEPENDENCE - THREATS TO INDEPENDENCE AND APPROPRIATE SAFEGUARDS

We have provided non audit services in respect of certain grant claims and returns that do not form part of the Code audit or mandated certification work as directed by Public Sector Audit Appointments Limited. These are recorded on the following page and their fees are not considered significant in relation to the audit fees.

We are not aware of any financial, business, employment or personal relationships between the audit team, BDO and the authority.

We confirm that the firm complies with the FRC's Ethical Standards and, in our professional judgement, is independent and objective within the meaning of those Standards.

In our professional judgement the policies and safeguards in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit engagement partner and audit staff is not impaired.

Should you have any comments or queries regarding this confirmation we would welcome their discussion in more detail.

APPENDIX III: FEES SCHEDULE

	CURRENT YEAR	THREATS TO INDEPENDENCE ARISING	SAFEGUARDS APPLIED AND WHY THEY ARE EFFECTIVE
	£		
Audit fee	86,383	N/A	
Certification fee (housing benefit subsidy)	11,396	N/A	
TOTAL AUDIT FEE	97,779		
Reporting on government grants (see below table for breakdown)	11,340	The threat to auditor independence from Audit Related Services is clearly insignificant. (ES5:54)	No safeguards required
TOTAL ASSURANCE SERVICES	109,119		

	CURRENT YEAR
	£
Teachers' Pension (local education authority)	4,500
Teachers' Pension (Centre for Young Musicians (City's Cash))	4,500
Pooling of Housing Capital Receipts	2,340
TOTAL AUDIT FEE	11,340

APPENDIX IV: AUDIT QUALITY

BDO is totally committed to audit quality. It is a standing item on the agenda of BDO's Leadership Team who, in conjunction with the Audit Stream Executive (which works to implement strategy and deliver on the audit stream's objectives), monitor the actions required to maintain a high level of audit quality within the audit stream and address findings from external and internal inspections. BDO welcome feedback from external bodies and is committed to implementing a necessary actions to address their findings.

We recognise the importance of continually seeking to improve audit quality and enhancing certain areas. Alongside reviews from a number of external reviewers, the AQR (the Financial Reporting Council's Audit Quality Review team), QAD (the ICAEW Quality Assurance Department) and the PCAOB (Public Company Accounting Oversight Board who oversee the audits of US firms), the firm undertake a thorough annual internal Audit Quality Assurance Review and as member firm of the BDO International network we are also subject to a quality review visit every three years. We have also implemented additional quality control review processes for all listed and public interest audits.

We seek to make improvements and address weaknesses identified from both external and internal quality reviews. Where issues have been identified an action plan is put in place. These plans may relate to individual assignments, individual offices to be firm-wide and in each instance the outcome of these actions is subject to monitoring and have been the subject of our analysis of root causes. The actions may include, but are not necessarily limited to, one or more of the following:

- The implementation, where appropriate, of relevant training for the engagement team where the issue is team specific;
- The revision and production of additional guidance in connection with the firm's audit approach where we identify that an issue is more wide-spread;
- The development and delivery of firm-wide training;
- Amendments and/or enhancements to stream policies and procedures.





FOR MORE INFORMATION:

LEIGH LLOYD-THOMAS

+44 (0)20 7893 2616
leigh.lloyd-thomas@bdo.co.uk

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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CITY OF LONDON PENSION FUND

AUDIT FINDINGS REPORT

Audit for the year ended 31 March 2016 - Issued to the Audit and Risk Management Committee - 07 September 2016

LEIGH LLOYD-THOMAS
Engagement Lead

T: 0207 893 2616
E: leigh.lloyd-thomas@bdo.co.uk

KERRY BARNES
Audit Manager

T: 0207 893 3837
E: kerry.l.barnes@bdo.co.uk



PURPOSE AND USE OF THIS REPORT

We present our Audit and Risk Management Committee Report which details the key findings arising from the audit for the attention of those charged with governance. It forms a key part of our communication strategy with you, a strategy which is designed to promote effective two way communication throughout the audit process.

We have updated the report and highlighted changes in green compared to the report we issued to the Audit and Risk Management Committee on 18 July 2016.

As auditors we are responsible for performing our audit in accordance with International Standards on Auditing (UK & Ireland) which provide us with a framework which enables us to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the pension fund financial statements. As the purpose of the audit is for us to express an opinion on the financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist. As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

This report has been prepared solely for the use of the Audit and Risk Management Committee. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person.

We would like to thank staff for their co-operation and assistance during the audit to date and throughout the period.



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SUMMARY

AUDIT SCOPE AND OBJECTIVES

- We have completed our audit procedures in accordance with the planned scope and our objectives have been achieved, subject to the completion of the remaining work set out in the outstanding matters section of this report.
 - There were no significant changes to our planned audit approach nor were any restrictions placed on our work.
 - No additional significant audit risks were identified during the course of our audit procedures subsequent to our audit planning report to you dated February 2016
 - Our materiality levels have not required reassessment since our audit planning referred to above.
- Our observations on the quality of the audit and our audit independence and objectivity and related matters are set out in Appendix IV and II below.

AUDIT OPINION

- Subject to the successful completion of the outstanding work we anticipate issuing an unqualified opinion on the pension fund financial statements for the year ended 31 March 2016
- Our review of the Annual Report is in progress. We will provide a verbal update on the findings from the review to the Audit and Risk Management Committee as part of September 2016 meeting.

KEY AUDIT AND ACCOUNTING MATTERS

The key matters that have arisen in the course of our audit are summarised below:

- We have recommended that audit evidence is retained at the time of producing the accounts to ensure that there is a sufficient audit trail to support the disclosure of membership numbers.
- We have recommended that management liaise with fund managers as soon as possible to encourage them to implement the necessary steps in order for them to provide relevant management expense information for the 2016/17 accounts.
- Fund manager fee expenses in 2015/16 are overstated by £350,000 because the 2014/15 final quarter fee has been included in the 2015/16 accounts because it was not accrued for in the prior period in respect of Carnegie pooled equity fund manager.
- Management has confirmed that the accounting policy will be updated to clearly state the period to which fund manager fees relate.
- All private equity fund valuations provided agree to the accounts except for two which have understated the valuations by £531,000 due to errors in deriving the year end balances. This will be corrected in the next version of the financial statements.
- Although there will be no impact on the year-end investment valuation disclosed in the accounts, total distribution (sales) of £1.46 million from standard life private equity and total purchases of £274,000 from Veritas pooled funds were incorrectly classified. Management are currently reviewing the original transactions made in order to correct the treatment.
- We have identified a small number of disclosures that should be included in the accounts as set out in the CIPFA disclosure checklist in respect of the funded obligation of the overall pension fund. We have also identified some discrepancies between a number of the assumption figures disclosed in the accounts compared to the actuary report. Management will include/correct the disclosures in the next version of the financial statements.

KEY AUDIT AND ACCOUNTING MATTERS

SIGNIFICANT AUDIT RISKS

We reported our risk assessment, which brought to your attention areas that require additional or special audit consideration and are considered significant audit risks, in the 2015/16 audit planning report dated February 2016. These significant risks have been highlighted in red and findings have been reported in the following table.

We have since undertaken a more detailed assessment of risk following the completion of our review of the Authority’s internal control environment and draft financial statements, and we have not identified any additional significant risks.

NATURE OF RISK	RELATED CONTROLS / RESPONSE TO RISK	HOW THE RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION AND RECOMMENDATION
MANAGEMENT OVERRIDE OF CONTROLS	<p>Auditing standards presume that a risk of management override of controls is present in all entities.</p> <p>By its nature, there are no controls in place to mitigate the risk of management override</p>	<p>We are required to respond to this risk by testing the appropriateness of accounting journals and other adjustments to the financial statements, reviewing accounting estimates for possible bias and obtaining an understanding of the business rationale of significant transactions that appear to be unusual.</p>	<p>Our audit work in relation to journals and estimates is in progress.</p> <p>Work to date has not identified any significant issues. We will update the Audit and Risk Management Committee at the meeting on 13 September with the results of our testing.</p>
REVENUE RECOGNITION	<p>Auditing standards presume that income recognition presents a fraud risk.</p> <p>For pension funds, the risk can be identified as affecting the completeness, accuracy and existence of contributions income.</p>	<p>We have carried out audit procedures to gain an understanding of the pension fund’s internal control environment for receiving and recording contributions income in accordance with the schedule of contributions, including how this operates to prevent loss of income and ensure that income is recognised in the correct accounting period.</p>	<p>Our review of key controls in respect of contributions receivable found no significant weaknesses.</p> <p>However, we have identified differences between payroll listings and the accounts in relation to contribution amounts for both employee and employer contributions for the City of London and Museum of London. Management has carried out a reconciliation exercise and corrected mis-coding of contributions between the City of London and Museum of London. The corrections are below our reporting threshold and other differences originally identified have been resolved.</p>

KEY AUDIT AND ACCOUNTING MATTERS

Continued

NATURE OF RISK	RELATED CONTROLS / RESPONSE TO RISK	HOW THE RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION AND RECOMMENDATION
<p>REVENUE RECOGNITION (CONTINUED)</p>		<p>We have performed an examination, on a test basis, of evidence relevant to the amounts and timing of contributions receivable to the fund including checking to employer payroll records, where relevant.</p> <p>We have checked a sample of contributions receivable from the Corporation to the payroll records to ensure that the correct amounts have been paid by the employee and employer.</p> <p>For other significant admitted and scheduled bodies, we have selected a sample of bodies and requested confirmation from that organisation that the correct amounts have been paid to the pension fund for selected employees.</p>	<p>Our testing has not identified any issues with the timings of contributions receivable to the fund or the accuracy of the amounts paid by the employer or employee.</p>

KEY AUDIT AND ACCOUNTING MATTERS

Continued

OTHER AUDIT RISKS AND ACCOUNTING ISSUES

We report below our findings of the work designed to address all other risks identified in our 2015/16 audit planning report and any other relevant audit and accounting issues identified as a result of our audit.

NATURE OF RISK	WORK PERFORMED AND FINDINGS	CONCLUSION
<p>INVESTMENT MANAGEMENT EXPENSES</p>	<p>Local Government Pension Fund Accounts are required to disclose investment management expenses.</p> <p>Management expenses included in the pension fund accounts represents the fee for the service provided by and any performance related fees in relation to the fund manager. However, fund managers do not ordinarily provide information on any 'hidden' fees included in investing contributions. These fees are deducted when the investment is made by the fund manager and hence is included in realised gains or losses or the change in market value of investments.</p> <p>The Financial Conduct Authority criticised the investment management industry for not reporting charges to investors sufficiently clearly. In particular, it criticised the annual management charge as failing 'to provide investors with a clear, combined figure for charges.'</p> <p>Last year, CIPFA issued guidance on obtaining and separately presenting these additional charges in the fund accounts. While not mandatory to report these costs separately, there is a clear expectation that LGPS fund accounts do observe this guidance.</p> <p>We have reviewed investment management expenses and have found that fund managers have not provided the relevant information for management to separate out these fees in the financial statements.</p>	<p>We recommend that management liaise with fund managers as soon as possible to encourage them to implement the necessary steps in order for them to provide relevant management expense information for the 2016/17 accounts.</p>

KEY AUDIT AND ACCOUNTING MATTERS

Continued

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NATURE OF RISK	WORK PERFORMED AND FINDINGS	CONCLUSION
MEMBERSHIP DISCLOSURE	<p>Membership information including the number of current contributors, deferred beneficiaries and pensioners by employer is required to be disclosed.</p> <p>There is a risk that the membership database may not be accurate and up to date to support this disclosure.</p> <p>We have identified differences between payroll listings and the accounts in relation to membership numbers. We have discussed these differences with management who have explained that because the report provided to support the numbers in the financial statements was ran after the 31 March 2016 it will not reconcile to the accounts. This is because the system is updated on a daily basis with more current information that could be backdated to the 2015/16 financial year. The report used to support membership numbers was not retained at the time of producing the accounts. The differences we have identified between the payroll listing provided and the accounts is as follows: current contributors understated by 20, beneficiaries in receipt of pension overstated by 71 and deferred benefits understated by 10, total headcount overstated by 41.</p>	<p>Our testing has been based on the payroll listings and we have not identified any issues in respect of transactions recorded in the fund.</p> <p>We recommend that audit evidence is retained at the time of producing the accounts to ensure that that there is a sufficient audit trail to support the disclosure of membership numbers.</p>
CONSIDERATION OF RELATED PARTY TRANSACTIONS	<p>We consider if the disclosures in the financial statements concerning related party transactions are complete and adequate and in line with the requirements of the accounting standards.</p>	<p>Our testing has not identified any issues.</p>
ACCRUED FUND MANAGER PERFORMANCE FEES	<p>Our testing of fund manager performance fees has identified that amounts have not been accrued to the correct year but instead have been recorded when the amounts fall due.</p>	<p>Management has reviewed correspondence with its fund managers and identified an amount of £300,000 to be accrued for the final quarter of 2015/16 in respect of Carnegie pooled equity fund manager fees. Management will amend the next version of the financial statements to include this accrual. This will mean that fund manager fee expenses are overstated by £350,000 because the final quarter of 2014/15 has been included in the 2015/16 accounts because it was not accrued for in the prior period. This adjustment will mean only 12 months (including a year end accrual) worth of fund manager fees are included in the accounts going forward.</p> <p>All other fund manager performance fees are accounted for when they fall due (see the accounting policy finding for further details of this issue).</p>

KEY AUDIT AND ACCOUNTING MATTERS

Continued

ACCOUNTING ESTIMATES

Our views on significant estimates, including any valuations of material assets and liabilities, arrived at the preparation of your financial statements are set out below:

ESTIMATES

AUDIT FINDINGS AND CONCLUSIONS

FAIR VALUE OF INVESTMENTS (PRIVATE EQUITY)

The investment portfolio includes unquoted private equity holdings valued by the fund manager. The valuation of private equity assets may be subject to a significant level of assumption and estimation and valuations may not be based on observable market data.

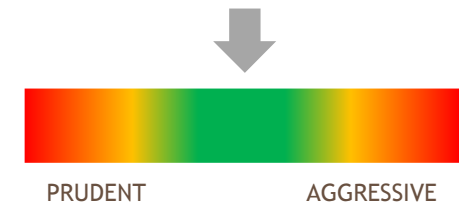
In some cases, the valuations are provided at dates that are not coterminous with the pension fund's year end and need to be updated to reflect cash transactions (additional contributions or distributions received) since the latest available valuations.

As a result, we consider there to be a significant risk that investments are not appropriately valued in the financial statements.

Year-end valuations for all private equity and underlying assets and fund valuations are as at 31 December 2015. Appropriate adjustments to reflect cash transactions (additional contribution or distributions received) between January and March have been made to the 31 December year-end position to bring the valuation in line with a 31 March 2016 close.

All fund valuation confirmations agree to the accounts except for two which have understated the investment balance by a net £531,000 due to errors in deriving the year end balances. This will be corrected in the next version of the financial statements.

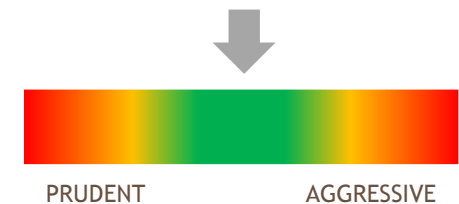
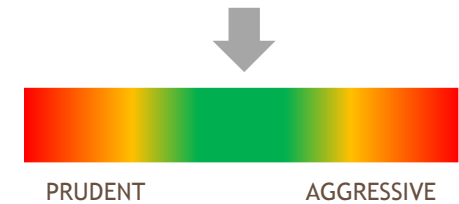
Although there will be no impact on the year-end investment valuation disclosed in the accounts, total distribution (sales) of £1.46 million from standard life private equity funds were incorrectly classified as a net loss. This will be corrected in the next version of the financial statements.



KEY AUDIT AND ACCOUNTING MATTERS

Continued

ESTIMATES	AUDIT FINDINGS AND CONCLUSIONS
<p>FAIR VALUE OF INVESTMENTS (POOLED INVESTMENTS)</p> <p>The fair value of funds (pooled investments) is provided by individual fund managers and reported on a quarterly basis. These funds are quoted on active markets.</p> <p>There is a risk that investments may not be appropriately valued and correctly recorded in the financial statements.</p>	<p>All direct confirmations have been received and agreed to the accounts with no exceptions.</p> <p>Although there will be no impact on the year-end investment valuation disclosed in the accounts, total purchases of £274,000 from the Veritas pooled fund were incorrectly classified as a net gain. This will be corrected in the next version of the financial statements.</p> <p>Our work did not identify any issues in respect of agreeing the valuations to readily available data (such as Bloomberg).</p>
<p>PENSION LIABILITY ASSUMPTIONS</p> <p>An actuarial estimate of the pension fund liability to pay future pensions is calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate is based on the most up to date membership data held by the pension fund and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability.</p> <p>There is a risk the valuation uses inappropriate assumptions to value the liability.</p>	<p>Pension disclosures are required in line with IAS 26 (Accounting and reporting of retirement benefit plans). The information required for the disclosures is provided by the actuary (Barnet Waddingham). The information provided is calculated using a number of estimates and assumptions.</p> <p>We have compared the assumptions and estimates used by the actuary with the expected ranges provided by the independent consulting actuary. We are satisfied that the assumptions used are not unreasonable or outside of the expected ranges.</p>



KEY AUDIT AND ACCOUNTING MATTERS

Continued

FINANCIAL STATEMENT DISCLOSURES

Our views on the sufficiency and content of your financial statements' disclosures are set out below:

DISCLOSURE AREA	AUDIT FINDINGS AND CONCLUSIONS
<p>ACCOUNTING POLICIES</p>	<p>There is no formal process or control over the review of investment management expense for private equity investments to ensure that changes are in line with the mandate of the fund manager.</p> <p>There is no process to review and accrue for estimated performance fees where fund managers year end is not conterminous with the year end of the fund. Where fund manager has not provided data for investment expense for the full year there is no process by management to determine or estimate the expense for the period not covered by the fund manager data.</p> <p>Since reporting this to the Audit and Risk Management committee on 18 July 2016 management has reviewed correspondence with its fund managers and accrued an amount for the final quarter of 2015/16 for Carnegie pooled equity fund manager (see accrued fund manager performance fees finding above for details of this adjustment).</p> <p>All other fund manager performance fees are accounted for when they fall due. It has been concluded that because there are four quarters worth of expenses in the accounts at any time (albeit the first quarter relates to the final quarter of the last financial year), for the remaining fund managers there is unlikely to be a significant difference between the amounts relating to the prior financial year the final quarter of the current financial year if it were to be accrued. Management has confirmed that the accounting policy will be updated to clearly state the period to which management fees relate.</p>
<p>PENSION LIABILITY DISCLOSURE</p>	<p>We have identified a small number of disclosures that should be included in the accounts as set out in the CIPFA disclosure checklist in respect of the funded obligation of the overall pension fund. We have also identified some discrepancies between a number of the assumption figures disclosed in the accounts compared to the actuary report. Management will include/correct the disclosures next version of the financial statements.</p>

OUTSTANDING MATTERS

We have substantially completed our audit work in respect of the risk areas identified for financial statements for the year ended 31 March 2016, and anticipate issuing an unqualified opinion on the financial statements if no significant issues are identified in the work that remains to be completed.

The following matters are outstanding at the date of this report. We will provide a verbal update on these matters to the Audit and Risk Management Committee as part of September 2016 meeting:

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Completion of the review of journals.

Review of the amended financial statements and annual report.

Subsequent events review.

Management representation letter to be approved and signed.



CONTROL ENVIRONMENT

Significant deficiencies

We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to you.

As the purpose of the audit is for us to express an opinion on the pension fund's financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist. As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

No significant control deficiencies have been identified.

APPENDICES

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APPENDIX I: MATERIALITY

MATERIALITY - FINAL AND PLANNING

	FINAL	PLANNING
Pension fund overall materiality	£8,200,000	£8,200,000
Fund account specific materiality	£1,500,000	£1,500,000
Clearly trivial threshold	£160,000	£160,000

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Planning materiality for the pension fund financial statements was based on 1% of prior year net assets. Specific materiality was set of 5% at prior year contributions for the fund accounts. The clearly trivial amount is based on 2% of the overall materiality level.

We had no reason to revise our final materiality level.

APPENDIX II: INDEPENDENCE

INDEPENDENCE - ENGAGEMENT TEAM ROTATION		
SENIOR TEAM MEMBERS	NUMBER OF YEARS INVOLVED	ROTATION TO TAKE PLACE IN YEAR ENDED
LEIGH LLOYD-THOMAS - Audit engagement partner	1 st year	31 March 2021
KERRY BARNES - Audit manager	1 st year	31 March 2026

APPENDIX II: INDEPENDENCE

Continued

INDEPENDENCE - THREATS TO INDEPENDENCE AND APPROPRIATE SAFEGUARDS

We have confirmed that we have not provided any non audit services.

We are not aware of any financial, business, employment or personal relationships between the audit team, BDO and the Authority.

We confirm that the firm complies with the FRC's Ethical Standards and, in our professional judgement, is independent and objective within the meaning of those Standards.

In our professional judgement the policies and safeguards in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit engagement partner and audit staff is not impaired.

Should you have any comments or queries regarding this confirmation we would welcome their discussion in more detail.

APPENDIX III: FEES SCHEDULE

	CURRENT YEAR	THREATS TO INDEPENDENCE ARISING	SAFEGUARDS APPLIED AND WHY THEY ARE EFFECTIVE
	£		
Scale audit fee	21,000	N/A	No safeguards required
Additional fee	-		
TOTAL AUDIT	21,000		
Audit related assurance services	-		
Other assurance services	-		
TOTAL ASSURANCE SERVICES	21,000		

APPENDIX IV: AUDIT QUALITY

BDO is totally committed to audit quality. It is a standing item on the agenda of BDO's Leadership Team who, in conjunction with the Audit Stream Executive (which works to implement strategy and deliver on the audit stream's objectives), monitor the actions required to maintain a high level of audit quality within the audit stream and address findings from external and internal inspections. BDO welcome feedback from external bodies and is committed to implementing a necessary actions to address their findings.

We recognise the importance of continually seeking to improve audit quality and enhancing certain areas. Alongside reviews from a number of external reviewers, the AQR (the Financial Reporting Council's Audit Quality Review team), QAD (the ICAEW Quality Assurance Department) and the PCAOB (Public Company Accounting Oversight Board who oversee the audits of US firms), the firm undertake a thorough annual internal Audit Quality Assurance Review and as member firm of the BDO International network we are also subject to a quality review visit every three years. We have also implemented additional quality control review processes for all listed and public interest audits.

We seek to make improvements and address weaknesses identified from both external and internal quality reviews. Where issues have been identified an action plan is put in place. These plans may relate to individual assignments, individual offices to be firm-wide and in each instance the outcome of these actions is subject to monitoring and have been the subject of our analysis of root causes. The actions may include, but are not necessarily limited to , one or more of the following:

- The implementation, where appropriate, of relevant training for the engagement team where the issue is team specific;
- The revision and production of additional guidance in connection with the firm's audit approach where we identify that an issue is more wide-spread;
- The development and delivery of firm-wide training;
- Amendments and/or enhancements to stream policies and procedures.





FOR MORE INFORMATION:

LEIGH LLOYD-THOMAS

+44 (0)20 7893 2616
leigh.lloyd-thomas@bdo.co.uk

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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