



Audit and Risk Management Committee

Date: TUESDAY, 7 FEBRUARY 2017
Time: 2.00 pm
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

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

Enquiries: Julie Mayer
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julie.mayer@cityoflondon.gov.uk

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

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES OF THE PREVIOUS MEETING**
To agree the public minutes and non-public summary of the meeting held on 8 November 2016.

For Decision
(Pages 1 - 8)
4. **TERMS OF REFERENCE AND FREQUENCY OF MEETINGS**
Report of the Town Clerk.

For Decision
(Pages 9 - 12)
5. **COMMITTEE WORK PROGRAMME**
Report of the Town Clerk.

For Information
(Pages 13 - 14)
6. **CITY OF LONDON SCHOOL - DEEP DIVE RISK REVIEW**
Report of the Head, City of London School and the Chamberlain.

For Information
(Pages 15 - 34)
7. **RISK MANAGEMENT UPDATE**
Report of the Chamberlain.

For Decision
(Pages 35 - 84)
8. **INTERNAL AUDIT PROGRESS REPORT**
Report of the Head of Internal Audit and Risk Management.

For Information
(Pages 85 - 94)
9. **ANTI FRAUD INVESTIGATIONS UPDATE**
Report of the Chamberlain.

For Information
(Pages 95 - 106)

10. **CITY FUND AND PENSION FUND FINAL ACCOUNTS 2016/17 AND 2017/18 - UPDATE**
Report of the Chamberlain.

For Information
(Pages 107 - 110)

11. **CITY OF LONDON - CITY FUND: GRANT CLAIMS AND RETURNS CERTIFICATION IN RESPECT OF CLAIMS AND RETURNS FOR THE YEAR ENDED MARCH 2016**
Report of BDO, External Auditors.

For Information
(Pages 111 - 116)

12. **EXTERNAL AUDIT ARRANGEMENTS**
Report of the Chamberlain.

For Decision
(Pages 117 - 124)

13. **BRIDGE HOUSE ESTATES, CITY'S CASH, CITY'S CASH TRUSTS, THE CORPORATIONS SUNDRY TRUSTS & OTHER ACCOUNTS - EXTERNAL AUDIT STRATEGY & PLANNING REPORT ON THE 2016-17 FINANCIAL STATEMENTS**
Report of Moore Stephens, External Auditors.

For Information
(Pages 125 - 140)

14. **ANNUAL GOVERNANCE STATEMENT - METHODOLOGY**
Joint Report of the Town Clerk and the Chamberlain.

For Decision
(Pages 141 - 146)

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

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

17. **EXCLUSION OF THE PUBLIC**

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

For Decision

Part 2 - Non-Public Agenda

18. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**

To agree the Non-Public minutes of the meeting held on 8th November 2016.

For Decision
(Pages 147 - 148)

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

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

Members only - Private Meeting with the External Auditors, Moore Stephens

AUDIT AND RISK MANAGEMENT COMMITTEE

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall on Tuesday, 8 November 2016 at 2.00 pm

Present

Members:

Alderman Nick Anstee (Chairman)	Deputy Jamie Ingham Clark
Nigel Challis (Deputy Chairman)	Alderman Ian Luder
Alderman Charles Bowman	Kenneth Ludlam (External Member)
Henry Colthurst	Caroline Mawhood (External Member)
Hilary Daniels (External Member)	Jeremy Mayhew (Ex-Officio Member)
Sheriff & Alderman Peter Estlin	Graeme Smith

In Attendance

Mark Boleat	Chairman of Policy and Resources Committee
Carl Dunkley	Gallagher Basset

Officers:

Neil Davies	-	Town Clerk's Department
Julie Mayer	-	Town Clerk's Department
Peter Kane	-	Chamberlain
Paul Dudley	-	Chamberlain's Department
John James	-	Chamberlain's Department
Caroline Al-Beyerty	-	Chamberlain's Department
Steven Reynolds	-	Chamberlain's Department
Damian Nussbaum	-	Director of Economic Development
Leigh Lloyd-Thomas	-	External Auditor, BDO
Nick Bennett	-	External Auditor, Moore Stephens
Lucy Nutley	-	External Auditor, Moore Stephens
Pat Stothard	-	Head of Internal Audit and Risk Management
Karen Atkinson	-	Head of Charity & Social Investment Finance
Neal Hounsell	-	Community and Children's Services
Chris Pelham	-	Community and Children's Services
Alistair Sutherland	-	Assistant Commissioner, City of London Police
Paul Adams	-	City of London Police

1. APOLOGIES

Apologies were received from Deputy Dr Martin Dudley, Deputy Roger Chadwick and Hugh Morris.

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

There were no declarations.

3. **MINUTES**

The minutes of the meeting held on 13 September 2016 were approved.

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

The Committee received its' Outstanding Actions list, which would be discharged during the course of this agenda.

5. **COMMITTEE WORK PROGRAMME**

The Committee received its' Work Programme and noted an amendment in that the External Audit Plans for Moore Stephens would be received in February 2017 and not May 2017.

6. **DEEP DIVE RISK REVIEW:CR02 - LOSS OF BUSINESS SUPPORT FOR THE CITY**

RESOLVED, That - Under Section 100(a) of the Local Government Act 1972, the public be excluded from the following item on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3, Part 1 of Schedule 12a of the Local Government Act.

The Committee received a report of the Director of Economic Development.

After this item, the Committee moved back into public session.

7. **CITY OF LONDON CORPORATION - OFSTED REPORTS**

The Committee received a set of reports of the Director of Community and Children's Services in respect of the recent Ofsted Inspections. Members were very pleased to note that Children's Services had been judged as 'Good' with a number of 'Outstanding' features; the City and Hackney Safeguarding Children Board had been rated 'Outstanding' and the Adult Skills and Education Service had been rated as 'Good'.

The Director was also pleased to advised that only 6 out of 110 local authorities had received 'Outstanding' judgements in leadership, management and governance; the Board's rating as 'Outstanding' had been the only one in the UK and Adult Skills had been rated in the top 30% of London local authorities. Whilst officers would continue to strive to achieve outstanding ratings across the board, Members noted that the only authorities who had received 'Outstanding' for Adult Skills and Education Services were looking after other authorities as well as their own. Members noted there had been 6 recommendations and an action plan had been produced.

RESOLVED, that - the Ofsted ratings for the City of London's Children and Adult Skills and Education Services and the City and Hackney Safeguarding Children Board be noted.

8. **HMIC INSPECTION UPDATE**

The Committee received a report of the Commissioner, City of London Police, which provided an overview of the City of London Police's response to the HM Inspectorate of Constabulary's continuing programme of inspections and

published reports. It also provided assurance that the Force was addressing the recommendations from reports.

During the discussion, the following points were noted:

- In 2015-16, only 5 Police Forces in the UK were rated as outstanding and therefore a rating of 'Good' was reasonable. The Assistant Commissioner also advised that the concept of 'one size fits all' was not relevant to the City of London Police.
- The City of London Police had been working with the West Midlands Police, who had received an 'Outstanding' rating. This work had produced recommendations in respect of evidence presentation and an action plan had been put in place, which including bringing back a Chief Inspector who had been on secondment to HMIC.
- The two Members of the Committee, who also served on the Police Performance and Resource Management Sub Committee, confirmed that all HMIC recommendations were subject to thorough scrutiny and governance. The Assistant Commissioner advised that 1-1 scrutiny sessions were held with action point owners and both the Commissioner and Assistant Commissioner were held to account at the Sub Committee meetings.

RESOLVED, that – the report be noted.

9. **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**

The Committee considered a report of the Chamberlain and the External Auditors in respect of the Non-Local Authority Statements for 2015-16.

Members were reminded that 2 briefing sessions had been arranged for all Members of the Court and the notes from these sessions had been circulated to Members of the Audit and Risk Management Committee. The Deputy Chamberlain highlighted the points raised before handing over to the External Auditor.

The External Auditor was pleased to advise that he would be providing an unqualified opinion on all 30 sets of the non-local authority accounts, with some minor recommendations for which an action plan had been produced.

During the discussion and some further questions on the accounts, the following points were noted:

- All organisations had found the new regulations in respect of the Charities SORP and FRS102 challenging, as there were no best practice comparators. The Chamberlain's officers and the External Auditors had

worked collaboratively but this did not affect the independence and scrutiny required to comply with ethical guidance.

- The Financial Investment Board considered the longer term (5 year) position on investments and over the past 18 months, 2 non-performing funds had been replaced.
- It was suggested that, when the accounts were presented to the Finance Committee the underlying income expenditure position be highlighted. The Deputy Chamberlain drew Members' attention to the new line in the accounts in respect of Operating Surplus/Deficit before fair value.

RESOLVED, that :

1. The contents of Moore Stephens LLP's Audit Management Report be noted.
2. The Finance Committee be recommended to approve the City's Cash Financial Statements for the year ended 31 March 2016.
3. The Finance Committee be recommend to approve the Annual Reports and Financial Statements for Bridge House Estates, City's Cash Trust Funds and the Sundry Trust Funds for the year ended 31 March 2016.

10. **CITY FUND AND PENSION FUNDS FINANCIAL STATEMENTS ACTION PLAN**

Members received a report of the Chamberlain in respect of the changes to the City Fund Balance sheet as at 31 March 2016 and in response to Members' requests at the last meeting.

RESOLVED, that – the report be noted.

11. **RISK MANAGEMENT UPDATE**

The Committee considered a report of the Chamberlain, which provided an update on the Corporate and Top Red Departmental Risk registers following the review by the Chief Officer Risk Management Group (CORMG) on 27 September 2016 and Summit Group on 20 October 2016.

In considering this report, Members were asked whether they would like to continue to receive the new reports at appendices 2 and 3; 'Corporate Risk and Actions Progress' and 'Top Red Departmental Risk and Actions Progress', as well as the Corporate Risk Register. Whilst welcoming the new appendices for being helpful in providing further assurance, Members agreed that it would be useful to receive them twice yearly and not at every meeting.

RESOLVED, that –

1. The changes to the Corporate and Top Red Departmental Risk Registers be noted.

2. The Corporate Risk and Actions Progress and Top Red Departmental Risk and Actions Progress report, be presented to the Committee on a bi-annual basis in order to provide Members with additional assurance.

12. **EXTERNAL REVIEW OF RISK MANAGEMENT**

The Committee received a report of the Chamberlain, which outlined the key findings in respect of an external review of Risk Management in the City of London Corporation (CoLC). Members commended an interesting report and agreed with the 6 areas for potential improvement identified in the health check report.

The Consultant was invited to present the key findings as follows:

- The Consultant had enjoyed a good level of engagement and found officers to be honest, open and candid; a good reflection of the CoLC's approach to Risk Management.
- Members highlighted the need to develop an understanding of the CoLC's risk appetite and suggested that it should be encouraging a more risk talking culture. The Chamberlain indicated that this would be fed into the discussions at the Summit Group, as part of wider consideration of the culture of the organisation. He also suggested that risk appetite needs to be considered in the context of individual services and departments; i.e. safeguarding would have a low risk appetite but it could be higher in areas where there might be opportunities for income generation.
- There was some disappointment expressed at the level of response to the on-line survey, of 48.5%, but Members noted that this had been limited by several factors; including the time of year, the lead in time and the fact that it had not been mandatory. However, the Chairman reiterated and Members agreed, that there should be an expectation on staff to participate in such surveys and the Committee had pushed for this to be mandatory in some cases; i.e. fraud awareness. The Chamberlain agreed that this would be taken into account and the level of expectation would be raised for the next survey. However, the Chamberlain would not want this to detract from the positive aspects of the report.

RESOLVED, that:

1. The contents of the report and Members comments from this meeting be noted.
2. The Committee receive an action plan for approval, based upon the recommendations in the report, in February 2017.

13. **INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP**

The Committee received a report of the Head of Internal Audit and Risk Management which provided an update on the outcome of a recent follow-up

exercise, which had focussed on red and amber priority recommendations due for implementation by 30th September 2016.

In respect of a red report on the Police's Uniform Management Services, the Assistant Commissioner advised that the stock take and audit were now complete and a meeting with procurement had been planned for later today. The Assistant Commissioner advised that a new contract would be in place by April 2017 but, due to staff shortages, it had not been possible to action this quicker.

In response to some further queries raised by the Police Performance and Resource Management Sub Committee, Members noted that the issues in respect of seized cash and goods had been resolved and there would be an update on IT and disaster recovery in the next Internal Audit Update report.

In respect of slippage of implementation of recommendations by agreed target dates, the Chairman reiterated and Members agreed that all slippages required a robust explanation and, should the slippage continue, the responsible Chief Officer would be accountable to the Audit and Risk Management Committee.

RESOLVED, that – the report be noted.

14. **RESULTS OF 2016 SURVEY OF COMMITTEE MEMBERS**

The Committee considered a report of the Town Clerk in respect of the latest survey of Members of the Audit and Risk Management Committee. Members noted that, following further discussions, a full set of responses to Member's comments would be presented at the next meeting. The next report would also respond to a question raised at a previous meeting in respect of the frequency of the surveys.

Members noted a suggestion that they be invited to comment on the effectiveness of the Committee on a regular basis and not just wait for survey invitations. It was suggested that an induction in Audit and Risk Management be offered to all Members, post the 2017 Elections. In respect of term limits for Common Council Members on this Committee, given the nature of the work of the Audit and Risk Management Committee, Members agreed that this be considered when the Committee's Terms of Reference were next due for review.

RESOLVED, that:

1. The report be noted.
2. The proposals for further work to address the issues raised by the Survey be approved.

15. **APPOINTMENT OF EXTERNAL MEMBERS**

The three External Members left the room when this report was discussed and the decision taken

The Committee considered a report of the Town Clerk in respect of the re-appointment of one of the External Members, possibly for a further term. Mr Ludlam had consented to this report being considered in public and his full CV had been emailed to Members and laid around the tables.

Members strongly agreed that Mr Ludlam was an extremely valued External Member, who also served on the Police Performance and Resource Management Sub Committee. Members were very pleased that Mr Ludlam was keen to serve for a third term and noted that this was within the UK Corporate Governance Code (Guidance on Audit Committees). Members were also mindful of the terms of the other External Members, who were equally valued and would therefore consider similar requests to serve for a third term.

In the Interim, the Town Clerk would prepare for the longer term appointment of new External Members and follow the good practice of other City of London Committees, which also employed External Members; i.e. the introduction of a Nominations Sub Committee and a portfolio of potential External Members.

RESOLVED, That – the Court of Common Council be recommended to approve the appointment of Mr Kenneth Ludlam, for a third term of three years, as an External Member of the Audit and Risk Management Committee, with that term expiring in 2020.

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

There were no questions.

17. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no items.

18. EXCLUSION OF THE PUBLIC

RESOLVED, THAT – Under Section 100(a) of the Local Government Act 1972, the public be excluded from the following item on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3, Part 1 of Schedule 12a of the Local Government Act

Item no 21

para 3

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

There were no questions.

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

The Committee considered 1 item whilst the public were excluded.

The meeting ended at 4pm

Chairman

Contact Officer: Julie Mayer
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Committee: Audit and Risk Management	Date: 7 th February 2107
Subject: Terms of Reference and Frequency of Meetings of the Audit and Risk Management Committee	Public
Report of: Town Clerk	For Decision
Report Author: Julie Mayer	

Summary

1. As part of the post-implementation review of the changes made to the Governance Arrangements in 2011, it was agreed that all Committees/Boards should review their terms of reference annually. This will enable any proposed changes to be considered in time for the reappointment of Committees by the Annual Meeting of the Court of Common Council.
2. At the last meeting of the Committee on 8th November 2016, Members discussed term limits for Members of the Audit and Risk Management Committee and agreed that they be considered further when the Committee's Terms of Reference were next due for review.
3. The terms of reference of the Audit and Risk Management Committee are attached as an appendix to this report for your consideration.

Recommendations

1. That, subject to any comments, the terms of reference of the Audit and Risk Management Committee be approved for submission to the Court, as set out in the appendix.
2. The Committee is also asked to consider the frequency of its meetings going forward.

Contact:

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MOUNTEVANS, Mayor	RESOLVED: That the Court of Common Council holden in the Guildhall of the City of London on Thursday 21st April 2016, doth hereby appoint the following Committee until the first meeting of the Court in April, 2017.
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AUDIT & RISK MANAGEMENT COMMITTEE

1. **Constitution**

A Non-Ward Committee consisting of,

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

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

2. **Quorum**

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

3. **Membership 2016/17**

- 6 (4) Nicholas John Anstee, Alderman
- 6 (3) Graeme Martyn Smith, *for three years*
- 6 (3) The Revd. Dr. Martin Dudley
- 6 (3) Ian David Luder J.P., Alderman
- 4 (2) Charles Edward Beck Bowman, Alderman and Sheriff
- 4 (2) Jamie Ingham Clark, Deputy
- 6 (1) Nigel Kenneth Challis
- 1 (1) Henry Nicholas Almroth Colthurst
- 1 (1) Peter Estlin, Alderman

together with three external representatives :-

Kenneth Ludlum (*appointed for a three year term expiring in March 2017*)

Caroline Mawhood (*appointed for a four year term expiring in March 2018*)

Hilary Daniels (*appointed for a three year term expiring in March 2019*)

and together with the Members referred to in paragraph 1.

4. **Terms of Reference**

Audit

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

- (h) To appoint an Independent Audit Panel to make recommendations on the appointment of external auditors to the Court of Common Council.

Risk Management

- (a) To monitor and oversee the City of London Corporation's risk management strategy, anti-fraud and anti-corruption arrangements; and to be satisfied that the authority's assurance framework properly reflect the risk environment.
- (b) To consider all audit or external inspection reports relating to any department at the City of London Corporation and seek assurance that action has been taken where necessary.
- (c) To receive an annual report from the Chamberlain reviewing the effectiveness of the City of London's risk management strategy.
- (d) To consider and report back to the Court on any risks related to all governance issues.

Audit and Risk Management Work Programme 2017

Date	Items
23 May 2017	<p>Head of Internal Audit Annual Opinion Report</p> <p>HMIC Annual Update Report</p> <p>Annual Governance Statement</p> <p>Risk Update</p> <p>Deep Dive Risk Review: CR14 Funding Reduction and CR 10 Adverse Political developments – TBC</p> <p>External Audit Plans – BDO</p> <p><i>Session for External Auditor(BDO) to meet with Members</i></p> <p><i>Risk Challenge Session - tbc</i></p>
24 July 2017	<p>City Fund Financial Statements</p> <p><i>Risk Challenge Session - tbc</i></p>
10 October 2017	<p>Anti Fraud Investigations Update</p> <p>Risk Update</p> <p>Deep Dive Risk Review: tbc</p> <p>Internal Audit Update report</p> <p>City's Cash Financial Statements (tbc)</p> <p><i>Risk Challenge Session - tbc</i></p>

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Agenda Item 6

Committee(s)	Dated:
Audit and Risk Management Committee	7 th Feb. 2017
Subject: City of London School: Deep Dive Risk Review	Public
Report of: Sarah Fletcher, Head, CLS	For Information
Report author: Charles Griffiths, Bursar, CLS	

Summary

Following the informal risk challenge attended by the Head in November 2015, the committee requested an update of the risk management arrangement at CLS.

The City of London School's location in the heart of the city exposes it to a number of risks unique to its location. In addition to a full and busy co-curricular schedule, the school continues to maintain a high level of academic achievement. The School is regulated by the ISI and is compliant with all of their requirements.

The school's Senior Management Team ('SMT') periodically reviews and considers the various risks facing the school. As part of this process the school has updated the COL risk register, following discussion with the SMT in January 2017, with Board of Governor approval at their board meeting on 26th January 2017.

This risk report aims to outline the key risks that the school continues to face and address, alongside the processes and work undertaken to mitigate these. Over the last year, since the last report, the school has continued to undertake considerable work and invest in areas previously noted as deficient from a risk perspective. This is detailed in the attached risk report, and outlined below.

Recommendation

Members are asked to note the report.

Main Report

Following the informal risk challenge attended by the Head in November 2015, the committee requested an update of the risk management arrangement at CLS.

Risk Management at CLS

a. Background

Risks within the register have been grouped into specific areas including – Safety of Pupils and Staff (SPS) – Governance (GOV) – Resources and Facilities (RF) – Educational Ability (EA) – Financial Strength (FS).

The School has identified the following risks in 2017, which are shown against last year's risks below –

Risk	January 2016 assessment	January 2017 assessment
Red	1	0
Amber	9	4
Green	4	8
Deactivated	NK	2

Generally CLS's risk profile has improved over the last 12 months as the management team has undertaken a series of improvements to the school's fabrics, systems and procedures to address risks.

b. Increased Risks

No risks have increased during the year. There have been no new risks identified.

c. Decreased or unchanged risks

Specific actions have been taken to address the following risks highlighted a year ago:-

- **Academic:** including risks focussing on maintenance of academic standards and the possibility of a decline in this area due to a fall in teaching standards or pupil quality, and strikes/system failures affecting academic performance. These risks contained in CLS EA 001 and CLS EA 003 are deemed to have decreased as the school has improved its performance over the last 12 months despite various industrial actions and strikes by transportation providers. Similarly teaching standards and pupil numbers have been maintained at high levels.

- **Financial and premises:** The School's Asset Register, which was incomplete, was updated during summer 2016. To ensure adequate financial resources were available to maintain and improve teaching and learning facilities in the school, school fees were increased by 5% in September 2016, which is forecast to ensure financial reserves are rebuilt. To further strengthen financial management, a rolling 5 year financial forecast was installed during 2016 and is used as a budgeting and planning tool by the school, reinforcing the previous measures used by CLS/COL. School fee decisions have been brought forward in the academic year, aided by the creation of a Governors Finance Sub-committee, reporting into the Board of Governors. During 2016-17 financial governance has been reinforced with more regular budgeting updates to the SMT, a premises sub-committee created within the school to broaden the decision making process for repairs, maintenance and new build projects in the school, and recognition that capital reserves need to be built for strategic projects. This has led to reductions in Risk item CLS RF 001 associated with maintenance of the building infrastructure.
- **Lettings** have been reviewed and a new lettings manager put in place. This covers a number of risk areas including Safeguarding and Security. A new policy of focussing on corporate rather than individual lets has been put in place to de-risk lets, and a financial model adopted based on 'cost-plus-margin' for most lettings. Safeguarding and maintaining high quality education for pupils has been given priority with any letting decision.
- **Safeguarding.** The Single Central register ('SCR') has been completely overhauled as part of the priority given to safeguarding. The SCR has been a focus of work during 2016 and the success of this turnaround was highlighted by an inspection commissioned by the Town Clerk, and undertaken by independent reviewers from various inspecting bodies (such as the ISI). The review occurred in autumn 2016 when the inspectors complemented the school and key personnel involved in the quality of the SCR. Safeguarding remains a focus for the school, with continued work on policies and procedures to bring them into line with needs. This has led to a decrease in the CLS SPS 002 Risk.
- **Recruitment and retention** of more senior support staff in the highly competitive London market remains an issue. However after considerable effort by the school most key roles have been filled over the last year. Challenges remain but overall the risk associated has declined as posts have been filled successfully; Risk item CLS RF 004.
- **Security** was a concern in the past with an antiquated system of padlocks and key codes for such a high profile site in the City. Security was the 1 red risk which has now been downgraded. However considerable work on replacing old systems, improving security, installing CCTV, installing access control, and better fencing around the site has greatly improved security. Training has become a focus during 2016 with critical incident planning training by the City Police, and fire safety awareness. Overall the Police have complemented the school on the significant progress made in this area.

- **Governance** was highlighted as a weak spot in the past with the Board of Governors only meeting 4 times a year and without the support of system of sub committees for areas such as finance and audit and risk management. This has been changed with the installation of sub-committees in finance/premises, academics and governance, leading to a decrease in the CLS GOV 002 Risk associated with Governance committees.
- **Risk governance** – risk reporting and governance within the school has also improved, with the creation of a Health and Safety Committee within the school, and regular reporting to the Board of Governors on risk matters including Health & safety, financial forecasting, and safeguarding. Quarterly risk reporting to the SMT has been instigated and will be embedded during 2017, with regular reporting to the Board of Governors.

d. Conclusion

Following investment and focus by the management team over the last year the risk position of the school has improved. Further work on security and safeguarding, alongside other specific risk mitigants are planned for the next 12 months to address outstanding issues. As a whole the risk register shows improvements in the risk register, with no 'red' risks remaining, and a number of 'amber' risks moving into the 'green' area.

Appendix 1 – Risk Register

Charles Griffiths
Bursar, City of London School

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CLS Detailed risk register

Report Author: Charles Griffiths

Generated on: 13 January 2017

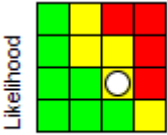
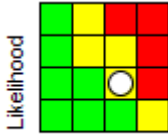



Rows are sorted by Risk Score

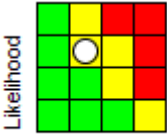
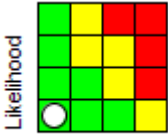

Code & Title: CLS City of London School Risk Register 12

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
CLS SPS 001 Safety of pupils or staff - Protection of Staff and Pupils with heightened security threat 19-Feb-2015 Charles Griffiths	Cause(s): External threat to School or City of London Event: Fire, deliberate / malicious / terrorist action, pandemic or industrial action etc. Effect: Major disruption to School Life and potential injury to Pupils and Staff	Likelihood Impact	12	While the City generally remains on alert, CLS has undertaken considerable work to mitigate risks over the last 12 months. This includes access control, CCTV, external perimeter fence upgrades, and regular training in critical incident planning. In aggregate this has received considerable praise from City Police, as noted in recent Board meetings. 13 Jan 2017	Likelihood Impact	4	31-Dec-2017	↔ No change

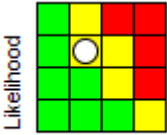
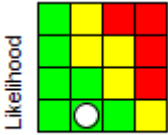
Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CLS-SPS-1a Action Plans	Ensure staff are aware of emergency plans and their roles in the event of a security incident	Critical Incident plans refreshed and exercised in late 2016. Further scenarios being developed. Staff shown Police guidance in the events of a weapons attack in Jan 16.	Richard Brookes	14-Jan-2016	31-Mar-2017
CLS-SPS-1b Access Controls	Improve physical access controls	Completed in mid-2016	Ellis Whitcomb	12-Jan-2017	29-Feb-2016
CLS-SPS-1c CCTV and Alarm Systems	Review and update CCTV coverage and alarm systems	Completed in mid-2016	Michael Clarkson; Charles Griffiths	12-Jan-2017	30-Sep-2016
CLS-SPS-1d Perimeter Security	Main School perimeter secure	Completed mid-2016	Ellis Whitcomb	12-Jan-2017	30-Sep-2016
CLS-SPS-1e Staff security training	While heightened state of security exists, a regular programme of continuous training and security review will be maintained.	Underway in January 2017 with fire training and planned critical incident training for support staff.	Charles Griffiths		31-Dec-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
CLS SPS 002 Safety of pupils or staff - Major failure of current Child Protection/Safeguarding Policies 05-Mar-2015 Charles Griffiths; Coco Stevenson	Cause(s): Failure to adhere to relevant policies and procedures. Event: Pupil - or other Child while in the School's care - is not properly protected. Effect: Physical or mental injury to child; Adverse media coverage; Adverse effect upon pupil recruitment and retention.	 Likelihood Impact	8	Risk level has decreased because during 2016 extensive work on the Single Central Register has been completed, resulting in a positive recent inspection by ISI as noted by the Board of Governors. 12 Jan 2017	 Likelihood Impact	8	31-Dec-2017	 Decreased Risk Score

Task no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CLS-SPS-002c	Update and review child protection policies, and report to Board of Governors.		Coco Stevenson		30-Jun-2017
CLS-SPS-2a	Continue to review and implement policies and comply with regulations	Child protection policy updated and new KCSIE (July 2015) document issued to all staff in Jan 16.	Coco Stevenson	14-Jan-2016	31-Aug-2016
CLS-SPS-2b	Child Protection Training for Staff and Governors	Training conducted for all support staff and new teaching staff at the start of the Spring Term	Coco Stevenson	14-Jan-2016	31-Oct-2016

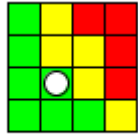
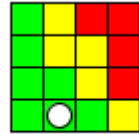
Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CLS GOV 001 Governance - Board of Governors' skills-set 14-Jan-2016 Sarah Fletcher	Cause: Inadequate skills or procedures to ensure good governance Event: Shortfall in skill-set of Board of Governors Effect: Strategic decisions suboptimal, due to inadequate debate by governors with relevant experience	 Likelihood Impact	6	The formation of the Governance sub-committee in 2016 and commencement of a review of Governor raining is underway. However this now needs to be embedded once Governor re-elections have occurred. 12 Jan 2017	 Likelihood Impact	1	31-Dec-2017	 No change

Action no, Title, Page	Description	Latest Note	Managed By	Latest Note Date	Due Date
CLS-GOV-1a Governor Skills 22	Broaden skills base of governing Body	Governor training is on-going and will continue to be updated after spring elections for members.	Sarah Fletcher	12-Jan-2017	30-Jun-2017

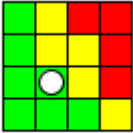
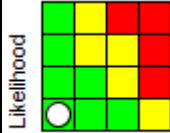

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CLS RF 002 Resources and Facilities - Failure to recruit and retain high quality teaching and support staff 06-Mar-2015 Sarah Fletcher	Cause(s): Remuneration and Terms and conditions that are less competitive than main competitors. Event: Insufficiently skilled/motivated staff - particularly support staff. Effect: Adverse effect on academic standards, co-curricular provision and level of support required to operate effectively as a school and as a business.	 Likelihood Impact	6	This remains an issue with difficulty recruiting support staff due to less competitive pay for certain roles, job grading issues, and the necessity of recruiting processes. The London job market remains highly competitive and difficult to hire and retain good staff. Hiring requirements for COL and the school's safeguarding checks remain necessarily onerous. 13 Jan 2017	 Likelihood Impact	2	31-Dec-2017	↔ No change

Page 23

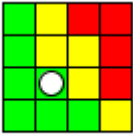
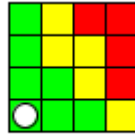

Action no, No,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CLS-RF-2a	Maintain attractive terms and conditions for Staff.	Salary levels for support staff and senior teachers not always competitive making recruitment of quality staff difficult	Sarah Fletcher	11-Jan-2016	30-Sep-2017
CLS-RF-2b	Speed up recruitment processes	A review of the job evaluation process is required	Sarah Fletcher	12-Jan-2016	30-Sep-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
<p>CLS FS 003 Financial Strength - Inadequate financial plans</p> <p>12-Jan-2016 Charles Griffiths</p>	<p>Cause(s): Inadequate data for major cost centres, poor management, uncertainty over levels of support Event: Significant unforeseen expenditure, incorrect assumptions on financial support or R&M costs Effect: Difficulty in planning ahead, difficulty in setting surplus targets, inability to build up reserves or to set fees levels for future</p>	<p>Likelihood</p>  <p>Impact</p>	<p>4</p>	<p>During H2 2016 considerable work was undertaken to create a forward looking 5 year financial forecast, which has become central to the school's financial planning. Additional financial disciplines have also been instilled in 2016 including regular cash flow updates and budget holder reviews.</p> <p>In addition school fee rises in 2016, and planned for 2017, are successfully rebuilding surpluses and financial reserves in the near term. Governance has also improved in 2016 with the establishment of a Governors finance and premises sub-committee, feeding into the Board of Governors.</p> <p>05 Jan 2017</p>	<p>Likelihood</p>  <p>Impact</p>	<p>2</p>	<p>31-Dec-2017</p>	<p>↔</p> <p>No change</p>

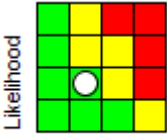
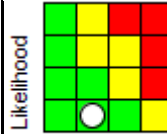

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CLS-FS-003c Financial reporting	Monitoring the implementation of the new financial reporting system to ensure its effectiveness.		Charles Griffiths		30-Jun-2017
CLS-FS-2c Fee levels	Maintain competitive fees that deliver a sustainable income to the school	Fee level action completed during 2016	Michael Clarkson; Phillip Everett; Charles Griffiths	12-Jan-2017	31-Mar-2017
CLS-FS-3b Investment strategy	Develop an investment strategy for the School	Plans underway and financial resources improved to implement them	Sarah Fletcher	12-Jan-2017	30-Nov-2017
CLS-GOV-1a Governor Skills	Broaden skills base of governing Body	Governor training is on-going and will continue to be updated after spring elections for members.	Sarah Fletcher	12-Jan-2017	30-Jun-2017
CLS-FS 001b Review of Scholarships and Bursaries	A review of the School's commitment to scholarships and bursaries along with the introduction of means-tested for scholarships.	Scholarship and Bursary rule changes are now being implemented for this year using means testing.	Sarah Fletcher	12-Jan-2017	31-Oct-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
CLS GOV 002 Governance - Committees 14-Jan-2016 Sarah Fletcher	Cause: Inadequate time for debate of issues Event: Issues not fully debated with decision either being suboptimal or delayed Effect: Strategic decisions suboptimal with a range of potential negative outcomes	Likelihood  Impact	4	Key sub-committees for finance and premises, academic, and Governance now established and operational. These have been successfully utilised in 2016 and will be further embedded in the Governance structure in 2017. 12 Jan 2017	Likelihood  Impact	1	31-Dec-2017	 Decreased Risk Score

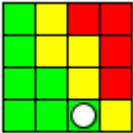
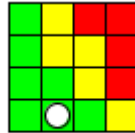
Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
S-GOV-002a Governance committees	Embed sub-committee for Governors requiring Governor training.		Charles Griffiths		30-Jun-2017

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
CLS RF 001 Resources and Facilities - Failure to Maintain Buildings and Sites 12 Sep-2015 Charles Griffiths	Cause: Failure to maintain or develop the school in accordance with the School Development Plan Event: Under investment in repairs and maintenance budget and/or overly bureaucratic/ineffective maintenance procedures Effect: Poor pupil experience resulting in drop in numbers, poor staff experience impacting on recruitment and retention of quality staff, increasing likelihood of equipment failure leading to School closure, inability to develop meaningful financial plans	Likelihood  Impact	4	A review and update of the asset register took place in H2 2016 and the update was provided to City Surveyors. At the same time the repair and maintenance plan for the next 2 years has been updated to take account of immediate deficiencies, and agreed with City Surveyors. School fee rises in 2016 (5%) and planned school fee rises in 2017 are being partially used to replenish the depleted R&M and capital reserves. These additional funds have been identified as sufficient to cover the immediate R&M and safeguarding needs of the school, with a buffer being built for any additional work. 05 Jan 2017	Likelihood  Impact	1	31-Dec-2017	 Decreased Risk Score

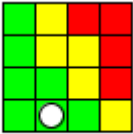
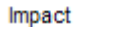
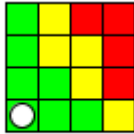
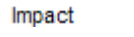

Action no, Title,	Description	Latest Note		Managed By	Latest Note Date	Due Date
CLS-RF-001c Monitoring asset register	Reviewing and ensuring update of asset register			Charles Griffiths		31-Dec-2017

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
CLS RF 004 Resources and Facilities - Administrative support 03-Feb-2016 Sarah Fletcher	Cause(s): Failure to invest in the administrative support needed to operate efficiently and effectively. Event: Insufficient administrative capacity. Effect: Middle and senior management unable to focus on core roles. Management and administrators overloaded.	 Likelihood Impact	4	An overhaul of administrative functions is underway with staff recruited for core roles. Further optimisation and some changes will be pursued in 2017. However core support roles are now either established or planned. 12 Jan 2017	 Likelihood Impact	2	31-Dec-2017	 Decreased Risk Score

Action no, Title, Date	Description	Latest Note	Managed By	Latest Note Date	Due Date
CLS-RF-4a Review of Administrative support	Review administrative support requirements	Actions should be completed by June 2017 with further staff hires.	Michael Clarkson; Charles Griffiths	12-Jan-2017	30-Jun-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
CLS SPS 003 Safety of pupils or staff - Failure of health and safety procedures 27-Feb-2015 Richard Brookes	Cause(s): Failure to adhere to policies re trips and visits, onsite security, etc. Event: Accidents, Security Alerts, Fire, etc. Effect: Injury to pupils, staff, parents, etc.; damage to buildings and equipment.	Likelihood  Impact	4	Deputy Head continues to implement robust H&S policies, including regular H&S committees for reporting and airing issues, and a good H&S reporting framework has been established and embedded in the school. 13 Jan 2017	Likelihood  Impact	2	01-Sep-2016	↔ No change

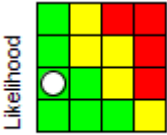
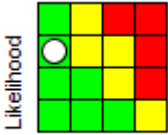

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CLS-SPS-3a Health and Safety Policies	Continue to review and implement Health and Safety Policies	New Deputy Head conducting review of H&S policies and their implementation	Richard Brookes; Michael Clarkson; Charles Griffiths	12-Jan-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
CLS EA 001 Educational Activities - Failure to maintain and/or improve academic standards 20-Feb-2015 Noeleen Murphy	Cause(s): Due to decline in quality of teaching and/or quality of incoming pupils, or complacency on the part of CLS Event: Academic standards as assessed by the regulator/inspectors as poor/unsatisfactory, and/or significant drop in OXBRIDGE/university entrance success, and/or drop in A Level/GCSE results Effect: Declining school numbers, reduction in income, damage to reputation inability to recruit and/or retain staff and pupils.	 Likelihood  Impact	2	Continued emphasis on teaching has once again generated excellent GCSE and A level results. Inspection criteria are regularly reviewed. 13 Jan 2017	 Likelihood  Impact	1	01-Sep-2016	 Decreased Risk Score

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CLS-EA-1a Academic standards	Continue to review and monitor academic standards through professional and departmental reviews as well as tracking and monitoring of pupils.	New teaching staff appraisal system being trialled. Tracking and monitoring of pupils being developed further.	Richard Brookes; Michael Clarkson ; Charles Griffiths; Noeleen Murphy; Joe Sylvester	14-Jan-2016	31-Oct-2017
CLS-EA-1b High quality teaching staff	Continue to be able to recruit and retain the brightest and best teaching staff, noting a declining pool of teachers nationally, teacher training offered 'on the job' in the State Sector and the rising costs of living/transport in the London area.	This is an on-going target and while the London market remains competitive for staff, and living costs high, the ability to increase pay will need to be continually reviewed to ensure this action can be completed.	Sarah Fletcher	13-Jan-2017	11-Jun-2017
CLS-EA-1c Maintain Entry Standards	No erosion of selective entry standards to ensure students will cope with challenging learning environment	Entry standards remain very high, as noted by external review and the strong and unsated demand for school places.		13-Jan-2017	11-May-2017
CLS-EA-1d Training and Development	Provide training and development opportunities for staff	Significant budget for staff development is in place. Training evaluation process has been introduced. Greater use of INSET for ALL staff to ensure a wider exposure to training opportunities.	Andrew McBroom	14-Jan-2016	30-Sep-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
CLS EA 002 Educational Activities - Pandemic 14-Jan-2016 Richard Brookes	Cause(s): Pandemic or serious illness within school community Event: Staff and/or pupils affected by notifiable illness Effect: School closed in part or whole - educational activities conducted remotely	 Likelihood	2	The pandemic plan is considered as part of critical incident planning. 13 Jan 2017	 Likelihood	1	01-Mar-2016	 No change

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CLS-EA-2a Travel Plan	Continue to review and update School Travel Plan including identification of alternative routes	Travel routes constantly under review - current restrictions from Cycle-superhighway being managed	Richard Brookes	12-Jan-2016	31-Mar-2017
CLS-EA-2b Virtual Learning Environment	Creation of a VLE to aid remote learning	Part of the 2016-20 Strategic Plan	Noeleen Murphy; Joe Silvester	14-Jan-2016	31-Mar-2017
CLS-RF-3a IS planning	Develop and implement a whole School IS Strategic Plan to include an assessment of our server security and resilience in the event of a major incident.	Draft plans being developed	Ellis Whitcomb	12-Jan-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
CLS EA 003 Educational Activities - Major disruption to public transport system 12-Jan-2016 Richard Brookes	Cause(s): Strikes or system failure. Event: Major disruption to public transport. Effect: Staff and/or pupils unable to access the School readily or at all.	 Likelihood Impact	2	The likelihood of strikes and system failures remains, and strikes have been regularly experienced (rail/transport), but the effects have proven manageable. With respect to systems, robust back-ups continue to be invested in. As such, improving IT systems continue to reduce the likelihood that this will have a material effect on the school. 13 Jan 2017	 Likelihood Impact	3	01-Jan-2017	 Decreased Risk Score

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CLS-EA-2a Travel Plan	Continue to review and update School Travel Plan including identification of alternative routes	Travel routes constantly under review - current restrictions from Cycle-superhighway being managed	Richard Brookes	12-Jan-2016	31-Mar-2017
CLS-EA-2b Virtual Learning Environment	Creation of a VLE to aid remote learning	Part of the 2016-20 Strategic Plan	Noeleen Murphy; Joe Silvester	14-Jan-2016	31-Mar-2017

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Committee(s)	Dated:
Audit and Risk Management Committee	7 February 2017
Subject: Risk Management Update	Public
Report of: Dr Peter Kane, Chamberlain	For Decision
Report author: Paul Dudley, Chamberlain's department	

Summary

This report provides the Committee with an update on the:

- Corporate and top red departmental risk registers
- Actions taken as a result of the external review of risk management reported to the Audit and Risk Management Committee in November 2016.

Corporate and departmental risk registers

The corporate risk register currently comprises of 10 corporate risks. However one new corporate risk (Barbican Centre fire risk) was accepted for inclusion on to the corporate risk register by the Summit Group at their meeting on 25 January 2017. Once confirmed by the Committee this will make a total of 11 corporate risks.

The Committee are asked to note that the corporate risk in relation to Hampstead Heath Ponds project was de-escalated from corporate to departmental level in December 2016. In addition CR 14 Funding Reduction is currently under review by the Chamberlain and is likely to be replaced with separate risks in relation to value for money and the City of London Police funding. All corporate risks have been reviewed and updated where appropriate.

The total number of top red risks is now 10 (seven in October 2016) following a number of changes made to this register by GSMD, Markets and Consumer Protection, Open Spaces and City Surveyor departments.

A total of 306 risks (290 as at 6 October 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.

Risk management action plan

The external risk management review identified 13 recommendations, which have now been prioritised and actions initiated where appropriate. The report sets out an update on the prioritised recommendations which includes producing a new risk management strategy, addressing the issue of risk appetite, risk management training and ensuring appropriate risk management guidance in business planning and project management.

Recommendations

The Committee is asked to:

1. Confirm the addition of BBC H&S 001 Fire risk to the corporate risk register.
2. Note the other changes to both the corporate and top red departmental risk registers outlined in the report.
3. Note the progress on the risk management action plan.

Main Report

1.0 Background

- 1.1 The corporate risk register was last reviewed by the CORMG on 22 November 2016 and Summit Group on 25 January 2017. In accordance with the established risk framework, each risk has been reviewed and where appropriate updated by the responsible risk owner and departmental management teams.
- 1.2 A total of 306 wide ranging risks have been identified by departments comprising of 25 red, 157 amber and 124 green risks. This compares with total of 290 risks in October 2016 which included 23 Red, 154 amber and 113 green risks.
- 1.3 Of the 306 total risks, there are 10 corporate (plus one awaiting confirmation) and 10 top red departmental risks. There are another 57 amber and 78 green risks recorded at departmental level. The remaining 150 risks are at service/team levels.
- 1.4 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.

2.0 Corporate risk register

- 2.1 There are currently 10 corporate risks (three red risks and seven amber risks). However one new corporate risk (Barbican Centre fire risk) was accepted for inclusion on to the corporate risk register by the Summit Group at their meeting on 25 January 2017. Once confirmed by the Committee this will make a total of 11 corporate risks. A copy of the corporate risks and actions progress report and the corporate (detailed) risk register is attached as appendices 2 and 3 respectively.
- 2.2 The corporate risk in relation to Hampstead Heath Ponds project was de-escalated from corporate to departmental level in December 2016. In addition CR 14 Funding Reduction is currently under review by the Chamberlain and is likely to be replaced with separate risks in relation to value for money and the City of London Police funding. A copy of the corporate risks and actions progress report and the corporate (detailed) risk register is attached as appendices 2 and 3 respectively.

Table 1 below – List of current corporate risks as at 25 January 2017 (Risk score order).

Risk no	Risk title	Risk rating	Current Risk score	Risk score change
CR19	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	↔

(This table excludes the Barbican fire risk which is subject to confirmation by the Committee)

New and potential corporate risks

- 3.1 Following a recent health and safety investigation into an incident at the Barbican centre the Town Clerk requested that a new risk in relation to fire safety at the Barbican Centre to be drafted and referred to CORMG for consideration. CORMG reviewed this risk on 22 November 2016 (currently referenced as **BBC H&S 004**) and after discussions with the Barbican’s Customer Experience Manager, agreed to recommend this risk, to the Summit Group, for inclusion in the corporate risk register. The Summit group, at their meeting on 25 January 2017, accepted this risk on to the corporate risk register. The Committee is asked to confirm the inclusion of this risk on to the corporate risk register. The full description of the risk with associated actions is attached as appendix 4.
- 3.2 Following the satisfactory completion of the actions for **BBC H&S 004** by the 31 March 2017 the risk score is expected to be reduced from a red (16) to amber (8) rating. It is anticipated that this risk will then be de-escalated from the corporate risk register to departmental level for on-going management.
- 3.3 CORMG also considered another risk in relation to the Multi Academy Trust. After discussion with the Director of Academy Development, Community & Children's Services, it was agreed that this risk should be managed at departmental level although be kept under review and brought back to CORMG should circumstances change.

4.0 Top departmental red risks

- 4.1 There are currently 10 top departmental red risks - a net increase of three risks since the October 2016 report. The following changes have been made to the top red departmental risk register (see appendix 5):

Risks de-escalated (3): **GSDM EFI 001** Failure to secure lease renewal for Sundial Court in 2020, **GMSD POS 002** Impact of geopolitical events and **SUR SMT 009** Oracle project.

New risks (6): **MCP SM 001** HGV Unloading operations, **OSD 005** Pests and Diseases, **OSD 007** Maintaining the City’s water bodies, **SUR SMT 004** Failure of

inability to deliver savings, **SUR SMT 005** Recruitment and retention of property professionals and **TC CCC 02** Security breach Central Criminal Court.

5.0 **EU Referendum**

5.1 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.

6.0 **External Risk Management report – actions**

6.1 In the early summer 2016 the Chamberlain commissioned an external independent review of the corporate risk management arrangements (excluding the City of London Police). Its main aim was to assess the strengths and weaknesses of the current formal arrangements for risk management within the City Corporation as well as identifying opportunities for improvement.

6.2 The final report, presented to Summit Group and Audit and Risk Management Committee in October/November 2016 respectively, indicated that systems and processes that support the risk management framework had significantly improved over the last two years. There was recognition that there was more work to be done to embed risk management within the City Corporation.

6.3 A total of thirteen recommendations were included in the report (see appendix 6). The report did not indicate a priority for implementation and left that open to the City Corporation to determine. Further discussion with the external consultant has helped shape the immediate actions to be taken. The recommendations have now been categorised as Priority (7) and other recommendations (6). Set out in para 6.4 is a high level summary of the priority recommendations with a brief note on the actions being taken. A detailed response to all recommendations is noted in appendix 6.

6.4 **Priority recommendations (7)**

Rec no	Short title	Comment
1	Risk appetite	Proposal to engage ZM for risk appetite exercise is currently being considered
2	Supporting Risk taking	Interim RM strategy to be produced Feb 2017. Full revision dependent upon risk appetite exercise – Summer 2017
4	Communication Strategy	To be included in the RM strategy update
5	Risk Management Strategy	The RM strategy will be reviewed annually
8	Risk management training	Senior management training to be delivered by June 2017. E Learning course for April 2017
9	Contracts and partnerships	Contract RM eLearning course by April 2017. Use of Covalent RMIS by June 2017.
10	Consistent approach to risk management	New Business planning approach to include RM (Summer 2018). Revised project management guidance to be produced by March 2017

7.0 Conclusion

- 7.1 The corporate and top red departmental risk registers were reviewed by CORMG (22 November 2016) and Summit Group on 25 January 2017. The CORMG provides additional assurance to the Summit Group, COG and the Audit and Risk Management Committee that corporate and top red departmental risks are appropriate and being actively managed.
- 7.2 The risk management action plan addresses the recommendations made in the external risk management review 2016. They are aimed at improving the City Corporation's risk management arrangements and to further improve its risk governance and performance.

Appendices:

APPENDIX 1 – Corporate Risk Matrix

APPENDIX 2 – Corporate risk and actions progress

APPENDIX 3 – Corporate risk register (detailed)

APPENDIX 4 - BBC H&S 004 – Fire risk

APPENDIX 5 – Top Red departmental risk and actions progress

APPENDIX 6 – Risk Management Action Plan with table showing recommendations and actions.

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

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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)

Page 41

(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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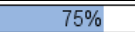

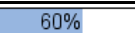

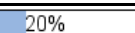


Corporate risks and actions progress


Report Type: Risks Report






Report Author: Paul Dudley


Generated on: 19 December 2016




Rows are sorted by Risk Score


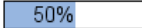


Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
CR19 IT Service Provision Chamberlain's	RED 16	↔ No change	GREEN 4		14-Jul-2015 Corporate	12-Dec-2016	31-Dec-2017	Simon Woods
Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date	
CR19b JOINT Network refresh programme.		Completed		Simon Woods	20-Jun-2016	31-Dec-2016	06-Oct-2016	
CR19c JOINT End User Device Renewal		In Progress		Simon Woods	12-Dec-2016	31-Dec-2017		
CR19d CoLP Investment in any retained IT infrastructure		Check Progress		Simon Woods	13-Dec-2016	31-Dec-2016		
CR19e Network Transformation Requirements		In Progress		Simon Woods	13-Dec-2016	28-Feb-2017		
CR19f Network Transformation		In Progress		Simon Woods	06-Oct-2016	31-Mar-2018		



Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
CR20 Road Safety	RED		AMBER		23-Oct-2015	14-Nov-2016	30-Apr-2017	Carolyn Dwyer
Department of the Built Environment	16	No change	6		Corporate			


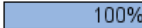





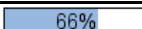






Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
CR20a Joint Safer Transport Team		In Progress	<div style="width: 70%;"><div style="background-color: #4f81bd; height: 10px;"></div></div> 70%	Steve Presland	14-Nov-2016	31-Jan-2017	
CR20b Permanent Bank Junction redesign		In Progress	<div style="width: 30%;"><div style="background-color: #4f81bd; height: 10px;"></div></div> 30%	Steve Presland	14-Nov-2016	30-Nov-2018	
CR20c Interim Bank Junction redesign		In Progress	<div style="width: 70%;"><div style="background-color: #4f81bd; height: 10px;"></div></div> 70%	Steve Presland	14-Nov-2016	30-Apr-2017	
CR20d Road Safety Communications Strategy		In Progress	<div style="width: 95%;"><div style="background-color: #4f81bd; height: 10px;"></div></div> 95%	Steve Presland	14-Nov-2016	31-Jan-2017	
CR20e City Contracts		Completed	<div style="width: 100%;"><div style="background-color: #4f81bd; height: 10px;"></div></div> 100%	Steve Presland	18-Oct-2016	30-Sep-2016	18-Jul-2016

Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
CR21 Air Quality	RED		AMBER		07-Oct-2015	12-Dec-2016	31-Dec-2020	Jon Aaverns
Department of Markets and Consumer Protection	16	No change	6		Corporate			

Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
CR21 001a Implement policies		Completed	<div style="width: 100%;"><div style="background-color: #4f81bd; height: 10px;"></div></div> 100%	Jon Aaverns	06-Oct-2016	31-Aug-2016	06-Sep-2016
CR21 001b Review Air Quality		Completed	<div style="width: 100%;"><div style="background-color: #4f81bd; height: 10px;"></div></div> 100%	Jon Aaverns	06-Oct-2016	31-Aug-2016	25-Aug-2016
CR21 001c Become an Exemplar Borough		Completed	<div style="width: 100%;"><div style="background-color: #4f81bd; height: 10px;"></div></div> 100%	Jon Aaverns	06-Oct-2016	29-Dec-2017	26-Sep-2016

CR21 001d Develop communications strategy.		In Progress		Jon Averns	12-Dec-2016	31-Dec-2016
CR21 001e Develop plan		In Progress		Jon Averns	12-Dec-2016	31-Dec-2018

Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
CR01 Resilience Risk	AMBER		AMBER		20-Mar-2015	13-Dec-2016	31-Dec-2017	John Barradell
Town Clerk's	12	No change	12		Corporate			

Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
CR01A Emergency Exercise		Completed		Gary Locker	29-Jan-2016	11-Jun-2015	11-Jun-2015
CR01B Corporate review of Business Continuity planning		Completed		Gary Locker	29-Jan-2016	30-Nov-2015	19-Nov-2015
CR01C Exercise Unified Response		Completed		Gary Locker	17-Jun-2016	01-Jun-2016	01-Apr-2016
CR01D Elimination of single points of failure, resulting in loss of services		Overdue		Gary Locker	13-Dec-2016	01-Dec-2016	
CR01E Corporate Review of Security		In Progress		Gary Locker	13-Dec-2016	31-Mar-2017	
CR01F Exercise Mercapton		Completed		Gary Locker	16-Nov-2016	31-Oct-2016	16-Nov-2016
CR01G Lord Mayor Show Exercise		Completed		Gary Locker	16-Nov-2016	12-Nov-2016	16-Nov-2016

Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
CR09 Health and Safety Risk	AMBER		AMBER		22-Sep-2014	13-Dec-2016	31-Dec-2017	Chrissie Morgan
Town Clerk's	12	No change	8		Corporate			

Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
CR09A External Verification		Completed		Oliver Sanandres	18-Apr-2016	29-Feb-2016	18-Apr-2016
CR09B Compliance Audits		Completed		Oliver Sanandres	21-Jun-2016	31-Mar-2016	31-Mar-2016
CR09C Compliance Checks 2016-17		In Progress		Justin Tyas	13-Dec-2016	31-Mar-2017	
CR09D Implementing external verification recommendations		In Progress		Justin Tyas	02-Dec-2016	31-Mar-2017	

Page 46

Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
CR16 Information Security	AMBER		GREEN		22-Sep-2014	13-Dec-2016	31-Dec-2016	Simon Woods
Chamberlain's	12	No change	4		Corporate			

Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
CR16b Review and strengthen Data Retention, Management and Ownership.		Check Progress		Christine Brown	13-Dec-2016	31-Dec-2016	
CR16h Online Training for Members		In Progress		Simon Woods	13-Dec-2016	03-Apr-2017	
CR16i Technical Security Infrastructure		In Progress		Simon Woods	13-Dec-2016	31-Mar-2017	



Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
CR02 Loss of Business Support for the City	AMBER		AMBER		22-Sep-2014	13-Dec-2016	31-Dec-2017	John Barradell
Town Clerk's	8	No change	8		Corporate			























Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
CR02A Special Representative of the City to the EU - Completed		Completed		Giles French	22-Aug-2016	01-Sep-2015	01-Sep-2015
CR02B Restructure of the team working on financial and professional services		In Progress		Giles French	13-Dec-2016	31-Jan-2017	
CR02C UK Referendum on membership of the EU		In Progress		Damian Nussbaum	13-Dec-2016	31-Mar-2017	


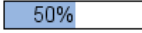




Page 47



Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
CR10 Adverse Political Developments	AMBER		AMBER		22-Sep-2014	12-Dec-2016		Paul Double
Remembrancer's	8	No change	8		Corporate			


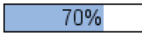



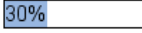
Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
CR10a monitoring legislation		In Progress		Paul Double	19-Dec-2016	31-Mar-2017	
CR10b Provision of information		In Progress		Paul Double	19-Dec-2016	31-Mar-2017	
CR10c Stakeholder engagement		In Progress		Paul Double	14-Dec-2016	31-Mar-2017	

Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
CR17 Safeguarding	AMBER		AMBER		22-Sep-2014	16-Dec-2016	31-Mar-2017	Ade Adetosoye
Department of Community & Children's Services	8	No change	8		Corporate			

Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
CR17b Work with HR to develop training and programmes to support staff		Completed		Chris Pelham	25-Nov-2015	31-Dec-2015	31-Dec-2015
CR17c Safeguarding Awareness Sessions for DCCS Staff		Completed		Chris Pelham	20-Aug-2015	31-Jul-2015	31-Jul-2015
CR17d Raising awareness of Private Fostering, role of Local Authority Designated Officer (LADO)		Completed		Chris Pelham	20-Aug-2015	30-Sep-2015	31-Jul-2015
CR17e Prevent agenda - new guidance		Completed		Chris Pelham	20-Aug-2015	10-Jul-2015	10-Jul-2015
CR17f Review of City of London Safeguarding Policy		Completed		Chris Pelham	18-Jan-2016	31-Dec-2015	31-Dec-2015
CR17g Preparation for Inspection of Children's Services and Ofsted Inspection Framework		Completed		Chris Pelham	18-Apr-2016	31-Mar-2016	31-Mar-2016
CR17h Evaluation of Notice the Signs – awareness raising campaign		Completed		Chris Pelham	25-Nov-2015	31-Oct-2015	25-Nov-2015
CR17i New London wide Adults Safeguarding Procedures agreed		Completed		Chris Pelham	18-Apr-2016	31-Mar-2016	31-Mar-2016
CR17j Promoting role of Local Authority Designated Officer (LADO)		Completed		Chris Pelham	18-Apr-2016	31-Mar-2016	31-Mar-2016
CR17k Review role of Safeguarding Champions		In Progress		Chris Pelham	16-Dec-2016	31-Mar-2017	
CR17l Online Adult Safeguarding Training		In Progress		Chris Pelham	19-Dec-2016	31-Dec-2016	

CR17m Raise Awareness of financial abuse and scams		In Progress		Chris Pelham	19-Dec-2016	31-Mar-2017	
CR17n Raising Awareness of Children Missing Education		Completed		Chris Pelham	15-Oct-2016	30-Sep-2016	06-Oct-2016
CR17o Review of Safeguarding Arrangement in Independent schools within the City of London		Completed		Ade Adetosoye	16-Dec-2016	02-Dec-2016	16-Dec-2016

Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
CR14 Funding Reduction	AMBER		GREEN		22-Jun-2015	12-Dec-2016	31-Mar-2017	Peter Kane
Chamberlain's	6	No change	4		Corporate			

Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
CR14b SBR implementation – Departmental Savings and cross-cutting reviews.		In Progress		Caroline Al-Beyerty	06-Oct-2016	31-Mar-2017	
CR14h Develop Efficiency Plan		Overdue		Peter Kane	06-Oct-2016	14-Oct-2016	
CR14i Develop strategy to address projected Police deficits		In Progress		Caroline Al-Beyerty	06-Oct-2016	31-Mar-2017	

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Corporate risks - Detailed risk register (Completed actions removed)

Report Author: Paul Dudley

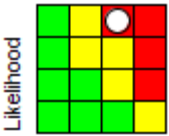
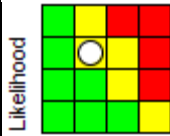
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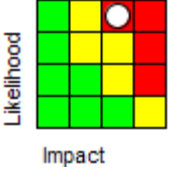
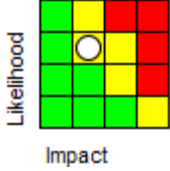
Code & Title: CR Corporate Risk Register 10

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
Page 51 19 IT Service Division 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>	16	The primary focus of the team is on stabilisation, a more robust approach to managing change is in operation, reducing the likelihood of service interruption. The team level approach to risk management is now aligned fully to the top level approach as set out in the City Corporation's Risk Management framework. IT Division is seeking additional budget to implement sustainable mitigations and long term service improvements. The risk is expected to reduce to Amber by December 2017 followed by steady progress to Green in the following 12 months. The team have also identified a number of operational risks to help towards managing this higher level strategic risk.	<p>Likelihood</p> <p>Impact</p>	4	31-Dec-2017	 No change

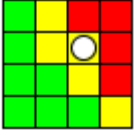

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR19c JOINT End User Device Renewal	Investment in any retained IT infrastructure to ensure that this meets the same standards of resilience and continuity as delivered by the IaaS infrastructure.	Delivery of the new solution will take place throughout 2017.	Simon Woods	12-Dec-2016	31-Dec-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 currently assessing priorities for further funding approved by committee.	Simon Woods	13-Dec-2016	31-Dec-2016
CR19e Network Transformation Requirements	This is the first phase of the revised project to fully replace ageing unsupported networking hardware from the City and City Police's infrastructure.	A full requirements audit is now being undertaken IT to report back in early 2017 with the full assessment of what needs to be done.	Simon Woods	13-Dec-2016	28-Feb-2017
CR19f Network Transformation	The full delivery of a new network for the Corporation and city Police.	This work will follow-on from CR19e and lead to a completely new network for both organisations that is fully supportable. The full roll-out will take place throughout 2017/18.	Simon Woods	06-Oct-2016	31-Mar-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
CR20 Road Safety 23-Oct-2015 Colyn Dwyer	<p>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</p> <p>Event: The number of casualties occurring in the City rises instead of reducing.</p> <p>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</p>	 <p>Likelihood</p> <p>Impact</p>	16	<p>As a result of comments received from the City of London Police the Road Safety Communication Strategy is now being amended with January as the anticipated date for sign off by the Road Danger Reduction Partnership Board. The target date has been revised accordingly.</p> <p>Longer term and experimental schemes to improve Bank Junction are still on track.</p> <p>14 Nov 2016</p>	 <p>Likelihood</p> <p>Impact</p>	6	30-Apr-2017	↔ No change

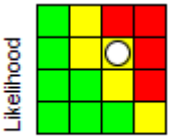
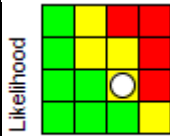
Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR20a Joint Safer Transport Team	Implement a joint City of London Corporation & City of London Police Road Safety/Safer Transport Team	There is no change from last month. The review of future joint working between City Police and the City's road safety team is now embodied within the One Safe City programme and is now expected to be resolved by the end of January.	Steve Presland	14-Nov-2016	31-Jan-2017
CR20b Permanent Bank Junction redesign	Permanent Bank Junction redesign	Still on track	Steve Presland	14-Nov-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	There is no change from the position last month. It is anticipated that a report to proceed to implementation will be presented by December this year with implementation by the end of April 2017	Steve Presland	14-Nov-2016	30-Apr-2017
CR20d Road Safety Communication Strategy	Work with the Corporation's Communications Office to deliver a Road Safety Communications Strategy	As a result of comments received from the City of London Police it is now being amended with January as the anticipated date for sign off by the Road Danger Reduction Partnership Board. The target date has been revised accordingly.	Steve Presland	14-Nov-2016	31-Jan-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
<p>CR21 Air Quality</p> <p>07-Oct-2015 Jon Averns</p>	<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>	 <p>Likelihood</p> <p>Impact</p>	<p>16</p>	<p>We continue to address this issue robustly and innovatively, and the City of London Corporation has recently been awarded a grant of £1M by the Mayor of London to undertake a Low Emission Neighbourhood project. However, the position regarding the potential fine still isn't clear and poor air quality in the Square Mile remains a public health risk. To reduce air pollution in the City requires action from a range of organisations and industries and this is a long-term process. Whilst projections indicate that improvements will be made over the next five years, for the time being the risk remains at the same level as previously assessed.</p> <p>12 Dec 2016</p>	 <p>Likelihood</p> <p>Impact</p>	<p>6</p>	<p>31-Dec-2020</p>	<p>↔</p> <p>No change</p>

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
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.	Comms strategy now in place for the Low Emission neighbourhood	Jon Averbs	12-Dec-2016	31-Dec-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.	Work has commenced in a Low Emission neighbourhood scheme which will result in a reduction in the number of diesel vehicles in the City	Jon Averbs	12-Dec-2016	31-Dec-2018

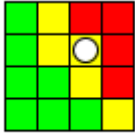
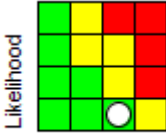
Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR01 Resilience Risk 20-Mar-2015 John Barradell	Cause - Lack of appropriate planning, leadership 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. A partial test as to whether an identified single point of failure in the Guildhall Justice Rooms has been rectified was conducted at the end of September; further testing is planned for the new year. The risk review has resulted in the target risk being amended to reflect the current risk score. It is felt that the preventative and mitigating actions in place are as good as possible in the current climate. 13 Dec 2016	Likelihood  Impact	12	31-Dec-2017	↔ No change

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
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. A partial test was completed during September, further testing is now planned for the new year.	Gary Locker	13-Dec-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	Review expected to be completed by the end of March 2017	Gary Locker	13-Dec-2016	31-Mar-2017

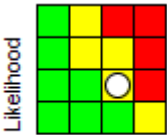
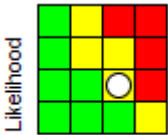
Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR09 Health and Safety Risk 22-Sep-2014 Chrissie Morgan	<p>Cause - Safety is treated as 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>	 <p>Likelihood</p> <p>Impact</p>	12	<p>This risk was reviewed by the SMT on 28-11-2016, there is no change to the assessment at this time.</p> <p>13 Dec 2016</p>	 <p>Likelihood</p> <p>Impact</p>	8	31-Dec-2017	<p>↔</p> <p>No change</p>

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
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	Justin Tyas	13-Dec-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	Occupational Health (GG) have updated their element of the Action Plan	Justin Tyas	02-Dec-2016	31-Mar-2017

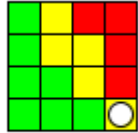
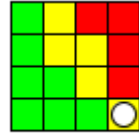

Page 8 of 8

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>	 <p>Likelihood</p> <p>Impact</p>	12	Initial paper taken to Summit Group outlining a number of options for improving technical security this was agreed in principle, since then requests for change have seen it return to each Summit Group for further comment -; the latest version will be discussed at the December meeting. 13 Dec 2016	 <p>Likelihood</p> <p>Impact</p>	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.	Further development against the original risk of CR16 Information Security has taken place. This has included a gap analysis across people, process and technology in the City Corporation with respect to Data Security and governance. As such, a proposed programme of work with associated governance, financial and human resource has been proposed via a report of the Chamberlain, authored by the Directors of IT and Information Security respectively. This paper will be tabled at Summit Group this month.	Christine Brown	13-Dec-2016	31-Dec-2016
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.	Simon Woods	13-Dec-2016	03-Apr-2017
CR16i Technical Security Infrastructure	The Development and implementation of more technical security infrastructure	Initial proposals for improvements to the technical security infrastructure in use have been shared with Summit Group. Revisions have been made for further comment this month.	Simon Woods	13-Dec-2016	31-Mar-2017

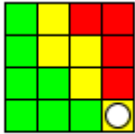
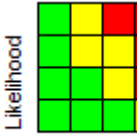
Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR02 Loss of Business Support for the City 22-Sep-2014 John Barradell	<p>Cause - The City Corporation's actions to promote and support the competitiveness of the business City do not succeed.</p> <p>Event - The City's position as the world leader in international financial services is adversely affected</p> <p>Effect - The City loses its ability to attract and retain high value global business activity, both as a physical location and in mediating financial and trade flows; the City Corporation's business remit is damaged and its perceived relevance is diminished. Reputational damage to the City as a place to do business and to Corporation ability to govern effectively</p>		8	<p>The risk assessment/scoring remains the same in light of the post-Brexit global political environment. The City Corporation is taking major steps to mitigate this risk, which is outlined below.</p> <p>13 Dec 2016</p>		8	31-Dec-2017	↔ No change

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
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 appointments have now been made and new starters will be in place by the end of January 2017, providing additional capacity and capabilities.	Giles French	13-Dec-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. The IRSG has commissioned three Brexit related workstreams examining Third Country status, global competitiveness and regulatory coherence, all of which will help inform the government's negotiations.	Damian Nussbaum	13-Dec-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
CR10 Adverse Political Developments 22-Sep-2014 Paul Double	<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: Controversies which damage the City's reputation as a place to do business. The City of London Corporation could be compromised if the City's pre-eminence as a world centre were lessened.</p>	 <p>Likelihood</p> <p>Impact</p>	8	<p>There has been close engagement with those responsible for formulating proposals to enable the devolution of responsibilities while safeguarding the City. 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 City Corporation is seen to remain relevant and "doing a good job" for London and the nation and this is seen to be an objective assessment. The Office also provides advice on the City Corporation's approach to important political developments, in particular, the decision to leave the EU, and the general parliamentary mood.</p> <p>14 Dec 2016</p>	 <p>Likelihood</p> <p>Impact</p>	8		 No change

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 are a particular focus.	Paul Double	19-Dec-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	19-Dec-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 Committee of both Houses on matters of importance to the City, including increased engagement on Brexit-related issues. Working with other organisations, including the Financial Markets Law Committee, to analyse the legal framework following exit from the EU. 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 of the Mayor.	Paul Double	14-Dec-2016	31-Mar-2017

Page 62

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 Neal Hounsell	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's 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 of Ofsted	 Likelihood Impact	8	A Corporate audit of safeguarding is being undertaken. The review of the safeguarding champions will be completed following the outcome of the Corporate audit. 16 Dec 2016	 Likelihood Impact	8	31-Mar-2017	↔ No change

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
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	A Corporate audit of safeguarding champions is being undertaken and the review of safeguarding champions will be completed following the outcome of the corporate audit.	Chris Pelham	16-Dec-2016	31-Mar-2017
CR17l Online Adult Safeguarding Training	Online basic Adult Safeguarding training will be mandatory for DCCS staff	Safeguarding for non Adult Services Staff online course is now available for staff via the City Learning portal. The completion date for all staff to comply has been extended to 31 January 2017	Chris Pelham	19-Dec-2016	31-Jan-2017
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	Work is ongoing. A scoping paper has been presented to the Safeguarding Adult Board and a campaign to raise awareness of the public, in partnership with City of London Trading Standards and the City of London Police will take place in the spring of 2017	Chris Pelham	19-Dec-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
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.	 Likelihood	6	Two new risks have been drafted to replace this risk. One covers the risk of funding reduction to the City of London Police; the other is around value for money. These are currently being reviewed if approved this risk will be removed. 12 Dec 2016	 Likelihood	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 crosses 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 is going well. 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	06-Oct-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.	Efficiency Plan approved for publication	Peter Kane	06-Oct-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 are developing a saving programme following a fundamental review of activity and cost drivers. However it is likely that this programme of savings will be unable to cover the full deficit. Further work to be carried out and proposals to be made to Finance Committee and Resource Allocation Sub Committee.	Caroline Al-Beyerty	06-Oct-2016	31-Mar-2017

Barbican Centre – H&S 004 fire risk

Report Author: Paul Dudley

Generated on: 14 December 2016



Rows are sorted by Department Code

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 C H&S 004 Fire Risk Dept 65 10-Nov-2016 Sandeep Dwesar	<p>Cause: Fire engineering solutions, fire precautions and procedures not fully scoped, effective and/or fully understood at the Barbican.</p> <p>Event: Emergency incident or fire occurs and management procedures or protective mechanisms do not function or works as designed</p> <p>Impact: Effective/partial Art gallery evacuation compromised Damage to artworks Effective concert hall evacuation delayed or implemented unnecessarily for CO incident Ineffective cooperation and coordination of health and safety arrangements with contractors Fire and smoke damage not limited Risk of injury or death to performers, audience, staff, contractors, technical and fire responder teams Adverse effect on the Centre’s reputation Financial loss Enforcement action incurring a fine</p>	Likelihood Impact	16	Management of Security and safety has recently been transferred to Customer Experience and will deliver a more holistic approach. To ensure systems are robust an external consultant with relevant arts venue experience is being appointed to carry out an audit check and assist in taking actions forward. (No change.) 13 Dec 2016	Likelihood Impact	8	31-Mar-2017	

Proposed new Corporate risk

Action no, Action owner	Description	Latest Note	Managed By	Latest Note Date	Due Date
BBC H&S 004a	To provide robust evacuation procedure for CO incident in concert hall. Review evacuation procedures for areas not covered by public evacuation procedures for contractors/artists that take into account recently gained fire knowledge to ensure the safety of staff with fire responsibilities and the safe evacuation of occupants .Engineering to document gas procedure.	CO procedure completed. See 004b. Work progressing including appointment of consultant and Fire Safety manager. Evacuation procedures for non-public progressing well under supervision by Licensing and Access Manager. Engineering progressing documentation of gas procedure due by 31 December 2016.	Sandeep Dwesar	13-Dec-2016	31-Dec-2016
BBC H&S 004b	Ensure all necessary individuals as appropriate are familiar with the systems in the building to prevent, detect and protect from fire.	Briefing of relevant teams from Customer Experience, Security and Engineering completed. Particular attention given to CO detector activation first response. Introduction of new security 'call sign' to emphasise when activation if CO related and highlighting hazards. Confirmation of briefings documented and signed.	Sandeep Dwesar	13-Dec-2016	30-Nov-2016
BBC H&S 004c	Ensure that Fire systems are maintained and tested in accordance with the Corporate Building Health & Safety compliance standards.	Work progressing including appointment of consultant and Fire Safety manager. Workshop with CoL colleagues confirmed for 17 January 2017.	Sandeep Dwesar	13-Dec-2016	28-Feb-2017
BBC H&S 004d	Produce a competency Fire Matrix which will identify and inform the levels of training, knowledge and experience required appropriate to the management of a building of the complexity of the Barbican. Review this against in house resource.	Work progressing including appointment of consultant and Fire Safety manager.	Sandeep Dwesar	13-Dec-2016	31-Dec-2016
BBC H&S 004e	An up to date Fire Safety Policy that records clear lines of responsibility, communication and accountability.	Revised draft completed. Head of CEX has requested further amendments including additional information relating to appointment of new Buildings Director, Fire Safety consultant and Fire Safety manager.	Sandeep Dwesar	13-Dec-2016	28-Feb-2017
BBC H&S 004f	To demonstrate suitable and sufficient event led Fire Risk Assessments are in place for the management of the Barbican activities such as Art Gallery, Events, Hall, and Exhibitions & Theatre/Concert Productions.	Work progressing including appointment of consultant and Fire Safety manager.	Sandeep Dwesar	13-Dec-2016	28-Feb-2017
BBC H&S 004g	Ensure that Building Fire Risk Assessments are in place that meet the basic requirements of PAS 79 but ideally the corporate guidance.	Work progressing including appointment of consultant and Fire Safety manager. Workshop with CoL colleagues confirmed for 17 January 2017. Art Gallery meeting confirmed for 10 January 2017. New zoning approach to FRAs suggested by Peter Dempsey under consideration.	Sandeep Dwesar	13-Dec-2016	28-Feb-2017
BBC H&S 004h	Following the new zoning submit all Fire Risk Assessments for the Barbican Centre operation in order to allow verification of their suitability through sampling by the health and safety section.	Work progressing including appointment of consultant and Fire Safety manager.	Sandeep Dwesar	13-Dec-2016	31-Mar-2017

Proposed new Corporate risk

BBC H&S 004i	Fire Management Plans should be produced based on Fire Risk Assessments, prioritised according to risk and recommendations.	Work progressing including appointment of consultant and Fire Safety manager.	Sandeep Dwesar	13-Dec-2016	31-Mar-2017
BBC H&S 004j	Implement CO Incident Report recommendations not already addressed by Actions a - i above.	Recommendation one completed. Work progressing including appointment of consultant and Fire Safety manager.	Sandeep Dwesar	13-Dec-2016	31-Mar-2017

Proposed new Corporate risk

Page 68



Top Red departmental - Risks and actions progress

Report Type: Risks Report


Report Author: Paul Dudley











Generated on: 19 December 2016


Rows are sorted by Risk Score



Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
DCCS PE 002 Failure to deliver expansion of Sir John Cass Foundation Primary School to 2 form entry in September 2017	RED	↔	GREEN		11-Jun-2015	14-Dec-2016	31-Aug-2017	Neal Hounsell
Department of Community & Children's Services	24	No change	2					Departmental


Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
DCCS PE 002a Tripartite meetings	✔	Completed		Chris Pelham	23-May-2016	19-Apr-2017	19-Apr-2016
DCCS PE 002b Discussions with Comptroller and City Solicitor and others regarding the expansion	▶	In Progress		Chris Pelham	16-Dec-2016	29-Sep-2017	



Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
BBC H&S 004 Fire Risk	RED		AMBER		10-Nov-2016	13-Dec-2016	31-Mar-2017	Sandeep Dwesar
Barbican Centre	16	No change	8		Departmental			



Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
BBC H&S 004a Robust Evacuation Procedure		In Progress	<div style="width: 50%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 50%	Sandeep Dwesar	13-Dec-2016	31-Dec-2016	
BBC H&S 004b Ensure Familiarity with Systems		Completed	<div style="width: 100%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 100%	Sandeep Dwesar	13-Dec-2016	30-Nov-2016	13-Dec-2016
BBC H&S 004c Ensure Fire Systems are Maintained and Tested		In Progress	<div style="width: 10%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 10%	Sandeep Dwesar	13-Dec-2016	28-Feb-2017	
BBC H&S 004d Produce Competency Fire Matrix		In Progress	<div style="width: 10%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 10%	Sandeep Dwesar	13-Dec-2016	31-Dec-2016	
BBC H&S 004e Fire Safety Policy		In Progress	<div style="width: 90%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 90%	Sandeep Dwesar	13-Dec-2016	28-Feb-2017	
BBC H&S 004f Event Led Fire Risk Assessments		In Progress	<div style="width: 90%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 90%	Sandeep Dwesar	13-Dec-2016	28-Feb-2017	
BBC H&S 004g Building Fire Risk Assessments		In Progress	<div style="width: 25%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 25%	Sandeep Dwesar	13-Dec-2016	28-Feb-2017	
BBC H&S 004h Submit Fire Risk Assessments		In Progress	<div style="width: 10%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 10%	Sandeep Dwesar	13-Dec-2016	31-Mar-2017	
BBC H&S 004i Fire Management Plans		In Progress	<div style="width: 10%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 10%	Sandeep Dwesar	13-Dec-2016	31-Mar-2017	
BBC H&S 004j Implement CO Incident Report Recommendations		In Progress	<div style="width: 10%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 10%	Sandeep Dwesar	13-Dec-2016	31-Mar-2017	







Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
DBE-TP-01 Road Traffic Collision caused by City of London staff or contractor who is unfit to drive while on City business	RED		AMBER		13-Mar-2015	16-Dec-2016	28-Feb-2017	Steve Presland
Department of the Built Environment	16	No change	8					Departmental

Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
DBE-TP-01a Approve Corporate Transport Policy		Completed	<div style="width: 100%;"><div style="width: 100%;"></div></div> 100%	Oliver Sanandres	29-Apr-2016	31-Aug-2015	21-Oct-2015
DBE-TP-01b Implement Corporate Transport Policy		In Progress	<div style="width: 95%;"><div style="width: 95%;"></div></div> 95%	Steve Presland	16-Dec-2016	28-Feb-2017	



Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
DCCS HS 003 Lone Working	RED		AMBER		14-Jan-2016	14-Dec-2016	31-Mar-2017	Paul Murtagh
Department of Community & Children's Services	16	No change	12					Departmental



Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
DCCS HS 003a Sky Guard Review		In Progress	<div style="width: 80%;"><div style="width: 80%;"></div></div> 80%	Paul Murtagh	19-Dec-2016	31-Mar-2016	
DCCS HS 003b Lone Working Procedures		In Progress	<div style="width: 85%;"><div style="width: 85%;"></div></div> 85%	Paul Murtagh	19-Dec-2016	31-Mar-2016	



Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
MCP-SM 001 HGV Unloading Operations	RED		AMBER		24-Feb-2015	12-Dec-2016	31-Mar-2016	Matthew Hill
Department of Markets and Consumer Protection	16	Increased Risk Score	8		Departmental			


Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
MCP-SM 001a Traffic management audit		Completed		Matthew Hill	08-Jan-2016	15-Dec-2015	08-Jan-2016
MCP-SM 001b Loading bay risk assessment		Completed		Matthew Hill; Robert Wilson	16-Jun-2015	02-Mar-2015	16-Jun-2015
MCP-SM 001c Action Plan		Completed		Matthew Hill	15-Nov-2016	30-Dec-2016	15-Nov-2016



Page 72



Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
OSD 005 Pests and Diseases	RED		AMBER		10-Mar-2015	09-Nov-2016	31-Mar-2019	Sue Ireland
Director of Open Spaces	16	Increased Risk Score	6		Departmental			

Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
OSD 005 g Divisional delivery of risk actions		Assigned		Andy Barnard; Martin Rodman; Paul Thomson; Bob Warnock	16-Nov-2016	01-Apr-2019	

Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
OSD 006 Impact of Housing and/or transport development	RED		AMBER		10-Mar-2015	05-Oct-2016	31-Mar-2019	Sue Ireland
Director of Open Spaces	16	Increased Risk Score	12		Departmental			

Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
OSD 006 d Divisional delivery of risk actions		Assigned	<input type="text" value="0%"/>	Andy Barnard; Martin Rodman; Paul Thomson	16-Nov-2016	01-Apr-2019	

Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
OSD 007 Maintaining the City's water bodies	RED		AMBER		25-Oct-2016	09-Nov-2016	31-Mar-2017	
Director of Open Spaces	16	No change	8		Departmental			


Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
OSD 007 a Divisional delivery of risk actions		Unassigned	<input type="text" value="0%"/>	Andy Barnard; Paul Monaghan; Paul Thomson; Bob Warnock		31-Mar-2017	
OSD 007 b Divisional delivery of reservoir safety in conjunction with the City Engineers		Unassigned	<input type="text" value="0%"/>	Andy Barnard; Paul Monaghan; Paul Thomson; Bob Warnock		31-Mar-2017	





Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
SUR SMT 004 Failure or inability to deliver savings required by Service Based Review	RED		GREEN		03-Mar-2015	13-Dec-2016	31-Mar-2017	Peter Bennett ; Paul Wilkinson
City Surveyor's	16	No change	4					Departmental

Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
SUR SMT 004b Corporate Management control of operational property		In Progress		Peter Young	13-Dec-2016	31-Mar-2017	
SUR SMT 004c Rationalising Asset Management and FM service resources		In Progress		Peter Collinson	13-Dec-2016	31-Mar-2017	
SUR SMT 004d Reduction in overall operational property cost		In Progress		Paul Wilkinson	13-Dec-2016	31-Mar-2017	

Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
SUR SMT 005 Recruitment and retention of property professionals	RED		GREEN		17-Mar-2015	13-Dec-2016	30-Jun-2017	Paul Wilkinson
City Surveyor's	16	Increased Risk Score	4					Departmental

Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
SUR SMT 005a Adopt and Change Approach		In Progress		Peter Bennett ; Paul Wilkinson	13-Dec-2016	30-Apr-2017	
SUR SMT 005b Develop Workforce Plan		In Progress		Peter Bennett ; Paul Wilkinson	23-Jun-2016	30-Jul-2017	

Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
TC CCC 02 Security Breach	RED		AMBER		31-Oct-2016	31-Oct-2016	31-Mar-2017	Charles Henty
Town Clerk's	16	Increased Risk Score	8		Departmental			

Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
TC CCC 02A Funding for Additional Security Staff		In Progress	<div style="width: 20%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 20%	Charles Henty	13-Dec-2016	31-Mar-2017	
TC CCC 02B Key Performance Indicators		In Progress	<div style="width: 51%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 51%	Charles Henty	13-Dec-2016	31-Mar-2017	
TC CCC 02C Communication Plan		In Progress	<div style="width: 20%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 20%	Charles Henty	13-Dec-2016	31-Mar-2017	
TC CCC 02D Business Continuity		In Progress	<div style="width: 10%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 10%	Charles Henty	13-Dec-2016	31-Mar-2017	

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Risk Management Action Plan 2017

1.0 Introduction

- 1.1 The external review of risk management which took place in the summer/autumn 2016 indicated that systems and processes that support the City Corporation's risk management framework had significantly improved over the last two years. There was recognition that there was more work to be done to embed risk management within the City Corporation. A total of thirteen recommendations were made and these have now been categorised as follows - priority and other recommendations.
- 1.2 The following sets out the response to the recommendations in both categories. Attached to this document is a summary of each recommendation with a brief note explaining the action being taken.

2.0 Priority recommendations

Risk management strategy and risk appetite (Recommendations 1,2,4 and 5)

- 2.1 These recommendations relate to the need to review and regularly update the risk management strategy. The strategy should acknowledge successful risk taking as well as providing support for officers in the event of failures if risks were well managed. In addition a risk appetite and tolerance statement should be developed to positively guide and influence officer dispositions to the handling of risks.
- 2.2 The development of a risk appetite and tolerance statement (and a process which underpins that) is an essential requirement for the completion of a revised risk management strategy. The strategy informs and influences many other recommendations.
- 2.3 The Institute of Risk Management in their guide on risk appetite (2011) recognised that setting a risk appetite(s) for an organisation can be a complex issue. They suggested that it was better to recognise this at the outset and develop an appropriate risk appetite and tolerance process for the organisation rather than adopt a simplistic approach (e.g. a simple statement on risk appetite).
- 2.4 As a result, research was undertaken to identify how other public sector organisations had undertaken the setting of their risk appetite(s). Most appeared to have adopted an approach of placing a simple statement in their risk process guide with little guidance on how to do it. However a number of London local authorities have recently engaged ZM Risk Consultancy to work with chief officers, senior managers and elected members in jointly agreeing a risk appetite process. The process sets agreed risk appetite levels for various categories of risk and maps this against the risk matrices for the organisation. This practical approach has a number of benefits including:
- Exercise appropriate oversight and corporate governance by defining the nature and level of risks it considers acceptable (and unacceptable)
 - Improved risk reporting – able to show variances from risk appetite.
 - Bring focus to higher priority issues (i.e. area where appetite thresholds are under threat).
 - Ensure it is only taking a level of risk – and the type of risks – it is comfortable with.

- Officers are empowered and have the tools to make judgements about which risks are acceptable and which are not.

- 2.5 A proposal from ZM Risk Consultancy to undertake a risk appetite setting process is currently being considered. If a decision is made to engage ZM then careful consideration needs to be given as to when this should take place. Given that the process is likely to include consultation with elected members and that there has been several recent changes in Chief Officers and senior managers, it is suggested that the exercise is planned for May or June 2017. This will give time for the new member induction process to be completed and provide time for new senior managers to become familiar with their key risks.
- 2.6 An update to the existing risk management strategy is currently being drafted to take account of the changes to risk governance that have occurred since 2014. Although there are several changes to be made they will not in total result in a significant change to the existing document. The updated document should be completed by February 2017 and will then be made known to officers through the usual communication channels. Should a decision be made to engage ZM then the outcome of the risk appetite process will be incorporated into a new risk management strategy. The revised strategy will be presented to Summit Group in summer 2017 for approval.

Managing risk in contracts and partnerships (Recommendation 9)

- 2.7 Risk management will form part of the new corporate Supplier Performance Management reporting for the City Corporations top 30-50 suppliers and there will be guidance/advice as part of the contract management toolkit that is being developed. Both of these will go live 1st April 2017.
- 2.8 The guidance will include a general introduction to risk management e Learning course that is being developed to support contract managers. It will include or have a linked module on contract risk management. The introduction to risk management eLearning course will also have wider use within the City Corporation and contribute to recommendation 8 (staff risk management training). It is intended that this product will be available in time for the go live date of 1 April 2017.
- 2.9 In addition contract managers will be trained in the use of Covalent risk system so that they can record and report on contract management risks and actions in relation to the top 30-50 supplier contracts. This training will follow the completion, by contract managers, of the eLearning course. Delivery of this training and subsequent use of the Covalent system is likely to be completed by May/June 2017.

Consistent approach to managing risk (Recommendation 10)

- 2.10 This recommendation relates to ensuring that there is a consistent approach to managing risk in business planning as well as programmes and projects.

Business Planning

- 2.11 At Summit Group and Chief Officer Group meetings held on 21 and 22 December 2016 respectively an update on corporate and business planning was delivered by the Head of Corporate Strategy & Performance. Agreement was reached on the approach to current and future years' business planning, which will now include projects and development plans and point to outcomes in order to demonstrate links to the corporate plan. The corporate plan is being refreshed in parallel and a draft will be discussed with the Resource Allocation Sub Committee in June 2017.
- 2.12 Existing corporate guidance on producing departmental business plans already includes the necessity to identify risks to the successful delivery of departmental objectives and for these risks (and relevant actions) to be recorded on the Covalent risk system. Any risks identified during this process should appear on departmental risk registers, and due to the changes noted above, this will now also include project risks.
- 2.13 Departmental business plans for 2017/8 are currently being produced with the aim of reporting to the appropriate service committees from February – June 2017. Chief Officers should therefore take into account the risks to the successful delivery of departmental objectives. A reminder has been sent to all departmental business planners to ensure that risks are assessed against departmental objectives.
- 2.14 During the development of a new corporate plan, which will commence shortly, Chief Officers will be requested to undertake an assessment of the key risks associated with the successful delivery of the corporate priorities/objectives. This will lead to a revision of the current corporate risk register and this is expected to take place once the corporate plan has been approved by Members in the Spring of 2018. A revised corporate risk register will then be prepared and reported to the Audit and Risk Management Committee at the next available meeting.
- 2.15 The Corporate Risk Adviser is working closely with the Head of Corporate Strategy & Performance to ensure that there is a consistent approach to the identification, assessment and management of risk during the development of the corporate and departmental business planning processes.
- 2.16 It should be noted that the Chief Officer Risk Management Group regularly reviews, on behalf of the Summit Group, the existing corporate risk register and considers new corporate risks suggested for consideration by Chief Officers. The Group also reviews possible corporate risks which it has identified and refers them to the relevant chief officer for consideration. This function is part of the City Corporation's continuous risk governance arrangements. It ensures that the corporate risk register reflects, in the judgment of Chief Officers, the most significant risks faced by the City Corporation in the discharge of its responsibilities/functions.

Project management

- 2.17 At any one time there are a multitude of projects being undertaken in the City Corporation, with various degrees complexity and resource requirement, supporting or delivering on departmental/corporate objectives. The external risk management report indicated that there was some inconsistency in the way project risks were identified, assessed, managed and recorded. In the post-report debrief, the external

risk consultant feedback was that these comments related, in part to the capital schemes/projects. (Currently there are 300 live capital projects with approved budgets in excess of £400 million).

- 2.18 The Town Clerk's Corporate Programme Office provides services to Members and officers involved in the development and delivery of capital, supplementary revenue and larger routine revenue projects. They work particularly closely with the Chamberlain's Capital Team, the Town Clerk's Policy Team and Project Directors and their programme functions where they exist. As part of their role they provide advice and guidance on the City Corporation's Project Procedure and how to navigate through the gateway process.
- 2.19 It has been agreed with the Corporate Programme Manager that the existing risk management guidance available to project managers on CoL Net will be revised/enhanced by end March 2017. This will provide more detailed guidance in the use of risk management in capital projects but will also be of use to officers who are involved in other non-capital projects. In addition the use of Covalent risk system to record capital project risks and actions and provide management information to the Project sub Committee is being explored but it is too early to confirm if the system will meet the needs of project managers and the Sub Committee.

Risk management training (Recommendation 8)

- 2.20 This recommendation relates to the development of risk management knowledge for all levels (Senior managers/managers and staff) of the City Corporation. In responding to this recommendations use will be made of a mixture of face to face as well as on line training/guidance.
- 2.21 It is intended to deliver face to face risk management training sessions to senior managers (est 120). The sessions (approximately 10) will be delivered by Gallagher Bassett and are likely to take place before June 2017.
- 2.22 The Corporate Risk Advisor currently delivers monthly business risk management training for staff and managers (Grade G and below). These are planned up until March 2017 and further sessions will be planned for 2017/18.
- 2.23 The general risk management eLearning course developed as part of the contract management framework (see para 2.8 above) will be used as a means of introducing the topic of risk management to all staff. This is expected to be ready by April 2017. It will be brought to their attention of all staff upon their commencement with City Corporation.

3.0 Other recommendations

- 3.1
- **Recommendation 3** – Responsibility for cross cutting risks. This is more a technical recommendation in relation to Covalent risk system in allowing officers from different departments to update risks and actions where there is cross cutting risks. Expected Covalent guidance update March 2017.
 - **Recommendation 6** – Risk culture survey. Review in January 2018.
 - **Recommendation 7** – Re-publicise the risk management is part of the

performance development scheme. Discussions are taking place with Director of HR. (February 2017).

- **Recommendation 11** – Risk Specialism Group. Work is in hand to hold an initial meeting with risk specialisms to discuss potential synergies (January/Feb 2017). The following two recommendations were suggested in the report as ones which should be considered once a suitable level of risk management maturity had been achieved. These recommendations will be reviewed in in January 2018 to assess whether it is appropriate to initiate action.
- **Recommendation 12** – Opportunity Risk Management
- **Recommendation 13** - Use of key risk and control indicators (KRI and KCI)

Paul Dudley
Corporate Risk Advisor
January 2017

See attached list of recommendations

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City of London Corporation
Risk Action Plan 2017 (Based upon the External Risk Management review - autumn 2016)

Rec no	Short title	Recommendation	Action(s)	By when
1	Risk appetite (Linked to rec 2,4,5)	The organisation should consider providing a clearly articulated statement on its risk appetite and tolerance in order to positively guide and influence the personal predispositions to risk which are maintained by key internal stakeholders.	Engage ZM risk consultants to work with the City Corporation to develop a risk appetite/tolerance process. Note a proposal to Initiate a risk appetite process is under consideration.	May/June 2018
2	Supporting Risk taking (Linked to rec 1,4,5)	In order to become truly radical, the organisation should consider amending its Risk Management Strategy (including philosophy) to ensure that successful risk-taking is acknowledged and support is provided in the event of failures if risks were well-managed.	Produce interim /updated risk management strategy to incorporate risk governance changes. Once risk appetite exercise complete update the risk management strategy	Feb 2017 and Summer 2017
3	Cross cutting risks	The organisation should consider providing greater clarity of responsibility for cross-cutting risks which are shared amongst different departments. This should include encouragement for joint working initiatives and risk information sharing where appropriate.	Technical Covalent change. Update guidance.	Mar-17
4	Communication Strategy (Linked to rec 1,2,5)	The organisation should consider enhancing its communication strategy for publicising lessons learned from risk management failures in order to improve resilience, as well as risk management successes in order to win hearts and minds and achieve a greater understanding and commitment by internal stakeholders.	This will be included in the revised risk management strategy	Feb-17
5	Risk Management Strategy (Linked to rec 1,2,4)	The organisation should consider reviewing and updating its Risk Management Strategy to reflect changing internal and external factors. Ideally this activity should be undertaken on an annual basis.	Diarise annual update of risk management strategy	Jan-17
6	Risk culture survey	The organisation should consider the utilisation of a risk culture survey in order to identify and understand internal stakeholder risk behaviours at a personal level (influencing personal predispositions to risk) and at a personal ethical level (influencing moral values and decision-making).	To review in January 2018	Jan-18
7	Personal Development Framework (PDF)	In order to enhance knowledge of personal development criteria which includes risk management capabilities and further embed risk management into its culture, the organisation should consider re-publicising its Performance Development Framework to ensure that personnel are aware of the key risk management components contained within, and ensure personal objectives and annual assessments include risk management.	Discussions taking place with Director HR	Feb-17

City of London Corporation
Risk Action Plan 2017 (Based upon the External Risk Management review - autumn 2016)

Rec no	Short title	Recommendation	Action(s)	By when
8	Risk management training	The organisation should consider developing risk management training programmes to address the varying levels of risk management knowledge which exists and to develop a consistent corporate approach. Risk Management training programmes should be targeted at all levels of the organisational hierarchy, and should be a constant provision from induction through to personal and managerial development.	Senior management . Delivery of senior management training by Gallagher Bassett Manager and staff . Continue the manager and staff internal face to face risk management training (on going). All staff - use of eLearning to introduce the concept of risk management	June 2017 April 2017
9	Contracts and partnerships	The organisation should ensure that there are appropriate formal mechanisms for identifying, assessing and managing risk within its contracts and partnerships. This should include the use of joint risk registers, clear allocation of risk responsibilities and accountabilities and clear lines of reporting and effective dispute resolution.	Risk management will form part of the new corporate supplier management arrangements. This will involve production of a new eLearning course, which will have wider use, plus Covalent training for contract managers.	May/June 2017
10	Consistent approach to risk management	The organisation should ensure that risk management is consistently applied across all business planning, project management, contract management and programme management activities. This includes ensuring that any new approach to business planning includes effective risk management as a core activity.	Business Planning - a new corporate plan in place by spring/summer 2018. A revised corporate risk register will be produced based upon the new plan. (Currently there is a process for reviewing and adding new corporate risks under CORMG chaired by the Chamberlain. Project Management - new detailed risk management guidance on project risk management will be published on the intranet. Use of Covalent for project management is currently being explored	Summer 2018 March 2017
11	Risk specialisms Group	The organisation should consider encouraging joint working enterprises across the specialist risk management functions in order to maximise the value of the expertise and outputs of these individuals.	Invitations to risk specialist areas to consider synergies between teams	Jan/Feb 2017
12	Opportunity risk management	The organisation should consider formally expanding the focus of risk management to include opportunity risks as well as threats. Currently there is a general feeling that risk management is exclusively focused on downside (negative) risk.	Longer term priority. Review in 12 months	Jan-18
13	Key risk and key control indicators	The organisation should consider developing Key Risk Indicators (KRI's) and Key Control Indicators (KCI's) where information sources allow, enhancing performance measurement for risks and associated controls over time.	Longer term priority. Review in 12 months.	Jan-18

Agenda Item 8

Committee:	Date:
Audit and Risk Management Committee	7 February 2017
Subject: Internal Audit Update Report	Public
Report of: Pat Stothard, Head of Audit & Risk Management	For Information

Summary

This report provides an update on internal audit activity since the last Committee report made at the September 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. Eight assurance reviews have been finalised since the last report to the Committee, all of which were Amber (Moderate) opinions. There are no Red assurance audits. Both Amber and Green (Substantial) opinions represent adequate control environments.

As at 19 January 2017, 45% of the 2016-17 internal audit plan had been completed to draft report stage against a profiled target of approximately 79% at the end of Quarter 3, together with 33% of audits at work in progress and 21% at planning stage. With some additional resources in place from Mazars as further cover for the maternity/vacancy, the internal audit plan is on target to achieve the target of 95% of audits completed to draft report stage 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 Member Briefings. A summary of the outcome of our audit work can be seen in **Appendix 1**. Eight assurance reviews have been finalised since the last report to the Committee, all of which resulted in Amber assurance opinions. Both Amber and Green opinions represent adequate control environments.
3. Since the last Committee, there are no fundamental control failings that need to be brought to the attention of Members from our work.

Internal Audit Section Performance and Delivery

4. During Quarter 3, delivery of projects to draft and final report stage has increased from 26% to 45%, against a profiled target of 79%, with a further 54% of projects at work in progress/terms of reference agreed. The initial issue of resources on delivery noted in the previous report to the Finance Committee has been further affected by sickness at management level within the team, which has impacted on review of fieldwork and has reduced the movement of work to report stage. In addition, it has been identified that the future profile of delivery needs to be amended to reflect more realistic targets.
5. Notwithstanding, progress is continuing, with only one audit not started and with some additional resources brought in from Mazars as further cover for the maternity/vacancy, the team are planning to meet the agreed delivery target of 95% by year end, although it should be noted that with the change of management in the IT area, the start of audit work to be provided by Mazars has been delayed.
6. Performance levels against KPIs continue to be generally good, although further steps are being taken to improve the performance of delivery and there is an ongoing focus within the team on quality and consistency of audit reports.
7. 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)	45%
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.	27 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.	26 days
4 Timely issue of final report	Average time taken to finalise the review within 7 working days on full response from management	7 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

8. The next six monthly programme of follow up work is programmed for April 2017, the outcomes of which will be reported once this work has been completed.

Conclusion

9. 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

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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	Town Clerk	Vetting of Staff	Final Report	Moderate	0	4	0	4	0	4	0	4

Internal Audit Work 2016-17 (as at 19 January 2017)

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
58	19	10	16
	33%	17%	28%

Progress against the plan – Detail

No	Department	Main Audit Review	Status *	Assurance ***	Recommendations Made**				Recommendations Agreed**			
					R	A	G	Total	R	A	G	Total
	Corporate	Emergency Planning	Deferred to 17/18	-	-	-	-	-	-	-	-	-
1	Corporate	Project Management	Final Report	Moderate	-	2	-	2	-	2	-	2
2	Corporate	IT Data Management	ToR issued									
3	Corporate	IT Cyber Security – High Level Review	Draft Report									
4	Corporate	IT Cyber Security – SekChek	Planning									
5	Corporate	IT Cyber Security - TBC	Planning									
	Corporate	Risk Management	Deferred to 17/18	-	-	-	-	-	-	-	-	-
6	Corporate	Safeguarding	ToR issued									
7	Town Clerks	Electoral Registration	Draft Report									
8	Town Clerks	Bridge House Trust Grants	Fieldwork									
9	Town Clerks	Pay and Reward	Draft Report									
10	Town Clerks	Guildhall Club Accounts	Completed	Substantial	-	-	-	-	-	-	-	-
11	Town Clerks	EDO – Supporting Businesses	Fieldwork									
12	Chamberlain	Budget Management	Draft Report									
13	Chamberlain	Payroll	Draft Report									
14	Chamberlain	Accounts Receivable	Fieldwork									
15	Chamberlain	VAT	Fieldwork									
16	Chamberlain	Procurement Cards	Completed	Moderate	-	2	4	6	-	2	4	6

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)	45%
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.	27 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.	26 days
4 Timely issue of final report	Average time taken to finalise the review within 7 working days on full response from management	7 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%

Committee(s)	Dated:
Audit and Risk Management Committee	07/02/2017
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 since our last report to this Committee in September 2016; it also provides an analysis of the cases investigated during the 2016/17 reporting year.

Two housing tenancy fraud prosecutions have been secured so far this reporting year, whilst a further 21 tenancy related fraud investigations have been concluded across sub-letting fraud, housing application fraud and right to buy fraud.

Two corporate investigations have recently been concluded with one resulting in recovery of £5,000, and the other resulting in two disciplinary proceedings leading to final written warnings. Seven further corporate investigations are currently in progress by the team.

The value of identified fraud from the 33 cases, across all fraud disciplines concluded in 2016/17 to date, amounts to £826,259.

A joint proactive exercise with the Home Office Immigration Enforcement Team has resulted in 71 matches of potential fraud for review, whilst our proactive social housing tenancy fraud data-matching exercise has identified over 200 matches for review.

National Fraud Initiative matches were returned to the City of London on 26 January 2017 and a summary of the volume of matches received will be verbally provided to Members.

A City of London case study has been used by the Cabinet Office to highlight the successes achieved in implementing the NFI AppCheck solution to identify fraud at point of application for housing, providing positive publicity for the City Corporation.

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 investigation activity since the last report to Committee in September 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 33 cases concluded in 2016/17 to date amounts to £826,259.

Social Housing Tenancy Fraud

3. 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 to the investigation of tenancy breaches and right to buy concerns. The associated value of identified social housing tenancy fraud for 2016/17, to date amounts to £803,000; a summary of our work to date in this area, this financial year, is detailed in Appendix 2 to this report.
4. Two successful social housing tenancy fraud prosecutions have been secured this reporting year, along with a further 11 fraudulently obtained or sublet properties recovered via civil court action or having been directly recovered from the registered tenants as a direct result of our investigations. A summary of three highlighted social housing tenancy fraud investigations, where successful recovery has been recently secured can be found below;
 - I. Pakeman House tenancy – following a referral from the City’s Rents Officer, who had concerns that the tenant was sub-letting the property, we commenced an investigation that identified the property was being occupied by two previously unknown persons, whilst the registered tenant was residing in the USA. Having identified contact information for the tenant in the USA, contact was made and we established that the tenant was not intending to return to the UK. We were however successful in recovering the property after the tenant agreed to voluntarily return possession and repay rent areas of £1,000, saving considerable legal costs and court costs and mitigating the risk of high rent areas.
 - II. Penfields House tenancy – following a referral from a York Way Estates Officer, who had concerns that the property was being sub-let, we commenced an investigation that identified the registered tenant was residing at a property he had owned since 2009, whilst sub-letting the City of London tenancy to another person. We formally interviewed the tenant under caution, but established that he suffered from mental health problems and in light of this, a decision was made not to progress to criminal prosecution. We were however successful in recovering the property from the tenant, with the sub-tenant leaving the property and all rent arrears paid without the need to take civil action, again saving considerable legal costs and court costs and mitigating the risk of high rent areas.

- III. Centre Point tenancy – following a referral from an Avondale Square Estate Officer, who had concerns that the registered tenant was abroad and other persons were residing at the property, we commenced an investigation that identified that the registered tenant was residing in Canada. We established that the tenant had obtained the tenancy in 2003 whilst living in the UK, and had returned to Canada to live with his wife; however the tenant allowed another person to reside at the property as a sub-tenant, who was paying the rent, Council tax and utility bills. Being unable to interview the tenant under caution as he was not in the country, civil action commenced to recover the tenancy and the City was subsequently awarded possession.
5. In all of the above, the tenancies have now been re-let to those in greater need of housing.

Corporate Anti-Fraud & Investigation Activity

6. Corporate investigations are defined as fraud, corruption or conduct cases which relate to employee fraud or conduct, or other third party fraud. Eleven referrals have been received and classified as corporate investigations during 2016/17.
7. The team recently secured the recovery of £5,000 in outstanding income, following a referral from the Open Spaces team at Epping Forest. It was established that a former contractor had failed to pay all income to Epping Forest when leaving their role. Attempts to recover the income locally had been unsuccessful and we established that the contractor had moved abroad. Utilising the investigation tools available to the team, we were able to trace the contractor abroad, and secure recovery of the income.
8. The team recently supported an investigation by colleagues at one of the City's wholesale markets, who had identified two concerns surrounding City Corporation employees at the market; firstly concerns surrounding the collection and banking of parking income and secondly, that staff were facilitating trader's waste being disposed of at the markets expense. Following conclusion of the investigation disciplinary hearings were held and the two employees involved were given final written warnings.
9. The team is currently investigating concerns at the Monument, the Barbican, Community and Children's Services and City Bridge Trust grants; we will report the outcomes of these investigations in future up-date reports to this Committee.

Whistleblowing

10. The City's whistleblowing policy identifies the Head of Audit & Risk Management as one of the main contacts for reporting a concern. The number of referrals received via whistleblowing channels is relatively low, however when referrals are received they are generally of high significance leading to further investigation. Since the start of the 2016/17 reporting year, four whistleblowing referrals (as defined in the policy) have been received, one of which is at draft report stage, whilst another has already been dealt

with under alternative procedures. The remaining two referrals are currently subject to investigation by the team.

Proactive anti-fraud activity

11. The volume of pro-active anti-fraud activity undertaken by the team has reduced in 2016/17, owing to the volume of, and increase in, reactive investigations. The volume of proactive anti-fraud work undertaken by the team during 2016/17 accounts for seventeen percent of available time, with two key proactive fraud drives continuing to progress around our reactive work; the progress against these is summarised below.
12. A proactive fraud drive with the Home Office Immigration Enforcement Team that seeks to identify no recourse to public funds concerns across our housing estates is progressing well with 71 matches across our housing estates that are currently being reviewed to establish whether fraud has been committed.
13. Our proactive social housing tenancy fraud drive that seeks to identify dishonest housing applications and illegal sub-letting, by matching data against credit reference agency data has identified over 200 matches. Fifteen percent of the matches, all being high risk, are currently subject to review and/or investigation to establish whether fraud has been committed.
14. We will update this Committee on the progress of our review of these matches as part of future update reports.

National Fraud Initiative (NFI)

15. Since our last report to this Committee, 19 data-sets for the City Corporation and four data-sets for the City Police, covering a wide number of areas from payroll and pensions, to Council tax and social housing have been uploaded to the NFI team for data matching to identify fraud and error; the matches were returned for review and investigation on 26 January 2017. A summary of the volume of matches received will be verbally provided to Members, whilst Internal Audit will update the Committee on progress of the NFI 2016/17 exercise as part of future Anti-Fraud & Investigation up-date reports.

Case Study

16. The Cabinet Office recently used the City of London Corporation in a case study, following our successful implementation of the NFI AppCheck service to identify housing application fraud at the point of application. The case study demonstrates our successes and outcomes in using this tool to check application data against data held by other local authorities, to identify fraud and inconsistencies, and provides positive publicity for The City's anti-fraud work. The case study can be found at Appendix 3 to this report.

Conclusion

17. Internal Audit continues to deliver a professional anti-fraud and investigation service across the organisation; an increase in reactive investigations has impacted on the volume of proactive anti-fraud activity the team has been able to undertake during 2016/17, although positive work continues in this area around tenancy fraud and no recourse to public funds fraud. Completed investigations and outcomes have exceeded the volume and value achieved in 2015/16 and demonstrates our commitment to tackling fraud and corruption across the City of London Corporation.

Appendices:

Appendix 1: Analysis of cases investigated during the current reporting year

Appendix 2: Housing Tenancy Fraud Caseload

Appendix 3: City of London Case Study

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Appendix 1 - Analysis of the number of cases investigated during the current reporting year 2016/17 to 13/01/2017.

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.
2. The nature of the concerns raised under the City's whistleblowing channels mean that not all investigations completed under this discipline result in a financial value, as other outcomes such as disciplinary action, or control environment recommendations result from our whistleblowing 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		11	198,000
Right to Buy ³	1	103,000		5	515,000
Housing Application Fraud ²	10	180,000		5	90,000
Disabled Parking	1	575		1	575
Corporate Investigations ⁴	4	216,907		9	6,784
Whistleblowing Referrals	1	n/a		2	15,900
Total	32	770,482		33	826,259

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 13/01/2017

Housing Tenancy Fraud Case Referrals	April 2016 to January 2017	April 2015 to March 2016
Housing tenancy fraud referrals received in current year	32	58
Right to buy referrals received in current year	33	10
Housing application referrals (Inc. NFI Appcheck) received in current year	63	43
Home purchase grant referrals received in current year	0	3
Cases carried forward from previous year (all disciplines)	44	14
Total	172	128
Cases/referrals currently under investigation		
Cases/referrals currently under investigation	36	44
Cases/referrals closed with no further action¹		
Cases/referrals closed with no further action ¹	106	53
Cases with Comptroller & City Solicitor for prosecution		
Cases with Comptroller & City Solicitor for prosecution	3	4
Cases with Comptroller & City Solicitor for civil recovery		
Cases with Comptroller & City Solicitor for civil recovery	2	1
Cases where possession order granted		
Cases where possession order granted	2	0
Cases where successful possession gained²		
Cases where successful possession gained ²	11	15
Cases where successful prosecution action taken		
Cases where successful prosecution action taken	2	0
Cases where fraudulent application identified		
Cases where fraudulent application identified	5	10
Right to buy fraud successfully identified		
Right to buy fraud successfully identified	5	1
Total	172	128
Value where successful possession gained, housing application cancelled or right to buy fraud identified³		
Value where successful possession gained, housing application cancelled or right to buy fraud identified ³	£803,000	£553,000
Notes:		
¹ The number of cases/referrals closed with no further action include housing application AppCheck referrals, where a large number are expected to proceed, following review. These closed referrals amount to 50 for 2016/17 YTD.		
² Cases where successful possession has been gained will be considered for criminal action where suitable, and where offences committed are serious enough to warrant proceedings under the Prevention of Social Housing Fraud Act 2013 and/ or the Fraud Act 2006.		
³ Successful possession gained value of £18,000 per property sourced from Audit Commission value of national average temporary accommodation costs to Local Authorities for one family. RTB discount value currently £103,000, per property.		

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Cabinet Office



AppCheck

CASE STUDY: APPCHECK TRIAL RESULTS IN £180,000 SAVING FOR CITY OF LONDON CORPORATION ANTI-FRAUD AND INVESTIGATION TEAM

The City of London Corporation recently agreed to trial the National Fraud Initiative (NFI) AppCheck fraud prevention solution to help them address a growing problem of fraud in social housing applications.

The City of London Corporation is the local authority for the 'square mile' in the heart of London and the city's Housing Department is responsible for the allocation of social housing it owns and manages, across seven different London Boroughs. With the number of people requiring social housing growing exponentially in recent times the pressure on the department to ensure that housing stock is only allocated to those with a genuine entitlement is huge.



The Situation

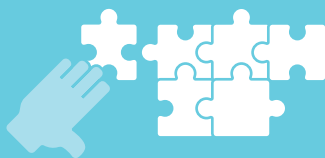
The City Corporation’s Anti-Fraud Investigation Team along with the Housing Allocations Team are tasked with working together across London to detect, prevent and deter people from seeking to obtain social housing under false pretences. As the need for social housing increases so too does the incidence of those seeking to obtain housing fraudulently. In addition the sophistication and range of fraud being committed to evade detection is also becoming more complex. As part of its commitment to supporting the National Fraud Initiative (NFI) from the Cabinet Office, and to help evolve its approach to fraud prevention, the City Corporation decided to deploy AppCheck on a trial basis to see if it could help to improve its ability to identify those applying, or who have obtained, social housing under false pretences.

Solution

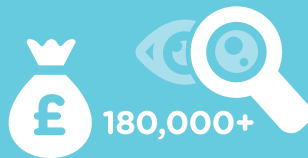
As AppCheck is a web based solution that leverages the intelligence of the National Fraud Initiative database, deploying the solution across all the stakeholders involved was incredibly easy and no IT or systems deployments were needed. Initially the City Corporation purchased a number of AppCheck Credits to perform searches on housing applications that were going through their system at the time. The AppCheck system was easily assimilated into the teams existing processes and provided an additional layer of intelligence to the verification process, as well as highlighting immigration issues to the City Corporation of those applying to be housed.

RESULTS

The results of the trial were significant right from the start. As part of the investigation activity, that resulted from intelligence provided by AppCheck during the initial trial phase, the City Corporation were able to identify several fraudulent applications that were subsequently cancelled, where dishonest information had been provided in attempts to obtain social housing.



Incredibly easy and simple to integrate within existing processes



Resulted in identifying over £180,000 worth of fraud during the trial



AppCheck now been rolled out as part of teams operational processes



Team now assessing other areas for rolling out AppCheck to other departments

Chris Keesing, Anti-Fraud Manager within the City of London Corporation commented on the AppCheck trial:

“The trial of the AppCheck solution was a great success that proved itself very early on by allowing us to identify fraud that would have otherwise potentially not been detected. Such was the success that we quickly agreed to release funds to purchase sufficient AppCheck search credits to roll out the AppCheck solution as part of the normal verification activities of the team. Since the solution was introduced we have stopped ten properties from being fraudulently obtained as a direct result of the intelligence that AppCheck has provided. The solution has proved itself to be a cost effective and positive assurance tool that helps us to protect the public purse, and stop fraudulent applications at source. Our next steps are to assess how we can deploy AppCheck across other areas within the Authority to help us combat fraud.”

If your organisation would like to take advantage of the intelligence that AppCheck provides to help prevent fraud from impacting your budgets, then contact:



Committee(s)	Dated:
Audit and Risk Management Committee – For Information	07/02/2017
Finance Committee – For Information	21/02/2017
Subject: City Fund and Pension Fund Final Accounts 2016/17 and 2017/18 - Update	Public
Report of: The Chamberlain	For Information
Report author: John James, Chamberlain's	

Summary

This report highlights the steps being taken to achieve faster closure to meet the new statutory deadlines for the City Fund and Pension Fund accounts which will apply from 2017/18 onwards requiring the draft accounts to be published by 31 May (a month earlier than currently required) and the audited accounts to be published by 31 July (two months earlier than currently required).

The report also provides an overview of the main changes to the local authority accounting framework for 2016/17 and outlines the anticipated impact of a change to the accounting treatment of local authority highways networks due to be implemented in 2017/18.

Recommendation

Members are asked to note the report and give their support to achieving the new condensed timetable.

Main Report

Faster Closing

1. The City Fund and Pension Fund Financial Statements of Accounts are prepared in accordance with the statutory framework established by the Accounts and Audit Regulations (the Regulations) and the Code of Practice on Local Authority Accounting (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).
2. The 2015 Regulations introduced a number of changes to the statutory framework. Several of the changes, mainly relating to the public's right to inspect the accounts, took effect from 1 April 2015. However, the most significant changes requiring the acceleration of the closing timetable take effect from 1 April 2017 and apply to any financial year beginning on or after that date. The unaudited accounts, certified by the Chief Financial Officer, must be published by the 31 May which is a month earlier than currently required and the audited accounts must be published by the 31 July, two months earlier than currently required.

Table 1 Old and Revised City Fund and Pension Fund Accounts Deadlines

Task	Current Deadline	Future Deadline
Unaudited financial statements signed by Chamberlain	30th June	31st May
Audited statement of accounts approved by Finance Committee and published	30th September	31st July

3. The change in the statutory deadlines for the 2017/18 City Fund and Pension Fund accounts will require significant changes in the way the accounts are prepared. It is therefore intended to have a “dry run” in 2016/17.
4. In preparation a number of tasks have been or are being undertaken including:-
 - A review of the 2015/16 closedown process and the 2016/17 closedown timetable;
 - Early engagement with external audit;
 - A faster closing workshop, facilitated by CIPFA, for key staff in the Financial Services Division and attended by representatives from both external audit firms to look at best practice and identify areas for improvement.
5. Several key themes have emerged; final accounts are not just an accounting task, faster closing will require the increased use of estimates and greater reliance on budget managers signing off year-end figures particularly on capital and revenue projects rather than finance staff. It will also require the earlier receipt and sign-off of third party information from valuers and actuaries. There are also some significant reconciliations, such as on the collection fund, that will need to be completed earlier.
6. To prepare the financial statements the finance team need information from a range of internal and external sources including Members and Chief Officers, individual budget and project managers, HR, other sections of the Chamberlain’s Department, property valuers and actuaries. The finance team will continue to work with colleagues to obtain this information. However, a critical factor to achieving this in a more condensed timeframe will be the commitment of senior officers across the Corporation to ensure that the significance of year end processes are understood and prioritised.
7. Faster closing will inevitably involve a greater use of estimation and a review of materiality. Estimation is a valid way of closing down the accounts early, however, if we rely more on estimates we will need a clear assessment of the robustness of the methodologies used, the supporting evidence and the impact of any estimation uncertainty. Materiality will also need to be considered e.g. setting a revised upper limit for accruals, reviewing the statements to remove non-material disclosures – “cutting the clutter”. On this latter point the Chamberlain is convening a CIPFA/London Treasurers workshop on streamlining local authority financial statements.

8. Changes to our approach to estimation and materiality will need to be discussed and agreed with our auditors before the closedown process begins. Finally, Members will need to recognise that there may be more changes between the draft and final accounts, particularly if further, more certain information becomes available during the audit which impact on material estimates.

Changes to the City Fund and Pension Fund Financial Statements for 2016/17

9. The main changes for the City Fund financial statements under the 2016/17 Code are presentational including new formats and reporting requirements for the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statements and the introduction of a new Expenditure and Funding Analysis. Prior to 2016/17 local authorities were required to report the cost of individual services in accordance with a prescribed format. This format will still need to be used for government statistical reporting requirements. However, annual accounts will need to be presented in a format reflecting the organisational structure of a local authority.
10. For the Pension Fund there are minor changes to the format of the Fund Account and Net Asset Statement, new disclosure requirements for investments at fair value and recommendations for a new disclosure on investment management transaction costs.

Highways Network Asset

11. CIPFA's Code of Practice on the Highways Network Asset (Highways Code), first published in 2010 at the request of the Government, promotes the use of consistent financial information to support transport asset management, financial management and financial reporting. Since then it has been used to provide data to the Treasury as part of the annual Whole of Government Accounts exercise.
12. In 2017/18, in addition to meeting the accelerated timetable, local authorities will be required to adopt the method set out in the Highways Code of valuing the Highways Network Asset (HNA) at depreciated replacement cost (DRC) instead of at historical cost.
13. This change has been the subject of substantial consultation and debate for a number of years and its implementation in 2017/18 represents the largest change to local authority financial reporting since the introduction of IFRS. CIPFA has estimated that full implementation will result in a revaluation increase of approximately £1trillion to the UK public sector balance sheet. For the City Fund the increase is anticipated to be in the region of £370m.
14. Whilst the HNA will appear as a single asset on the Balance Sheet the valuation will be built up from more detailed inventory information. Officers in the Chamberlain's Department and the Department of the Built Environment are liaising to ensure that the City is able to comply with the Code requirements. As a next step and to provide assurance that the HNA supporting data is complete, accurate and evidenced Internal Audit have been asked to review the work to date and the systems and processes that have been put in place.

Implications

15. It is possible that additional resources will be required to bring the City Fund closure of accounts process forward but this is yet to be quantified. It is intended to use the closure of the 2016/17 accounts to identify where we will be attempting to bring key elements of the closure process forward, to inform this and then report back to Members in the Autumn if resources are required.

Conclusion

16. Early statutory deadlines for preparing and reporting the City Fund accounts will require significant effort. It does, however, offer the opportunity to review and streamline our processes and refresh the look of our published accounts.

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CITY OF LONDON - CITY FUND

GRANT CLAIMS AND RETURNS CERTIFICATION

In respect of claims and returns for the year ended 31 March 2016

20 January 2017



INTRODUCTION

Purpose of the report

This report summarises the main issues arising from our certification of grant claims and returns for the financial year ended 31 March 2016.

Public Sector Audit Appointments Ltd (PSAA) regime

PSAA has a statutory duty to make arrangements for certification by the appointed auditor of the annual housing benefit subsidy claim.

We undertake the grant claim certification as an agent of PSAA, in accordance with the Certification Instruction (CI) issued by them after consultation with the Department for Work and Pensions (DWP).

After completion of the tests contained within the CI the grant claim can be certified with or without amendment or, where the correct figure cannot be determined, may be qualified as a result of the testing completed.

Other certification work

A number of grant claims and returns that were previously included within the scope of the audit have since been removed, but Departments may still seek external assurance over the accuracy of the claim or return.

These assurance reviews are undertaken outside of our appointment by PSAA and are covered by tripartite agreements between the Corporation, sponsoring Department and the auditor.

The Corporation has requested that we undertake a 'reasonable assurance' review, based on the instructions and guidance provided by the relevant Departments, of the Pooling of housing capital receipts return and the Teachers' pensions return for the year ended 31 March 2016.

We recognise the value of your co-operation and support and would like to take this opportunity to express our appreciation for the assistance and co-operation provided during our certification work.

Fees

We reported our planned fees for the Housing benefits subsidy claim in our Audit Plan and this remains at the level proposed by PSAA.

We have not had to amend our planned fees.

AUDIT AREA	PLANNED FEES (£)	FINAL FEES (£)
PSAA regime		
Housing benefits subsidy claim	11,396	11,396
Total PSAA regime fees	11,396	11,396
Other certification work		
Pooling of housing capital receipts return	2,340	2,340
Teachers' pensions return - LEA	4,500	4,500
Teachers' pensions return - Centre for Young Musicians	4,500	4,500
Total certification fees	22,736	22,736

KEY FINDINGS

Below are details of each grant claim and return subject to certification by us for the financial year ended 31 March 2016. Where our work identified issues which resulted in either an amendment or a qualification, further information is provided. An action plan is included at the Appendix of this report.

CLAIM OR RETURN	VALUE	QUALIFIED	AMENDED?	IMPACT OF AMENDMENTS
Housing benefit subsidy	£6,053,969	NO	NO	-
Pooling of housing capital receipts	£978,700	YES	YES	No impact
Teachers' pensions - LEA	£173,853	YES	NO	-
Teachers' pensions - Centre for Young Musicians	£20,795	NO	NO	-

HOUSING BENEFIT SUBSIDY

FINDINGS AND IMPACT ON RETURN

Local authorities responsible for managing housing benefit are able to claim subsidies towards the cost of these benefits from central government. The final value of subsidy to be claimed by the Corporation for the financial year is submitted on form MPF720A, which is subject to certification.

Our work on this claim includes verifying that the Corporation is using the correct version of its benefits software and that this software has been updated with the correct parameters. We also agree the entries in the claim to underlying records and test a sample of cases from each benefit type to confirm that benefit has been awarded in accordance with the relevant legislation and is shown in the correct cell on form MPF720A.

The methodology and sample sizes are prescribed by PSAA and DWP. We have no discretion over how this methodology is applied.

The draft subsidy return provided for audit recorded amounts claimed as subsidy of £6,053,969.

Our audit of an initial 60 individual claimant files across different benefit types found only two errors in the benefit assessments in respect of non-HRA cases.

In one case a minor difference was noted in the applicable amount (an allowance for income before reducing benefit awarded) used in the assessment. No further cases were identified and the difference was less than £1 in total in the subsidy claim.

In one case an error had been made in the earnings assessment where a claimant had multiple employment. No further errors were identified for non-HRA claimants with multiple employment. This resulted in an underpayment of benefit and therefore no correction was required to the subsidy claim.

We issued a 'clean' opinion on return on 28 November.

KEY FINDINGS

POOLING OF HOUSING CAPITAL RECEIPTS

Local authorities are required to pay a portion of any housing capital receipt (usually 75%) they receive into a national pool administered by central government. The Corporation is required to submit quarterly returns notifying central government of the value of capital receipts received.

The return provided for audit recorded total receipts of £978,700 for 6 disposals, of which £357,090 was payable to the Department for Communities and Local Government (DCLG). A significant amount of sales receipts were transferred into 1-4-1 new build budgets that are time limited and remain exempt from pooling.

FINDINGS AND IMPACT ON RETURN

Our review found the following errors in the draft return that were corrected:

- Costs for repurchasing previously disposed dwellings of £246,380 were omitted from the return that can be applied against the carrying balance on 1-4-1 receipts
- Cells recording actual costs to date on 1-4-1 new-build expenditure had been omitted.

We found that the return had calculated Quarter 3 attributable debt (notional carried debt on disposals) as a negative amount (£8,883) that increases the carried forward cumulative attributable debt. Negative amounts should be capped to £0 in the return but it has not been possible to overwrite the formula in the return. We have referred to this in the qualification of the auditor's report. It does not appear to impact on the amount of pooled receipts payable but we are not clear what impact this may have on future years.

We noted that the Corporation retains a significant amount of receipts to be used to support 1-4-1 new social housing development at £8,797,571 to be applied before 31 March 2019. There are quarterly time limits to use this retained funding.

KEY FINDINGS

TEACHERS' PENSIONS

Local authorities that employ teachers are required to deduct pension contributions and send them, along with employer's contributions, to the Teachers' Pensions office (the body which administers the Teachers' Pension Scheme on behalf of the Department for Education). These contributions are summarised on form EOYCa or EOYCc, which the Corporation or the school is required to submit to Teachers' Pensions.

Two returns were subject to audit:

- Sir John Cass (local education authority school) recorded total pensions payable at £173,853 on payroll costs of £692,480
- The Centre for Young Musicians (non-LEA school) recorded total pensions payable at £20,795 on payroll costs of £78,946.

FINDINGS AND IMPACT ON RETURN

Sir John Cass return

Our review found the following errors in the draft return that were not corrected in the final return as these were not material:

- Refunds made to staff for contributions paid was under reported by £1,783
- Two employees on casual contracts received adjustments to pay that should have resulted in a higher tiered employee rate contributions of £17 and £186
- One employee changed roles during the year and should have transferred from the Teachers Pension scheme to the Local Government Pension Scheme (LGPS) and the Corporation will request recovery of employer and employee contributions of £1,800 overpaid for transfer to the LGPS.

The Corporation will work with Teachers Pensions to ensure that the correct amounts are paid over.

Centre for Young Musicians return

No errors were found from our review of the preparation of the return or testing of contributions due from teachers and the employer.

The matters raised in our report prepared in connection with the audit are those we believe should be brought to the attention of the organisation. They do not purport to be a complete record of all matters arising. No responsibility to any third party is accepted.

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Committee(s)	Dated:
Audit and Risk Management Committee – For decision	07/02/2017
Subject: External Audit Arrangements	Public
Report of: The Chamberlain	For Decision
Report author: Caroline Al-Beyerty, Chamberlain's	

Summary

Under the statutory framework for local public audit the Corporation must appoint an external auditor for the City Fund and Pension Fund by 31 December 2017 for the audit of the accounts of the 2018/19 financial year. The Corporation can either join an appointing person arrangement led by Public Sector Audit Appointments Ltd (PSAA) or carry out a procurement and appointing exercise (individually or jointly with other bodies). Whilst national large-scale contracts under the PSAA option may bring economies of scale they are only open to local authority funds. The Corporation would still need to carry out a procurement and appointing exercise for the non-local authority funds.

In 2012 this Committee concluded that, following the abolition of the Audit Commission, it was likely that it would be more beneficial to have the same auditor across funds. As an interim measure Members resolved to re-tender the contract for the non-local authority funds to be co-terminus with the expected end in 2016/17 of the Audit Commission regime for local authority funds thereby facilitating a single procurement process for the audit of all funds. However, in 2015 the transitional arrangements for local public audit were extended by a year to cover the audit of the 2017/18 accounts.

This report provides further information on the options available and concludes that on balance a single procurement process to appoint the same external auditor for all funds remains the preferred option. If Members concur then it will be necessary to; extend (via a waiver) the non-local authority contract with Moore Stephens LLP by a year to align it with the local authority audit and establish an auditor panel to advise on the selection and appointment of the auditor. The auditor panel will need to be established early in 2017 to provide advice on the tender specification and evaluation criteria and, as the next meeting of the Audit and Risk Management Committee is in May, delegated authority is being requested.

Recommendations

Members are asked to:

- agree the preferred option of a single procurement process to appoint the same external auditor for all funds;

- re-establish an Independent Audit Appointment Panel (IAAP) to act as the auditor panel as required under the Local Audit and Accountability Act 2014;
- appoint two City Corporation Members of the Audit and Risk Management Committee to the IAAP;
- authorise the Town Clerk to advertise for three independent Members for the IAAP;
- establish a selection panel, which is authorised to shortlist and interview applicants, comprising the Chairman and Deputy Chairman of the Audit and Risk Management Committee, up to two Full Members of the Committee, the Chamberlain and the Town Clerk; and
- delegate authority to the Town Clerk in consultation with the Chairman and Deputy Chairman to make a recommendation to the Court of Common Council on the appointment of independent Members to the IAAP.

Main Report

Background

1. In 2012 this Committee concluded that, following the abolition of the Audit Commission, it was likely that it would be more beneficial to have the same auditor across funds. As an interim measure Members resolved to re-tender the contract for the non-local authority funds to be co-terminus with the expected end in 2016/17 of the Audit Commission regime for local authority funds thereby facilitating a single procurement process for the audit of all funds. However, in 2015 the Government decided to extend the transitional arrangements put in place after the Audit Commission was abolished by a year to cover the audit of the 2017/18 accounts.
2. Under the new arrangements put in place by the Local Audit and Accountability Act 2014 (the Act) the City Corporation must appoint an external auditor for the City Fund and Pension Fund by 31 December 2017 for the audit of the accounts of the 2018/19 financial year.

Current Auditor Appointments

3. **For the non-local authority activities**, the audit appointment is inextricably linked with what is termed the “George I Act” in that the auditor must be elected by Common Hall to the Audit Panel as an Auditor of Chamberlain’s and Bridgemasters’ Accounts. Until 2012 only firms on the Panel were invited to tender. However, the current contract with Moore Stephens LLP was let using an open procurement procedure, subject to a representative of the successful firm being elected as an Auditor before the award of the contract. Furthermore, governance arrangements were established to mirror the proposed structure being legislated for auditor appointments in local authorities. Specifically, an Independent Audit Appointment Panel composed of the three independent members of the Audit and Risk Management Committee, one of whom would serve as Chairman, and two City Corporation members was set up. Finally, qualifications for the office of Auditor were established by an Act of Common Council.
4. **For the local authority functions**, the current auditors, BDO LLP, are working under a contract let by the Audit Commission which was novated to Public Sector Audit Appointments Limited (PSAA). This transitional arrangement ends with the

audit of the 2017/18 accounts. The options available for procuring local public audit for 2018/19 onwards are set out in the next section. The scope of the audit will be specified nationally by the National Audit Office (NAO) and not all accounting firms will be eligible to compete for the work, they will need to demonstrate that they have the required skills and experience and be registered with a Registered Supervising Body (RSB) approved by the Financial Reporting Council.

5. Further details of the qualifications required for the office of Auditor for the non-local authority funds and audit firms registered to carry out local authority audits are set out in Appendix 1.
6. The annual cost of the current arrangements based on the audit of the 2015/16 accounts is set out below:

	City Fund £'000	Pension Fund £000	City's Cash £000	Bridge House Estates £000	Total £000
BDO	116	21	4 ¹	0	141
Moore Stephens	0	0	88 ²	37	125
Total	116	21	92	37	266

1. As BDO already certify the local authority return to Teachers' Pension they were also engaged to certify the non-local authority return.

2. Includes audit of GSMD academic year accounts and US loans

Local Public Audit Procurement Options

7. For the appointment of auditors to the City Fund and Pension Fund the statutory framework allows the following options.

Option 1 – Join an Appointing Person Arrangement

8. PSAA has been specified as an appointing person (sometimes referred to as a sector led body) under the relevant Regulations. An invitation has been issued for councils to “opt in” to a new national scheme whereby PSAA will undertake the procurement process and make external audit appointments for a five year period. PSAA require responses by 9 March 2017 and under the Act a decision to opt in must be made at a meeting of full council.
9. Whilst national large-scale contracts procured by the PSAA may bring economies of scale they will only cover the audit of local authority funds. The Corporation would have no input into the appointment process and would still need to carry out a separate procurement and appointing exercise for its non-local authority funds. This option is therefore not recommended.

Option 2 - Undertake a joint procurement and appointing exercise with other bodies

10. The Corporation with its diverse range of roles, responsibilities and funds differs significantly from other eligible Local Authority bodies. It is considered unlikely that the Corporation's requirements for selecting the same auditor across all its funds would match those of a local authority with a single fund. This option has therefore not been pursued any further.

Option 3 - Undertake an individual procurement and appointing exercise

11. This option would allow the Corporation the flexibility to combine the procurement and appointment of both the local authority and non-local authority audits into a single exercise. Tenders could be sought either as separate lots for the local authority or non-local authority audits or as a single contract for all funds. Whilst separate lots widens the potential pool of audit firms for the non-local authority funds beyond those registered for local authority audits it could result in two separate audit firms being appointed. Separate lots are therefore not recommended.

Governance Arrangements

12. For options 2 and 3 the statutory framework for local public audit requires the establishment of an auditor panel to advise the authority on:

- the selection and appointment of the auditor;
- Whether the authority should adopt a policy on obtaining non-audit services from the auditor, including the contents of such a policy;
- Any proposal by the authority to enter into a liability limitation agreement;
- Maintaining an independent relationship with its auditor; and

13. The outcome of any investigation of an auditor's resignation from office, if this occurs, or on any proposal to remove a local auditor from office.

14. CIPFA has published useful guidance on the various options, the operation and functions of the panel and the main task of the panel (a copy of the guidance is available at the following link, or a hard copy can be provided if required, <http://www.cipfa.org/policy-and-guidance/publications/g/guide-to-auditor-panels-pdf>).

15. The Audit and Risk Management Committee established an Independent Audit Appointment Panel (IAAP) in 2012 to advise on the tender for the non-local authority funds external audit. The membership of the panel was based on the provisions included in the Local Audit and Accountability Bill for an auditor panel and comprised two City Corporation Members of the Committee (the Revd Dr Martin Dudley and Oliver Lodge) and the three external Members (Kenneth Ludlam, Hilary Daniels and Caroline Mawhood) and was chaired by Kenneth Ludlum.

16. However, as the IAAP was established before the legislation was enacted it is unlikely that it could be considered to have been appointed for the purposes of the Act. In addition, regulations issued under the Act include a requirement to advertise for independent members of the auditor panel. Although vacancies for external Members of the Audit and Risk Management Committee have previously been advertised they did not include the auditor panel role. To comply with the statutory requirements the IAAP will need to be re-established. It will be

necessary to seek, by way of advertisement, expressions of interest for the role of independent members, to undertake a selection process and make recommendations on appointments to the Court of Common Council. Going forward it should be possible to advertise both roles together as one vacancy provided the term of appointment to the IAAP are co-terminus with the term of appointment to the Audit and Risk Management Committee.

Proposals

17. Option 3 is the preferred option as it allows the Corporation to maximise local input, run a single procurement process and appoint the same auditor across funds.
18. The key advantages of using the same auditor across all funds are:
 - reduction in possible gaps in audit coverage between the various funds;
 - value for money, in particular the impact on audit fees;
 - rounded audit view of the whole City Corporation, albeit separate audit opinions need to be given for individual funds; and
 - a reduction in officer time spent liaising with auditors and responding to queries.
19. There are clear benefits in using the same audit firm across the funds and the disadvantages are not insurmountable. A potential disadvantage to having the same auditor across all the funds is the capacity of the audit firm to carry out the different audits simultaneously. However, this is largely a matter of planning and as the accounting frameworks for the local authority and non-local authority funds differ the firm would usually employ different teams.
20. To progress Option 3 the IAAP will need to be re-established early in 2017 to provide advice on the tender specification and evaluation criteria. As the next meeting of the Audit and Risk Management Committee is not until May delegated authority will be needed to progress the appointment of independent members to the IAAP. It is therefore proposed that an advertisement be placed on the City's website in the last week of February, with the closing date for applications being set for Monday, 13 March 2017 with the selection panel meeting soon after. Once the Selection Panel agrees on a candidate, it would be for the Court of Common Council to approve the appointment. It is proposed that the name of the selected persons be put forward for approval at the Court's meeting on 27th April 2017.

Implications

21. Current fee levels for the local authority audit are based on discounted rates offered by audit firms in return for substantial market share. If the Corporation opts out of the PSAA sector led arrangement for its local authority funds then it would not benefit from reduced fees that may be available. However, appointing one auditor across all funds may also generate reduced fees. To audit financial statements, auditors are required by professional standards to obtain an understanding of the organisation and assess the integrity of the financial systems. Although auditors can rely on each other's work, procedures are needed to mitigate risk and these may carry fee implications. Where the auditor is the same, the work only needs to be undertaken once.

Conclusion

22. In conclusion, Officers consider that the benefits of using the same auditor across all funds as set out in paragraph 18 outweigh the financial risks outlined in paragraph 21.

Appendices

- Appendix 1 – Current list of audit firms eligible to carry out local public audits and current composition of Common Hall Auditors and Qualifications

Background Papers

Interim Report on the Audit of the Non Local Authority Funds, Audit and Risk Management Committee 7 March 2012

Local Public Audit – update, Audit and Risk Management Committee 14 June 2012

Audit of Non-City Fund Accounts, Audit and Risk Management Committee 12 July 2012

Appointment of Non-Local Authority Funds Auditors, Audit and Risk Management Committee 20 September 2012

Local Audit and Accountability Bill, Audit and Risk Management Committee 25 June 2013

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Local Authority Funds

As a Registered Supervising Body the ICAEW, maintains a register (which can be found at the following link <http://www.icaew.com/en/technical/audit-and-assurance/local-public-audit-in-england/local-auditor-register>) listing the audit firms registered as local auditors and the key audit partners who have met the eligibility criteria. To date the list of firms comprise:-

- BDO LLP
- Cardens Accountants LLP
- Deloitte LLP
- Ernst & Young LLP
- Grant Thornton UK LLP
- KPMG LLP
- Mazars LLP
- Moore Stephens LLP
- PricewaterhouseCoopers LLP
- Scott Moncrieff

Non-Local Authority Funds

2015/16 Composition of Common Hall Auditors (Audit Panel)

Panel Member	Audit Firm
Amanda Francis	Buzzacott
Mike McDonagh	KPMG LLP
Stuart Barnsdall	BDO LLP
Paul Watts	RSM UK
Nicholas Bennett	Moore Stephens LLP

1. The qualifications for Common Hall Auditors are:
 - (i) the Auditor and the firm they represent must meet all legal requirements to carry out an audit of the Chamberlain's and Bridgemasters' Accounts;
 - (ii) the firm they represent must have experience of auditing –
 - (a) organisations employing over 3,000 staff; or
 - (b) organisations with turnovers in excess of £500million and reserves in excess of £1billion; or
 - (c) public authorities or other public sector organisations; or
 - (d) charities with turnovers in excess of £40million.
 - (iii) the Auditor and the firm they represent must have signed or be willing to sign an engagement letter in the standard form.
 - (iv) the firm represented by the Auditor must have generated audit fees of at least £5million in its last accounting year.
2. For the purpose of paragraph 1, an Auditor represents a firm where:
 - (i) the firm is a company and he is a director of that company; or
 - (ii) the firm is a partnership and he is a partner in that partnership; or
 - (iii) the firm is a limited liability partnership and he is a member of that limited liability partnership; or
 - (iv) he is an employee of that firm.

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City of London Corporation

**REPORT TO THOSE CHARGED WITH GOVERNANCE
FEBRUARY 2017**

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

External Audit Strategy & Planning Report on the 2016-17 Financial Statements

Contents

External Audit Strategy & Planning Report on the 2016-17 Financial Statements

	Page
1. Introduction	3
2. Scope of our audit	4
3. Our audit approach	6
4. Findings from the audit	8
5. Significant risks	10
6. Audit timetable, fees & our team	12
Appendix 1 – Entities Covered by the Plan	14

1 Introduction

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

Our audit is designed to allow us to give an opinion on whether the financial statements are 'true and fair' and where applicable have been prepared in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice – FRS 102 and the Charities Act 2011 as appropriate.

1.1 Purpose of the plan

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

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

1.2 Adding value through the audit

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

We hope that our audit work will add value to the Corporation by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way we aim to help the Corporation promote improved standards of governance, better management and decision making and more effective use of public money. To this end we have already engaged with the Corporation to understand how we, and the Corporation, can work more effectively to improve our service during the 2016-17 audit.

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

1.3 Actions for the Audit and Risk Management Committee

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

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

Nick Bennett

Engagement Lead

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Moore Stephens LLP

2 Scope of our work

2.1 Introduction

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

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

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

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

2.2 Scope of the Audit

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

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

2.3 Respective Responsibilities

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

2.4 Trustee's Responsibilities for the Corporation's charities

The Trustee is responsible for preparing the Trustee's Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards - FRS 102.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP FRS 102;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

2.5 Corporation of London responsibilities for City's Cash

The City of London Corporation is responsible for preparing the City's Cash financial statements in accordance with United Kingdom Accounting Standards - FRS 102. It is also responsible for keeping proper accounting records and safeguarding assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

2.6 Report on matters by exception

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

2.7 Accounting estimates and related parties

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

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

Other matters

2.8 Materiality

Materiality is an expression of the relative significance of a matter in the context of the annual accounts as a whole. A matter is material if its omission or misstatement would reasonably influence the decisions of an addressee of the auditor's report. The assessment of what is material is a matter of professional judgement over both the amount and the nature of the misstatement. Our initial calculation of materiality for the entities and funds covered by this plan is included in Appendix 1.

We set a performance (testing) materiality for each area of work which is based on a risk assessment for the area. We will perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we perform a greater level of testing on the areas deemed to be of significant risk of material misstatement. Where the area risk assessment is high, a lower performance materiality is applied, which in turn increases the sample size applied to testing.

Area risk assessment	Percentage of materiality applied
High	40% - 50%
Medium	50% - 60%
Low	60% - 75%

We will report any misstatements identified through our audit that fall into one of the following categories:

- All material corrected misstatements;
- Uncorrected misstatements with a value in excess of 1% of the overall materiality figure; and
- Other misstatements below the 1% threshold that we believe warrant reporting on qualitative grounds.

2.9 Independence

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

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

3 Our audit approach

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

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

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

3.2 Outline of our general audit approach

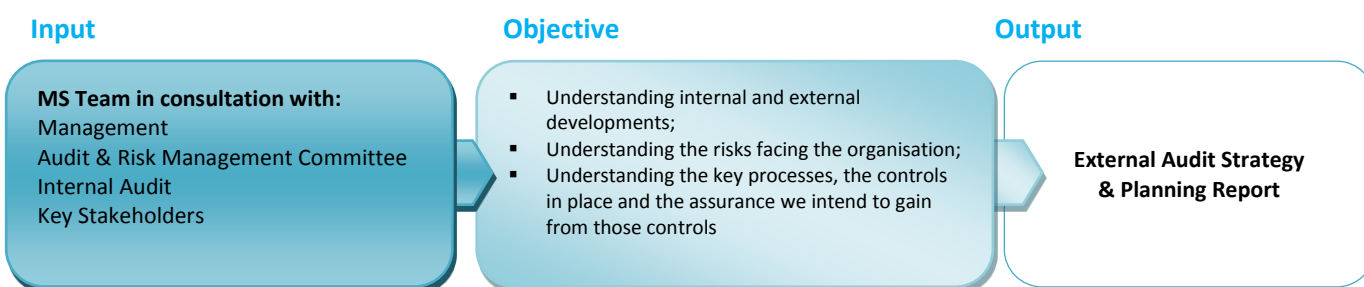
Our audit of the financial statements can be split into three phases:



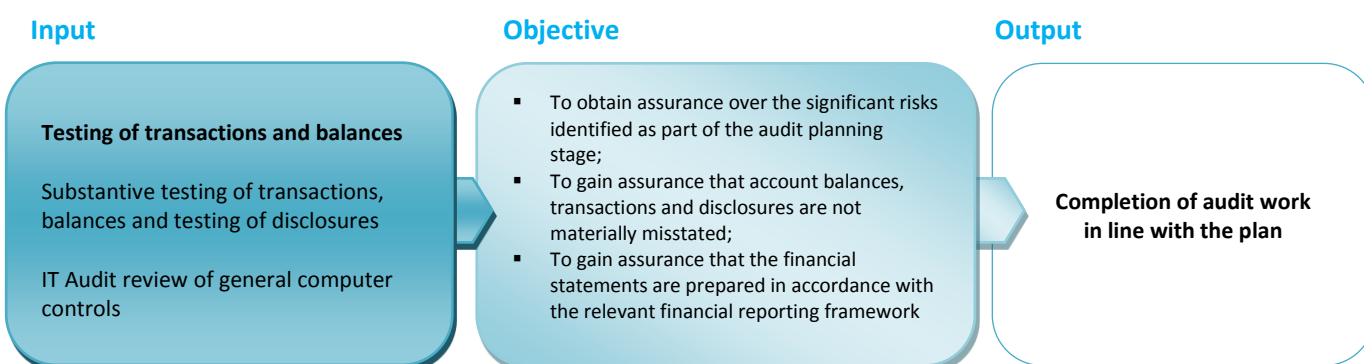
An overview of the inputs into each of the three audit approach phases, the work we undertake and our planned outputs is provided below.

3.3 The three phases of the audit

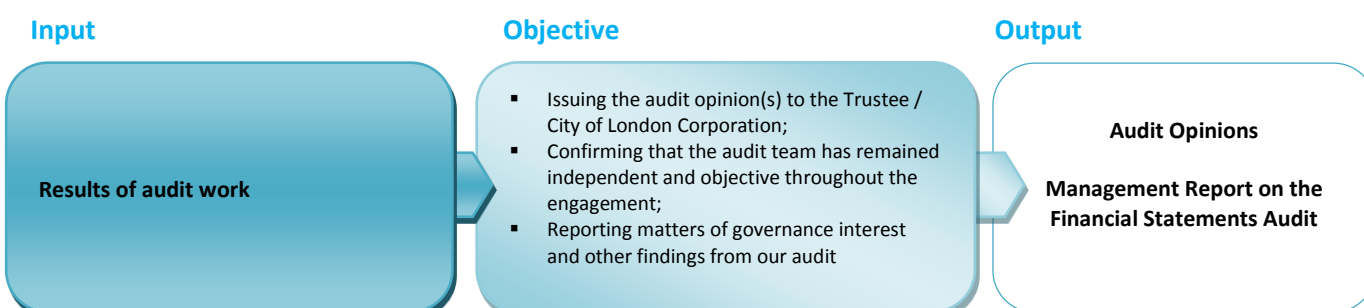
1. Developing the audit plan



2. Performing the audit



3. Concluding and reporting



3.4 Using the work of internal audit

We will liaise closely with internal audit throughout the audit process and seek to take assurance from their work where their objectives cover areas of joint interest. We also carry out a review of the internal audit structure and function in accordance with International Standard on Auditing (UK and Ireland) 610. We will review internal audit's plans and aim to place reliance where the nature, timing and work performed is suitable to support our opinion.

In addition, our IT audit work will seek to gain assurance from any IT work performed by Internal Audit.

3.5 Error reporting threshold

For reporting purposes, we will treat any misstatements below 1% of materiality in each individual account as "trivial", subject to a de-minimis limit of £1,000, and therefore not requiring consideration by the Audit and Risk Management Committee. Please note that this is a separate threshold to our consideration of materiality by value, which is used in forming the audit opinion.

4 Findings from the audit

We expect to communicate the following to you:

4.1 Proposed modifications to our report

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

4.2 Uncorrected misstatements detected by us

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

4.3 Significant findings from the audit

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

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

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

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

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

4.4 Third parties interested in communications to those charged with governance

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

5 Significant risks

5.1 Risks of material misstatement in the financial statements

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

5.2 Significant issues identified during our audit fieldwork

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

Significant audit risk	Audit response
<p>Revenue recognition (All funds and entities)</p> <p>Under International Standard on Auditing (UK and Ireland) 240, there is a presumed, albeit rebuttable, significant risk of fraud in revenue recognition. We consider this risk cannot be rebutted for income in all organisations.</p>	<p>Our work will include:</p> <ul style="list-style-type: none"> ▪ documenting, evaluating and testing the controls which ensure income is completely and accurately recorded, specifically reviewing investment income and rental income from investment properties; ▪ performing substantive testing of all income stream transactions, including significant or unusual transactions; and ▪ reviewing the accounting treatment and disclosure of income to ensure that it is in accordance with FRS 102 and the Charities SORP (FRS 102).
<p>Management override (All funds and entities)</p> <p>Under International Standard on Auditing (UK and Ireland) 240, there is a presumed significant risk of material misstatement owing to fraud arising from management override of controls.</p>	<p>Our work will include (but shall not be limited to):</p> <ul style="list-style-type: none"> ▪ focussed testing of journals incorporating CAATs; ▪ review and recalculation of estimates; and ▪ review of any significant or unusual transactions in the year.
<p>Hampstead Heath Ponds (City's Cash Trusts and City's Cash)</p> <p>During the 2014-15 financial year, a Judicial Review found in favour of the City of London Corporation and as a consequence work has begun at Hampstead Heath Ponds and has been completed in 2016-17.</p> <p>An asset under construction valued at £8.7m was recorded in the 2015-16 financial statements. The total expected value of the work is £14.7m.</p>	<p>Our work will include:</p> <ul style="list-style-type: none"> ▪ discussion with officers and review of supporting documentation to assess and agree the accounting treatments and disclosures made in the financial statements; and ▪ reviewing and considering the disclosures made in the financial statements to ensure that they remain appropriate and in line with FRS 102 and are materially correct. ▪ confirming that spend on the project has been correctly classified.

Significant audit risk	Audit response
<p>Investment Property Transactions (Bridge House Estates and City's Cash)</p> <p>The Corporation holds a significant portfolio of investment properties. These investments bring about associated risks including that of disclosure, accounting and revaluation.</p> <p>Given the high values associated with investment property transactions, they carry a higher risk of material misstatement.</p>	<p>Our work will include:</p> <ul style="list-style-type: none"> ▪ agreeing property valuations to external and city surveyor's supporting documentation. ▪ review of movements in year and discussions with surveyors to ensure they are in line with expectations of the market. ▪ review of supporting documentation to assess and agree the accounting treatments and disclosures made in the financial statements.

5.3 Other risk factors

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

Risk factor	Audit response
<p>Crossrail contribution (City's Cash)</p> <p>The 2015-16 City's Cash accounts recognised a commitment in the financial statements, with expected payment in the 2018-19 and 2019-20 financial years.</p>	<p>Our work will include:</p> <ul style="list-style-type: none"> ▪ discussion with officers and review of supporting documentation to assess and agree the accounting treatments and disclosures made in the financial statements; and ▪ reviewing and considering the disclosures made in the financial statements to ensure that they remain appropriate and in line with FRS 102 and are materially correct.
<p>Non-Property Investment Transitions (Bridge House Estates)</p> <p>We understand that the City of London Corporation has made a further fund manager change during the 2016-17 year. Namely, the GMO mandate has been replaced with Majedie and Lindsell Train.</p>	<p>Our work will include:</p> <ul style="list-style-type: none"> ▪ discussion with officers and review of supporting documentation to assess and agree the accounting treatments and disclosures made in the financial statements; and ▪ confirming that the transactions pre-and post-transfer are accounted for appropriately.

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

6 Audit timetable, fees & our team

6.1 Audit timetable

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

Item		Timing	Responsibility
All Funds and Entities			
Audit planning meeting		10 January 2017	All
Audit planning visit (5 days fieldwork)		w/c 20 February 2017	Moore Stephens
Audit planning report presented to the Audit and Risk Management Committee		7 February 2017	Moore Stephens
Interim audit visit (5-8 days fieldwork)		w/c 20 March 2017	Moore Stephens
Delivery of the 2015-16 Accounts to Moore Stephens	Sundry and Other Trusts	26 May 2017	City of London Corporation
	Bridge House Estates	9 June 2017	
	Open Spaces	15 June 2017	
	City's Cash	28 July 2016	
Final audit visit commences	Sundry and Other Trusts	5 June 2017	Moore Stephens
	Bridge House Estates	12 June 2017	
	Open Spaces	19 June 2017	
	City's Cash	31 July 2017	
All Funds and Entities			
Final audit completion meeting with management	Bridge House Estates, Open Spaces, Sundry and Other Trusts	19 July 2017	All
	City's Cash	31 August 2017	
Members Briefings on Accounts	Bridge House Estates, Open Spaces, Sundry and Other Trusts	13 July 2017	City of London Corporation
	All funds and entities	w/c 25 September 2017*	
Audit Review Panel Meeting		w/c 4 September 2017*	Audit Review Panel
Audit Review Panel meeting with the Chamberlain		w/c 18 September 2017*	City of London Corporation
Audit and Risk Management Committee to consider Annual Report and Accounts and Audit Completion Reports		2 October 2017	City of London Corporation
Finance Committee to approve the accounts		24 October 2017	City of London Corporation
Chamberlain signs accounts		24 October 2017	Chamberlain
Signed accounts delivered to Moore Stephens for Audit Certificates to be signed		w/c 30 October 2017	Moore Stephens

7.2 Audit fee

The fee for the 2016-17 of the of the bodies covered by this document was agreed following a tender process and amounts to £115,000.

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

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

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

7.3 Key audit staff

<p>Moore Stephens Partner</p>	<p>Nick Bennett Tel: 020 7651 1805 E-mail: nick.bennett@moorestephens.com</p>	<p>Nick will have overall responsibility for the audit opinions on Bridge House Estates, City’s Cash, City’s Cash Trusts and Sundry Trusts and other accounts, and for the City of London contract with Moore Stephens LLP. Nick will attend Audit & Risk Management Committee meetings as appropriate.</p>
<p>Moore Stephens Associate Director</p>	<p>Lucy Nutley Tel: 020 7651 1530 E-mail: lucy.nutley@moorestephens.com</p>	<p>Lucy will have overall responsibility for the audits of all entities but be responsible specifically for the audits of City’s Cash and City’s Cash Trusts. Lucy along with Tharshiha will be the main day-to-day contact with finance staff. She will manage the on-site audit staff, review audit working papers and be responsible for resolving key audit issues. Lucy will attend Audit & Risk Management Committee meetings as appropriate.</p>
<p>Moore Stephens Manager</p>	<p>Tharshiha Thayabaran Tel: 020 7651 1523 E-mail: tharshiha.thayabaran@moorestephens.com</p>	<p>Tharshiha will be responsible for the audits of Bridge House Estates and Sundry Trusts and other accounts. Tharshiha along with Lucy will be the main day-to-day contact with finance staff. She will manage the on-site audit staff, review audit working papers and be responsible for resolving key audit issues.</p>

7.4 Confirmation of independence

The Financial Reporting Council’s Ethical Standard, requires that as external auditors, we ensure that the Audit and Risk Management Committee is appropriately informed on a timely basis of all significant facts and matters that bear upon the auditors’ objectivity and independence.

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

Appendix 1 – Entities Covered by the Plan

The list of entities which are covered by this document are included in the table below. We have included in the table income, surplus/deficit and net assets from the 2015-16 accounts along with our initial assessment of materiality. Materiality has been calculated based on either the net assets of the entity or incoming resources and will be revisited as part of our final audit of the financial statements.

Activities (Taken from 2015-16 Accounts)	Income £'000	Surplus/ (Deficit) £'000	Net Assets £'000	Indicative Materiality £'000
Bridge House Estates	87,100	41,900	1,183,500	3,300
City's Cash	131,800	184,900	2,311,000	13,000 3,000 (I&E)*
City's Cash Trusts				
Ashtead Common Preservation of the common at Ashtead	498	-	-	7
Burnham Beeches and Stoke Common Preservation of the Open Space know as Burnham Beeches	931	(17)	786	14
Epping Forest Preservation of Epping Forest in perpetuity	5,807	(275)	7,920	94
Hampstead Heath Preservation of Hampstead Heath for the recreation and enjoyment of the public	17,421	6,778	42,140	129
Highgate Wood and Queens Park Kilburn Preservation of the Open Space known as Highgate Wood and Queens Park Kilburn	1,418	(50)	381	22
Sir Thomas Gresham Charity Provision of Almshouses and public lectures at Gresham College	64	(1)	150	2
West Ham Park Preservation of the open space known as West Ham Park	1,681	(5)	36	25
West Wickham Common and Spring Park Coulsdon & Other Commons Preservation of West Wickham Common and Spring Park Wood, and Coulsdon and Other Commons	1,285	33	107	19
Sundry Trusts				
Ada Lewis Winter Distress Fund Providing relief and support during winter months	7	(5)	252	5
Charities Administered ICW the City of London				
Freemen's School Promotion of education through prizes	12	(4)	168	3
City Educational Trust Fund Advancement of education through grants	126	(161)	3,432	69

Activities (Taken from 2015-16 Accounts)	Income £'000	Surplus/ (Deficit) £'000	Net Assets £'000	Indicative Materiality £'000
Sundry Trusts (continued)				
City of London Almshouses Almshouses for poor or aged people	395	85	1,621	33
City of London Corporation Combined Education Charity Advancing education by the provision of grants and financial assistance	38	(61)	1,038	21
City of London Corporation Relief of Poverty Charity Relief of poverty for widows, widowers or children of a Freeman of the City of London	4	(12)	141	3
City of London Freeman's School Bursary Fund Promotion of education through bursaries	65	(14)	792	16
City of London School Bursary Fund Promotion of education through bursaries, scholarships and prizes	189	(29)	3,454	69
City of London School Education Trust Advancing education	7	-	6	1
City of London School Girls Bursary Fund Promotion of education through bursaries, scholarships and prizes	556	(456)	3,463	60
Corporation of London Charities Pool Investments pool for Sundry Trusts	1,263	(994)	21,704	435
Emmanuel Hospital Payment of pensions and financial assistance to poor persons	82	(96)	2,268	45
Guildhall Library Centenary Fund Provision of education and training in library, archives, museum, and gallery services	1	1	23	1
Hampstead Heath Trust To meet a proportion of the maintenance cost of Hampstead Heath	1,322	(1,815)	28,909	591
Keats House Maintenance of Keats' House	477	(12)	189	7
King George's Field Open space for sports, games and recreation	14	-	-	1
Samuel Wilson's Loan Trust Granting of low interest loans to young people who have or are about to set up in business	72	(42)	2,125	43

Activities (Taken from 2015-16 Accounts)	Income £'000	Surplus/ (Deficit) £'000	Net Assets £'000	Indicative Materiality £'000
Sundry Trusts (continued)				
Signore Pasquale Favale Bequest Granting of assistance to eligible persons in the form of marriage portions	-	-	13	1
Sir William Coxen Trust Fund Granting of assistance to eligible charitable trusts in the form of donations	115	(60)	2,502	53
Vickers Dunfee Memorial Benevolent Fund Financial assistance to distressed past and present members of the CoL Special Constabulary and their dependents	6	(3)	201	4

* City's Cash holds significant property and managed investments, which form the largest part of the balance sheet. We consider that the balance sheet is of primary interest to the reader of the financial statements (Members of the City of London Corporation) and therefore consider that £13m is a suitable value for materiality. While the balance sheet is of primary interest to the reader of the financial statements, we consider that a misstatement at the level of materiality of £13m, or even at half the level of materiality above, would be highly material to the income and expenditure account and therefore of greater interest to the reader of the accounts. Therefore, we will apply a materiality level to income and expenditure transactions of a lower value to reduce the risk of material misstatements.

Committee(s)	Dated:
Audit and Risk Management Committee – For decision	07 February 2017
Subject: Annual Governance Statement – Methodology	Public
Report of: The Town Clerk and the Chamberlain	For Decision
Report author: Neil Davies, Corporate Performance manager	

Summary

The City of London Corporation is required to conduct a review at least once a year of the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS) alongside the annual Statement of Accounts.

This report proposes that the production of the AGS for 2016/17 follows the process established in previous years. The AGS will be drafted jointly by officers from the Town Clerk’s and Chamberlain’s Departments to reflect the need for corporate ownership. As part of this process, officers will consider the progress made in implementing the future developments identified in last year’s AGS.

The draft AGS will be presented for approval to this Committee in May, accompanied by a schedule of supporting evidence. Following approval by this Committee the AGS will be signed by the Chairman of the Policy and Resources Committee and the Town Clerk and Chief Executive.

Recommendation(s)

Members are asked to:

- Consider and approve the proposals in this report for the production and presentation of the Annual Governance Statement for 2016/17, and
- Consider whether any additional areas should be added to Annual Governance Statement for 2016/17.

Main Report

Background

1. The City of London Corporation is required by the Accounts and Audit Regulations 2015 to conduct a review at least once a year of the effectiveness of its system of internal control and prepare an Annual Governance Statement (AGS). The AGS must be published (“which must include publication on the authority’s website”) alongside the annual Statement of Accounts.

2. The AGS is prepared in accordance with proper practice guidance and has to be approved each year by an appropriate committee of the authority and signed by the most senior member and the most senior officer. In 2012, the Policy and Resources Committee considered a report on the process for producing the AGS, and approved the practice whereby the AGS is approved by this Committee and then signed by the Chairman of the Policy and Resources Committee and the Town Clerk and Chief Executive.
3. The AGS is published on the City of London website, and reviewed by the external auditor. The external auditor is required to report if the AGS does not comply with proper practices, or if it is misleading or inconsistent with other information the external auditor is aware of from the audit of the Statement of Accounts. To date the external auditor has been content with the City Corporation's AGS.

Current Position

4. The AGS for 2015/16 was approved by your Committee in June 2016. A supporting schedule of assurances was also presented to your Committee. This report outlines the proposed methodology for the production of the AGS for the financial year 2016/17.

Proposals

Format:

5. It is proposed that the AGS for 2016/17 will follow a similar format as in previous years. This includes standard paragraphs in the first two sections: Scope of Responsibility and The Purpose of the Governance Framework. The other sections generally follow a standard structure with a description of the key controls/processes followed by a summary of key developments during the year. The AGS also includes a section on the work of the Audit and Risk Management Committee. An outline of the draft 2016/17 AGS, following this format, is attached at Appendix 1.
6. It is proposed that the draft AGS will be presented to this Committee in the same format as last year, i.e. showing all of the additions, amendments and deletions as "track changes" from the approved and published 2015/16 statement.

Members are requested to approve these proposals for the production and presentation of the Annual Governance Statement for 2016/17

Content:

7. The AGS is concerned with corporate controls and governance, rather than being confined to financial issues. To emphasise the need for corporate ownership, the AGS will be produced jointly by officers from the Town Clerk's and Chamberlain's Departments, as in previous years.
8. In producing the statement, officers will review the balance between the standing information on the internal control framework, and changes implemented during 2016/17, taking into consideration the overall length of the statement. The

outcomes in respect of the Future Developments identified in the 2015/16 AGS (listed in Appendix 1) will be incorporated into the relevant sections.

9. In previous years, Members have made suggestions as to additional items that should be included in the AGS.

Members are requested to consider whether any additional areas should be added to the AGS for 2016/17.

Timetable:

10. In recognition of the importance of the AGS as a corporate document, CIPFA states that it is essential that there is buy in at the top level of the authority. It is therefore proposed to present the draft AGS as follows:
- April 26th: Chief Officers Summit Group.
 - May 23rd: Audit and Risk Management Committee

Supporting Evidence:

11. It is proposed that an updated supporting schedule of assurances is presented to Members with the draft AGS, in the same format as that used in 2015/16. This demonstrates the wide range of on-going assurance provided to Members generally during the period covered by the AGS. In particular, this will provide assurance to Members of the Audit and Risk Management Committee regarding governance issues that fall within the remit of other Boards or Committees.

Delivering Good Governance in Local Government

12. Following consultation in 2015, CIPFA and Solace introduced a new governance framework for local government in 2016. The framework requires councils to produce an AGS, published with the annual accounts, to report publicly on how they have complied with their governance code and describe any governance issues, including how they will be addressed.

13. The framework states that an AGS should include:

- an acknowledgement of responsibility for ensuring that there is a sound system of governance (incorporating the system of internal control) and reference to the authority's code of governance;
- reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment, such as the authority, the executive, the audit committee, internal audit and others as appropriate;
- an opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework;
- an agreed action plan showing actions taken, or proposed, to deal with significant governance issues;
- reference to how issues raised in the previous year's AGS have been resolved, and
- a conclusion – a commitment to monitoring implementation as part of the next annual review.

14. The framework also states that the AGS should be signed by the leading member (or equivalent) and chief executive (or equivalent) on behalf of the authority, and should be approved at a meeting of the authority or delegated committee. Local authorities are required to include the AGS with their statement of accounts.

Appendices

- Appendix 1 – Outline Annual Governance Statement 2016/17

Background Papers

- CIPFA/SOLACE - Delivering good governance in Local Government:
 - Framework (2016 Edition)
 - Guidance Note for English Authorities (2016 Edition)

Neil Davies

Corporate Performance Manager

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ANNUAL GOVERNANCE STATEMENT 2016/17: OUTLINE

Scope of Responsibility

1. The City of London Corporation is a diverse organisation with three main aims: to support and promote the City as the world leader in international finance and business services; to provide modern, efficient and high quality local services, including policing, within the Square Mile for workers, residents and visitors; and to provide valued services, such as education, employment, culture and leisure to London and the nation. Its unique franchise arrangements support the achievement of these aims.
2. Although this statement has been prepared to reflect the City of London Corporation in its capacity as a local authority and police authority, the governance arrangements are applied equally to its other funds – City’s Cash and Bridge House Estates.
3. The City of London Corporation (“the City”) is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively; and that arrangements are made to secure continuous improvement in the way its functions are operated.
4. In discharging this overall responsibility, the City is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
5. The City has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on the City’s website at www.cityoflondon.gov.uk. This statement explains how the City has complied with the code and also meets the requirements of regulation 6(1) of the Accounts and Audit (England) Regulations 2015 which requires all relevant bodies to prepare an annual governance statement.

The Purpose of the Governance Framework

6. The governance framework comprises the systems and processes by which the City is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the City to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
7. The system of internal control is a significant part of that framework and is designed to manage all risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable rather than absolute assurance of effectiveness. The City’s system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the City’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
8. The governance framework has been in place at the City for the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

Key Elements of the Governance Framework

Code of Corporate Governance

Standards Committee

Business Strategy and Planning Process

Information Management Strategy

Financial Management Arrangements

Risk Management

Health & Safety

Business Continuity
Role of Internal Audit
Performance Management
Audit and Risk Management Committee

Review of Effectiveness

Head of Internal Audit's Opinion

Future Developments

NB: These are the future Developments from the 2015/16 Annual Governance Statement (see paragraph 8 of the covering report):

- Reviewing the Complaints Procedure (in respect of complaints against Members) and the Dispensations arrangements.
- Undertaking an annual update for the registration and publication of Declarations of Interest by the City's Members and Co-opted Members.
- Delivering the benefits from the programme of cross-cutting efficiency and effectiveness reviews.
- Completing a review of information security and management, leading to: the identification of Information Asset Owners; the production of an information asset register; the development of an Information Management Policy, and the implementation of an appropriate Data Classification Scheme.
- Reviewing the corporate Business Planning and Performance Management processes and framework.
- Developing an Efficiency Plan in response to the Government's offer of a four-year funding settlement to 2019-20.
- Reviewing the implications of the Government's proposals on devolution to London, including the devolution of business rates.
- Reviewing the Internal Audit Charter.

This annual governance statement was approved by the City's Audit and Risk Management Committee on xxxxxx.

John Barradell
 Town Clerk and Chief Executive

Date:

xxxxx
 Chairman, Policy and Resources
 Committee
 Date:

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