



Audit and Risk Management Committee

Date: TUESDAY, 23 MAY 2017

Time: 2.00 pm

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

Members:	Randall Anderson	Deputy Jamie Ingham Clark (Ex-Officio Member)
	Alderman Nick Anstee	
	Chris Boden	Alderman Ian Luder
	Alderman Charles Bowman	Kenneth Ludlam (External Member)
	Henry Colthurst	Paul Martinelli
	Hilary Daniels (External Member)	Caroline Mawhood (External Member)
	Sheriff & Alderman Peter Estlin	Jeremy Mayhew (Ex-Officio Member)

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

Lunch will be served in Guildhall Club at 1pm

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. **ORDER OF THE COURT**
To note the Order of the Court dated 27th April 2017.
For Information
4. **ELECTION OF CHAIRMAN**
To Elect a Chairman in Accordance with Standing Order 29.
For Decision
5. **ELECTION OF DEPUTY CHAIRMAN**
To Elect a Deputy Chairman in Accordance with Standing Order 30.
For Decision
6. **MINUTES OF THE PREVIOUS MEETING**
To agree the public minutes and non-public summary of the meeting held on 7th February 2017.
For Decision
(Pages 1 - 8)
7. **POLICE PERFORMANCE AND RESOURCES MANAGEMENT SUB COMMITTEE**
To Co-opt Two Members to the Police Performance and Resources Management Sub Committee.
For Decision
8. **COMMITTEE WORK PROGRAMME**
Members are asked to note the Committee's Work Programme for 2017/18.
For Information
(Pages 9 - 10)
9. **HMIC - CITY OF LONDON POLICE INSPECTION -UPDATE**
Report of the Commissioner – City of London Police.
For Information
(Pages 11 - 16)
10. **CARE QUALITY COMMISSION INSPECTION - REABLEMENT SERVICES**
Report of the Director of Community and Children's Services.
For Information
(Pages 17 - 22)

11. **EXTERNAL QUALITY ASSESSMENT - AN EXTERNAL REVIEW OF INTERNAL AUDIT IN THE CITY OF LONDON CORPORATION**
Report of the Head of Internal Audit and Risk Management.
- For Decision**
(Pages 23 - 30)
12. **INTERNAL AUDIT CHARTER - UPDATE 2017**
Report of the Head of Internal Audit and Risk Management.
- For Decision**
(Pages 31 - 40)
13. **HEAD OF INTERNAL AUDIT OPINION AND ANNUAL REPORT 2016/17**
Report of the Head of Internal Audit and Risk Management.
- For Information**
(Pages 41 - 46)
14. **INTERNAL AUDIT PLAN 2017/18**
Report of the Head of Internal Audit and Risk Management.
- For Decision**
(Pages 47 - 52)
15. **RISK UPDATE**
Report of the Chamberlain.
- For Decision**
(Pages 53 - 96)
16. **DEEP DIVE RISK REVIEW: CR09 - CORPORATE HEALTH AND SAFETY**
Report of the Director of HR.
- For Information**
(Pages 97 - 104)
17. **DEEP DIVE RISK REVIEW: CR16 - INFORMATION SECURITY**
Report of the Chamberlain.
- For Information**
(Pages 105 - 128)
18. **EXTERNAL AUDIT PLANS FOR THE CITY FUND AND PENSION FUND FOR THE YEAR ENDED 2017**
Reports of the External Auditor.
- For Information**
(Pages 129 - 170)

19. **DECISIONS TAKEN UNDER DELEGATED AUTHORITY SINCE THE LAST MEETING OF THE COMMITTEE**

Report of the Town Clerk.

For Information
(Pages 171 - 172)

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

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

22. **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

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

To agree the Non-Public minutes of the meeting held on 7 February 2017.

For Decision
(Pages 173 - 174)

24. **WAIVER REPORT - NON-LOCAL AUTHORITY FUNDS EXTERNAL AUDIT SERVICES.**

Report of the Chamberlain.

This report was approved by the Finance Committee on 2nd May 2017.

For Information
(Pages 175 - 184)

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

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

Part 3 - Closed Session

for Members of the Audit and Risk Management Committee with the External Auditors, BDO

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 7 February 2017

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall, EC2 on Tuesday, 7 February 2017 at 2.00 pm

Present

Members:

Alderman Nick Anstee (Chairman)
Nigel Challis (Deputy Chairman)
Henry Colthurst
Hilary Daniels (External Member)
Revd Dr Martin Dudley
Deputy Jamie Ingham Clark
Alderman Ian Luder
Kenneth Ludlam (External Member)
Caroline Mawhood (External Member)
Jeremy Mayhew (Ex-Officio Member)
Graeme Smith

In attendance:

Michael Welbank
Ian Seaton

Officers:

Christopher Braithwaite	-	Town Clerk's Department
Neil Davies	-	Town Clerk's Department
Peter Kane	-	Chamberlain
Paul Dudley	-	Chamberlain's Department
Pat Stothard	-	Head of Internal Audit and Risk Management
Chris Keesing	-	Internal Audit
Edward Wood	-	Comptroller and City Solicitor's Department
Sarah Fletcher	-	Head, City of London School
Charles Griffiths	-	City of London School
Nick Bennett	-	External Auditor, Moore Stephens
Leigh Lloyd-Thomas	-	External Auditor, BDO

1. APOLOGIES

Apologies for absence were received Hilary Daniels, Sheriff and Alderman Peter Estlin, Alderman Charles Bowman and Hugh Morris.

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

There were no declarations of interests.

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED – That the public minutes of the meeting held on 8 November 2016 are approved as an accurate record.

4. **TERMS OF REFERENCE AND FREQUENCY OF MEETINGS**

The Committee considered a report of the Town Clerk which provided the Committee with the opportunity to conduct the annual review of its Terms of Reference and frequency of meetings.

The Committee discussed whether a term limit should apply to Members of the Court of Common Council serving on the Audit Committee. Members agreed that it would be appropriate for Members of the Court to be subject to similar term limits as those which applied to External Members. Therefore, the Committee agreed that Members of the Audit Committee should be limited to a maximum term of nine years. To enable this, all future appointments to the Audit Committee should be for terms of three years.

The Committee agreed that, in order to commence a new term of service on the Audit Committee, a Member must not serve on the Committee for a period of three years.

The Committee agreed that the term limit should not apply to the Chairman or Deputy Chairman of the Committee for the duration of their term (and, in the case of the Chairman, for the year immediately following the end of his term as Chairman). The Committee also agreed that the term limit should not apply to ex-officio Members.

RESOLVED – That the Committee:

- a) Approves the Terms of Reference of the Committee, subject to the amendment of Members of the Court of Common Council being appointed for three year terms, up to a maximum continuous term of nine years (such term limit does not apply to the Chairman, Deputy Chairman or ex-officio Members); in order to commence a new term of service, a Member must not serve on the Committee for a period of three years;
- b) Agrees that the Committee continue to meet six times a year.

5. **COMMITTEE WORK PROGRAMME**

The Committee considered a report of the Town Clerk which provided information of the Committee's Work Programme for 2017.

RESOLVED – That the Committee notes the report.

6. **CITY OF LONDON SCHOOL - DEEP DIVE RISK REVIEW**

The Committee considered a report of the Headteacher of the City of London School which provided an update of the risk management arrangements at the School.

The Head Teacher of the City of London School explained that there were now no red risks within the risk register. The Committee was informed of the

establishment of Sub-Committees to the Board of Governors, the recent increases in Fees, the investments in security and safeguarding (and the work still to be completed in this area) and the development of an asset register and a maintenance plan for these assets.

The Head Teacher expressed her thanks to the City Surveyor's Department and the Chamberlain's Department for their support and assistance to the School in recent months.

A Member asked whether recruitment of pupils and teachers was a significant risk. The Head Teacher explained that recruitment of pupils was very strong, with a large demand for places at the school. Performance of students continued to be excellent, with records being set for performance at GCSE and A-Levels in the previous year. Recruitment of teachers was similarly robust. However, the recruitment of non-teaching staff tended to be challenging.

A Member asked for further information regarding the risk management process used by the School and asked for information regarding risks which had recently been removed from the risk register. The Head Teacher explained that the Senior Management Team and the Board of Governors regularly reviewed the risk register. The Head Teacher agreed to provide the Member with the information which was requested regarding risks which had been removed from the register.

The Chairman asked whether the School's fees were in line with their competitors. The Head Teacher and Chairman of the Board of Governors explained that the School's fees were roughly £3k lower than their competitors and therefore the Board of Governors had signalled an intention to gradually increase fees over the coming years, to bring the School into line with its competitors. The Head Teacher explained that such a fee increase would fund vital investment in the infrastructure of the School.

The Chairman thanked the Head Teacher and Chairman of the Board of Governors for their attendance at the meeting and commented that there had been extremely positive progress in the School over the last 12 months.

RESOLVED – That the Committee notes the report.

7. RISK MANAGEMENT UPDATE

The Committee considered a report of the Chamberlain which provided an update on the Corporate Risk Register, along with the top red Departmental risks, and the actions taken as a result of the external review of risk management, which had been reported to the Audit and Risk Management Committee in November 2016.

The Head of Audit and Risk Management explained that Officers were considering the removal of Corporate Risk 14 (Funding Reduction) from the risk register, due to the greater level of certainty around the Corporation's funding from Central Government. However, it was intended that this risk would be

replaced with risks regarding funding for the City of London Police and ensuring value for money.

The Head of Audit and Risk Management also provided more information regarding the intention to add to the Corporate Risk Register a risk in relation to fire prevention at the Barbican Centre. The Chamberlain explained that it was intended to add this risk to the Corporate Risk Register for a period of a few months to ensure that it was addressed.

A Member asked whether Internal Audit ensured that their recommendations had been implemented by Departments. The Head of Internal Audit explained that this was tracked and information could be provided to the Committee's next meeting regarding the findings of the six-monthly review of Departmental implementation.

A Member commented that the majority of the risks within the Risk Register were unchanged and asked whether it would be beneficial to separate the Risk Register into dynamic risks and static risks, to ensure that there was appropriate movement to address risks. The Head of Audit and Risk Management explained that an external review had identified this as an area for improvement within the Risk Register, along with the development of a Risk Appetite statement. He explained that the Corporation was working with Zurich International to develop these changes. He explained that he hoped that an update regarding this could be provided to the Committee's May meeting, with the work planned to be implemented by June or July 2017.

RESOLVED – That the Committee:

- a) Confirms the addition of BBC H&S 001 Fire risk to the Corporate Risk Register.
- b) Notes the other changes to both the Corporate and top red departmental risk registers outlined in the report.
- c) Notes the progress on the risk management action plan.

8. INTERNAL AUDIT PROGRESS REPORT

The Committee considered a report of the Head of Audit and Risk Management which provided an update on internal audit activity since the last report to the Committee. The report also set 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 was that the overall internal control environment is adequate and effective although some areas require strengthening.

The Chairman asked for confirmation that it would be possible to complete the Internal Audit Programme for the year. The Head of Internal Audit confirmed that he expected the programme to reach the target of 95% completion.

Members noted that the customer satisfaction rating for Internal Audit was 100% and asked whether this was an indication that Internal Audit was not being demanding enough. The Head of Internal Audit explained that he did not

believe this to be the case and the rating was based on optional surveys which were completed and the rate of return of these was not high.

A Member commented that some items within the Audit Plan were deferred until 2017/18 and asked whether the 95% completion target would be reached by reducing the amount of work completed. The Head of Internal Audit explained that audits had been added in to the programme to replace those which had been deferred and the total number of audit days was similar to what had been planned.

RESOLVED – That the Committee notes the report.

9. **ANTI FRAUD INVESTIGATIONS UPDATE**

The Committee considered a report of the Chamberlain which provided an update on the anti-fraud and investigation activity since the last report to the Committee. The report also provided an analysis of the cases investigated during the 2016/17 reporting year.

A Member asked whether social housing tenancy fraud was an issue which was particularly prevalent within the City. The Chamberlain explained that this was an issue across London, largely due to the high levels of rent which could be achieved.

A Member asked whether there was any reward for accurate Whistleblowing disclosures. The Chamberlain explained that there had been a Government Scheme which rewarded such disclosures, but this had been discontinued. However, he explained that Officers could discuss whether it would be appropriate to continue such a scheme for the City Corporation. In response to a question from a Member, the Chamberlain confirmed that great efforts were taken to ensure all Whistleblowing disclosures were treated confidentially.

RESOLVED – That the Committee notes the report.

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

The Committee considered a report of the Chamberlain which highlighted 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 provided an overview of the main changes to the local authority accounting framework for 2016/17 and outlined the anticipated impact of a change to the accounting treatment of local authority highways networks due to be implemented in 2017/18.

A Member commented that he welcomed the proposals to list expenditures by Committees, rather than Departments. However, he commented that the

Corporation's governance structure could be confusing for members of the public.

RESOLVED – That the Committee notes the report and supports the goal of achieving the new condensed timetable for publication of the accounts.

11. CITY OF LONDON - CITY FUND: GRANT CLAIMS AND RETURNS CERTIFICATION IN RESPECT OF CLAIMS AND RETURNS FOR THE YEAR ENDED MARCH 2016

The Committee considered a report of BDO, the External Auditors which summarised the main issues which had arisen from BDO's certification of grant claims and returns for the financial year ended 31 March 2016.

RESOLVED – That the Committee notes the report.

12. EXTERNAL AUDIT ARRANGEMENTS

The Committee considered a report of the Chamberlain which provided information regarding the options available for the external audit arrangements for the Corporation. The report recommended that a single procurement process was undertaken to appoint the same external auditor for all funds. The report explained that, if Members approved this approach, it would be necessary to extend (via a waiver) the non-local authority audit contract with Moore Stephens LLP by a year to align it with the local authority audit contract, and establish an auditor panel to advise on the selection and appointment of the auditor.

RESOLVED – That the Committee:

- a) agrees the preferred option of a single procurement process to appoint the same external auditor for all funds;
- b) approves the re-establishment of an Independent Audit Appointment Panel (IAAP) to act as the auditor panel as required under the Local Audit and Accountability Act 2014;
- c) appoints Alderman Nick Anstee and Deputy Jamie Ingham Clark to the IAAP;
- d) authorises the Town Clerk to advertise for three independent Members for the IAAP;
- e) establishes a selection panel for the Independent Members of the IAAP, which is authorised to shortlist and interview applicants, comprising the Alderman Nick Anstee, Deputy Jamie Ingham Clark, the Chamberlain and the Town Clerk; and
- f) delegates 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.

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**

The Committee considered a report of Moore Stephens, the External Auditors which provided the External Audit Strategy for the Bridge House Estates, City's Cash, City's Cash Trusts, the Corporations Sundry Trusts & Other Accounts 2016-17 Financial Statements.

RESOLVED – That the Committee notes the report.

14. **ANNUAL GOVERNANCE STATEMENT - METHODOLOGY**

The Committee considered a joint report of the Town Clerk and Chamberlain which set out the proposed process for the production of the Annual Governance Statement for 2016/17. The report proposed that the production of the Annual Governance for 2016/17 followed the process established in previous years.

The Town Clerk confirmed that the full draft of the Annual Governance Statement would be provided to the Committee's May 2017 meeting.

RESOLVED – That the Committee:

- a) approves the proposals set out in the report for the production and presentation of the Annual Governance Statement for 2016/17, and
- b) agrees that no additional areas should be added to Annual Governance Statement for 2016/17.

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

There were no questions.

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

There was one item of urgent business.

Internal Audit Update Report

The Committee considered a report of the Head of Audit and Risk Management which set out the initial proposed Internal Audit Annual Plan for 2017/18. The Head of Audit and Risk Management explained that the final Plan would be provided to the Committee in May 2017.

A Member asked for confirmation that the Audit Plan included all audits which had been deferred from 2016/17 and that audits of all red risks were included within the plan. The Head of Audit and Risk Management confirmed that this was the case, unless they had been recently audited, in which case any recommendations which had been made would be followed up.

RESOLVED – That the Committee notes the initial draft 2017/18 Internal Audit work plan.

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 1 of Schedule 12A of the Local Government Act.

Item	Paragraph
18-20	3

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

The non-public minutes of the meeting held on 8 November 2016 were approved as an accurate record.

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

There was one comment.

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

There were no items of urgent business.

The meeting ended at 3.50 pm

Chairman

Contact Officer: Chris Braithwaite

Tel. No.: 020 7332 1427

Christopher.braithwaite@cityoflondon.gov.uk

Audit and Risk Management Work Programme 2017/18

Date	Items
24 July 2017	<p>City Fund Financial Statements</p> <p>Annual Governance Statement</p> <p>Risk Update on the risk appetite project</p> <p>Deep Dive Risk reviews: CR23 CoLP funding (TBC) and CR10 Adverse Political developments</p> <p>Internal Audit Update</p> <p>Internal Audit Recommendations Follow Up</p> <p><i>Risk Challenge Sessions – GSMD and M&CP</i></p>
10 October 2017	<p>Anti Fraud Investigations Update</p> <p>Risk Update</p> <p>Deep Dive Risk Review: CLSG and Comptroller and City Solicitors</p> <p>Internal Audit Update</p> <p>Non-Local Authority Financial Statements (City's Cash, Bridge House Estates, City's Cash Trust Funds, and the Sundry Trusts)</p> <p><i>Risk Challenge Sessions: CR20 Road Safety and CR 17 Safeguarding</i></p>
28 November 2017	<p>Risk Update</p> <p>Deep Dive Risk Review: CR19 IT Provision</p> <p><i>Risk Challenge Sessions: City Surveyors and Mansion House</i></p>
16 January 2018	<p>Internal Audit Update</p> <p>Internal Audit Recommendations Follow Up</p> <p>Risk Update</p> <p>Deep Dive Risk Review: tbc</p> <p><i>Risk Challenge Sessions:Tbc</i></p>
6 March 2018	<p>Internal Audit Charter, Strategy and Plan for 2018/19</p> <p>Risk Update</p> <p>Deep Dive Risk Review: tbc</p> <p><i>Risk Challenge Sessions:tbc</i></p>

This page is intentionally left blank

Committee(s):	Date(s):
Audit and Risk Management Committee	23 rd May 2017
Subject: HMIC Inspection Update	Public
Report of: Commissioner of Police Report author: Stuart Phoenix	For Information
<p style="text-align: center;">Summary</p> <p>This report provides Members with an overview of Her Majesty's Inspectorate of Constabulary's (HMIC) continuing programme of inspections and published reports, together with the City of London Police (CoLP) response where relevant. It also provides assurance that the recommendations from reports are being addressed by the Force.</p> <p>During the reporting period (June 2016 – June 2017) HMIC has published 9 reports:</p> <ul style="list-style-type: none"> • Police Efficiency (national report, published November 2016); • Police Efficiency (CoLP report, published November 2016), graded 'requires improvement'; • Police Legitimacy (national report published December 2016); • Police Legitimacy (CoLP report, published November 2016), graded 'good'; • Leadership (national report, published December 2016); • Leadership (CoLP report, published December 2016), all reports ungraded; • Best Use of Stop and Search (BUSS) Revisit (CoLP report, published February 2017), graded complaint with BUSS scheme; • Police Effectiveness (national report, published March 2017); • Police Effectiveness (CoLP report, published March 2017) graded 'good'. <p>HMIC has additionally published 7 force-specific reports relating to crime recording and crime data integrity as part of its rolling unannounced inspection programme on this subject. City of London Police have not yet been inspected, however, the Force reviews each report to inform action that can be taken to ensure Force preparedness for the inspection.</p> <p>All reports and progress against recommendations are reported in detail quarterly to the Police Performance and Resource Management Sub Committee for scrutiny and oversight.</p> <p>Recommendation</p> <p>Members are asked to receive this report and note its contents.</p>	

Main Report

1. This report provides Members with an overview of Her Majesty's Inspectorate of Constabulary's (HMIC) continuing programme of inspections and published reports, together with the City of London Police (CoLP) response where relevant. It also provides assurance that the recommendations from reports are being addressed by the Force.
2. Members are requested to note that HMIC has changed how it uses the terms 'recommendation' and 'area for improvement' (AFI). A recommendation is only made where in HMIC's assessment there is an underlying cause for concern. Where there is no such concern but where HMIC feel general improvements can be made, areas for further improvement are identified.
3. During the reporting period (June 2016 – June 2017) HMIC has published 9 reports.

Police Efficiency (November 2016)

4. HMIC published a national report as part of its PEEL (Police Efficiency, Effectiveness and Legitimacy) inspection programme. The report summarised themes that emerged from the inspection of all 43 forces. The national report was complemented by individual force reports. The inspection assessed forces against 3 key questions:
 - i. How well do forces understand current and future demand?
 - ii. How well do forces use their resources to address current demand?
 - iii. How well are forces planning for future demand?

National report

5. As last year the report offers both praise and criticism of the police service. It notes that the majority of forces continue to do a good job in identifying current demand and managing their resources, but forces need to do more to better understand future demand and to ensure that their staff have the necessary skills to deal with that demand.
6. The national report did not make any recommendations.

City of London Police report

7. The Force report found that the level of understanding of current and likely future demand was good, however, there was a lack of planning for future demand that was deemed inadequate. This was largely predicated on the Force having an incomplete workforce plan at the time of inspection, no current ICT strategy (the Force was reviewing the managed service that it had only been part of for a year) and an incomplete understanding of future demand to inform those plans. The Force received an overall grading of 'requires improvement'.

8. HMIC made 1 recommendation (that by 31st May 2017 the Force should have an ICT strategy, a workforce plan and an understanding of future demand) and 4 areas for further improvement.
9. The ICT strategy and workforce plan are both complete and future demand has been assessed as part of the Force's recently introduced improved Strategic Threat and Risk Assessment (STRA). The future demand piece is being complemented by work currently being undertaken by a reputable firm of Consultants, which has been commissioned by the Chamberlain and the Commissioner of Police, and which will also assess value for money. They are due to report in June 2017.

Police Legitimacy (December 2016)

10. HMIC published a national report as part of its PEEL (Police Efficiency, Effectiveness and Legitimacy) inspection programme. As with the 'Efficiency' report, the report summarised themes that emerged from the inspection of all 43 forces. The national report was complemented by individual force reports. The inspection assessed forces against 3 key questions:
 - i. To what extent does practice and behaviour reinforce the wellbeing of staff and an ethical culture?
 - ii. How well does the force understand, engage with and treat fairly the people it serves to maintain and improve its legitimacy?
 - iii. To what extent are decisions taken on the use of stop and search and Taser fair and appropriate?

National report

11. The top-level police service findings found the majority of police forces demonstrate fair and ethical behaviour. However, good work forces are doing to engage with their local communities risks being undermined if they fail to continue to get Stop & Search right.
12. Whilst improvements to Stop & Search have been noticed, progress could be better and its use appears to be declining. Too many forces are still not recording the reasonable grounds for stopping a person and not complying with the Best Use of Stop and Search Scheme. (CoLP are compliant with the Scheme and an update on this was submitted to the Police Committee on the 18th May 2017).
13. The use of Taser was fair and appropriate with forces having robust oversight systems in place and well trained officers.
14. Nationally, 3 causes of concern were identified resulting in 3 recommendations being made. City of London Police was already compliant with 2 of the recommendations and will be compliant with the 3rd by the end of May 2017.

City of London Police report

15. The City of London Police received an overall judgement grading of **GOOD**. The key force findings are summarised below:

- i. CoLP has effectively promoted the Code of Ethics and incorporated the code into its policies and practice.
- ii. The Force has a good understanding of the people it serves. Officers use a range of effective approaches to identify public views engaging with local residents and businesses.
- iii. Chief Officers have set clear expectations about the behaviour expected from all members of Force and that officers and staff treat the public fairly and with respect.
- iv. The Force works well to promote the wellbeing of its staff, but on occasions there are delays in accessing the well spoken of Occupational Health Unit.
- v. HMIC noted the Force had put in place some measures to improve consistency in respect of complaint and misconduct cases.

Leadership (December 2016)

16. As the previous 2 areas, HMIC published a national report that was supplemented by separate reports for all 43 forces. HMIC did not grade forces for leadership. HMIC assessed forces against the following 3 areas:

- i. How well do the police understand leadership?
- ii. How well do the police develop leadership?
- iii. How well do the police display leadership?

National report

17. The top-level police service findings found there is still a wide gap between the highest and lowest performing forces, with the best forces able to demonstrate a sophisticated understanding of the effectiveness of leadership in different areas and use this understanding to support and improve leadership skills throughout their organisations.
18. The national report did not make any recommendations or identify areas for improvement.

City of London Police report

19. HMIC found that the Force works closely and effectively with the workforce to set out what it expects from its leaders at all levels of organisation. Leadership expectations are well understood by workforce (noting less so at Constable and equivalent ranks but this was due to training not yet being attended). They felt that improvements could be made to the recording of skills and qualifications to include details of leadership capability. They also felt that the absence of a recent staff survey hampers the Force's understanding of the impact of its leadership programme. Members should note that this has been

addressed by a staff survey that was conducted by Durham University during May and June 2017.

20. HMIC also found the Force has an open culture that encourages challenge and its “Innovate” Scheme is popular and supports developing leaders. It was also noted the Force has a good understanding of diversity which extends beyond protected characteristics and takes account of background, experience and skills to strengthen teams.
21. The report identified 2 areas for further improvement relating to the development of a talent management scheme and an evaluation of its leadership programme, both of which are being progressed by the Force.

Best Use of Stop and Search Revisit (February 2017)

22. Whilst not a report *per se*, following a desk top assessment of stop and search, the Force was assessed as fully compliant with the Best Use of Stop and Search Scheme. The assessment did identify 3 areas for further improvement, all relating to the enhancement of data monitoring, all of which are being implemented by the Force.

Police Effectiveness (March 2017)

23. HMIC published a national report as part of its PEEL (Police Efficiency, Effectiveness and Legitimacy) inspection programme, which was complemented by individual force reports. The inspection assessed forces against 5 key questions:
 - i. How effective is the force at preventing crime, tackling antisocial behaviour and keeping people safe?
 - ii. How effective is the force at investigating crime and reducing re-offending?
 - iii. How effective is the force at protecting those who are vulnerable from harm, and supporting victims?
 - iv. How effective is the force at tackling serious and organised crime?
 - v. How effective are the force’s specialist capabilities?

National report

24. HMIC reported three main areas of national concern:
 - i. Some forces’ attempts to suppress demand are putting people at risk.
 - ii. In some cases, police officers are not carrying out sufficiently well their main activities of preventing crime, keeping people safe and catching criminals.
 - iii. Police capabilities that are needed now and will continue to be needed in the future, such as skilled investigators and neighbourhood policing, are insufficient or being eroded.

25. The force is mindful of these concerns and will ensure they are considered as part of its continuing assessment of strategic threat and risk.

City of London Police report

26. HMIC found the force is good at carrying out investigations and reducing re-offending with control room staff effective at gathering evidence and allocating the correct resources to respond. Subsequent investigations are good with cases allocated to suitably trained staff, and effectively supported by the force's crime scene investigators and hi-tech crime unit.
27. The force is also good at protecting vulnerable victims with all relevant cases allocated to its Public Protection Unit, which investigates offences to a reasonable standard. The force works well with partner agencies to protect and support vulnerable victims, however, it was felt improvements could be made to vulnerable victims are identified during investigations.
28. HMIC also felt improvements could be made to force's approach to tackling serious and organised crime. Although HMIC found a sophisticated understanding of the threat from economic crime, that was not replicated in community policing, which would benefit from improved input from local intelligence and data from other organisations.
29. The Force was graded as **GOOD** overall. Whilst there were no underlying causes for concern identified (and therefore no recommendations), HMIC did identify 13 areas for further improvement, principally with regard to its approach to organised criminality. The AFIs have been drawn up into an action plan so that their implementation can be tracked.

Governance

30. All of the reports summarised in this paper have been reported in detail to the Police Performance and Resource Management Sub Committee, which convenes quarterly. A Member of your Committee sits on that Sub Committee.
31. The full schedule that details the progress against every recommendation or area for further improvement is provided to that Sub Committee for review and oversight. Internally, the Force reviews progress monthly at its Performance Management Group. Additionally, the Assistant Commissioner has scheduled a number of one-to-one meetings with action owners to provide organisational assurance that recommendations made by HMIC are implemented in a timely manner.

Contact:

Stuart Phoenix

Strategic Development - T: 020 7601 2213

E: Stuart.Phoenix@cityoflondon.pnn.police.uk

Committee	Dated:
Community and Children's Services (Grand) Committee Audit and Risk Management Health and Wellbeing Board	17022017 23052017 16062017
Subject: Care Quality Commission Inspection Reablement Services	Public
Report of: Neal Hounsell, Acting Director of Community and Children's Services	For Information
Report author: Chris Pelham, Assistant Director People Services	

Summary

This report provides members with information on the outcome of the Care Quality Commission (CQC) inspection of reablement services which took place on 13 December 2016.

The Adult Social Care Service provides reablement services to residents of the City of London for up to six weeks following their discharge from hospital so that people can become more independent and confident with their self-care. The service provides home-based support, involving domiciliary care, occupational therapy, physiotherapy, equipment, telecare and/or social work support.

At the time of the inspection there were three service users receiving reablement services.

The inspection is a short notice statutory inspection of the reablement service under Section 60 of the Health and Social Care Act 2008 and seeks to check if the provider is meeting the legal requirements associated with the Act and to look at the overall quality of the service and provide a rating under the Care Act 2014. The previous inspection of the service took place on 2 September 2014 when the service met the required standard under the old framework. This was the first inspection of the service under the new framework.

The inspection involved a review and assessment of service provision against five key questions that generate a subsequent grading for each as well as an overall judgement for the service. The following judgements were made:

Is the service safe	Good
Is the service effective	Good
Is the service caring	Good
Is the service responsive	Good
Is the service well-led	Good
Overall rating	Good

The CQC inspection report is attached as an appendix.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. Reablement is focused on enabling people to be independent following discharge from hospital. It is a prevention and early intervention service that is free to the individual, and can last for up to six weeks with the aim of supporting people in regaining their confidence, building their informal support, managing their risks and enabling their independence.
2. Adult Social Care provides a reablement service in order to:
 - prevent people's needs from escalating
 - prevent people needing ongoing social care services
 - reduce dependency and enable independence
 - reduce the need for readmission into hospital within a period of three months of original discharge.
3. The service is for adults with a social care need which can include supporting people who have:
 - dementia
 - learning disabilities
 - mental health conditions
 - physical disabilities
 - mobility and physical issues.
4. The service can also support individuals with confidence, behaviour and memory issues that might prevent them from managing their personal care, nutrition and practical tasks of daily living.
5. The staff provide support on a rota basis from 0700–1900, five days a week. All other hours are covered via an external supplier as required. The work of the external supplier is subject to contract monitoring arrangements which include weekly meetings to share information on the progress of the service users.
6. The service is subject to a statutory inspection by the CQC. The last inspection took place in September 2014 when the service was judged to meet the required standards under the old inspection framework.
7. The new CQC inspection framework was introduced in 2015 and this inspection was the first for the City of London under the new framework.

Current Position

8. The CQC inspection was carried out on 13–14 December by one CQC Inspector using the new CQC approach to regulating and inspecting adult social care services.
9. The approach included: meeting with key staff involved in managing and delivering the service; meeting with HR; reviewing three case files of open cases and five historical cases; reviewing policies and procedures; and discussing the quality of services with two service users and one relative.
10. The inspection focused on finding evidence to five key questions that ask if the service is:
 - safe
 - effective
 - caring
 - responsive
 - well-led.

Safe (GOOD)

11. The report noted that service users and relatives felt safe with City of London staff. Staff understood their responsibilities regarding safeguarding, infection control and personal handling. Policies and procedures were clear and adhered to.
12. Staff arrived on time and always stayed for the expected time and ensured that service users were happy before they left. There were no concerns raised regarding missed appointments.
13. The inspector noted that, in one case, while there was no concern regarding the safety of the service user, and the reablement service was fully aware of the previous history of falls to the service user, as recorded on the file, this had not been made explicit on the risk assessment form itself.

Effective (GOOD)

14. The report noted that training, supervision and appraisals are in place and staff stated that they felt supported by the Registered Manager of the service.
15. The report noted that the staff work within the principles of the Mental Capacity Act and have received appropriate training to do so.
16. Care plans are in place and have all the necessary information regarding current medical conditions and there was good evidence of multi-agency working.

17. The report noted that one person said:
“The young ladies (staff) are incredibly helpful; I would not know what I would do without them.”

Caring (GOOD)

18. Service users informed the Inspector that they were happy with staff and spoke positively about their relationship with them, saying staff gave extremely good support.
19. The report noted how well staff knew the service users, their likes and dislikes. Care plans were clear, needs-led and set out exactly what the individual service users needed and when. The plans were regularly reviewed.
20. Staff were able to demonstrate how they respected personal dignity and privacy, not just in terms of personal care but also in terms of information sharing.

Responsive (GOOD)

21. The report noted that care plans were personalised and responsive to individual need, and that the delivery was person-centred. Systems were in place to respond to changing need, for example daily logs. Referrals to other services, for example befriending, would be made if the need arose.
22. There had not been any complaints about the service since the last inspection two years ago.

Well-led (GOOD)

23. The report noted that staff were supported and well-led within an open culture where concerns could be raised and addressed promptly. Team meetings took place, as well as quality assurance meetings.
24. The report noted that there was a quality assurance system in place driven by self-audit and the manager. However, the report also noted that this quarter's audit had not taken place. The change in the manager of the service had contributed to the delay in the audit being completed within the quarter.
25. The report also raised an issue regarding spot checks of the service. It was agreed that these would be introduced into the quality assurance process but at a level that was proportionate to the demands and needs of the service.
26. Feedback from service users following the closure of the service was described as very positive.
27. The inspection also noted the introduction of the Service Improvement Board to support continuous improvement.

28. The report does not make any formal recommendation for improvement; however, the learning from the inspection will form part of the Adult Social Care Service Improvement Plan that will be subject to review by the Adult Service Improvement Board.

Corporate & Strategic Implications

29. The work of the reablement service forms part of the prevention and early intervention agenda making the City safer for its residents.
30. The service assists in helping individuals remain healthy and live longer within their own homes with maximum independence and dignity. Individuals are well safeguarded from harm and assisted to access their community as much as possible.

Conclusion

31. The report has set out the findings from the December 2016 CQC Reablement inspection. The inspection judged the service as overall Good and Good across all five key areas. The learning from the inspection will feature as part of the Adult Social Care Improvement plan that is overseen by the Adult Service Improvement Board.

Appendices

- *The CQC Inspection Report has been emailed to Members and paper copies will be provided on request.*

Chris Pelham

Assistant Director People Services

T: 020 7332 1636

E: chris.pelham@cityoflondon.gov.uk

This page is intentionally left blank

Committee(s)	Dated:
Audit and Risk Management Committee	23 May 2017
Subject: External Quality Assessment – an external review of Internal Audit in the City of London Corporation	Public
Report of: Head of Audit and Risk Management	For Decision
Report author: Pat Stothard, Head of Audit & Risk Management, Chamberlain's Department	

Summary

The purpose of this report is to outline the key findings of the external and independent review of the City Corporation's Internal Audit, Risk Management and Anti-Fraud function. The title of the report produced by the review is termed External Quality Assessment (EQA) of Internal Audit.

As part of the contract with Mazars LLP to deliver the Head of Audit & Risk Management role, the Chamberlain commissioned a review of the effectiveness of the Internal Audit function to assess the strengths and weaknesses of the current arrangements for audit within the City Corporation as well as identifying opportunities for improvement. The EQA is based upon the best practice advice and guidelines from Mazars' involvement with local government internal audit functions as a leading provider of these services, and with regard to the Public Sector Internal Audit Standards (PSIAS).

The Mazars assessor, together with the Head of Audit and Risk Management (HoA&RM), interviewed a total of 16 members, chief officers and senior managers to identify current processes in place and obtain user feedback on the effectiveness of the Internal Audit, Risk Management and Anti-Fraud functions.

The report's key finding was that the Internal Audit function generally conforms with the PSIAS and that it was a traditional compliance orientated function with a long standing knowledge of the organisation. While there were a significant number of positive responses from the fact-finding interviews, there were ten areas for development (three high, five medium and two low priority recommendations).

In finalising the report, an action plan has been developed based upon the recommendations made, which is attached as Appendix 1.

Recommendations

- a) The Committee are requested to consider the report and recommendations.
- b) The Committee agree to an action plan based upon these recommendations.

Background

- 1 A professional, independent and objective internal audit service is one of the key elements of good governance in local government. Under the Public Sector Internal Audit Standards introduced from 1 April 2013 and updated in 2016, local government internal audit functions have been required to comply with these Standards and should be subject to periodic assessment.
- 2 In 2016, as part of the contract with Mazars LLP to deliver the Head of Audit & Risk Management role, the Chamberlain commissioned a review of the effectiveness of the Internal Audit function to assess the strengths and weaknesses of the current arrangements for audit within the City Corporation as well as identifying opportunities for improvement. An External Quality Assessment of Internal Audit was undertaken by Mazars, together with the Head of Audit and Risk Management, based upon the best practice advice and guidelines from Mazars' involvement with local government internal audit functions as a leading provider of these services, and with regard to the Public Sector Internal Audit Standards (PSIAS).

External Quality Assessment

- 3 Following consultation with the Chamberlain, Mazars undertook the EQA as set out in the terms of reference of the assessment. The aim of the EQA as set out in the terms or reference was to:
 - Assess current capability and capacity within the service and areas which may require development;
 - Review the audit planning cycle and make recommendations to ensure that this is meeting the strategic and operational requirements of the City Corporation currently and into the future;
 - Review and assess current operational arrangements and make recommendations to ensure that working practices are in line with current best practice and to make recommendations for future development;
 - Evaluate requirements of existing key stakeholders and make recommendations on changes in current working practice where appropriate; and
 - Assess current structures and make recommendations in light of both current needs and anticipated future developments.

The review undertaken would be used as the statutory annual review of the Internal Audit service and would therefore need to be compliant with these requirements.

- 4 The Mazars assessor, together with the Head of Audit and Risk Management (HoA&RM), interviewed a total of 16 members, chief officers and senior managers to identify current processes in place and obtain user feedback on the effectiveness of the Internal Audit, Risk Management and Anti-Fraud functions.

Key Findings

- 5 The headline outcome of the report is that the Internal Audit function generally conforms with the PSIAS; there are four levels of compliance with the PSIAS: Fully, Generally, Partially and Does Not Conform. This is consistent with the vast majority of assessments for local authorities in London and is consistent with the external assessment undertaken through peer review in 2013. Internal Audit was identified to operate as a *“traditional compliance orientated function...found to contain a long standing knowledge of the business, working primarily in the provision of financial orientated assurance and advice”*.
- 6 The review further identified that *“there were a significant number of positive responses from our fact-finding interviews with staff, officers and members; particularly with regard to business relationship management, experience of the Internal Audit team at the City Corporation, the success of the Risk Management and Counter Fraud functions, and information provided to the Audit & Risk Management Committee”*.
- 7 The overall conclusion of the Assessment was that *“with the changes happening across the organisation and a more rigorous approach to performance and risk management, there is now a need for the Internal Audit function to realign itself to the organisation’s needs and expectations and for it to become both more outward looking and forward focused in providing the challenge and support that the City Corporation and its organisations is looking for”*.

Opportunities for development

- 8 In conclusion, Mazars identified a number of key areas of focus for developing the current Internal Audit function based on the expectations of key stakeholders and their assessment of the City Corporation’s Internal Audit function against their evaluation framework:
 - Purpose & Remit / Position & Organisation - *There is a need for the Internal Audit function to undertake a detailed identification of current processes within the City Corporation, key outcomes, corporate and operational risks and map this to the assurance requirements of the organisation. There is also a need to ensure that the risks identified during the planning process are followed through when formulating and agreeing the audit brief and delivering the audit work.*
 - Process & Technology - *An audit manual needs to be developed to clearly define the requirements of a focused top-down risk-based internal audit approach to be consistently applied across the Internal Audit function.*
 - Consideration should be given to utilising the latest functionality of the MKinsight system to automate the follow up monitoring process and ensure management accountability for implementation of Internal Audit recommendations.
 - Consideration should be given to utilising the latest functionality of the MKinsight system for time recording, budget monitoring and the provision of management information.

- People & Knowledge - *A skills gap analysis should be undertaken and a formal training and development programme put in place.*

- 9 As a result, a total of ten recommendations have been made in the report and aimed at addressing these areas (three high, five medium and two low priority recommendations). The report was presented in draft to the Chamberlain who considered the content and the recommendations and requested that the Head of Audit and Risk Management produce an Action Plan based upon the recommendations, a number of which are more longer term. The final report and proposed Action Plan are attached as Appendices 1 and 2.

Conclusion

- 10 The External Quality Assessment report confirms that the City Corporation's Internal Audit function continues to generally conform to the Public Sector Internal Audit Standards. It has identified a number of opportunities for improvement which will be addressed through the proposed Action Plan, progress against which will be reported to the Audit and Risk Management Committee in due course.

Appendices:

APPENDIX 1 – External Quality Assessment – proposed Action Plan May 2017

(The full report will be emailed to Members and paper copies will be provided on request)

Contact: Pat Stothard | Pat.Stothard@cityoflondon.gov.uk | 02073321299

City of London Corporation - External Quality Assessment – Action Plan

Action	Action Title	Action Description	Due Date	Completed Date	Ownership Managed By	Progress	Latest Status Update
EQA 01	Audit Planning	Undertake detailed identification of current processes within the City Corporation, key outcomes, corporate and operational risks and map this to the assurance requirements of the organisation.	Initially 28 February 2018		Head of Audit & Risk Management	I	
EQA 02	Audit Charter update	The Audit Charter should be refreshed and communicated consistent with the new PSIAS requirements.	23 May 2017		Head of Audit & Risk Management		
EQA 03	Business Relationship management	The HoA&RM should meet periodically with Chief Officers, management teams and other key officers such as the Head of Finance (Projects) and the Commercial Director to discuss progress and issues arising on significant projects.	Ongoing		Head of Audit & Risk Management/ Audit Managers		
EQA 04	Audit Manual development	An audit manual should be developed	30 September 2017		Head of Audit & Risk		

		to clearly define the requirements of a focused top-down risk-based internal audit approach to be consistently applied across the Internal Audit function.			Management		
EQA 05	MKIsight upgrade and development	Utilise the latest functionality of the MKinsight system to automate recommendation follow-up process and audit budget management.	31 July 2017		Head of Audit & Risk Management		
EQA 06	Skills gap analysis	Undertake a skills gap analysis and implement a formal training and development programme.	31 August 2017		Head of Audit & Risk Management		
EQA 07	Performance Management	Performance issues impacting the capability and morale of the Internal Audit function and the delivery of the Internal audit plan to be managed under the PDF process, closer on-the-job supervision and training.	30 June 2017 and ongoing		Head of Audit & Risk Management		
EQA 08	Risk Management and Anti-Fraud resilience	Address the current resilience issues within the Risk	31 August 2017		Head of Audit & Risk Management		

		Management and Counter Fraud functions; through sourcing administrative support for the Risk Advisor and Anti-Fraud Manager and to enable the Counter Fraud function to deliver proactive initiatives					
EQA 09	Knowledge Management	Formalise the process for the identification, dissemination and retention of knowledge.	31 July 2017		Head of Audit & Risk Management		
EQA 10	Committee Updates	Review information provision to consider the inclusion of more forward-looking updates, including key themes and current issues in progress and annual reports.	30 September 2017		Head of Audit & Risk Management		

This page is intentionally left blank

Committee:	Date: 23 May 2017
Audit and Risk Management Committee	
Subject: Internal Audit Charter - update 2017	
Report of: Head of Audit and Risk Management	For decision
Report Author: Pat Stothard, Head of Audit and Risk Management	Public

Summary

Under the Public Sector Internal Audit Standards (PSIAS), all internal audit services operating within the public sector are required to produce an Internal Audit Charter. This Charter sets out the purpose, authority, and responsibility of the Council's Internal Audit function, in accordance with the UK Public Sector Internal Audit Standards (2016) and the CIPFA Local Government Application Note (LGAN). The Charter is reviewed annually and presented to the Audit and Risk Management Committee for approval.

The Charter has been subject to significant review following the External Quality Assessment undertaken by Mazars and has been updated to more clearly reflect the PSIAS requirements and take on issues identified in relation to best practice.

Recommendations

1. Members are asked to approve the revised City of London Internal Audit Charter 2017.

Background

- 1 The purpose of this report is to seek approval from members for revisions to City of London Internal Audit Charter, following amendments to the Public Sector Internal Audit Standards (PSIAS) which were effective from 1st April 2016 and apply to local and central government, the NHS and the devolved governments. The PSIAS (attribute standard 1000) require that all internal audit activities maintain an internal audit charter.

The Internal Audit Charter

- 2 Under the Public Sector Internal Audit Standards (PSIAS), all internal audit services operating within the public sector are required to produce an Internal Audit Charter. The Charter should be reviewed annually and presented to the Audit and Risk Management Committee.

Following revisions to the PSIAS and the External Quality Assessment undertaken by Mazars in 2016/17, the Internal Audit Charter has been updated to include a mission statement for Internal Audit and the core principles for the professional practice of internal auditing, which is one of the key changes within the revised PSIAS.

These are to:-

- Demonstrate integrity;
- Be objective and free from undue influence (independent);
- Align with the strategies, objectives and risks of the organisation;
- Be appropriately positioned and adequately resourced;
- Demonstrate quality and continuous improvement;
- Communicate effectively;
- Provide risk-based assurance;
- Be insightful, proactive, and future-focused; and
- Promote organisational improvement.

- 3 In addition, the Charter has been updated to better reflect the requirements of the PSIAS, through the inclusion of sections such as Authority, Independence and Due Professional Care, and to take on issues identified in relation to best practice.

Conclusion

- 4 The revised Internal Audit Charter is submitted for approval.

Appendices:

APPENDIX 1 – City of London Internal Audit Charter

Contact: *Pat Stothard | Pat.Stothard@cityoflondon.gov.uk | 02073321299*

CITY OF LONDON

INTERNAL AUDIT

Audit Charter

1. This Charter sets out the purpose, authority, and responsibility of the Council's Internal Audit function, in accordance with the UK Public Sector Internal Audit Standards (2016) and the CIPFA Local Government Application Note (LGAN).

The Charter will be reviewed annually and presented to the Audit and Risk Management Committee for approval.

Internal Audit Standards

2. Public Sector Internal Audit Standards (PSIAS), which came into effect on 1 April 2013 and revised in 2016 are mandatory and underpin the Internal Audit arrangements within the City of London Corporation. These requirements include the definition of internal auditing, Code of Ethics and the Standards themselves. The Head of Audit and Risk Management will report on conformance with the PSIAS in his annual report. An independent peer review will be undertaken at least every 5 years to assess the internal audit functions compliance with these standards.

Definition of Internal Audit

3. The Public Sector Internal Audit Standard mandatory definition of internal auditing has been adopted by the City of London Corporation as follows:

"Internal auditing is an independent, objective assurance and consulting (*advisory*) activity designed to add value and improve an organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

Mission and Core Principles

4. The IPPF's overarching "Mission" for Internal Audit services is: "...to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight".

The "Core Principles" that underpin delivery of the IPPF mission require internal audit functions to:

- Demonstrate integrity;

- Be objective and free from undue influence (independent);
- Align with the strategies, objectives and risks of the organisation;
- Be appropriately positioned and adequately resourced;
- Demonstrate quality and continuous improvement;
- Communicate effectively;
- Provide risk-based assurance;
- Be insightful, proactive, and future-focused; and
- Promote organisational improvement.

Authority

5. The Internal Audit function has unrestricted access to all Council records and information, both manual and computerised, cash, stores and other Council property or assets it considers necessary to fulfil its responsibilities. Audit may enter Council property and has unrestricted access to all locations and officers where necessary on demand and without prior notice. Right of access to other bodies funded by the Council should be set out in the conditions of funding.
6. The Internal Audit function will consider all requests from the external auditors for access to any information, files or working papers obtained or prepared during audit work that has been finalised, which External Audit would need to discharge their responsibilities

Responsibility and Accountability

7. Within the City of London Corporation, the Audit and Risk Management Committee will fulfil the functions of the “board”, as defined in the Public Sector Internal Audit Standard with the following exceptions:
 - approving decisions regarding the appointment and removal of the Head of Audit, and
 - approving the Internal Audit budget and resource plan.
8. The Chamberlain as Section 151 Officer is responsible under statute for the proper administration of the financial affairs of the City of London including compliance with the statutory requirements for accounting and internal audit. The CIPFA Statement on the Role of the Chief Financial Officer in Local Government states that the Chief Finance Officer must:
 - ensure an effective internal audit function is resourced and maintained;
 - ensure that the authority has put in place effective arrangements for internal audit of the control environment;
 - support the authority’s internal audit arrangements; and
 - ensure that the audit committee receives the necessary advice and information, so that both functions can operate effectively.

9. The Head of Audit and Risk Management is the person designated by the Corporation to fulfil the role of the Chief Audit Executive (as required by the PSIAS) and is required to provide an annual opinion to the Corporation and to the Chamberlain (Chief Financial Officer), through the Audit and Risk Management Committee, on the adequacy and effectiveness of the internal control system for the whole Council. In order to achieve this, the Internal Audit function has the following objectives:
- Provide a quality, independent and objective audit service that effectively meets the Council's needs, adds value, improves operations and helps protect public resources;
 - Provide assurance to management that the Council's operations are being conducted in accordance with external regulations, legislation, internal policies and procedures;
 - Provide a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes;
 - Provide assurance that significant risks to the Council's objectives are being managed. This is achieved by annually assessing the adequacy and effectiveness of the risk management process;
 - Provide advice and support to management to enable an effective control environment to be maintained;
 - Promote an anti-fraud, anti-bribery and anti-corruption culture within the Council to aid the prevention and detection of fraud;
 - Investigate allegations of fraud, bribery and corruption.
10. Even sound systems of internal control can only provide reasonable and not absolute, assurance, and may not prevent collusive fraud. Internal Audit procedures are designed to focus on areas identified by the organisation as being of greatest risk and significance and rely on management to provide full access to accounting records and transactions for the purposes of audit work and to ensure the authenticity of these documents.
11. The remit of Internal Audit covers the entire control environment of the Organisation. Where appropriate, Internal Audit will undertake audit or consulting work for the benefit of the Council in organisations wholly or partly owned by the Council. Internal Audit may also provide assurance to the Council on third party operations (such as contractors and partners) where this has been provided for as part of the contract.

Reporting

12. The UK PSIAS requires the Head of Audit and Risk Management to report at the top of the organisation and this is done in the following ways:

- The Internal Audit Strategy and Charter and any amendments to them are reported to the Audit and Risk Management Committee.
- The annual Internal Audit Plan is compiled by the Head of Audit and Risk Management, taking account of the Council's risk framework and after input from members of the Senior Management. It is then presented to the Audit and Risk Management Committee annually for noting and comment.
- The adequacy, or otherwise, of the level of internal audit resources, as determined by the Head of Audit and Risk Management, and the independence of internal audit will be reported annually to the Audit and Risk Management Committee. The approach to providing resource is set out in the Internal Audit Strategy.
- Performance against the Internal Audit Plan and any significant risk exposures and control issues arising from audit work are reported to the Audit and Risk Management Committee on a quarterly basis.
- Any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the Audit and Risk Management Committee.
- Results from internal audit's Quality Assurance and Improvement Programme will be reported to the Audit and Risk Management Committee.
- Any instances of non-conformance with the PSIAS must be reported to the Audit and Governance Committee, and will be included in the annual report from the Head of Audit and Risk Management. If there is significant non-conformance this may be included in the Corporation's Annual Governance Statement.

Independence

13. The Head of Internal Audit and Anti-Fraud has free and unfettered access to the following:

- The Chief Financial Officer (Chamberlain);
- Chief Executive (Town Clerk);
- Chair of the Audit and Risk Management Committee;
- The Monitoring Officer, and
- Any other member of the Chief Officers Group.

14. Although line-managed by the Chamberlain, Head of Audit and Risk Management has direct access to the Town Clerk, Comptroller and City

Solicitor, and the Audit and Risk Management Committee Chairman. Additional professional and managerial support is provided by the Chamberlain's Business Support Director.

15. In addition to reporting formally to members at Audit and Risk Management Committee meetings, the Head of Audit & Risk Management has access to all members of City of London Committees in the reporting and discussion of internal audit work and will meet quarterly with the Chairman and Deputy Chairman of the Audit & Risk Management Committee.
16. The Chamberlain, as line manager for the Head of Audit & Risk Management, is responsible for undertaking the performance appraisal of the Head of Audit. The independence of the Head of Internal Audit and Anti-Fraud is safeguarded by ensuring that those subject to audit do not inappropriately influence the annual appraisal of the post holder. This PSIAS requirement will be achieved through the Town Clerk contributing feedback to the performance appraisal of the Head of Audit and Risk Management and that feedback is also sought from the Chairman of the Audit and Risk Management Committee.
17. The Audit and Risk Management Committee would be consulted through the Chairman of the Committee in the appointment and removal of the Head of Audit and Risk Management. The Internal Audit section budget is approved as part of the Finance Committee's consideration of the overall Chamberlain's Departmental Budget. The Audit and Risk Management Committee is provided regular updates on the availability and utilisation of internal audit resources and seeks assurances as to their adequacy.
18. All Council and contractor staff in the Internal Audit, Risk Management and Anti-Fraud team are required to make an annual declaration of interest to ensure that auditors' objectivity is not impaired and that any potential conflicts of interest are appropriately managed.
19. In addition, both the Corporation and the Audit contractor staff have stringent procedures in place relating to the acceptance of gifts and hospitality and the prevention of bribery.

Provision of Consultancy through Advice and Guidance

20. The Team provides advice and guidance to management on governance, risk and control. In particular, it engages with the City's Corporate and Departmental change projects providing expert independent and objective advice on the design of internal controls. The extent and nature of this involvement is controlled, so that the independence of future internal audit assurance work is not compromised. The extent of internal audit advice and guidance is specified within the forward audit plans of the section, which are agreed annually by the Audit and Risk Management Committee. Any significant variations to this activity will be reported to the Audit and Risk Management Committee for agreement.

Provision of Assurance to outside Bodies

21. The City of London Internal audit function provides internal audit services under a service level agreement to London Councils and the Museum of London. Both these organisations utilise other City of London Corporation services in addition to the internal audit function (e.g. payroll). As part of providing an efficient internal audit service to these bodies, Internal Audit may report on the outcomes of audit work on City of London Corporate systems utilised by those outside bodies, once findings and outcomes have been agreed with the relevant Chief Officer. In addition, Internal Audit will occasionally provide assurance to Central Government on the appropriate use of ring-fenced grants or performance returns where required by grant conditions.

Non-Audit Areas:

22. The Internal Audit Section is also responsible for the following non-audit areas:

Risk Management - Providing risk management support to the City of London by promoting the consistent use of risk management and ownership of risk at all levels within the City. This will be achieved through the development and review of the risk management framework, including facilitation of the City of London Strategic Risk Register.

Fraud and Corruption - Promoting fraud awareness and maintaining an effective anti-fraud and corruption function, acting as a central function for the investigation of irregularities and, where criminal investigation is considered appropriate, to liaise directly with the Police and advise departments on such matters. The Section plays a specific anti-fraud and investigation role in relation to Housing Tenancy Fraud and the investigation of serious whistleblowing concerns raised through the City of London Whistleblowing policy.

23. Where the Head of Audit and Risk Management has non-audit responsibilities, independent assurance as to the adequacy and effectiveness of these arrangements will be provided to senior management and the Audit & Risk Management Committee through periodic external assessment. The findings from these assessments will be reported independently of the Head of Audit and Risk Management to the Business Support Director and Chamberlain initially prior to reporting to Committee.
24. Internal audit procedures prohibits internal auditors from assessing specific operations for which they were previously responsible. Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous year.

Due Professional Care

25. The Internal Audit function is bound by the following standards:

- Institute of Internal Auditor's International Code of Ethics and the core principles for internal audit;
- The relevant Codes of Ethics for the professional bodies that members of the Internal audit service are members of (i.e. the Chartered Institute of Internal Auditors and the accountancy professions that constitute the CCAB);
- Seven Principles of Public Life (Nolan Principles);
- UK Public Sector Internal Audit Standards;
- The CIPFA Local Government Application Note (LGAN);
- All Council Policies and Procedures;
- All relevant legislation.

26. Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service and its compliance with the UK PSIAS; on-going performance monitoring; and an external assessment at least once every five years by a suitably qualified, independent assessor.

27. A programme of Continuous Professional Development (CPD) is maintained for all staff working on audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies. The Head of Audit and Risk Management is required to hold a relevant professional qualification (CCAB or CMIIA) or be suitably experienced. The Head of Audit and Risk Management will ensure that the internal audit service has access to an appropriate range of knowledge, skills, personal attributes, qualifications, experience and competencies required to perform and deliver its responsibilities.

Approved by the Audit and Risk Management Committee on 23 May 2017.

Due for revision and annual approval May 2018.

This page is intentionally left blank

Committee(s)	Dated:
Audit and Risk Management Committee	23 May 2017
Subject: Head of Internal Audit Opinion and Annual Report 2016/17	Public
Report of: Head of Audit & Risk Management	For Information
Report author: Pat Stothard – Head of Audit & Risk Management	

Summary

The Public Sector Internal Audit Standards require the Head of Internal Audit and Risk Management to provide the Audit and Risk Management Committee with an annual internal audit opinion. The opinion is used to help inform the City of London Corporation's Annual Governance Statement.

The following opinion is provided for the 12 months ended 31 March 2017:

"I am satisfied that sufficient quantity and coverage of internal audit work has been undertaken to allow me to draw a reasonable conclusion as to the adequacy and effectiveness of the City's risk management, control and governance processes.

*In my opinion, **the City has adequate and effective systems of internal control in place to manage the achievement of its objectives.** In giving this opinion, it should be noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in these processes.*

Notwithstanding the overall opinion, internal audit's work identified a number of opportunities for improving controls and procedures which are documented in each individual audit report."

Four areas reviewed are highlighted in the internal audit opinion, which resulted in 'red' (limited) assurance opinions. These relate to internal audit reviews undertaken of: City of London Police Use of Fuel Cards, IT Asset Management, IT Network Infrastructure (SekChek) and IT Wifi Security and Operations. All reports and recommendations have been accepted by management and implementation of the recommendations will be verified by Internal Audit follow up.

Recommendation

Members are asked to:

- Note the Head of Internal Audit Opinion for 2016/17.

Main Report

Background

1. The Head of Internal Audit and Risk Management is satisfied that sufficient quantity and scope of internal audit work has been undertaken to be able to draw a reasonable conclusion as to the adequacy and effectiveness of the City's risk management, control and governance processes. In reaching this conclusion the Head of Internal Audit and Risk Management has taken into account:
 - a. The work undertaken by the internal audit function throughout the entire year;
 - b. Key issues arising from this work; and,
 - c. Management responses to internal audit work
2. This report is supported, at **Appendix 1**, by a summary of all audit work finalised during the year. This work has been reported to the Audit and Risk Management Committee throughout the year.

Current Position

Basis of Annual Opinion

3. The following form the basis of the Annual Opinion:
 - Assessment of the quantity and coverage of risk based internal audit work against the 2016-17 internal audit plan to allow a reasonable conclusion as to the adequacy and effectiveness of the City's risk management, control and governance processes;
 - Review of the reports from the reviews undertaken during the year by internal audit and assessment of the assurances given;
 - Consideration of any significant recommendations not accepted by management and the consequent risks, of which there were none;
 - Assessment of the status of recommendations identified as not implemented, as part of internal audit follow-up reviews and subsequent progress tracking;
 - Consideration of the effects of any significant changes in the City's objectives or systems;
 - Review and consideration of matters arising from reports to the Audit and Risk Management Committee;
 - Consideration as to whether there were any limitations which may have been placed on the scope of internal audit.

Annual Opinion

4. Sufficient quantity and coverage of internal audit work has been undertaken to allow a reasonable conclusion to be drawn as to the adequacy and effectiveness of risk management, control and governance processes.
5. The City has adequate and effective systems of internal control in place to manage the achievement of its objectives. In giving this opinion, it should be noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in these processes or that no fraud exists within the systems and processes subject to audit review.
6. Notwithstanding the overall opinion, internal audit's work identified a number of opportunities for improving controls and procedures which management has accepted and are documented in each individual audit report. Four "Red Assurance" reviews have been produced which have been accepted by management who have advised that control improvements are being implemented. It should be noted that three of these reviews relate to the audit of IT areas where management are aware of issues and have put in place a longer term plan to address these. In addition, the four reviews have given rise to only five "Red" priority recommendations, which is not a cause for concern.

Direction of Travel

7. Set out below is a comparison of the percentage of internal audit reports receiving Red, Amber and Green Opinions over the last three financial years. Members will note that the percentage of red assurance reports in 2016-17 has increased from the previous two years and the percentage of amber assurance reports has reduced from 2015-16.

Financial Year	% of Green Assurance Reports	% of Amber Assurance Reports	% of Red Assurance Reports
2014-15	71	25	4
2015-16	31	62	7
2016-17	40	50	10

Conformance with the Public Sector Internal Audit Standards

8. The outcome of the External Quality Assessment undertaken by Mazars confirmed that the internal audit function at the Corporation **Generally Conforms** to the Public Sector Internal Audit Standards. Further details are contained in a separate report on this agenda.

Review of Performance

9. The Internal audit team aim to maintain a high level of quality in the delivery of their work. Key outcomes were:

- a. The internal audit function achieved delivery of 95% of the plan by 31st March 2017.
- b. Performance levels of implementing recommendations have been maintained and no high priority audit recommendations were outstanding at the time of the last follow up exercise;
- c. The target of members of the team holding a relevant qualification continues to be met; and
- d. The External Quality Assessment undertaken during the year, while identifying a number of areas for improvement, highlighted many good practices in place and significant positive feedback from both members and senior officers.

Conclusion

- 10. Internal Audit work continues to identify improvement areas for management; albeit, the overall opinion provided on the City's internal control environment is that it remains adequate and effective. There is a high level of acceptance of recommendations.

Appendices

- Appendix 1 – Overview of finalised internal audit reviews in relation to the 2016-17 audit plan.

Pat Stothard
Head of Audit and Risk Management
Chamberlain's Department

T: 0207 332 1299

E: pat.stothard@cityoflondon.gov.uk

Audits finalised in 2016/17

Responsible Department	Title of Review	Status	Assurance Opinion	High Agreed	Med Agreed	Low Agreed
Corporate	Vetting of Staff	FINAL	Amber	0	4	0
Corporate	Pre-Contract Appraisal	FINAL	Amber	0	2	3
Corporate	Project Management	FINAL	Amber	0	2	0
Town Clerks	City Bridge Trust Grants	FINAL	Green	0	0	0
Town Clerks	Guildhall Club Accounts	FINAL	Green	0	0	0
Chamberlains	VAT Management	FINAL	Amber	0	4	7
Chamberlains	Procurement Cards	FINAL	Amber	0	2	4
Chamberlains	ITIL Compliance	FINAL	Amber	0	1	11
Chamberlains	Wifi Security and Operations	FINAL	Red	1	4	0
Chamberlains	Cloud Security	FINAL	Green	0	0	0
Chamberlains	Data Security	FINAL	Amber	0	3	2
Chamberlains	IT - City Procurement Application Review	FINAL	Green	0	0	6
Chamberlains	IT Asset Management	FINAL	Red	2	8	2
Chamberlains	IT Network Infrastructure (SekChek)	FINAL	Red	1	7	3
Chamberlains	Central Procurement	FINAL	Green	0	0	1
Built Environment	Building Control	FINAL	Green	0	0	1
Culture Heritage and Libraries	City Information Centre	FINAL	Amber	0	2	1
Culture Heritage and Libraries	Library Book Audio and Visual Stock	FINAL	Amber	0	2	4
City of London School for Girls	Institutional Review	FINAL	Amber	0	6	3
City of London School	Institutional Review	FINAL	Amber	0	7	4
City of London Freemen's School	Institutional Review	FINAL	Green	0	2	2
Mansion House	Security and Asset Management	FINAL	Green	0	1	1
Mansion House	Annual Plate Review	FINAL	Green	0	0	0
DCCS	Departmental Review	FINAL	Green	0	1	6
DCCS	Barbican Estates Strategic Review of Car	FINAL	N/A	0	1	2

Responsible Department	Title of Review	Status	Assurance Opinion	High Agreed	Med Agreed	Low Agreed
	Parking					
DCCS	Commissioning and Contract Management	FINAL	Amber	0	3	4
DCCS	Barbican Library	N/A	Amber	0	0	4
Markets & Consumer Protection	Performance Measures	FINAL	Green	0	0	2
Markets & Consumer Protection	Spitalfields Fork Lift Truck & Permit Management	FINAL	Green	0	0	0
Markets & Consumer Protection	Spitalfields Market Code of Conduct	FINAL	N/A	0	0	1
Police	Standard Operating Procedures	FINAL	Amber	0	1	5
Police	Economic Crime Academy	FINAL	Amber	0	5	1
Police	Community Consultation	FINAL	Amber	0	1	0
Police	Grants Audits	FINAL	Green	0	0	0
Police	Use of Procurement Cards	FINAL	Amber	0	8	1
Police	Officers' Allowances and Ad Hoc Payments	FINAL	Green	0	0	0
Police	Use of Fuel Cards	FINAL	Red	1	4	0
Open Spaces	Chingford Golf Course	FINAL	Amber	0	7	3
Open Spaces	Monument Cash Review	FINAL	N/A	0	5	2
Barbican Centre	Major Incident Planning	FINAL	Green	0	0	1
Barbican Centre	Catering	FINAL	Amber	0	3	2
Barbican Centre	Car Parking System	FINAL	Green	0	1	2
Barbican Centre	Consultancy Payments	FINAL	N/A	0	4	3
City Surveyor's	Directly Managed Property Lease Issue	FINAL	Amber	0	3	1
City Surveyor's	Rents, Lettings and Vacancies	FINAL	Amber	0	1	1
		TOTAL	45	5	105	96
				Red	Amber	Green
	Total where assurance provided	TOTAL	40	10%	50%	40%

Committee:	Date: 23 May 2017
Audit and Risk Management Committee	
Subject: Internal Audit Plan 2017-18	
Report of: Head of Audit and Risk Management	Public
Report Author: Pat Stothard, Head of Audit and Risk Management	For decision

Summary

The Head of Audit and Risk Management is required by the Public Sector Internal Audit Standards to establish a risk-based plan to determine the priorities of internal audit activity, consistent with the organisation's goals. The risk-based plan must take into account the requirement to produce an annual independent internal audit opinion on the design and effectiveness of the City's governance, internal control and risk management environment. This report sets out the proposed Internal Audit Annual Plan for 2017-18.

The initial draft Internal Audit Plan was approved by Audit and Risk Management Committee on 7 February; since then, Internal Audit has completed the process of consulting with Chief Officers and their Senior Managers to provide input into the proposed plan and coverage within their areas and a process of focussing the Plan on priority audit areas to provide a final version. The final draft Audit Plan was agreed without amendment by Summit Group on 26 April 2017.

Recommendations

1. Members are asked to approve the final Internal Audit Plan 2017-18.

Background

- 1 The purpose of this report is to present the final Internal Audit Plan for 2017-18. The plan has been produced with input from the Internal Audit, Risk and Anti-Fraud team. Audit areas have been identified from the corporate, departmental and institutional business plans and risk registers, together with other sources of assurance and then risk assessed using a similar approach as that defined in the Risk Management methodology.
- 2 Internal Audit has completed the process of consulting with Chief Officers and their Senior Managers to provide input into the proposed plan and coverage within their areas and a process of focussing the Plan on priority audit areas.

Internal Audit Plan 2017-18

- 3 The Internal Audit Plan for 2017-18 provides for an estimated coverage of 1,065 days to deliver the internal audit reviews and can be accommodated by internal resources, assisted by the City Corporation's Internal Audit partner, Mazars. Through a process of focussed prioritisation, the initial draft Plan has been reduced down to approximately 880 days for the City of London Corporation and its Institutions, the City of London Police, the Guildhall School of Music and Drama and the Barbican Centre. There is a provision for a contingency of approximately 60 days. In addition, 100 days have been agreed with the Museum of London and London Councils. The coverage will provide sufficient assurance to produce a Head of Internal Audit Opinion.

Role of Internal Audit

- 4 Internal auditing is an independent, objective assurance and consulting (advisory) activity designed to add value and improve an organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 5 The Internal Audit function reviews the operations of the City. It also supplies the internal audit service to the Museum of London and London Councils under an SLA.
- 6 The Internal Audit function operates in accordance with the Audit Charter which reflects statutory and professional requirements. Implementation of the audit plan helps the City maintain "a sound system of internal control which facilitates the effective exercise of functions and which includes arrangements for the management of risk". Proper practices are defined in the Public Sector Internal Audit Standards which are the professional basis for the operation of the Internal Audit function.
- 7 Internal audit adds value and improves the City's operations by promoting a robust control environment for both financial and operational systems, promoting best practice in governance and risk management as well as making recommendations for improvements in operating efficiencies.

Internal Audit Planning and Allocation of Resources process

- 8 The Head of Internal Audit is required by the Public Sector Internal Audit Standards to establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. The risk-based plan must take into account the requirement to produce an annual independent internal audit opinion on the design and effectiveness of the City's governance, internal control and risk management environment.
- 9 Annually, internal audit conducts a risk-based audit planning process to ensure appropriate coverage of the City's operations (and external partners, where appropriate) is provided.
- 10 The detailed plan of internal audit work is detailed in Appendix 1. It has been presented in four main areas:

- Corporate and strategic reviews, which mainly address the corporate risks and/or are cross cutting reviews to identify efficiencies in process and good practice that can be shared.
- Departmental reviews that have been subject to the internal audit risk assessment process and cover some of the areas of concern requested to be reviewed by Chief Officers, including information system reviews.
- Institutional reviews, which cover the key risk areas of the City's Institutions (Police, Barbican Centre, Guildhall School of Music and Drama, City of London Freemans School, City of London School and City of London School for Girls). These programmes are also separately agreed with these institutions.
- Non City Institutional reviews that cover the priority and key financial areas of the Museum of London and London Councils. These programmes are also separately agreed with these institutions.

However, as discussed at the Institutional committees already presented with draft plans, we have indicated that they may be subject to change.

- 11 Most audits included in the plan are full assurance audits that will result in a formal opinion given over the adequacy of risk management and control within the system audited and the extent to which controls have been applied, with a provision also included for follow ups.
- 12 The internal audit annual work plan will provide Members and management with assurance over the financial control and operational framework in key risk areas. It will also lead to an overall annual opinion on the effectiveness of the City's arrangements for internal control, risk management and governance.

Conclusion

- 13 Following approval of the initial draft by the Audit & Risk Management Committee and the final draft approval by Summit Group, the final Internal Audit Plan for 2017-18 is submitted for approval.

Appendices:

APPENDIX 1 – Final Internal Audit Plan 2017-18

Contact: *Pat Stothard | Pat.Stothard@cityoflondon.gov.uk | 02073321299*

This page is intentionally left blank

Dept Code	Department/Audit	Plan Audit Days
Corporate-Wide		
1 CORP	EMERGENCY PLANNING	14
2 CORP	USE OF WAIVERS	10
3 CORP	IR 35 - USE CONSULTANTS AND SPECIALIST (OFF PAYROLL ENGAGEMENT)	10
4 CORP	EVALUATION OF SUB £100K TENDERS	12
5 CORP	PROCUREMENT CONSULTATION WITH STAKEHOLDERS	15
6 CORP	CORPORATE-WIDE INCOME COLLECTION AND BANKING	20
7 CORP	CORPORATE WIDE EXPENDITURE - EXPENSES - PROCUREMENT CARDS - PETTY CASH	20
8 CORP	CORPORATE-WIDE REVIEW OF BUSINESS TRAVEL	15
9 CORP	CORPORATE FOLLOW-UP EXERCISES	30
10 CORP	INFORMATION GOVERNANCE/GDPR	12
11 CORP	CONTRACT MANAGEMENT/CURRENT CONTRACT AUDITS	20
CORP	CONTINGENCY	57
Town Clerk's		
12 TCK	FREEDOM OF INFORMATION REQUESTS	10
13 TCK	SOCIAL INVESTMENT FUND	10
14 TCK	MEMBERS AND OFFICERS DECLARATIONS INTERESTS	15
15 TCK	HUMAN RESOURCES - STARTER AND LEAVERS	12
16 TCK	STAFF LEARNING & DEVELOPMENT (including Central Training)	12
Chamberlain's		
17 CHB	IT - DATA MANAGEMENT	15
18 CHB	IT - CYBERSECURITY	20
19 CHB	IT - CLOUD COMPUTING	15
20 CHB	IT - MOBILE DEVICES (HORIZON SCANNING)	12
21 CHB	IT - SOCIAL MEDIA (HORIZON SCANNING)	12
22 CHB	IT - INFORMATION SECURITY	12
23 CHB	IT BUSINESS CONTINUITY	15
24 CHB	IT ORACLE (CBIS) APPLICATION	10
25 CHB	IT ORACLE (CBIS) REVENUE	10
26 CHB	MEDIUM TERM FINANCIAL PLANNING	8
27 CHB	CITY PROCUREMENT	20
28 CHB	COUNCIL TAX & NNDR	18
Community and Children's Services		
29 DCCS	ACADEMIES	10
30 DCCS	WELFARE REFORM	10
31 DCCS	HOUSING ALLOCATIONS LETTINGS AND VOIDS	15
32 DCCS	HOUSING AND BE RENTS	15
33 DCCS	HEALTH AND SOCIAL CARE INTEGRATION	12
34 DCCS	FINANCIAL ASSESSMENTS (REFER FRAUD WORK)	8
35 SJC	SIR JOHN CASS SCHOOL INCOME GENERATION	10
36 DCCS	COMMUNITY CENTRE REVENUE	7
City Surveyor's		
37 SVY	INTERNAL CONTROL/GOVERNANCE	15
38 SVY	SERVICE BASED PROPERTY CONTRACTS	15
39 SVY	GUILDHALL COMPLEX - PERFORMANCE	7
Open Spaces		
40 OSD	INCOME GENERATION	10
41 OSD	FINANCIAL MANAGEMENT INCLUDING INTERNAL CONTROL PROCEDURES	15
42 OSD	CEMETERY & CREMATORIUM - ESTABLISHMENT REVIEW	15
43 OSD	TOWER BRIDGE & MONUMENT MAJOR INCIDENT PLAN	8
Built Environment		
44 DBE	HIGHWAYS	15
45 DBE	TFL LOCAL IMPLEMENTATION PLAN	10
Markets & Consumer Protection		
46 M&CP	TRADING STANDARDS - SEIZED GOODS	10
47 M&CP	CONSUMER PROTECTION ENFORCEMENT	10
48 M&CP	MARKETS FRAUD RISK	12
Comptroller and City Solicitor's		
49 CCS	ORACLE OPN	12
Remembrancer's		
50 REM	FUNCTIONS & GUILDHALL LETTINGS - INCOME (INC. BANKING, SAFES AND SECURITY)	10
Mansion House		
51 MHSE	HOSPITALITY AND CATERING CONTRACT MANAGEMENT	12
City of London Police		
52 POL	ACTION FRAUD TEAM	10
53 POL	PROJECT MANAGEMENT	15
54 POL	IT TECHNOLOGY REFRESH PROJECT	10
55 POL	IT NETWORK SECURITY	10
56 POL	DEMAND POLICING AND EVENT RESOURCING	10
57 POL	POLICE BUSINESS CONTINUITY PLANNING	10
58 POL	POLICE BANK ACCOUNTS	15
59 POL	POLICE SEIZED GOODS	10
Barbican Centre		
60 BBC	b/f CUSTOMER EXPERIENCE	15
61 BBC	EQUALITY AND DIVERSITY	10
62 BBC	RETAIL AND BARS	15
63 BBC	CASH HANDLING	10
The Guildhall School		
64 GSMD	b/f STRATEGIC PLANNING	10

65	GSMD	b/f INCOME GENERATION	15		
66	GSMD	STUDENT SUPPORT	10		
67	GSMD	DATA QUALITY	10		
		City of London School for Boys			
68	CLS	Financial Management	10		
69	CLS	Health and Safety	7		
		City of London School for Girls			
		City of London Freeman's School			
70	CLFS	Health and Safety	7		
71	CLFS	Income Generation	7		
		Museum of London			
	MOL	New Museum Project Governance	10		
	MOL	Payroll Adjustments	10		
	MOL	Fraud Awareness	5		
	MOL	Financial Controls	10		
	MOL	Insurance Arrangements	5		
	MOL	Follow-ups	3		
	MOL	CONTINGENCY	7		
		London Councils			
	LC	Financial Controls (Petty Cash, Procurement Cards, Inventories & Safekeeping)	5		
	LC	Grants (including probity checks)	20		
	LC	Parking and Traffic	15		
	LC	ICT Remote Access and Mobile Devices	10		
	LC	Follow-ups			
				CoL %	Overall %
		Corporate-Wide	178	26.7%	
		Town Clerk's	59	8.8%	
		Chamberlain's	167	25.0%	
		Community and Children's Services	87	13.0%	
		City Surveyor's	37	5.5%	
		Open Spaces	48	7.2%	
		Built Environment	25	3.7%	
		Markets & Consumer Protection	32	4.8%	
		Comptroller and City Solicitor's	12	1.8%	
		Remembrancer's	10	1.5%	
		Mansion House	12	1.8%	
			667	100.0%	62.6%
		City of London Police	90		8.5%
		Barbican Centre	50		4.7%
		The Guildhall School	45		4.2%
		City of London School for Boys	17		1.6%
		City of London School for Girls	0		0.0%
		City of London Freeman's School	14		1.3%
		Museum of London	50		4.7%
		London Councils	50		4.7%
		Finalising 16/17	25		2.3%
		Contingency	57		5.4%
			1065		100.0%
			1065		

Committee(s)	Dated: 23 May 2017
Audit and Risk Management Committee	
Subject: Risk Management Update	Public
Report of: 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 following the review by the Chief Officer Risk Management Group (CORMG) on 21 March 2017 and Summit Group on 26 April 2017.

There are 11 corporate risks (11 in February 2017) on the corporate risk register of which five are rated as red and six as amber risks. All corporate risks have been reviewed and updated where appropriate. Three notable changes have occurred on this register since the risk update report to the Committee on 7 February 2017:

CR 14 Funding Reduction was removed from the register in March 2017 as a result of more a favourable financial outlook for the City Corporation.

CR 23 City of London Police funding has been added to the register following approval by the Summit Group on the 26 April 2017. The Committee is asked to confirm the inclusion of this risk on to the corporate risk register.

CR16 Information Security has been reviewed in the light of public sector organisations' exposure to this risk as well as the City Corporation's existing IT security arrangements. This risk has been re-rated from an amber 12 to a red 16.

The total number of top red risks is now 10 (11 in January 2017). Three new risks were added and four risks removed from this register since February 2017.

A total of 310 risks (306 as at January 2017) 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.

Recommendations

The Committee is asked to:

1. Confirm the addition of **CR23 City of London Police funding** on to the corporate risk register.
2. Note the other changes to both the corporate and top red departmental risk registers outlined in the report.

Main Report

1.0 Background

- 1.1 The corporate risk register was last reviewed by the CORMG on 21 March 2017 and the Summit Group on 26 April 2017.
- 1.2 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.
- 1.3 As at 5 May 2017, a total of 310 wide ranging risks have been identified by departments comprising of 28 red, 163 amber and 119 green risks. This compares with total of 306 risks in February 2017 which included 25 Red, 157 amber and 124 green risks. The movement is principally due to new IT risks being added on to the register whilst some risks from former Department of Culture, Heritage and Libraries risks being removed, being no longer relevant.
- 1.4 Of the 310 total risks, there are 11 corporate and 10 top red departmental risks. There are another 67 amber and 61 green risks recorded at departmental level. The remaining 161 risks are at service/team levels.
- 1.5 Departments have used the Corporation's Risk Management Strategy (May 2014) to ensure that there is a consistent approach to the way risks are described and scored. Attached as appendix 1 is the corporate risk matrix which illustrates the likelihood and impact ratings as well as the definitions for red, amber and green risks.

2.0 Corporate risk register

- 2.1 There are currently 11 corporate risks (five red risks and six amber risks). Three notable changes have occurred on this register since February 2017:
 - **CR 14 – Funding Reduction** has been removed from the register as a result of a more favourable financial outlook for the City Corporation.
 - **CR23 City of London Police funding.** This risk was approved for inclusion in the corporate risk register by the Summit Group on 26 April 2017. Further details about this risk are set out below (see paras 2.2 to 2.5).
 - **CR 16 Information Security.** This risk has been reviewed in the light of public sector organisations' exposure to IT security breaches as well as taking into account of the existing City Corporation's IT security arrangements. It has been now re-rated from amber 12 to a red 16. Members are asked to note that IT Sub Committee approved measures to improve technical security of the City Corporation's network in January 2017. Work is proceeding to implement these measures.

The **CR16 Information Security** risk is subject to a deep dive report which appears elsewhere on this agenda.

A copy of the corporate risks and actions progress report together with the corporate risk register (detailed version) is attached as appendices 2 and 3 respectively.

CR23 City of London Police (CoLP) funding

- 2.2 CORMG, at their meeting on 21 March 2017, considered a proposed new risk, from the Chamberlain, in respect of City of London Police funding and recommended to the Summit Group that it should be included on the corporate risk register (see appendix 3).
- 2.3 This risk has been raised following the announcement that the provisional Police grant settlement is (£0.7m) lower than anticipated and additional cost pressures have meant the fund has moved into deficit. The effect of this is that the Police will be unable to maintain a balanced budget and current service levels as reflected in their Medium Term Financial Plan.
- 2.4 The Government has stated the intention is that the shortfall should be met from an increase in the precept (in the City's case, the business rate premium). This will potentially lead to an adverse reaction from business community following so swiftly on significant rise in business rates in the City following the government's revaluation exercise.
- 2.5 Summit Group, at their meeting on the 26 April 2017, approved the inclusion of this risk on to the corporate risk register. The Committee is asked to confirm this inclusion.
- 2.6 Table 1 below – List of current corporate risks as at 5 May 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	↔
CR22	Barbican fire safety risk	Red	16	↔
CR16	Information Security	Red	16	↑
CR09	Health and Safety Risk	Amber	12	↔
CR23	CoLP Funding (New risk)	Amber	12	↔
CR01	Resilience Risk	Amber	12	↔
CR02	Loss of Business Support for the City	Amber	8	↔
CR10	Adverse Political Developments	Amber	8	↔
CR17	Safeguarding	Amber	8	↔

3.0 Top departmental red risks

- 3.1 There are currently 10 top departmental red risks (11 in February 2017). A copy of the top red departmental risks/actions progress report together with the top red departmental risk register is attached as appendices 4 and 5 respectively.
- 3.2 The following movement has taken place in the top red departmental risk register:

New risks added to the top red departmental risk register:

- **BBC Arts 001** – Concert Hall stage riser system(lift failure)

- **DCCS HS 005 – Fire risk** (enclosed balconies) but see below.
- **TC TCO 05 – Customer Relationship Management System**

Risks removed from the top red departmental risk:

- **BBC H&S 004 – Fire safety** (now corporate risk CR 22)
- **DBE TP 01 - Road Traffic Collision** caused by City of London staff/contractor
- **DCCS HS 005 Fire Risk** – subsequently re-rated to green following an external review of the risk involved.
- **SUR SMT 005 – Recruitment and retention** of property professionals (re rated as amber 6 and remains a departmental level risk).

- 3.3 The highest top red risk is **DCCS PE 002** - The number of pupil applications for Sir John Cass Foundation Primary School for 2017/18 has not been as high as anticipated. Therefore there are currently insufficient grounds to request the Sir John Cass Foundation Board to review their decision on the proposed expansion based on demand for places. The City of London and the School are now preparing a business case which demonstrates the long term cost effectiveness and greater viability of the 2 form entry model for the Foundation Board to consider this summer.

EU Referendum

- 3.4 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. However HM Government has now triggered Article 50 – formal notification that the UK has determined to leave the EU within 2 years. Detailed discussions with the EU are anticipated to commence in May 2017.

4.0 Conclusion

- 4.1 The corporate and top red departmental risk registers were reviewed by CORMG (21 March 2017) and Summit Group on 26 April 2017. The CORMG provides additional assurance to the Summit Group, Chief Officer Group and the Audit and Risk Management Committee that corporate and top red departmental risks are appropriate and being actively managed.

Appendices:

APPENDIX 1 – Corporate Risk Matrix

APPENDIX 2 – Corporate risk and actions progress

APPENDIX 3 – Corporate risk register (detailed)

APPENDIX 4 – Top Red departmental risk and actions progress

APPENDIX 5 – Top Red departmental risks (detailed).

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

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

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

(A) Likelihood criteria

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

(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

Likelihood		Impact			
	X	Minor (1)	Serious (2)	Major (4)	Extreme (8)
	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

This page is intentionally left blank

Corporate risks and actions progress report (Excludes completed actions)






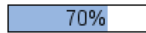

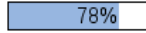

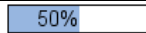
Report Type: Risks Report





Report Author: Paul Dudley


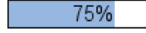

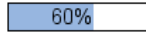

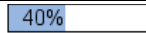


Generated on: 05 May 2017











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
CR16 Information Security Chamberlain's	 16	 Increased Risk Score	 8		22-Sep-2014 Corporate	04-May-2017	30-Apr-2018	Peter Kane
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.		In Progress	 70%	Sean Green	04-May-2017	30-Apr-2018		
CR16h Online Training for Members		In Progress	 78%	Gary Brailsford-Hart	04-May-2017	30-Apr-2018		
CR16i Technical Security Infrastructure		In Progress	 50%	Sean Green	04-May-2017	30-Apr-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
CR19 IT Service Provision					14-Jul-2015	07-Apr-2017	31-Dec-2017	Sean Green
Chamberlain's	16	No change	4		Corporate			




Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
CR19c JOINT End User Device Renewal		In Progress		Sean Green	07-Apr-2017	31-Dec-2017	
CR19d CoLP Investment in any retained IT infrastructure		In Progress		Sean Green	07-Apr-2017	31-Dec-2017	
CR19e Network Transformation Requirements		In Progress		Sean Green	07-Apr-2017	30-Jun-2017	
CR19f Network Transformation		In Progress		Sean Green	07-Apr-2017	31-Mar-2018	






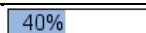





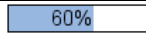

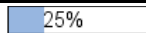
Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
CR20 Road Safety					23-Oct-2015	26-Apr-2017	22-May-2017	Carolyn Dwyer
Department 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
CR20b Permanent Bank Junction redesign		In Progress		Steve Presland	25-Apr-2017	30-Sep-2019	
CR20c Interim Bank Junction redesign		Check Progress		Steve Presland	25-Apr-2017	22-May-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
CR21 Air Quality					07-Oct-2015	27-Apr-2017	31-Dec-2020	Jon Avern
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
CR21e Develop plan		In Progress		Jon Avern	27-Apr-2017	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
CR22 Barbican Centre Fire Risk					10-Nov-2016	03-May-2017	30-Jun-2017	Jonathon Poyner
Barbican Centre	16	No change	8		Corporate			



Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
CR22a Robust Evacuation Procedure		In Progress		Jonathon Poyner	03-May-2017	31-May-2017	
CR22c Ensure Fire Systems are Maintained and Tested		In Progress		Jonathon Poyner	03-May-2017	31-May-2017	
CR22d Produce Competency Fire Matrix		In Progress		Jonathon Poyner	03-May-2017	30-May-2017	
CR22e Fire Safety Policy		In Progress		Jonathon Poyner	03-May-2017	31-May-2017	
CR22f Event Led Fire Risk Assessments		In Progress		Jonathon Poyner	03-May-2017	31-May-2017	
CR22g Building Fire Risk Assessments		In Progress		Jonathon Poyner	03-May-2017	02-Jun-2017	
CR22h Submit Fire Risk Assessments		In Progress		Jonathon Poyner	05-Apr-2017	02-Jun-2017	





CR22i Fire Management Plans		In Progress	<div><div></div></div> 30%	Jonathon Poyner	03-May-2017	30-Jun-2017
Cr22j Implement CO Incident Report Recommendations		In Progress	<div><div></div></div> 55%	Jonathon Poyner	03-May-2017	31-May-2017
CR22k Ensure Gallery Smoke Vents are Fit for Purpose		In Progress	<div><div></div></div> 60%	Jonathon Poyner	03-May-2017	31-Jul-2017


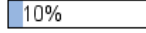

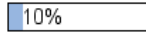

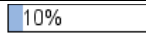


Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
CR01 Resilience Risk				<div><div></div></div>	20-Mar-2015	04-May-2017	31-Dec-2017	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
CR01D Elimination of single points of failure, resulting in loss of services		In Progress	<div><div></div></div> 76%	Gary Locker	04-May-2017	30-Jun-2017	
CR01E Corporate Review of Security		In Progress	<div><div></div></div> 91%	Gary Locker	04-May-2017	30-Jun-2017	






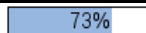
Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
CR09 Health and Safety Risk				<div><div></div></div>	22-Sep-2014	04-May-2017	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
CR09D Implementing external verification recommendations		In Progress	<div><div></div></div> 90%	Justin Tyas	04-May-2017	30-Jun-2017	
CR09E Sharing Risk Information		In Progress	<div><div></div></div> 80%		04-May-2017	31-May-2017	






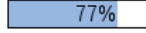
Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
CR23 Police Funding					21-Nov-2016	06-Apr-2017	31-Mar-2018	Caroline Al-Beyerty
Chamberlain's	12	No change	4		Corporate			





Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
CHB013a Police- cashable savings target		Check Progress		Caroline Al-Beyerty	06-Apr-2017	18-May-2017	
CHB013b Draw down on Police Reserves		In Progress		Caroline Al-Beyerty	06-Apr-2017	31-Mar-2018	
CHB013c Future Demand modelling and VFM review		In Progress		Caroline Al-Beyerty	06-Apr-2017	31-Jul-2017	
CHB013d Business rate Premium		Assigned		Caroline Al-Beyerty	06-Apr-2017	31-Mar-2018	




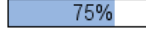


Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
CR02 Loss of Business Support for the City					22-Sep-2014	04-May-2017	30-Apr-2018	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		In Progress		Giles French	04-May-2017	30-Jun-2017	
CR02C UK Referendum on membership of the EU		In Progress		Damian Nussbaum	04-May-2017	30-Dec-2017	
CR02D Special Advisor for Asia		In Progress		Giles French	04-May-2017	30-Jun-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
CR10 Adverse Political Developments					22-Sep-2014	03-May-2017	31-Dec-2017	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	04-May-2017	31-Dec-2017	
CR10b Provision of information		In Progress		Paul Double	04-May-2017	31-Dec-2017	
CR10c Stakeholder engagement		In Progress		Paul Double	04-May-2017	31-Dec-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					22-Sep-2014	14-Mar-2017	31-Mar-2018	Neal Hounsell
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
CR17k Review role of Safeguarding Champions		In Progress		Chris Pelham	28-Apr-2017	30-Jun-2017	
CR17m Raise Awareness of financial abuse and scams		In Progress		Chris Pelham	14-Mar-2017	31-Dec-2017	
CR17o Review of Safeguarding Arrangement in Independent schools within the City of London		In Progress		Neal Hounsell	28-Apr-2017	31-Jul-2017	

Corporate risk register - detailed report
(Excludes completed actions)

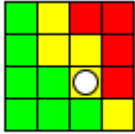
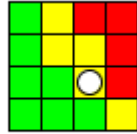

Report Author: Paul Dudley

Generated on: 05 May 2017

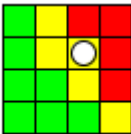
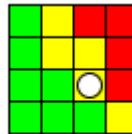

Rows are sorted by Department Code

[illegible]

Action no, Action owner	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR01D	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. Further testing is ongoing.	Gary Locker	04-May-2017	30-Jun-2017
CR01E	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	The review is continuing, initial over arching security strategy released to Chief Officers in November 2016, work is continuing, engaging with departments, security managers and CoLC assets	Gary Locker	04-May-2017	30-Jun-2017

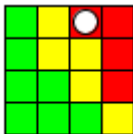
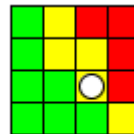

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR02 Loss of Business Support for the City 22-Sep-2014 John Barradell	Cause - The City Corporation's actions to promote and support the competitiveness of the business City do not succeed. Event - The City's position as the world leader in international financial services is adversely affected Effect - The City loses its ability to attract and retain high value global business activity, both as a physical location and in mediating financial and trade flows; the City Corporation's business remit is damaged and its perceived relevance is diminished. Reputational damage to the City as a place to do business and to Corporation ability to govern effectively	 Likelihood	8	The risk assessment/scoring remains the same in the light of the post-brexite global political environment. The City Corporation is taking major steps to mitigate this risk. 04 May 2017	 Likelihood	8	30-Apr-2018	

Action no, Action owner	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR02A	Appointment of former Foreign Office Minister, Jeremy Browne, to new position to enhance our engagement with EU policy makers.	Since the UK's decision to leave the EU, Jeremy Browne has been visiting several key EU Member States to reengage the City's key stakeholders in Europe.	Giles French	04-May-2017	30-Jun-2017
CR02C	City Corporation providing opportunities for informing the debate on the EU Referendum, and representing the views of the financial and professional services sector	The IRSG has commissioned three Brexit related workstreams examining, Third Country status; Global Competitiveness and Regulatory coherence, all of which will help inform the governments negotiations	Damian Nussbaum	04-May-2017	30-Dec-2017
CR02D	Appointment of Sherry Madera to a new position to enhance our engagement with policy makers and opinion formers in Asia	Sherry Madera was appointed in January 2017 and has been working through the priorities for Asia to assist the UK in its trade and policy relationships with Asian countries, particularly China and India	Giles French	04-May-2017	30-Jun-2017

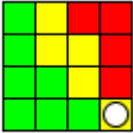
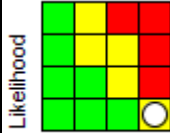

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR09 Health and Safety Risk 22-Sep-2014 Chrissie Morgan	Cause - Safety is treated as a low priority by the organisation, lack of training of staff and managers, management complacency, poor supervision and management Event - Statutory regulations and internal procedures relating to Health and Safety breached and/or not complied with. 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	 Likelihood	12	This risk was reviewed by the SMT on 1-3-17, there is no change to the assessment at this time. The risk will be reviewed by the Audit and Risk Committee at its next meeting. 04 May 2017	 Likelihood	8	31-Dec-2017	

Action no, Action owner	Description	Latest Note			Managed By	Latest Note Date	Due Date
CR09D	Develop a series of actions that will help to implement the best practice recommendations contained in the recent external verification of the CoL's Occupational Health and Safety Management Systems	The action plan is now likely to be completed by June 2017			Justin Tyas	04-May-2017	30-Jun-2017
CR09E	Developing and implementing a Personal safety visiting tool (PSVT) to help share risk information between various departments, improving safety	This initiative is as a result of collaboration between the Corporate Health and Safety and the Safer Communities project team, scheduled to be rolled out by the end of May 2017				04-May-2017	31-May-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 <							

Page 69

Action no, Action owner	Description	Latest Note			Managed By	Latest Note Date	Due Date	
CR10a	Monitoring of Government legislation and proposed regulatory changes.	Relevant Bills in the Government's legislative programme will be 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	04-May-2017	31-Dec-2017	
CR10b	Provision of information to Parliament and Government on issues of importance to the City.	Briefing has been provided for parliamentary debates including on air quality, immigration, housing, planning, the creative industry, trade and investment, apprenticeships, economic crime, Fintech and broadband.			Paul Double	04-May-2017	31-Dec-2017	
CR10c	Engagement with key opinion informers in Parliament and elsewhere. Programme of work to monitor and respond to issues affecting the reputation of the City Corporation.	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 or the Mayor.			Paul Double	04-May-2017	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
CR16 Information Security 22-Sep-2014 Peter Kane	Cause: Breach of IT Systems resulting in unauthorised access to data by internal or external sources. Officer/ Member mishandling of information. Event: Cybersecurity attack - unauthorised access to COL IT systems. Loss or mishandling of personal or commercial information. 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.	<div><div>Likelihood</div><div>Impact</div></div>	16	Paper regarding improving technical security was approved by IT Sub-Committee in January 17. Now proceeding with the implementation of the recommendations. Additional funds to strengthen security management and additional security staff agreed recently by the Finance Committee. 04 May 2017	<div><div>Likelihood</div><div>Impact</div></div>	8	30-Apr-2018	

Action no, Action owner	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR16b	For all major systems establish data owner and retention policy for information therein.	Paper was approved by Summit Group in December and is now being progressed through the relevant Committee processes and project governance where relevant.	Sean Green	04-May-2017	30-Apr-2018
CR16h	Online training to be made available to Members following workshop in February 2016.	Induction training provided - Gary Brailsford Hart is supporting this risk	Gary Brailsford-Hart	04-May-2017	30-Apr-2018
CR16i	The Development and implementation of more technical security infrastructure	Paper regarding improving technical security was approved by IT Sub-Committee in January 17. Now proceeding with the implementation of the recommendations	Sean Green	04-May-2017	30-Apr-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
CR17 Safeguarding 27-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' safeguarding policy. Social workers and other staff not taking appropriate action if notified of a safeguarding issue Effect: Physical or mental harm suffered by a child or adult at risk, damage to the City of London's reputation, possible legal action, investigation by CQC and or Ofsted		8	The corporate audit of safeguarding has been completed and the final report is awaited. An action plan for the implementation of any recommendations will be drawn up. 28 Apr 2017		8	31-Mar-2018	

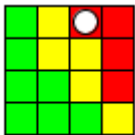
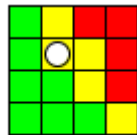

Action no, Action owner	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR17k	The role of Safeguarding Champions to be reviewed and to consider if Domestic Violence can be added to the role	A Corporate audit of safeguarding champions has been undertaken and the review of safeguarding champions will be completed following the outcome of the corporate audit.	Chris Pelham	28-Apr-2017	30-Jun-2017
CR17m	The Adult Social Care Team will be working with the City of London Police to raise the profile of financial abuse and scams	A task group with representation from Adult Social Care, City of London Police, Safer City Partnership, Housing and Toynbee Hall has been set up to implement planned actions. A leaflet to raise awareness is being sent out with residents council tax bills. A workshop is being planned for the Autumn.	Chris Pelham	14-Mar-2017	31-Dec-2017

CR17o	A review is being conducted into the safeguarding arrangements within the independent schools within the City of London. It is anticipated that the report will be available at the start of December. If the report makes recommendations these will be implemented within agreed timescales.	The safeguarding review of the Guildhall School of Music & Drama, including satellite sites is now complete. An action plan to implement the recommendations of the review has been drawn up. A report on the implementation will be presented to the Safeguarding Education Forum.	Neal Hounsell	28-Apr-2017	31-Jul-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
CR19 IT Service Provision <div>Page 71</div> 14-Jul-2015 Sean Green	Cause: The whole Police IT Estate and parts of the Corporation are in need of further investment. Event: For the Corporation, poor performance of IT Service and for the Police critical failure of the Police IT Service. Effect: Loss of communications or operational effectiveness (may also lead to low staff morale). Possible failure of critical Corporation and Policing activities. Reputational damage.	<div> <div>Likelihood</div> <div>Impact</div> </div>	16	The primary focus of the team is on stabilisation, a more robust approach to managing change has been adopted, reducing the risk of service interruption. Team level approach to risk management is now aligned fully to the top level approach. IT Division is assessing how additional funds approved by Committee should be distributed to undertake more risk mitigation activity. The risk is expected to reduce to Amber by December 2017 followed by steady progress to Green in the following months. 07 Apr 2017	<div> <div>Likelihood</div> <div>Impact</div> </div>	4	31-Dec-2017	

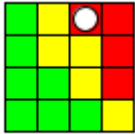
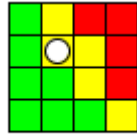

Action no, Action owner	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR19c	Investment in any retained IT infrastructure to ensure that this meets the same standards of resilience and continuity as delivered by the IaaS infrastructure.	Delivery of the new solution will take place throughout 2017.	Sean Green	07-Apr-2017	31-Dec-2017
CR19d	Investment in any retained IT infrastructure to ensure that this meets the same standards of resilience and continuity as delivered by the IaaS infrastructure	Remediation work has now started and will continue throughout 2017.	Sean Green	07-Apr-2017	31-Dec-2017
CR19e	This is the first phase of the revised project to fully replace ageing unsupportable networking hardware from the City and City Police's infrastructure.	Audit work now completed. Procurement phase now in progress.	Sean Green	07-Apr-2017	30-Jun-2017
CR19f	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.	Sean Green	07-Apr-2017	31-Mar-2018

Page 72

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	<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>The experimental Bank Junction Scheme will begin on Monday 22 May, everything is on track to meet this date.</p> <p>Milestones for longer term Bank Junction Scheme have been adjusted but are still on track to be complete before the Bank Station upgrade opens in 2021. Valuable lessons will be learned from the interim scheme and will help focus the development of the long term. The Gateway 4 report is scheduled for June 2018 with construction starting in Q3 of 2019.</p> <p>The RDRP Joint Work Programme for 2017/18 (including the</p>	<p>Likelihood</p>  <p>Impact</p>	6	22-May-2017	

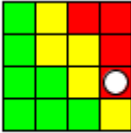
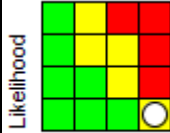

23-Oct-2015 Carolyn Dwyer				<p>Communications Plan) was approved by the Planning and Transportation Committee on March 21st and as a result, through the Operational Delivery Group, there is now a structure and programme to deliver a joint approach to Safer Transport. Work Programme delivery will be reported to the Planning and Transportation Committee in the RDRP annual report.</p> <p>26 Apr 2017</p>				
------------------------------	--	--	--	--	--	--	--	--

Action no, Action owner	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR20b	Permanent Bank Junction redesign	Milestones for longer term have been adjusted but are still on track to be complete before the Bank Station upgrade opens in 2021. Valuable lessons will be learned from the interim scheme and will help focus the development of the long term. G4 scheduled for June 2018 with construction starting in Q3 of 2019. The due date on this action has been adjusted accordingly.	Steve Presland	25-Apr-2017	30-Sep-2019
CR20c	Working with TfL to explore and, where practicable, deliver short term design/operational improvements to Bank Junction	The experiment will begin on Monday 22 May, everything is on track to meet this date.	Steve Presland	25-Apr-2017	22-May-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
CR21 Air Quality	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.	 Likelihood	16	Whilst we continue to address this issue robustly and innovatively 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	 Likelihood	6	31-Dec-2020	

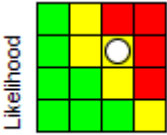
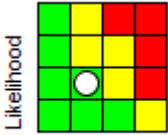

07-Oct-2015 Jon Avern	<p>Event: Under certain atmospheric conditions there is a higher probability of poor air quality within the City and it is more likely that residents, workers and visitors would suffer the acute consequences.</p> <p>Effect: The consequences both acute and chronic may include:</p> <p>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).</p> <p>An increase in deaths, particularly of those already suffering from respiratory or cardiovascular conditions (both residents and workers).</p> <p>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.</p> <p>Persistent poor air quality may affect the longer term health of the City population.</p> <p>Persistent poor air quality may attract adverse media coverage making the City seem a less attractive place to live and work.</p>			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.				
--------------------------	---	--	--	--	--	--	--	--

Action no, Action owner	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR21e	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 Avern	27-Apr-2017	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
CR22 Barbican Centre Fire Risk 10-Nov-2016 Jonathon Poyner Page 75	Cause: Fire engineering solutions, fire precautions and procedures not fully scoped, effective and/or fully understood at the Barbican. Event: Emergency incident or fire occurs and management procedures or protective mechanisms do not function or works as designed 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	 Likelihood Impact	16	Ground up review with our Fire Safety consultants has given further detailed actions resulting in evolving road map with extended completion times. Fire Safety Manager leading on actions with Fire Strategy Management Group. 04 May 2017	 Likelihood Impact	8	30-Jun-2017	

Action no, Action owner	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR22a	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.	Control of contractors document has been produced and disseminated. Gas procedures have been reviewed and require further work. Engineering are reviewing with Projects the gas safety systems currently in place to establish if any works are required.	Jonathon Poyner	03-May-2017	31-May-2017
CR22c	Ensure that Fire systems are maintained and tested in accordance with the Corporate Building Health & Safety compliance standards.	Following the report from ARUP, a full programme is being designed and implemented over the coming two months. In the interim, the Fire Safety Manager is working with our engineering teams on specific gaps in compliance.	Jonathon Poyner	03-May-2017	31-May-2017
CR22d	Produce a competency Fire Matrix which will identify and	Clear action plans continue to be implemented following the road map created following	Jonathon	03-May-	30-May-

	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.	ARUP report. Resources are being reviewed and further updates will be due by the end of the month.	Poyner	2017	2017
CR22e	An up to date Fire Safety Policy that records clear lines of responsibility, communication and accountability.	Policy has been reviewed by ARUP/Fire Safety Manager. A draft policy has been written together with a draft summary issued by the Safety & Security Manager and Fire Safety Manager respectively. The policy is currently with the City for review. The policy will be agreed by the end of the month.	Jonathon Poyner	03-May-2017	31-May-2017
CR22f	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.	The Fire Safety Manager is considering new FRA templates to be used across the Centre which will be measured against CoL templates and recommendations from ARUP.	Jonathon Poyner	03-May-2017	31-May-2017
CR22g	Ensure that Building Fire Risk Assessments are in place that meet the basic requirements of PAS 79 but ideally the corporate guidance.	FPA (CoL approved Fire Risk Assessors) will be starting on site on 10 May for six weeks to complete building FRAs. Strategy for completion to be discussed on 10 May with key stakeholders. The Fire Safety Manager has produced the FRA template which will form the basis for the FRAs.	Jonathon Poyner	03-May-2017	02-Jun-2017
CR22h	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.	This item is being considered as part of the Building Fire Risk assessment running concurrently.	Jonathon Poyner	05-Apr-2017	02-Jun-2017
CR22i	Fire Management Plans should be produced based on Fire Risk Assessments, prioritised according to risk and recommendations.	Work continues on this with both ARUP and Fire Safety Manager. Necessarily, these are complex and will be informed by the Building Fire Risk Assessment. The existing fire safety plans will be updated once the building FRA is complete.	Jonathon Poyner	03-May-2017	30-Jun-2017
Cr22j	Implement CO Incident Report recommendations not already addressed by Actions a - i above.	Further actions are being added following report from ARUP. Ground up review has resulted in actions taking longer but are more thorough.	Jonathon Poyner	03-May-2017	31-May-2017
CR22k	Changes to the Art Gallery smoke vents as recommended by Terence Short, CoL Fire Safety Advisor, on 5th September 2016.	Agreement regarding the testing schedule has been reached with the Barbican Centre, the City and the Insurers involving testing of the smoke vents every three months in line with exhibition changeover. If the period between exhibitions exceeds the three month period, the City will consider the longer testing period on written submission from the Barbican Centre. Works to the smoke vents have been agreed and are due to take place in July 2017.	Jonathon Poyner	03-May-2017	31-Jul-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
CR23 Police Funding 21-Nov-2016 Caroline Al-Beyerty	Cause: Reduction in government funding and growing demand in Policing services leading to pressures for the City Fund -Police. Event: Reduction in government funding. The Government's stated intention is that the shortfall should be met from an increase in the precept (in the City's case, the business rate premium) Effect: City of London Police will be unable to maintain a balanced budget and current service levels as reflected in their Medium Term Financial Plan. Potential adverse reaction from business community to increased premium following so swiftly on significant rise in business rates in the City following the government's revaluation exercise.	 Likelihood	12	Escalated to Corporate level as per instruction from Chamberlain. Subject to confirmation by CORMG/Summit Group. 06 Apr 2017	 Likelihood	4	31-Mar-2018	

Action no, Action owner	Description	Latest Note		Managed By	Latest Note Date	Due Date
CHB013a	Limited opportunities in 2017/18 to make in year savings against front line police officer budgets without impacting adversely on delivery of key policing plan objectives. Police staff numbers subject to further scrutiny as part of in-year savings exercise.	Police proposed cashable savings target has been laid out at £1.2 million for 2017/18 and £1.3m p.a. on-going following this.		Caroline Al-Beyerty	06-Apr-2017	18-May-2017
CHB013b	Exhaust the Police Reserves by 31 March 2018	2016/17 estimated drawdown of £2.6m with the remaining balance of £1.5m being drawn down in 2017/18. [to be updated before the May Committee- awaiting final 2016/17 position from Police Finance]		Caroline Al-Beyerty	06-Apr-2017	31-Mar-2018
CHB013c	The Town Clerk, the Chamberlain and the Commissioner, to commission a review of the Police operating model, focusing on future demand modelling and how best to secure VFM, to identify options to address the, as yet unfunded, projected deficits of £5.6m in 2018/19 and £3.8m in 2019/20.	Deloitte will be carrying out the review during April- June. Work has commenced.		Caroline Al-Beyerty	06-Apr-2017	31-Jul-2017
CHB013d	Consider increase in the business rates premium in future periods	Will be considered as part of the medium term financial planning for 2018/19.		Caroline Al-Beyerty	06-Apr-2017	31-Mar-2018

Top Red departmental risks and actions progress report (Excludes completed actions)

Report Type: Risks Report

Report Author: Paul Dudley




Generated on: 05 May 2017








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					11-Jun-2015	27-Apr-2017	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 002b Discussions with stakeholders and others regarding the expansion		In Progress		Chris Pelham	27-Apr-2017	29-Sep-2017	


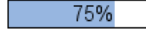

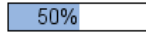

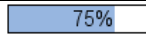

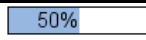

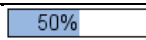

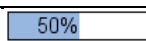
Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
BBC Arts 011 Concert Hall – Stage Riser System – Spiral Lift Failures Jan 17					17-Feb-2017	04-May-2017	18-Mar-2018	Louise Jeffreys
Barbican Centre	16	No change	4		Departmental			





Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
BBC Arts 11d Full costs to be identified and budget to be allocated		In Progress	<div><div>15%</div></div>		04-May-2017	30-Mar-2018	
BBC Arts 011c Replacement of stage risers		In Progress	<div><div>15%</div></div>	Louise Jeffreys	04-May-2017	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
DCCS HS 003 Lone Working					14-Jan-2016	27-Apr-2017	30-Sep-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><div>85%</div></div>	Paul Murtagh	02-May-2017	30-Sep-2017	
DCCS HS 003b Lone Working Procedures		In Progress	<div><div>85%</div></div>	Paul Murtagh	27-Apr-2017	30-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
MCP-SM 001 HGV Unloading Operations					24-Feb-2015	03-May-2017	30-Jun-2017	Mark Sherlock
Department of Markets and Consumer Protection	16	Increased Risk Score	12		Departmental			





Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
MCP-SM 001e Review infrastructure		In Progress		Mark Sherlock	25-Apr-2017	30-Jun-2017	
MCP-SM 001f Review delivery practices		In Progress		Mark Sherlock	27-Apr-2017	30-Jun-2017	
MCP-SM 001g Produce guidance for drivers		In Progress		Mark Sherlock	25-Apr-2017	30-Jun-2017	
MCP-SM 001h Monitor traffic rates.		In Progress		Mark Sherlock	26-Apr-2017	30-Jun-2017	
MCP-SM 001i Review unloading practices		In Progress		Mark Sherlock	26-Apr-2017	30-Jun-2017	
MCP-SM 001j Review forklift management.		In Progress		Mark Sherlock	11-Apr-2017	30-Jun-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
OSD 005 Pests and Diseases					10-Mar-2015	17-Mar-2017	31-Mar-2019	Colin Buttery
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	<div><div>0%</div></div>	Andy Barnard; Gary Burks; Martin Rodman; Paul Thomson; Bob Warnock	03-May-2017	01-Apr-2019	


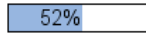

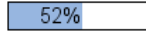

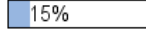
Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
OSD 006 Impact of Housing and/or transport development					10-Mar-2015	03-May-2017	31-Mar-2019	Colin Buttery
Director of Open Spaces	16	Increased Risk Score	12		Departmental			




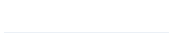
Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
OSD 006 d Divisional delivery of risk actions		Assigned	<div><div>0%</div></div>	Andy Barnard; Martin Rodman; Paul Thomson	03-May-2017	01-Apr-2019	


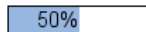

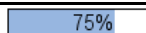

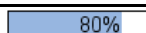
Risk Code & Title	Current Risk rating/score	Direction of risk score (After last review)	Target risk/score	Full risk assessment history (Earliest to latest)	Date risk created/Risk level	Latest review date	Target Date	Risk owner
OSD 007 Maintaining the City's water bodies					25-Oct-2016	17-Mar-2017	31-Mar-2018	
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	<div><div>0%</div></div>	Andy Barnard; Paul Monaghan; Paul Thomson; Bob Warnock	03-May-2017	31-Mar-2018	
OSD 007 b Divisional delivery of reservoir safety in conjunction with the City Engineers		Assigned	<div><div>0%</div></div>	Andy Barnard; Paul Monaghan; Paul Thomson;	03-May-2017	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
SUR SMT 004 Inability to deliver savings required by Service Based Review					03-Mar-2015	27-Apr-2017	31-Mar-2019	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	27-Apr-2017	31-Mar-2018	
SUR SMT 004c Rationalising Asset Management and FM service resources		In Progress		Peter Collinson	27-Apr-2017	31-Mar-2018	
SUR SMT 004d Reduction in overall operational property cost		In Progress		Paul Wilkinson	27-Apr-2017	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
TC CCC 02 Security Breach					31-Oct-2016	04-May-2017	30-Jun-2017	Charles Henty
Town Clerk's	16	No change	8		Departmental			

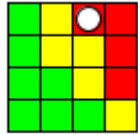
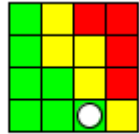

Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
TC CCC 02A Funding for Additional Security Staff		In Progress		Charles Henty	04-May-2017	30-Jun-2017	
TC CCC 02B Key Performance Indicators		In Progress		Charles Henty	04-May-2017	31-May-2017	
TC CCC 02C Communication Plan		In Progress		Charles Henty	04-May-2017	31-May-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 TCO 05 Customer Relationship Management System					20-Nov-2015	04-May-2017	31-Mar-2018	John Barradell
Town Clerk's	16	Increased Risk Score	4	Departmental				

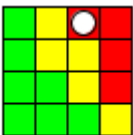
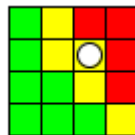

Action Code & Title	Status Icon	Status	Progress Bar	Action Owner	Latest Review Date	Due Date	Completed Date
TCTCO05A Strategy report to Summit Group		In Progress	<div><div>40%</div></div>		04-May-2017	31-May-2017	

Generated on: 05 May 2017

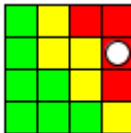
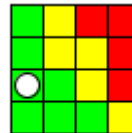

Rows are sorted by Department Code

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
BBC Arts 011 Concert Hall – Stage Riser System – Spiral Lift Failures Jan 17 17-Feb-2017 Louise Jeffreys	<p>Cause: The riser system suffered a total of four failures, the first on 20th January. One Spiralift was replaced successfully by Stage Technologies but that repair was followed by three further breakdowns. We have been warned by Stage Technologies that the riser system is nearing the end of its life. As part of the Stage Riser control system consultancy in 2016, we had been advised that we had many years of usage left in the system.</p> <p>Event: Concert Hall risers are not fully operational and there is risk of further failure (28 lifts in total).</p> <p>Impact: It took 4 minutes previously to reset the stage, it's now taking 40. Risk to performances not being able to go ahead. Risk of injury or death, reputational risk. Additional labour cost, (estimated£24k annually), to facilitate LSO get-ins due to reduced functionality of stage riser system.</p>	 <p>Likelihood</p> <p>Impact</p>	16	<p>We have now had initial quotes from Stage Technologies and are awaiting up to date quotes from two additional companies in the forthcoming days. Once fee proposals are received, design will commence (appointment of a consultant to progress the spec is likely), and an agreed funding solution will be found.</p> <p>Until the major work is progressed and funding is confirmed, purchasing of spare risers is being considered as a temporary back-up solution in case of immediate repair requirements.</p> <p>Until then, for safety, the following limitations remain in place: 1) reduced running speed (max 30%); 2) risers only operable individually; 3) operate risers only when not loaded with equipment or furniture.</p> <p>04 May 2017</p>	 <p>Likelihood</p> <p>Impact</p>	4	18-Mar-2018	

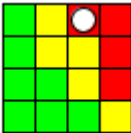
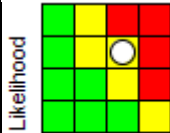

Action no, Action owner	Description	Latest Note	Managed By	Latest Note Date	Due Date
BBC Arts 11d	Quotes for fee proposals to produce a spec and oversee the works from two companies to add to quotes for carrying out the works have been requested. Once full costs are outlined including all fees and management of the work, a decision will then be made on when and how to fund the project.	Quotes are due to be received by June 2017. A decision on funding is due to be made by August 2017.		04-May-2017	30-Mar-2018
BBC Arts 011c	Three stage risers have failed, with more expected to fail in the near future. It is anticipated that the system will need replacing entirely.	Once procurement has taken place and work commences, it is anticipated that this will be complete by end Q1/2018.	Louise Jeffreys	04-May-2017	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
<p>Page 86</p> <p>DCCS HS 003 Lone Working</p> <p>14-Jan-2016 Paul Murtagh</p>	<p>Cause Staff working on their own in isolated locations or visiting residents or clients homes</p> <p>Event Staff suffer verbal abuse, physical attack or are an accident victim</p> <p>Effect Harm or serious injury to staff</p>	<p>Likelihood</p>  <p>Impact</p>	16	<p>The trial of the mobile telephone app, which is being considered as a replacement to Sky Guard, has yet to take place. An options paper will be prepared for the August Health and Safety meeting for decision.</p> <p>02 May 2017</p>	<p>Likelihood</p>  <p>Impact</p>	12	30-Sep-2017	

Action no, Action owner	Description	Latest Note	Managed By	Latest Note Date	Due Date
DCCS HS 003a	A review of the current Lone worker protection device is in progress. Some staff report connectivity problems. At the finish of the review a decision will be taken to continue or to investigate a different solution	The trial of the mobile phone app being considered as a replacement to Sky Guard has yet to take place. A meeting is to be held with 'Staysafe' the mobile app provider on 8 May to confirm details and timing of the trial. An options paper will subsequently be presented to the next Departmental Health and Safety meeting in August 2017 for decision.	Paul Murtagh	02-May-2017	30-Sep-2017

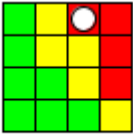
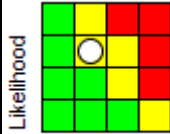

DCCS HS 003b	Not all staff are working in compliance with the departmental lone working procedures. These will be reviewed to check why they are not being implemented by all staff and reviewed if appropriate. Compliance with new procedures will be monitored by managers and the quarterly Health and Safety Committee. It is anticipated that monitoring information will be available from Skyguard or the replacement system.	The revised draft Lone Working Policy was signed off by the Departmental Health and Safety meeting in February. The trial for a mobile phone app which is being considered as a replacement for Sky Guard has yet to take place. Following a review of the DCCS Lone Working Procedures and the Skyguard system, further instruction and training has been carried out to ensure that there are robust processes, procedures and monitoring systems in place to protect staff at all times whilst carrying out their duties and responsibilities.			Paul Murtagh	27-Apr-2017	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
DCCS PE 002 Failure to deliver expansion of Sir John Cass Foundation Primary School to 2 form entry in September 2017 11-Jun-2015 Neal Hounsell	Cause Expansion not delivered Event Building project not completed Effect Lack of first choice school places for City children	Likelihood  Impact	24	The number of pupil applications for Sir John Cass Foundation Primary School for 2017/18 has not been as high as anticipated. Therefore there are currently insufficient grounds to request the Sir John Cass Foundation Board to review their decision on the proposed expansion based on demand for places. The City of London and the School are now preparing a business case which demonstrates the long term cost effectiveness and greater viability of the 2 form entry model for the Foundation Board to consider this summer. 27 Apr 2017	Likelihood  Impact	2	31-Aug-2017	

Action no, Action owner	Description	Latest Note	Managed By	Latest Note Date	Due Date
DCCS PE 002b	Efforts to engage with parties to the negotiation continue	The number of pupil applications for Sir John Cass Foundation Primary School for 2017/18 has not been as high as anticipated. Therefore there are currently insufficient grounds to request the Sir John Cass Foundation Board to review their decision on the proposed expansion based on demand for places. The City of London and the School are now preparing a business case which demonstrates the long term cost effectiveness and greater viability of the 2 form entry model for the Foundation Board to consider this summer.	Chris Pelham	27-Apr-2017	29-Sep-2017

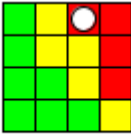
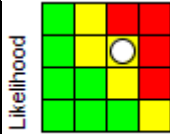

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
MCP-SM 001 HGV Unloading Operations 24-Feb-2015 Mark Sherlock	Cause: A lack of suitable and sufficient training and adequate management controls in relation to Heavy Goods Vehicle banksman activities undertaken by staff employed by Smithfield Market tenants. Event: Serious or life changing injury to members of the public, market staff and other service users caused by uncontrolled or unguided reversing vehicles. Effect: Realisation of this risk could result in a prosecution, fine and reputational damage for the City.	Likelihood  Impact	16	The Freight Transport Association (FTA) audits conducted in 2015 and, more recently, in January 2017, looked at various aspects and had noted the progress made in certain areas. The full audit report highlighted outcomes from the actions developed following the 2015 audit, and indicated that there had been some notable improvements with just one or two still left to progress further, via partnership working with the SMTA eg Banks-men training. 03 May 2017	Likelihood  Impact	12	30-Jun-2017	

Action no, Action owner	Description	Latest Note	Managed By	Latest Note Date	Due Date
MCP-SM 001e	Review signage, barriers and pedestrian crossing points and make improvements where required.	The signage audit has been the subject of a recent meeting with the DBE. Updates are planned together with a revised schedule for repainting.	Mark Sherlock	25-Apr-2017	30-Jun-2017

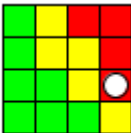
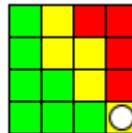

MCP-SM 001f	Work with the Market Tenants' Association to review sender delivery practices.	The Superintendent has written to identified transport delivery companies about adherence to site delivery processes and rules to be followed without exception.	Mark Sherlock	27-Apr-2017	30-Jun-2017
MCP-SM 001g	Produce a pamphlet containing site rules and a map showing delivery points for each stand.	The FTA been completed and a revised action plan produced. Further meetings are planned with the SMTA to progress.	Mark Sherlock	25-Apr-2017	30-Jun-2017
MCP-SM 001h	Monitor market traffic routes.	Regular checks of pallets in loading bays are conducted by the constabulary and a fall in the amount of loading bays blocked by produce has been recorded. As a result, The Market Superintendent has addressed this by writing to identified transport delivery companies . As a result there has been significant improvement.	Mark Sherlock	26-Apr-2017	30-Jun-2017
MCP-SM 001i	Work with the Market Tenants' Association to review unloading practices.	The COL has made clear to the SMTA that its current level of training is unacceptable. The SMTA have agreed to commission suitable refresher training with the Freight Transport Association and this will be implemented by the end of April 2017, holding sessions on a quadrant by quadrant basis as before. In addition local training by the Head of Maintenance in new barriers and equipment has been completed. Loading bay equipment training took place on the 11th October and tenants have been supplied with a handbook explaining how to operate the equipment.	Mark Sherlock	26-Apr-2017	30-Jun-2017
MCP-SM 001j	Review and implement the local forklift truck management scheme.	The current FLT scheme policy and procedure has been reviewed and a couple of minor amendments made. The revised policy and procedure has been issued to the market constabulary. The market constabulary have also been briefed this morning on the importance of overseeing safe FLT operations and speaking to and recording all those operators who fail to comply.	Mark Sherlock	11-Apr-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
OSD 005 Pests and Diseases 10-Mar-2015 Colin Buttery	Causes: Inadequate biosecurity; purchase or transfer of infected trees, plants, soil and/or animals; 'natural' spread of pests and diseases from neighbouring areas. Event: Sites become infected by animal, plant or tree diseases e.g. Oak Processionary Moth (OPM), foot and mouth, Massaria, Ash Die Back, <i>Salmonella</i> (DT 191a), Leaf Miner Moth Impact: Service capability disrupted, public access to sites restricted, animal culls, tree decline, reputational damage, increased cost of monitoring and control of invasive species, risk to human health from OPM or other invasives, loss of key native species, threat to existing conservation status of sites particularly those with woodland habitats. invasives	 Likelihood	16 Impact	Pests and diseases continue to be a concern due to the spread of OPM and the presence of ramorum. 10 Apr 2017	 Likelihood	6 Impact	31-Mar-2019	

Action no, Action owner	Description	Latest Note	Managed By	Latest Note Date	Due Date
OSD 005 g	Implement the actions associated with the following divisional risks: OSD CC 011 OSD EF 007 OSD EF 008 OSD NLOS 004 OSD P&G 004 OSD TC 004	Ramorum has been tackled at Epping, although we are monitoring additional outbreaks. Steps are being taken to monitor the spread of OPM across our sites, and can be found in detail in divisional risk registers.	Andy Barnard; Gary Burks; Martin Rodman; Paul Thomson; Bob Warnock	03-May-2017	01-Apr-2019

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
OSD 006 Impact of Housing and/or transport development 10-Mar-2015 Colin Buttery	Cause: Pressure on housing and infrastructure in London and South East; failure to monitor planning applications and challenge them appropriately; challenge unsuccessful; lack of resources to employ specialist support or carry out necessary monitoring/research, lack of partnership working with Planning Authorities Event: Major development near an open space Impact: Increase in visitor numbers, permanent environmental damage to plants, landscape and wildlife, air and light pollution, ground compaction and resulting associated effects on tree and plant health. Wear and tear to sports pitches. Lack of budget to facilitate repairs, potential for encroachment.	 Likelihood Impact	16	This continues to present significant risk to our sites. Officers are monitoring and taking action locally, and best practice is being shared across the department through various avenues to try to manage or reduce the impact of these developments. 03 May 2017	 Likelihood Impact	12	31-Mar-2019	

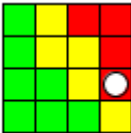
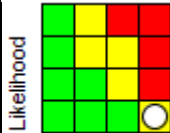

Action no, Action owner	Description	Latest Note		Managed By	Latest Note Date	Due Date
OSD 006 d	Implement the actions associated with the following divisional risks: OSD EF 010 OSD P&G 007 OSD TC 002 OSD NLOS 011	This is monitored locally as part of the risks cited in this action description. Best practice is shared across the department.		Andy Barnard; Martin Rodman; Paul Thomson	03-May-2017	01-Apr-2019

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
OSD 007 Maintaining the City's water bodies 25-Oct-2016	The City is responsible for a number of water bodies, some of which are classified as "Large Raised Reservoirs" under the provisions of the Reservoirs Act 1975 and the Flood & Water Management Act 2010. Failure to adequately manage and maintain the City's reservoirs and dams could result in leaks, dam collapse or breach. For some of the City's large raised reservoirs there is the potential for loss of life, damage to property and infrastructure in the event of dam collapse or breach, and the associated reputational damage.	 Likelihood Impact	16	This remains a red risk as Wanstead Park has been designated as high risk and there are actions required to improve the response at Highams Park Lake following the Emergency Plan test. 05 Apr 2017	 Likelihood Impact	8	31-Mar-2018	

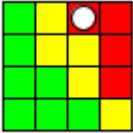
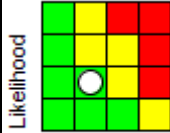

Action no, Action owner	Description	Latest Note	Managed By	Latest Note Date	Due Date
OSD 007 a	Implement the actions associated with the following divisional risks: OSD EF 004 OSD TC 006	Water bodies are monitored locally as part of the actions and items listed in the description. Any major issues are escalated to SLT or beyond as necessary.	Andy Barnard; Paul Monaghan; Paul Thomson; Bob Warnock	03-May-2017	31-Mar-2018
OSD 007 b	Divisional risk and actions will be further developed to deliver reservoir safety considering the following: - Monitoring of dam condition and safety - Identifying required works, budgets, project progression - Emergency plans and warning systems as appropriate - Ownership and shared ownership	Safety monitoring is conducted divisionally with the City Engineers. Risk actions have been developed where necessary. Further detail can be found in divisional risk registers.	Andy Barnard; Paul Monaghan; Paul Thomson; Bob Warnock	03-May-2017	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
SUR SMT 004 Inability to deliver savings required by Service Based Review <div style="display: flex; align-items: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 93</div> <div style="margin-left: 10px;"> Mar-2015 Paul Wilkinson </div> </div>	Cause: Necessary changes to service delivery are not being implemented Event : Saving targets not achieved Impact: Objective not achieved	<div style="display: flex; align-items: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</div> </div> <div style="display: flex; align-items: center; margin-top: 5px;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Impact</div> </div>	16	The risk rating remains unchanged. The 2016/17 City Surveyor savings target has been achieved. The 2017-18 and 2018-19 savings identified from asset and facilities management services (£400k in 2017/18 and £1m in 2018/19) are dependent upon and subject to 'buy in' from other CoL departments. As full commitment to achieving a shared corporate goal has not yet been achieved, delivering the savings in the timeframe remains high risk. 27 Apr 2017		4	31-Mar-2019	

Action no, Action owner	Description	Latest Note	Managed By	Latest Note Date	Due Date
SUR SMT 004b	Progress the change for the overall management of Operational Property to City Surveyors Department	Asset Management service based review commenced. Scope of review agreed by SAM Programme Board. Recruitment to Project Manager and Business Analyst roles not completed. Chief Officers to attend workshop.	Peter Young	27-Apr-2017	31-Mar-2018
SUR SMT 004c	Reduce staffing budget	Guildhall FM team transfer to Operations Group planned for March 2017. Continue to progress reviews of FM services and staffing requirements. Recruitment to posts where gaps in capacity identified have completed.	Peter Collinson	27-Apr-2017	31-Mar-2018
SUR SMT 004d	Disposal of surplus properties	Lettings of surplus assets continues to progress, however this process is protracted due to pace of departments rationalisation, committee examination and marketing necessary to identify new occupiers. City Surveyor's Department do not have control of decision making process and are unable to discharge disposals at an acceptable rate.	Paul Wilkinson	27-Apr-2017	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
TC CCC 02 Security Breach 31-Oct-2016 Charles Henty	Cause: Shortages in manpower in the security team. Event: Breach in the security of the Central Criminal Court. Impact: The safety of the staff, public and key stakeholders is compromised, which could lead to serious harm. Negative publicity in local and national press, Severe reputational damage.	 Likelihood Impact	16	A series of CTSA and security advisory reports have assisted a business case submitted to HMCTS. We are currently awaiting decision to uplift the team by 6 staff. External assistance from is being provided by Noonan's as perimeter patrolling under review wef April 2017 therefore risk has reduced in part. Initial deployment externally in place for 3 months. HMCTS have indicated informally that business case accepted but await funding confirmation. 04 May 2017	 Likelihood Impact	8	30-Jun-2017	

Action no, Action owner	Description	Latest Note	Managed By	Latest Note Date	Due Date
TC CCC 02A	Consult and negotiate with the court service regarding the funding for additional security staff	HMCTS security branch have agreed the need in principle following a series of visits. Currently awaiting funding confirmation from HMCTS Crown Court Cluster Manager. Additional security externally currently provided by Noonans	Charles Henty	04-May-2017	30-Jun-2017
TC CCC 02B	Enhance the portfolio of key performance indicators currently in use at the CCC to ensure that they include staffing measures around sickness absence, and training compliance etc.	Recent Survey completed indicating high customer satisfaction in all areas of performance. KPIs being established by new Business Service Manager. Draft due by end of April 2017	Charles Henty	04-May-2017	31-May-2017
TC CCC 02C	Develop a comprehensive public relations/communications plan to invoke in the event of an incident involving a breach of security.	Desk top exercise being planned with CoLP to include this issue	Charles Henty	04-May-2017	31-May-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
TC TCO 05 Customer Relationship Management System 20-Nov-2015 John Barradell	Cause: Outdated software that is no longer supported stops working or will no longer work with our network environment Event: Failure of the CRM system Effect: Loss of critical data, Contact Centre, C.O.D team unable to effectively carry out their duties.	 Likelihood	16	There is no change to the status of this risk at this time. This risk is being submitted to the CORMG for consideration for escalation to corporate risk level. 04 May 2017	 Likelihood	4	31-Mar-2018	

Action no, Action owner	Description	Latest Note			Managed By	Latest Note Date	Due Date
TCO05A	Report to Summit group prepared by the IT division exploring options for the replacement of the CRM, taking into account all of the current system users	Options report for Summit group being produced by IT.				04-May-2017	31-May-2017

This page is intentionally left blank

Committee	Dated:
Audit and Risk Management	23.05.2017
Subject: Deep Dive: CR09 Health and Safety	Public
Report of: Director of HR	For Information
Report author: Justin Tyas Health, Safety and Wellbeing Manager	

Summary

Corporate Risk 09 concerns the City of London Corporation's health and safety Management System and its application. Effective Health and Safety management enables innovation, growth and enhances productivity, as well as helping the City Corporation to achieve its strategic objectives.

Protecting the health and safety of employees and others including members of the public who may be affected by the City Corporation's activities is an essential part of successful risk management. Failure to comply can have serious consequences – for both organisations and individuals. Sanctions include fines, imprisonment and disqualification.

In 2016 the City Corporation achieved a score of **four stars** rating out of five possible stars in a British Safety Council audit. Four stars reflect a *very good* rating. This external validation gave confidence in the safety management system and provided opportunities for implementing further improvements. As part of good management, the challenge with any system is to ensure quality and maintain consistency. However, consideration should be given to re-evaluating and potentially lowering the risk score (reduced chance of an event not the impact) before the end 2017.

There is no current indication that there will be significant changes to the UK's health and safety legislative framework after leaving the EU.

Socio-demographic along with scientific and technological changes are likely to pose new challenges and opportunities. The City Corporations health and safety management system will need to remain flexible to ensure that risks (and opportunities) in the changing workplace are effectively controlled.

Recommendation

Members are asked to note the report.

Main Report

1.0 Background

- 1.1 The basis of British Health and Safety law is the *Health and Safety at Work etc. Act 1974*. The Act sets out the general duties which employers have toward employees and others including members of the public and employees have to themselves and to each other.
- 1.2 These duties are qualified in the Act by the principle of '*so far as is reasonably practicable*'. In other words, an employer does not have to take measures to avoid or reduce the risk if they are technically impossible or if the time, trouble or cost of the measures would be grossly disproportionate to the risk. The law requires effective management and informed common sense, which employers should be achieving anyway.
- 1.3 Failure to comply with these requirements can have serious consequences – for both organisations and individuals. Sanctions include fines, imprisonment and disqualification.
- 1.4 Under the *Corporate Manslaughter and Corporate Homicide Act 2007*, an offence is committed where failings by an organisation's senior management are a substantial element in any gross breach of the duty of care owed to the organisation's employees or members of the public which results in death. The maximum penalty is an unlimited fine and the court can additionally make a publicity order requiring the organisation to publish details of its conviction and fine.
- 1.5 Employers are required to make suitable (health and safety) arrangements for the effective planning, organisation, control, monitoring and review of the preventive and protective measures. Effective health and safety management enables innovation, growth and enhances productivity, as well as helping organisations achieve their strategic objectives.
- 1.6 The City Corporation's health and safety management system (arrangements) apply a *Plan, Do, Check, Act* approach, attempting a balance between the systems and behavioural aspects of management. It also treats health and safety management as an integral part of good general management, as opposed to a stand-alone system. The Health and Safety (People) Team are the custodians of the health and safety management system.

2.0 Current Position:

Corporate Risk 09 Health and Safety

- 2.1 The CR09 risk description is:
Cause - Safety is treated as a low priority by the organisation, lack of training of staff and managers, management complacency, poor supervision and management.
Event - Statutory regulations and internal procedures relating to Health and Safety breached and/or not complied with.

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.

2.2 **Current Risk Score - 12:** Impact 4 (*major*) x Likelihood 3 (*possible*) [**May 2017**]

2.3 This Corporate Risk (CR) is reviewed on a regular basis at a frequency not exceeding three months. At each review the agreed actions designed to mitigate and manage this risk are reviewed, along with the system of internal controls. An evaluation of the risk score is undertaken based on a judgement of efficacy of the current controls. Consideration is given to any emerging evidence which could challenge the level of control.

Risk actions:

2.4 An external audit on the City Corporations health and safety management system was completed in 2016 by the British Safety Council applying their 'Five Star' accreditation scheme (Action: **CR09A**). The City Corporation achieved a score of **four stars** out of a possible five, reflecting a rating of *very good* rating. This external validation gave confidence in the robustness of the safety management system and provided opportunities for further improvements which were developed into an action plan (Action: **CR09D**).

2.5 Like many large organisations the City Corporation may become aware of credible risk information through external contact, such as liaison with clients and service users. At present the majority of this type of risk information resides at the departmental level. The Personal Safety Visiting Tool (PSVT) is a new initiative being rolled out in 2017 by Corporate Health and Safety (People) and the Safer Communities project. It aims to provide departments' access to a corporate register of issues they and other visiting officers have encountered at various residential properties. The PSVT should enable all necessary departments to appropriately share their data, creating a seamless source of information to aid in the safety of all staff, recognising the interconnectedness of risk (Action: **CR09E**).

2.6 There is an established annual inspection and audit programme for Property and People health and safety. For example, audit, inspections and compliance checks have focused on water hygiene (legionella), fire safety, asbestos management, workplace transport and lone working/preventing violence. These are currently considered to be the areas of higher risk profile within the City Corporation (Actions: **CR09B** and **CR09C**).

3.0 System of Internal Controls (IC):

The following section highlights some of the key internal controls and systems in place to ensure the health and safety management system remains effective and relevant.

- 3.1 The City Corporation has an effective officer-led *Health, Safety and Wellbeing Committee* which is chaired by the Town Clerk and Chief Executive. Its function is to advise and make recommendations to the City Corporation's Chief Officers on matters relating to the overall management of health, safety and wellbeing as established under the Health, safety and Wellbeing Policy.

New Corporate Transport Policy

- 3.2 Driving is the one of the most hazardous work activities. It contributes to far more accidental deaths and serious injuries than all other work-related tasks. The City Corporation has introduced a *Corporate Transport Policy* along with associated procedures and guidance to manage occupational road risk. Embedding of the policy continues, with focus during 2017 on assuring compliance across the City Corporation.

Health and Safety Training

- 3.3 The City Corporation has an extensive central health and safety training programme aligned to meet competency requirements. During January – April 2017 nineteen different face-to-face health and safety courses were delivered from *Accident Investigation* and *Asbestos Awareness* to *Working at Height*. Training and development included bespoke courses designed to meet particular needs and support the City Corporation to manage and mitigate risk, such as the *Health and Safety Senior Leadership Session* for the Barbican Centre (reference: **Corporate Risk 22: Barbican Fire Safety Risk**).

Most significant H&S risks

- 3.4 The Covalent (Risk Management Information System) is used to manage significant health and safety risks. Covalent enables departments to highlight their safety risks as a 'Top X' risk, emphasising any activities with considerable implications that are un-mitigated, or where there is a lack of clarity.

Exceptional health and safety performance

- 3.5 Exceptional health and safety performance is recognised and celebrated through the City Corporations *Staff Awards*. Last year New Spitalfields Market won the *Excellence in Health and Safety* for the significant improvements (previously a *Top X Risk*) to managing workplace transport. Accidents between vehicles and pedestrians were significantly reduced with a corresponding reduction in potential exposure to the City Corporation from enforcement action and/or civil litigation.

Key Performance Indicators

- 3.6 The City Corporation has established Key Performance Indicators (KPIs) for health and safety including accident/incident reporting and investigation. The health and safety professionals have supported departments with their more challenging and/or significant health and safety investigations. This has helped to ensure that lessons are learned and are fed back into the development of the health and safety management system.

Property H&S management

- 3.7 The City Surveyors (Property) Health and Safety Team established its *Health and Safety Strategy* in 2016 following the appointment of a new manager. There are also two specialist advisors for fire safety, and asbestos and legionella, which are considered key risks across the organisation. Policy and procedural development have focused around these areas of risk / building compliance.

4.0 Corporate & Strategic Implications:

- 4.1 An established legal principle (case precedent) is that health and safety enforcement action can proceed on the basis of risk i.e. a loss does not have to occur for a successful prosecution (R-v-Board Trustees of the Science Museum: 1993).
- 4.2 The Sentencing Council published its guidelines for health and safety offences including Corporate Manslaughter in 2016. This marks a significant change by trying to ensure that those found guilty of health and safety offences are heavily penalised by the courts. It has resulted in a marked increase in the level of fines (which cannot be insured against). Fines are based on an organisations turnover rather than profit, even for a 'medium' sized organisation fines typically range from hundreds of thousands to several million pounds for those found most culpable of offences.
- 4.3 Between February 2016 and August 2016, health and safety fines totalled £20.6 million, compared to £14.4 million in February 2015 to August 2015. It should also be noted that the use of *publicity orders*, requiring organisations to publish details of convictions for Corporate Manslaughter offences have grown.
- 4.4 The number of Directors prosecuted for health and safety offences has increase significantly in recent years. Data confirms that the Health and Safety Executive (HSE) are displaying an increased zeal to prosecute the most senior individuals within organisations.

5.0 Horizon scanning

- 5.1 There is no current indication that there will be significant changes to the UK's health and safety legislative framework after leaving the EU. To note that, however, European Union driven legislation (Directives) has already been translated into United Kingdom law primarily as Regulations (subordinate legislation) under the Health and Safety at Work etc. Act 1974.
- 5.2 Socio-demographic along with scientific and technological changes are likely to pose new challenges and opportunities, such as:
- Increased connectivity of devices, systems, people via the internet / cloud platforms;
 - Changes to work patterns, the working environments and technology;
 - The generation gap – Towards generation 'Z' in the next 10 years

5.3 The City Corporations health and safety management system will need to remain flexible to ensure that risks (and opportunities) in the changing workplace are effectively controlled.

6.0 Strategic links:

Corporate Plan 2015-19 including KPP2: *Improving the value for money of our services within the constraints of reduced resources*
Human Resources (High Level) Business Plan 2017/18.

7.0 Conclusions:

7.1 There are a number of mechanisms the City of London Corporation utilises to mitigate and manage its health and safety risks. The small team of competent persons continue to develop the safety framework, and focus towards assuring the organisation.

7.2 Enforcement action and/or civil litigation remain a possibility should a potential failure or loss occur. This does not detract from the fact that there is a reasonably robust safety management system in place, as validated by the British Safety Council's external audit in 2016. The challenge with any system is to ensure quality and maintain consistency. However, consideration should be given to re-evaluating and potentially lowering the risk score (reduced chance of an event not the impact) before the end 2017.

7.3 As the safety culture continues to mature, and awareness of interconnectedness of risks becomes more apparent, good health and safety leadership and management will continue to be vital to the future success of the City Corporation. This involves implementing a strong health and safety management system that can react quickly and effectively, recognise risks and address them in a timely proportionate way.

Further Information:

HSP 1: Corporate Health, Safety and Wellbeing Policy
HSPR 2: Annual Certificate of Assurance Procedure
HSG 2: Top X Risk Profiling Guidance

Appendices

- Appendix 1 – Risk and Progress Summary for CR09: Health and Safety

Background Papers - None

Justin Tyas

Health Safety and Wellbeing Manager

T: 020 7332 1440

E: justin.tyas@cityoflondon.gov.uk

H&S CR09 H&S risk

Report Author: Justin Tyas

Generated on: 08 May 2017



Rows are sorted by Risk Score

Code & Title: CR Corporate Risk Register 1

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR09 Health and Safety Risk 22-Sep-2014 Chrissie Morgan	Cause - Safety is treated as a low priority by the organisation, lack of training of staff and managers, management complacency, poor supervision and management Event - Statutory regulations and internal procedures relating to Health and Safety breached and/or not complied with. 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	Likelihood Impact	12	This risk was reviewed by the SMT on 1-3-17, there is no change to the assessment at this time. The risk will be reviewed by the Audit and Risk Committee at its next meeting. 04 May 2017	Likelihood Impact	8	31-Dec-2017	 No change

Action no, Title,	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR09A External Verification	External verification of the CoL's safety management system	British Safety Council have awarded 4 star status. This action is now closed		18-Apr-2016	29-Feb-2016
CR09B Compliance Audits	Rolling programme of departmental compliance audits conducted by the Corporate Health and Safety Unit	The 2016-17 programme of audits is now completed with new programme for 2017-18.		21-Jun-2016	31-Mar-2016
CR09C Compliance Checks 2016-17	Annual Programme of compliance checks	The programme for this year is currently on target to be achieved by March 2017 . Completed.	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	The action plan is now likely to be completed by June 2017	Justin Tyas	04-May-2017	30-Jun-2017
CR09E Sharing Risk Information	Developing and implementing a Personal safety visiting tool (PSVT) to help share risk information between various departments, improving safety	This initiative is as a result of collaboration between the Corporate Health and Safety and the Safer Communities project team, scheduled to be rolled out by the end of May 2017	Justin Tyas	04-May-2017	31-May-2017

Committee(s)	Dated:
Audit and Risk Management	23 May 2017
Subject: Deep Dive: CR 16 Information Security Risk	Public
Report of: Chamberlain	For Information
Report author: Gary Brailsford-Hart ,Director of Information & Chief Information Security Officer	

Summary

The generally accepted definition of a data breach is a security incident in which sensitive, protected or confidential data is copied, transmitted, viewed, stolen or used by an individual authorized to do so.

CR16 was developed as means to capture and mitigate the risks a 'cyber breach' would present to the City Corporation. It is evident that dependent on the nature of the breach the impact can vary from very low to critical. Cyber threat is often viewed as a complex, dynamic and highly technical risk area. However, what is often at the root of a breach is a failure to get the basics right, systems not being patched, personnel not maintaining physical security, suppliers given too much information.

The National Cyber Security Centre (NCSC) 10 Steps to Cyber Security framework has been adopted to strengthen the controls in this risk area; this framework is now used by the majority of the FTSE350. The control scores are currently low and are reflective of the early phase of adoption across the City Corporation, the risk areas are actively monitored and risk managed. Scores will increase as improvements to people, process and technology are delivered throughout the year. The risk management plan is on target to deliver appropriate controls by the April 2018 review point.

Recommendation(s)

Members are asked to:

- Note the report.

Main Report

Background

1. Cyberspace has revolutionised how many of us live and work. The internet, with its more than 3 billion users, is powering economic growth, increasing collaboration and innovation, and creating jobs.
2. Protecting key information assets is of critical importance to the sustainability and competitiveness of businesses today. The City Corporation needs to be on the front foot in terms of our cyber preparedness. Cyber security is all too often thought of as an IT issue, rather than the strategic risk management issue it actually is.
3. Corporate decision making is improved through the high visibility of risk exposure, both for individual activities and major projects, across the whole of the City Corporation.
4. Providing financial benefit to the organisation through the reduction of losses and improved “value for money” potential.
5. The City Corporation is prepared for most eventualities, being assured of adequate contingency plans. We have therefore adopted the NCSC Ten Steps to Cyber Security framework to assist and support our existing strategic-level risk discussions, specifically how to ensure we have the right safeguards and culture in place.
6. The creation of CR16, Appendix 1, demonstrates the City Corporations commitment to the identification and management of this risk area.

Current Position

7. The development and implementation of an Information Security Management System (ISMS) was seen as an essential requirement to permit the measurement and assurance of the CR16 risk. A number of frameworks were considered, and the NCSC Ten Steps to Cyber Security framework, supported by the NCSC 20 Critical Security Controls, was chosen as the most appropriate for the City Corporation.
8. To provide a deep dive of CR16 the current compliance with the HMG Ten Steps assurance programme is detailed below (table 1) under each of the ten steps areas. The control scores are currently low and are reflective of the early phase of adoption across the City Corporation, the risk areas are actively monitored and risk managed. Scores will increase as improvements to people, process and technology are delivered throughout the year and we are currently on track to deliver mitigation controls by April 2018. Further detail is provided at appendix 2.

Table 1 - HMG Ten Steps assurance for the City Corporation as at May 2017

Ten Steps - Control Area	% Complete	Target Score	Actual Score
Information Risk Management	47%	4	2
Network Security	52%	4	3
Malware Prevention	57%	4	2
Monitoring	22%	4	1
Incident Management	73%	4	3
Managing User Privileges	39%	4	2
Removable Media Controls	46%	4	2
Secure Configuration	56%	4	2
Home and Mobile Working	25%	4	1
User Education and Awareness	36%	4	1

Options

- Endorsement and support for the management and delivery of CR16 risk management plan has been obtained directly from chief officers as well as strategically via papers to Summit Group, IT Sub and Finance Committees.

Proposals

- Continue to implement the 10 steps programme across the City Corporation.

Corporate & Strategic Implications

- The City Corporation operates across multiple channels in multiple disciplines the common activity is the collection and processing of data into information. This information has a value, and we need to ensure we take appropriate and proportionate measures to ensure its security.
- A number of local authorities have recently been targeted and have been compromised as a result. We are also aware of professional hackers launching a spear-phishing campaign directly against local authorities and their supply chains.
- The City Corporation has not been immune to these activities and has suffered a number of cyber related security incidents over the past year. So far, the majority of these incidents have been minor in nature and easily managed locally.

Implications

- Failure to demonstrate appropriate controls in this risk area will expose the City Corporation to unacceptable levels of risk and could hinder a number of strategic objectives.

15. There are also a number of statutory requirements to consider for the management of this risk area, these are summarised at Appendix 3.

Health Implications

16. There are no health risks to consider as part of this report.

Conclusion

17. There is an extensive programme of work required to mitigate the risks identified within CR16. This deep dive report articulates the work in progress and clearly identifies where we will be directing future effort to manage this risk to an acceptable level.
18. The breadth and scope of the necessary controls are cross-organisational and should not be entirely seen as a technical issue to be solved by the IT department. For example if users leave the door open and their computers logged on then technical controls cannot in themselves defend the organisation.
19. The realisation of this risk would certainly have a severe impact on technical systems and directly impact the operational effectiveness of potentially the entire City Corporation. It is therefore imperative that the underlying issue of developing a security culture is supported through the delivery of risk controls for CR16. There is positive support for this work across the organisation and senior management understand and are supportive of the necessary changes to ensure the City Corporation's security.

Appendices

- Appendix 1 – CR16 Information Security
- Appendix 2 – 10 Steps to Cyber Security Dashboard & Breakdown
- Appendix 3 – Statutory Requirements Summary

Gary Brailsford-Hart

Director of information & Chief Information Security Officer

T: 020 7601 2352

E: gary.brailsford@cityoflondon.police.uk

Generated on: 05 May 2017

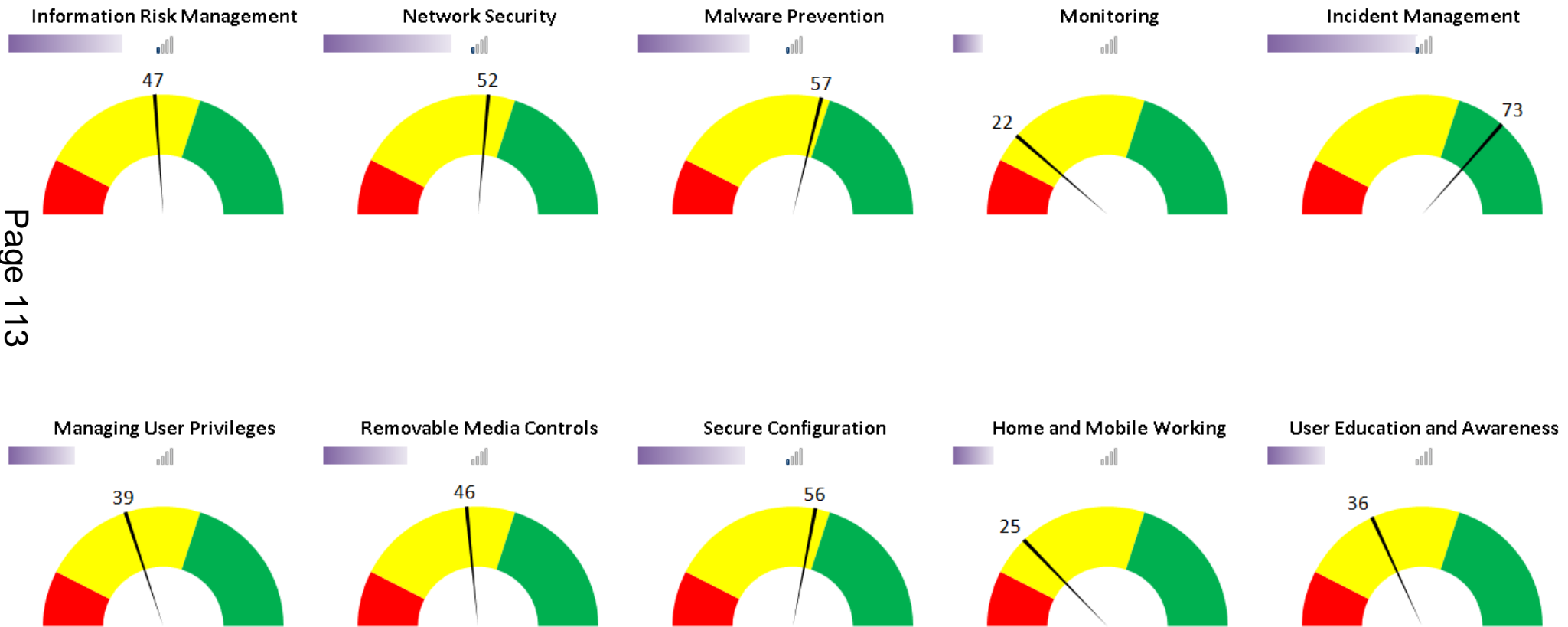


Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR16 Information Security Page 109 22-Sep-2014 Peter Kane	<p>Cause: Breach of IT Systems resulting in unauthorised access to data by internal or external sources.</p> <p>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.</p> <p>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>	<div><div>Likelihood</div><div>Impact</div></div>	16	<p>Paper regarding improving technical security was approved by IT Sub-Committee in January 17. Now proceeding with the implementation of the recommendations. Additional funds to strengthen security management and additional security staff agreed recently by the Finance Committee.</p> <p>04 May 2017</p>	<div><div>Likelihood</div><div>Impact</div></div>	8	30-Apr-2018	<div></div>

Action no, Action owner	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR16b	For all major systems establish data owner and retention policy for information therein.	Paper was approved by Summit Group in December and is now being progressed through the relevant Committee processes and project governance where relevant.	Sean Green	04-May-2017	30-Apr-2018
CR16h	Online training to be made available to Members following workshop in February 2016.	Induction training provided - Gary Brailsford Hart is supporting this risk	Gary Brailsford-Hart	04-May-2017	30-Apr-2018
CR16i	The Development and implementation of more technical security infrastructure	Paper regarding improving technical security was approved by IT Sub-Committee in January 17. Now proceeding with the implementation of the recommendations	Sean Green	04-May-2017	30-Apr-2018

This page is intentionally left blank

10 Steps to Cyber Security: Dashboard



Risk Management Regime

Taking risk is a necessary part of doing business in order to create opportunities and help deliver business objectives. For the City Corporation to operate successfully it needs to address risk and respond proportionately and appropriately to a level which is consistent with what risks it is willing, or not, to tolerate. If we do not identify and manage risk it can lead to business failure.

The lack of an effective risk management and governance structure may lead to the following:

- **Exposure to risk:** Without effective governance processes the Board will be unlikely to understand and manage the overall risk exposure of the organisation.
- **Missed business opportunities:** Risk decisions taken within a dedicated security function, rather than organisationally, will be motivated by achieving high levels of security. This may promote an overly cautious approach to risk leading to missed business opportunities or additional cost.
- **Ineffective policy implementation:** The board has overall ownership of the corporate security policy. Without effective risk management and governance processes the Board won't have confidence that its stated policies are being consistently applied across the business as a whole.

Control Measures:

	% Complete	Target Score	Actual Score
Information Risk Management	47%	4	2
Establish a governance framework	75%	4	3
Determine the organisation's risk appetite	25%	4	2
Maintain the Board's engagement with information risk	75%	4	3
Produce supporting policies	50%	4	2
Adopt a lifecycle approach to information risk management	100%	4	4
Apply recognised standards	25%	4	2
Make use of endorsed assurance schemes	75%	4	3
Educate users and maintain their awareness	0%	4	1
Promote a risk management culture	0%	4	1

Secure Configuration

Establishing and actively maintaining the secure configuration of systems should be seen as a key security control. Systems that are not effectively managed will be vulnerable to attacks that may have been preventable. Failure to implement good configuration and patch management can lead to the following risks:

- **Unauthorised changes to systems:** The protections you believe you have in-place may be changed by unauthorised individuals, either internal or external, leaving information at risk.
- **Exploitation of software bugs:** Attackers will attempt to exploit unpatched systems to provide them with unauthorised access to system resources and information. Many successful attacks exploit vulnerabilities for which patches have been issued but not applied.
- **Exploitation of insecure system configuration:** An attacker could exploit a system that has been poorly configured by:
 - gaining access to information they are not authorised to see
 - taking advantage of unnecessary user rights or system privilege
 - exploiting unnecessary functionality that has not been removed or disabled
 - connecting unauthorised equipment that is then able to compromise information or introduce malware
 - creating a back door to use in the future for malicious purposes

Control Measures:

	% Complete	Target Score	Actual Score
Secure Configuration	56%	4	2
Use supported software	75%	4	3
Develop and implement corporate policies to update and patch systems	75%	4	3
Create and maintain hardware and software inventories	75%	4	3
Manage your operating systems and software	75%	4	3
Conduct regular vulnerability scans	0%	4	0
Establish configuration control and management	25%	4	1
Disable unnecessary peripheral devices and removable media access	75%	4	3
Implement white-listing and execution control	0%	0	0
Limit user ability to change configuration	100%	4	4

Network Security

Networks need to be protected against both internal and external threats. If the City Corporation fails to protect the networks appropriately we could be subject to a number of risks, including:

- **Exploitation of systems:** Ineffective network design may allow an attacker to compromise systems that perform critical functions, affecting the City Corporation's ability to deliver essential services or resulting in severe loss of customer or user confidence.
- **Compromise of information:** A poor network architecture may allow an attacker to compromise sensitive information in a number of ways. They may be able to access systems hosting sensitive information directly or perhaps allow an attacker to intercept poorly protected information whilst in transit (such as between your end user devices and a cloud service).
- **Import and export of malware:** Failure to put in place appropriate security controls could lead to the import of malware and the potential to compromise business systems. Conversely users could deliberately or accidentally release malware or other malicious content externally with associated reputational damage.
- **Denial of service:** Internet-facing networks may be vulnerable to Denial Of Service (DOS) attacks, where access to services and resources are denied to legitimate users or customers.
- **Damage or defacement of corporate resources:** Attackers that have successfully compromised the network may be able to further damage internal and externally facing systems and information (such as defacing your organisation's websites, or posting onto your social media accounts), harming the organisation's reputation and customer confidence.

Control Measures:

	% Complete	Target Score	Actual Score
Network Security	52%	4	3
Police the network perimeter	25%	4	2
Install firewalls	100%	4	4
Prevent malicious content	75%	4	3
Protect the internal network	75%	4	3
Segregate network as sets	0%	4	1
Secure wireless devices	100%	4	4
Protect internal IP addresses	0%	4	1
Enable secure administration	25%	4	2
Configure the exception handling process	75%	4	3
Monitor the network	0%	4	1
Assurance process	100%	4	4

Managing User Privileges

The City Corporation needs to understand what level of access employees need to information, services and resources in order to do their job otherwise it won't be possible to manage rights appropriately. Failure to effectively manage user privileges could result in the following risks being realised:

- **Misuse of privileges:** Users could either accidentally or deliberately misuse the privileges assigned to them. This may result in unauthorised access to information to either the user or a third party or to unauthorised system changes having a direct security or operational impact.
- **Increased attacker capability:** Attackers may use redundant or compromised user accounts to carry out attacks and, if able, they may return to reuse the compromised account or possibly sell access to others. The system privileges provided to the original user of the compromised account will be available to the attacker to use which is why they particularly seek to gain access to highly privileged or administrative accounts.
- **Negating established security controls:** Where attackers have privileged system access they may make changes to security controls to enable further or future attack or might attempt to cover their tracks by making changing or audit logs.

Control Measures:

	% Complete	Target Score	Actual Score
Managing User Privileges	39%	4	2
Establish effective account management processes	50%	4	2
Establish policy and standards for user identification and access control	75%	4	3
Limit user privileges	75%	4	3
Limit the number and use of privileged accounts	0%	4	0
Monitor	25%	4	1
Limit access to the audit system and the system activity logs	25%	4	1
Educate users and maintain their awareness	25%	4	1

User Education and Awareness

Users have a critical role to play in helping to keep the City Corporation secure, but they must also be able to effectively do their jobs. If we do not effectively support employees with the right tools and awareness we are vulnerable to the following risks:

- **Removable media and personally owned devices:** Without clearly defined and usable policies on the use of removable media and personally owned devices, staff may connect devices to the corporate infrastructure that might lead to the inadvertent import of malware or compromise of sensitive information
- **Legal and regulatory sanction:** If users are not aware and supported in how they handle particular classes of sensitive information, the City Corporation may be subject to legal and regulatory sanction
- **Incident reporting culture:** Without an effective reporting culture there will be poor dialogue between users and the security team. This is essential to uncovering near misses and areas where technology and processes can be improved, as well as reporting actual incidents.
- **Security Operating Procedures:** If security operating procedures are not balanced to support how users perform their duties, security can be seen as a blocker and possibly ignored entirely. Alternatively, if users follow the procedures carefully this might damage legitimate business activity.
- **External attack:** Since users have legitimate system accesses and rights, they can be a primary focus for external attackers. Attacks such as phishing or social engineering attempts rely on taking advantage of legitimate user capabilities and functions.
- **Insider threat:** Changes over time in an employee's personal situation could make them vulnerable to coercion, and they may release personal or sensitive commercial information to others. Dissatisfied employees may try to abuse their system level privileges or coerce other employees to gain access to information or systems to which they are not authorised. Equally, they may attempt to steal or physically deface computer resources.

Control Measures:

	% Complete	Target Score	Actual Score
User Education and Awareness	36%	4	1
Produce a user security policy	25%	4	1
Establish a staff induction process	25%	4	1
Maintain user awareness of the cyber risks faced by the organisation	25%	4	1
Support the formal assessment of Information Assurance (IA) skills	50%	4	2
Monitor the effectiveness of security training	0%	4	0
Promote an incident reporting culture	50%	4	2
Establish a formal disciplinary process	75%	4	3

Incident Management

Security incidents will inevitably happen and they will vary in their level of impact. All incidents need to be managed effectively, particularly those serious enough to warrant invoking the City Corporation's business continuity or disaster recovery plans. Some incidents can, on further analysis, be indicative of more severe underlying problems.

If the City Corporation fails to implement an incident management capability to detect, manage and analyse security incidents the following risks could be realised:

- **Managing business harm:** Failure to realise that an incident is happening or has occurred limits your ability to manage it effectively. This may lead to a much greater overall business impact, such as significant system outage, serious financial loss or erosion of public confidence.
- **Continual disruption:** An organisation that fails to address the root cause of incidents (such as poor technology or weaknesses in the corporate security approach) could be exposed to repeated or continual compromise or disruption.
- **Failure to comply with legal and regulatory reporting requirements:** An incident resulting in the compromise of sensitive information covered by mandatory reporting requirements could lead to legal or regulatory penalties.

The City Corporation's business role determines the type and nature of incidents that could occur and the impact they might have, so a risk-based approach is being used to shape incident management plans.

Control Measures:

	% Complete	Target Score	Actual Score
Incident Management	73%	4	3
Obtain senior management approval	100%	4	4
Provide specialist training	75%	4	3
Define the required roles and responsibilities	75%	4	3
Establish a data recovery capability	75%	4	3
Test the incident management plan	50%	4	2
Decide what information will be shared and with whom	25%	4	1
Collect and analyse post-incident evidence	75%	4	3
Conduct a lessons learned review	75%	4	3
Educate users and maintain their awareness	75%	4	3
Report criminal incidents to law enforcement	100%	4	4

Malware Prevention

Malware infections can cause material harm to our systems. This might include disruption of business services, unauthorised export of sensitive information or loss of access to critical data (e.g. caused by ransomware). The range, volume and source of information exchanged (as well as the technologies used) provide a range of opportunities for malware to be imported. Examples include:

- **Email:** Email still provides a primary path for internal and external information exchange. Malicious email attachments can cause their payload to be executed when the file is opened or otherwise processed. Email with malicious content may be specifically targeted at known individuals (known as spear phishing) with access to sensitive information, or at roles with elevated privileges. Alternatively malicious email may include embedded links that direct users to websites hosting malicious content.
- **Web browsing:** Users could browse (or be directed to) websites that may contain malicious content which seeks to compromise applications (such as the browser) that interact with that content
- **Web services:** User access to social media and other web based services could provide an ability for users to import a variety of data formats
- **Removable media and personally owned devices:** Malware can be transferred to a corporate system through the uncontrolled introduction of removable media or the direct connection of untrusted devices. This might include (for example) connecting a smartphone via a USB port, even if intended only to charge the device.

Control Measures:

	% Complete	Target Score	Actual Score
Malware Prevention	57%	4	2
Develop and implement anti-malware policies	50%	4	2
Manage all data import and export	50%	4	2
Blacklist malicious web sites	100%	4	4
Provide detailed media scanning machines	25%	4	1
Establish malware defences	75%	4	3
End user device protection	50%	4	2
User education and awareness	50%	4	2

Monitoring

Monitoring provides the means to assess how systems are being used and whether they are being attacked. Without the ability to monitor your systems you may not be able to:

- **Detect attacks:** Either originating from outside the organisation or attacks as a result of deliberate or accidental user activity. Attacks may be directly targeted against technical infrastructure or against the services being run. Attacks can also seek to take advantage of legitimate business services, for example by using stolen credentials to defraud payment services.
- **React to attacks:** An effective response to an attack depends upon first being aware that an attack has happened or is taking place. A swift response is essential to stop the attack, and to respond and minimise the impact or damage caused.
- **Account for activity:** You should have a complete understanding of how systems, services and information are being used by users. Failure to monitor systems and their use could lead to attacks going unnoticed and/or non-compliance with legal or regulatory requirements.

Control Measures:

	% Complete	Target Score	Actual Score
Monitoring	22%	4	1
Establish a monitoring strategy and supporting policies	0%	4	0
Monitor all ICT systems	25%	4	1
Monitor network traffic	25%	4	1
Monitor all user activity	25%	4	1
Fine-tune monitoring systems	25%	4	1
Establish a centralised collection and analysis capability	0%	4	0
Provide resilient and synchronised timing	100%	4	4
Align the incident management policies	0%	4	0
Conduct a lessons learned review	0%	4	0

Removable Media Controls

Removable media introduces the capability to transfer and store huge volumes of sensitive information as well as the ability to import malicious content. The failure to manage the import and export of information using removable media could expose the City Corporation to the following risks:

- **Loss of information:** Removable media is very easily lost, which could result in the compromise of large volumes of sensitive information stored on it. Some media types will retain information even after user deletion, placing information at risk where the media is used between systems (or when the media is disposed of)
- **Introduction of malware:** The uncontrolled use of removable media can increase the risk of introducing malware to systems.
- **Reputational damage:** The loss of media can result in significant reputational damage, even if there is no evidence of any specific data loss.

Control Measures:

	% Complete	Target Score	Actual Score
Removable Media Controls	46%	4	2
Produce corporate policies	50%	4	2
Limit the use of removable media	50%	4	2
Scan all media for malware	75%	4	3
Formally issue media to users	75%	4	3
Encrypt the information held on media	0%	4	0
Actively manage the reuse and disposal of removable media	25%	4	1
Educate users and maintain their awareness	50%	4	2

Home and Mobile Working

Mobile working and remote access extends the transit and storage of information (or operation of systems) outside of the corporate infrastructure, typically over the Internet. Mobile devices will also typically be used in spaces that are subject to additional risks such as oversight of screens, or the theft/loss of devices. If the City Corporation does not establish sound mobile working and remote access practices we might be vulnerable to the following risks:

- **Loss or theft of the device:** Mobile devices are highly vulnerable to being lost or stolen, potentially offering access to sensitive information or systems. They are often used in open view in locations that cannot offer the same level of physical security as your own premises.
- **Being overlooked:** Some users will have to work in public open spaces, such as on public transport, where they are vulnerable to being observed when working. This can potentially compromise sensitive information or authentication credentials.
- **Loss of credentials:** If user credentials (such as username, password, or token) are stored with a device used for remote working or remote access and it is lost or stolen, the attacker could use those credentials to compromise services or information stored on (or accessible from) that device.
- **Tampering:** An attacker may attempt to subvert the security controls on the device through the insertion of malicious software or hardware if the device is left unattended. This may allow them to monitor all user activity on the device, including authentication credentials.

Control Measures:

	% Complete	Target Score	Actual Score
Home and Mobile Working	25%	4	1
Asses the risks and create a mobile working security policy	0%	4	0
Educate users and maintain their awareness	0%	4	0
Apply the security baseline	75%	4	3
Protect data at rest	100%	4	4
Protect data in transit	0%	4	0
Review the corporate incident management plans	0%	4	0

This page is intentionally left blank

Appendix 3: Statutory Requirements Summary

Data Protection Act 1998

<http://www.legislation.gov.uk/ukpga/1998/29/contents>

The Data Protection Act regulates the use of personal data by organisations. Personal data is defined as information relating to a living, identifiable individual.

The Act is underpinned by eight guiding principles:

1. Personal data shall be processed fairly and lawfully.
2. Personal data shall be obtained only for one or more specified and lawful purposes, and shall not be further processed in any manner incompatible with that purpose or those purposes.
3. Personal data shall be adequate, relevant and not excessive in relation to the purpose or purposes for which they are processed.
4. Personal data shall be accurate and, where necessary, kept up to date.
5. Personal data processed for any purpose or purposes shall not be kept for longer than is necessary for that purpose or those purposes.
6. Personal data shall be processed in accordance with the rights of data subjects under this Act. [Data subjects have the right to gain access to their personal as held by the City Corporation]
7. Appropriate technical and organisational measures shall be taken against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data.
8. Personal data shall not be transferred to a country or territory outside the European Economic Area unless that country or territory ensures an adequate level of protection for the rights and freedoms of data subjects in relation to the processing of personal data.

As a data controller, the City Corporation must also notify annually with the Information Commissioner's Office. The Information Commissioner has the power to issue fines of up to £500,000 for a breach of the Data Protection Act.

Freedom of Information Act 2000

<http://www.legislation.gov.uk/ukpga/2000/36/contents>

The Freedom of Information Act gives individuals a right of access to information held by the City Corporation, subject to a number of exemptions. Requests for information must be made in writing (email, letter or fax) but can be received by any member of staff at the City Corporation. Such requests must be responded to within 20 working days. The City Corporation has an internal appeal process if a requester is unhappy with a response to a request and the Information Commissioner regulates the Act.

Privacy and Electronic Communications Regulations 2003

<http://www.legislation.gov.uk/uksi/2003/2426/contents/made>

Section 11 of the Data Protection Act allows individuals to control the direct marketing information they receive from organisations. The Privacy and Electronic Communications Regulations specifically regulate the use of electronic communications (email, SMS text, cold calls) as a form of marketing and allow individuals to prevent further contact.

Regulation of Investigatory Powers Act (RIPA) 2000

<http://www.legislation.gov.uk/ukpga/2000/23/contents>

RIPA regulates the powers of public bodies to carry out surveillance and investigation and also deals with the interception of communications.

Copyright, Designs and Patents Act 1988

<http://www.legislation.gov.uk/ukpga/1988/48/contents>

The Copyright, Designs and Patents Act (CDPA) defines and regulates copyright law in the UK. CDPA categorises the different types of works that are protected by copyright, including:

- Literary, dramatic and musical works;
- Artistic works;
- Sound recordings and films;
- Broadcasts;
- Cable programmes;
- Published editions.

Computer Misuse Act 1990

<http://www.legislation.gov.uk/ukpga/1990/18/contents>

The Computer Misuse Act was introduced partly in reaction to a specific legal case (R v Gold and Schifreen) and was intended to deter criminals from using a computer to assist in the commission of a criminal offence or from impairing or hindering access to data stored in a computer. The Act contains three criminal offences for computer misuse:

- Unauthorised access to computer material;
- Unauthorised access with intent to commit or facilitate commission of further offences;
- Unauthorised modification of computer material.

Human Rights Act 1998

<http://www.legislation.gov.uk/ukpga/1998/42/contents>

The Human Rights Act puts the rights set out in the 1953 European Convention on Human Rights into UK law. Article 8, relating to privacy, is of most relevance to information security – it provides a right to respect for an individual's "private and family life, his home and his correspondence", a right that is also embedded within the Data Protection Act.

Equality Act 2010

<http://www.legislation.gov.uk/ukpga/2010/15/contents>

The Equality Act was introduced in October 2010 to replace a number of other pieces of legislation that dealt with equality, such as the Equal Pay Act, the Disability Discrimination Act and the Race Relations Act. The Equality Act implements the four major EU Equal Treatment Directives.

Terrorism Act 2006

<http://www.legislation.gov.uk/ukpga/2006/11/contents>

The Terrorism Act creates a number of offences in relation to terrorism. Section 19 of the Act imposes a duty on organisations to disclose information to the security forces where there is a belief or suspicion of a terrorist offence being committed. Failure to disclose relevant information can be an offence in itself.

Limitation Act 1980

<http://www.legislation.gov.uk/ukpga/1980/58>

The Limitation Act is a statute of limitations providing legal timescales within which action may be taken for breaches of the law – for example, six years is the period in which an individual has the

opportunity to bring an action for breach of contract. These statutory retention periods will inform parts of the City Corporation's records management policy.

Official Secrets Act 1989

<http://www.legislation.gov.uk/ukpga/1989/6/contents>

City Corporation members of staff may at times be required to sign an Official Secrets Act provision where their work relates to security, defence or international relations. Unauthorised disclosures are likely to result in criminal prosecution. Section 8 of the Act makes it a criminal offence for a government contractor (potentially the City Corporation) to retain information beyond their official need for it and obligates them to properly protect secret information from accidental disclosure.

Malicious Communications Act 1988

<http://www.legislation.gov.uk/ukpga/1988/27/contents>

The Malicious Communications Act makes it illegal to "send or deliver letters or other articles for the purposes of causing stress or anxiety". This also applies to electronic communications such as emails and messages via social networking websites.

Digital Economy Act 2010

<http://www.legislation.gov.uk/ukpga/2010/24/contents>

The Digital Economy Act regulates the use of digital media in the UK. It deals with issues such as online copyright infringement and the obligations that internet service providers (ISPs) have to tackle online copyright infringement.

Privacy and Electronic Communications (EC Directive) (Amendment) Regulations 2011

<http://www.legislation.gov.uk/uksi/2011/1208/contents/made>

An amendment to the Privacy and Electronic Communications Regulations in 2011 obliged websites to inform users about their use of cookies and seek consent for setting more privacy intrusive cookies.

Police and Justice Act 2006

<http://www.legislation.gov.uk/ukpga/2006/48/contents>

Section 39 and Schedule 11 of the Police and Justice Act amend the Protection of Children Act 1978 to provide a mechanism to allow police to forfeit indecent photographs of children held by the police following a lawful seizure.

Counter-Terrorism and Security Act 2015

<http://www.legislation.gov.uk/ukpga/2015/6/contents>

Accessing websites or other material which promotes terrorism or violent extremism or which seeks to radicalise individuals to these causes will likely constitute an offence under the Counter-Terrorism and Security Act 2015.

General Data Protection Regulation (EU Data Protection Act) – May 2018

The incoming GDPR requires a firm grip on key areas where attacks are increasing. This is particularly true for organisations like local authorities, who routinely collect and share citizens' sensitive data with other organisations (both public and private) to operate effectively. Central Government recently confirmed in its Cyber Security Regulation and Incentives Review that it will also seek to improve cyber risk management through the implementation of the GDPR.

This page is intentionally left blank

CITY OF LONDON - CITY FUND

AUDIT PLAN TO THE AUDIT AND RISK MANAGEMENT COMMITTEE
Audit for the year ending 31 March 2017

18 April 2017



CONTENTS

INTRODUCTION 1

YOUR BDO TEAM 2

AUDIT SCOPE AND OBJECTIVES..... 4

MATERIALITY 5

OVERALL AUDIT STRATEGY 6

KEY AUDIT RISKS AND OTHER MATTERS 8

INDEPENDENCE 16

FEES 17

APPENDIX I: MATERIALITY 18

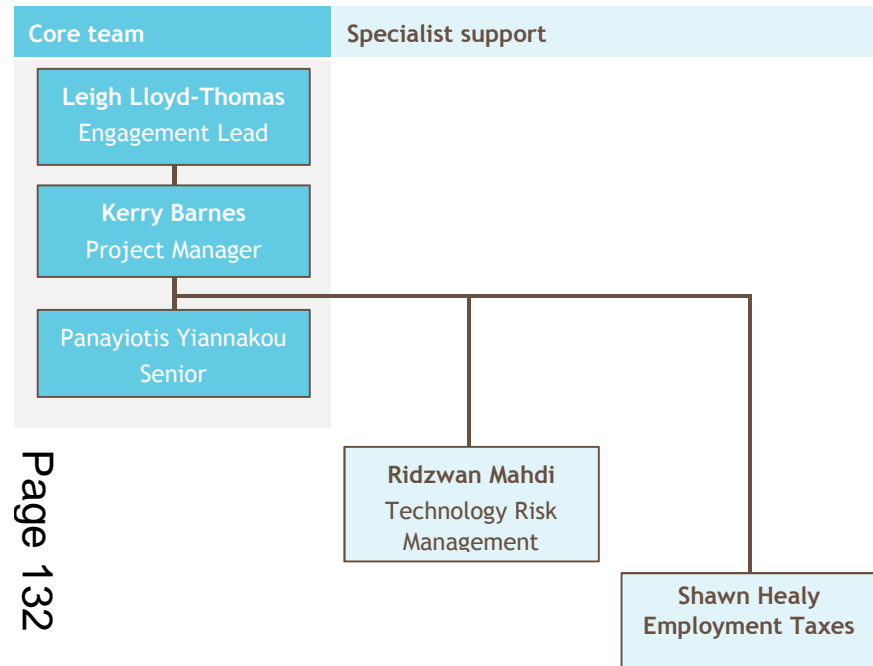
INTRODUCTION

PURPOSE AND USE OF OUR REPORT

The purpose of this report is to highlight and explain the key issues which we believe to be relevant to the audit of the financial statements and use of resources of the City of London City Fund for the year ending 31 March 2017. It forms a key part of our communication strategy with you, a strategy which is designed to promote effective two-way communication throughout the audit process. Planning is an iterative process and our plans, reflected in this report, will be reviewed and updated as our audit progresses.

This report has been prepared solely for the use of the Audit and Risk Management Committee. In preparing this report, we do not accept or assume responsibility for any other purpose, except when expressly agreed by our prior written consent. If others choose to rely on the contents of this report, they do so entirely at their own risk.

YOUR BDO TEAM



Name	Contact details	Key responsibilities
Leigh Lloyd-Thomas Engagement Lead	Tel: 020 7893 2616 leigh.lloyd-thomas@bdo.co.uk	Oversee the audit and sign the audit report
Kerry Barnes Project Manager	Tel: 020 7893 3837 kerry.l.barnes@bdo.co.uk	Management of the audit
Panayiotis Yiannakou Senior	Tel: 020 7893 2199 panayiotis.yiannakou@bdo.co.uk	Day to day supervision of the audit team
Ridzwan Mahdi Technology Risk Assistant Manager	Tel: 020 7893 3126 ridzwan.x.mahdi@bdo.co.uk	Manage IT review for audit purposes
Shawn Healy Employment Tax Principal	Tel: 020 7893 2433 shawn.healy@bdo.co.uk	Manage employment tax review for audit purposes

Leigh Lloyd-Thomas is the engagement lead and has the primary responsibility to ensure that the appropriate audit opinion is given on the financial statements and use of resources.

In meeting this responsibility, he will ensure that the audit has resulted in obtaining sufficient and appropriate evidence to provide reasonable, but not absolute, assurance that:

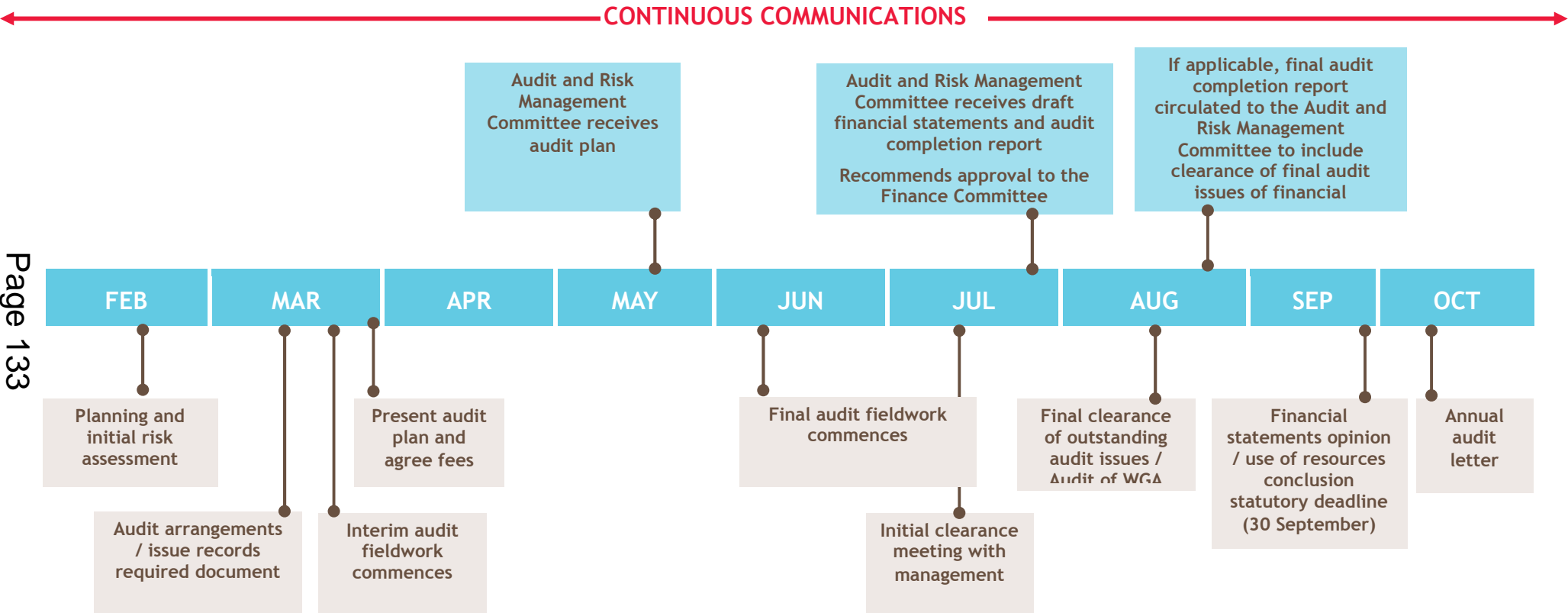
- the financial statements are free from material misstatement, whether due to fraud or error
- the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

He is responsible for the overall quality of the engagement.

ENGAGEMENT TIMETABLE

TIMETABLE

The timeline below identifies the key dates and anticipated meetings for the production and approval of the audited financial statements and completion of the use of resources audit.



AUDIT SCOPE AND OBJECTIVES

SCOPE AND OBJECTIVES

Our audit scope covers the audit in accordance with the National Audit Office (NAO) Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the NAO.

Our objective is to form an opinion on whether:

FINANCIAL STATEMENTS		OTHER INFORMATION	WGA CONSOLIDATION	USE OF RESOURCES			
1	The financial statements give a true and fair view of the financial position of the authority and its expenditure and income for the period in question.	3	Other information published together with the audited financial statements is consistent with the financial statements (including the governance statement).	4	The return required to facilitate the preparation of Whole of Government Accounts (WGA) consolidated accounts is consistent with the audited financial statements.	5	The authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

134

ADDITIONAL POWERS AND DUTIES

6

Where appropriate:
To consider the issue of a report in the public interest.

To make a written recommendation to the authority.

7

To allow electors to raise questions about the accounts and consider objections.

Where appropriate, to apply to the court for a declaration that an item of account is contrary to law.

Where appropriate, to consider whether to issue an advisory notice or to make an application for judicial review.

MATERIALITY

MATERIALITY

	MATERIALITY	CLEARLY TRIVIAL THRESHOLD
City Fund overall materiality ⁽¹⁾	£27,000,000	£500,000
Specific materiality for other financial statement areas:		
- Impact on revenue resources through the Comprehensive income and expenditure statement (CIES) and Movement in reserves statement (MiRS) ⁽²⁾	£5,500,000	£100,000

Please see Appendix I for detailed definitions of materiality and triviality.

The City Fund has custody of significant public assets through its ownership of property assets and investments that are used to generate income to support the local authority services provided by the Corporation. These capital and investment balances 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 we use the total value of property, plant and equipment, investment properties and investments as a suitable value for materiality. Materiality has been set at 1% of this balance sheet amount.

⁽²⁾ While the balance sheet is of primary interest to the reader of the financial statements, we consider that a misstatement at a lower level through revenue expenditure would be material where this may impact on setting future council tax or HRA rent levels. Revenue resources available to the City Fund at 31 March 2016 were £118 million, comprising the General Fund balance, Housing Revenue Account balance and earmarked reserves. Therefore, we will apply a lower level of materiality at 1.5% of gross expenditure to income and expenditure transactions in the Comprehensive income and expenditure statement (CIES) and Movement in reserves statement (MiRS) that impact on revenue resources to reduce the risk of material misstatements.

Materiality will be revisited when the draft financial statements are received for audit.

The clearly trivial amount is based on 2% of the materiality level.

OVERALL AUDIT STRATEGY

We will perform a risk based audit on the Corporation's financial statements and use of resources

This enables us to focus our work on key audit areas. Our starting point is to document our understanding of the Corporation City Fund (local authority) activities and the specific risks it faces. We discussed the changes to the business and management's own view of potential audit risk to gain an understanding of the activities and to determine which risks impact on our audit. We will continue to update this assessment throughout the audit.

For the financial statements audit, we also confirm our understanding of the accounting systems in order to ensure their adequacy as a basis for the preparation of the financial statements and that proper accounting records have been maintained.

For the use of resources audit, we consider the significance of business and operational risks insofar as they relate to 'proper arrangements', including risks at both sector and authority-specific level, and draw on relevant cost and performance information as appropriate.

We then carry out our audit procedures in responses to audit risks.

Risks and planned audit responses

For the financial statements audit, under International Standard on Auditing (ISA) 315 "Identifying and assessing the risks of material misstatement through understanding the entity and its environment", we are required to consider significant risks that require special audit attention.

In assessing a risk as significant, we exclude the effects of identified controls related to the risk. The ISA requires us at least to consider:

- Whether the risk is a risk of fraud
- Whether the risk is related to recent significant economic, accounting or other developments and, therefore, requires specific attention
- The complexity of transactions

- Whether the risk involves significant transactions with related parties
- The degree of subjectivity in the measurement of financial information related to the risk, especially those measurements involving a wide range of measurement uncertainty
- Whether the risk involves significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.

For the use of resources audit, the NAO has provided information on potential significant risks such as:

- Organisational change and transformation
- Significant funding gaps in financial planning
- Legislative or policy changes
- Repeated financial difficulties or persistently poor performance
- Information from other inspectorates and review agencies suggesting governance issues or poor service performance.

We consider the relevance of these risks to the City Fund in forming our risk assessment and audit strategy.

Internal audit

We will ensure that we maximise the benefit of the overall audit effort carried out by internal audit and ourselves, whilst retaining the necessary independence of view.

We understand that internal audit reviews have been undertaken across a range of accounting systems and governance subjects. We will review relevant reports as part of our audit planning and consider whether to place any reliance on internal audit work as evidence of the soundness of the control environment.

OVERALL AUDIT STRATEGY

Continued

Fraud risk assessment

We have discussed with management its assessment of the risk that the financial statements may be materially misstated due to fraud and the processes for identifying and responding to the risks of fraud.

We are informed by management that there have not been any cases of significant or material fraud to their knowledge.

Frauds identified in recent years include:

- Ineligible applications for right to buy discounts on HRA properties
- Housing benefit and local council tax support claimants
- Failure to receipt and bank all cash income received in some service areas
- Providing chargeable services to customers but not collecting income due
- Misuse of public assets but without financial impact, such as tenancy sub-letting and blue badges.

Management believe that the risk of material misstatement due to fraud in the financial statements is low and that controls in operation would prevent or detect material fraud.

The Audit and Risk Management Committee has oversight of management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks. This is discharged through the reviews undertaken by internal audit.

To corroborate the responses to our inquiries of management, please let us know if there are any other actual, suspected or alleged instances of fraud of which you are aware.

KEY AUDIT RISKS AND OTHER MATTERS

Key: ■ Significant risk ■ Normal risk

AUDIT RISK AREAS - FINANCIAL STATEMENTS

RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Management override	<p>The primary responsibility for the detection of fraud rests with management. Their role in the detection of fraud is an extension of their role in preventing fraudulent activity. They are responsible for establishing a sound system of internal control designed to support the achievement of departmental policies, aims and objectives and to manage the risks facing the organisation; this includes the risk of fraud.</p> <p>Under International Standards on Auditing (UK and Ireland) 240, there is a presumed significant risk of management override of the system of internal controls.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements • Review accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud • Obtain an understanding of the business rationale for significant transactions that are outside the normal course of business for the entity or that otherwise appear to be unusual. 	Not applicable.
Revenue recognition	<p>Under auditing Standards there is a presumption that income recognition presents a fraud risk. For local authorities, the risks can be identified as affecting the existence of income.</p> <p>In particular, we consider there to be a significant risk in respect of the existence (recognition) of revenue and capital grants that are subject to performance and / or conditions before these may be recognised as revenue in the comprehensive income and expenditure statement (CIES).</p> <p>We also consider there to be a significant risk in relation to the existence of fees and charges and investment rental income recorded in the CIES with a particular focus on year-end cut off.</p>	<p>We will test a sample of grants subject to performance and / or conditions to confirm that conditions of the grant have been met before the income is recognised in the CIES.</p> <p>We will test a sample of fees and charges to ensure income has been recorded in the correct period and that all income that has been recorded should have been recorded.</p>	Government grant funding will be agreed to information published by the sponsoring department including any grant conditions.

KEY AUDIT RISKS AND OTHER MATTERS

Continued

AUDIT RISK AREAS - FINANCIAL STATEMENTS

RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Land, buildings, dwellings and investment property valuations	<p>Local authorities are required to ensure that the carrying value of land, buildings, dwellings and investment properties are not materially different to existing use for operational assets or fair value for surplus assets and investment properties at the balance sheet date.</p> <p>Management use external valuation data to assess whether there has been a material change in the value of classes of assets. Investment properties are revalued annually according to market conditions at year-end. Higher value operational properties (other land and buildings and dwellings) are revalued annually to provide assurance that carrying values are materially stated, with the remainder of non-material value assets revalued periodically (minimum of every five years). Operational asset valuations are undertaken by both external and internal valuers.</p> <p>We consider there to be a risk over the valuation of land buildings, dwellings and investment properties where valuations are based on market assumptions or where updated valuations have not be provided for a class of assets at the year-end.</p>	<p>We will review the instructions provided to the valuer and review the valuer's skills and expertise in order to determine if we can rely on the management expert.</p> <p>We will confirm that the basis of valuation for assets valued in year is appropriate based on their usage. We will confirm that an instant build modern equivalent asset basis has been used for assets valued at depreciated replacement cost.</p> <p>We will review valuation movements against indices of price movements for similar classes of assets and follow up valuation movements that appear unusual against indices.</p>	<p>We will review independent data that shows indices and price movements for classes of assets against the percentage movement applied by the City Fund.</p>

KEY AUDIT RISKS AND OTHER MATTERS

Continued

AUDIT RISK AREAS - FINANCIAL STATEMENTS

RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Crossrail commitment	<p>The City Fund has committed to contribute £200 million towards the costs of constructing Crossrail. The payment is dependent on achievement of a number of conditions, primarily completion of certain works in relation to Crossrail stations. Management has confirmed these conditions have been met and £200 million was paid on 28 March 2017.</p> <p>There is a risk around the appropriate date for recognition of the liability to pay amounts based on the crystallisation events in the agreement, and appropriate disclosures in the financial statements.</p>	We will review the progress of the Crossrail works against the agreement commitments required to crystallise the payment and review the accounting treatment and disclosures in the financial statements.	Contract works notices from Crossrail.
Corporation recharges	<p>The Corporation recharges significant amounts of expenditure between the City Fund and City's Cash for costs such as building maintenance & insurance, support & central service employees' remuneration, surveyors and services relating to economic development.</p> <p>In the prior year we discussed the apportionment rates used for each of the recharges and noted that some of the underlying evidence to support the calculation of the rates had not been reviewed for a number of years.</p> <p>We consider there to be a risk in respect of the basis of the recharging as it may be outdated resulting in an inappropriate level of or incomplete recharging between the funds.</p>	<p>We will assess whether the rates used for recharging are based on the most appropriate information to support the service cost.</p> <p>We will undertake a review of the recharges between funds to ensure that they are accurate and have been charged to the correct fund.</p>	Not applicable

KEY AUDIT RISKS AND OTHER MATTERS

Continued

AUDIT RISK AREAS - FINANCIAL STATEMENTS			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Lease premiums	The City Fund is party to a significant number of lease arrangements as lessor. The premiums and rents are apportioned between the land element, which will ordinarily be an operating lease recognised as revenue, and the building element which is likely to be a finance lease and recorded as a capital disposal. The element of the premium relating to the land is treated as deferred income and released to revenue over the term of the lease.	We will review the process applied for apportioning lease premiums between land (deferred revenue) and buildings (capital disposal) including reviewing the work of external valuer to confirm if this is appropriate.	Not applicable.
	The apportionment between the land and building elements is a complex accounting estimate and there is a risk that the value of the split applied may not be appropriate.	We will also select a sample of leases and confirm that the allocations have been accurately calculated.	
Pension liability assumptions	<p>The net pension liability comprises the City Fund's share of the market value of assets held in the City of London Pension Fund and the estimated future liability to pay pensions. An actuarial estimate of the pension fund liability is calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate is based on the most up to date membership data held by the pension fund and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability.</p> <p>There is a risk the valuation is not based on accurate membership data or uses inappropriate assumptions to value the liability.</p>	<p>As the auditors of the pension fund, we will review the controls for providing accurate membership data to the actuary.</p> <p>We will review the reasonableness of the assumptions used in the calculation against other local government actuaries and other observable data.</p>	We will use the PwC consulting actuary report provided to auditors for the review of the methodology of the actuary and reasonableness of the assumptions.

KEY AUDIT RISKS AND OTHER MATTERS

Continued

AUDIT RISK AREAS - FINANCIAL STATEMENTS

RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Non-domestic rates appeals provision	<p>Billing authorities are required to estimate the value of potential refund of business rates arising from rate appeals, including backdated appeals. The Valuation Office Agency (VOA) provides information regarding the appeals currently being assessed and settled.</p> <p>Management use this information to calculate a success rate for specific business types for settled appeals, and applies an appropriate rate to each type of business appeal still outstanding at year end.</p> <p>We consider there to be a risk in relation to the estimation of the provision due to potential incomplete data and assumptions used in calculating the likely success rate of appeals.</p>	<p>We will review the accuracy of the appeals data to confirm that it is complete based on the VOA list, and that settled appeals are removed.</p> <p>We will review the assumptions used in the preparation of the estimate including the historic success rates to confirm if the rates applied are appropriate.</p>	We will compare the listing of current appeals to listings from the VOA.
Allowances for non-collection of receivables	<p>The City Fund includes a material amount in respect of provisions for non-collection of NDR arrears, private residential rent arrears (current tenants) and arrears in relation to the Barbican Centre.</p> <p>In the prior year we reported that collection rates used had been based on either CIPFA guidelines or Corporation 'standard' percentages that we did not consider to be up-to-date for a significant proportion of these arrears.</p> <p>There is a risk that the provisions may not accurately reflect collection rates based on age or debt recovery rates.</p>	We will review the provision model for significant income streams and debtor balances to assess whether it appropriately reflects historical collection rates by age of debt or arrears.	Not applicable.

KEY AUDIT RISKS AND OTHER MATTERS

Continued

AUDIT RISK AREAS - FINANCIAL STATEMENTS			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Consideration of related party transactions	<p>We need to consider if the disclosures in the financial statements concerning related party transactions are complete and accurate, and in line with the requirements of the accounting standards.</p> <p>There is a risk that related party transactions disclosures are omitted from the financial statements, or do not accurately reflect the underlying related party transaction.</p>	<p>We will review the related party transactions identification procedures in place and review relevant information concerning any such identified transactions.</p> <p>We will discuss with management and review member's and Senior Management declarations to ensure there are no potential related party transactions which have not been disclosed. This is something we will require you to include in your management representation letter to us.</p>	Companies House searches for undisclosed interests.
Page 143 Changes in presentation of the financial statements	<p>The Code requires a change to the presentation of some areas of the financial statements. This includes:</p> <ul style="list-style-type: none"> • Change to the format of the Comprehensive income and Expenditure Statement (CIES) • Change to the format of the Movement in Reserves Statement • New Expenditure and Funding Analysis (EFA) note • Change to the Segmental Reporting note • New Expenditure and Income analysis note. <p>These changes will require a restatement to the 2015/16 CIES.</p> <p>There is a risk that these presentational changes are not correctly applied in the financial statements.</p>	<p>We will review the draft financial statements and check these against the CIPFA Disclosure Checklist to ensure that all of the required presentational changes have been correctly reflected within the financial statements.</p> <p>We will confirm that the analysis by service in the CIES is consistent with the internal reporting within the Council.</p> <p>We will review the restatement of the comparative 2015/16 information to ensure that this is presented consistently with the current year basis.</p>	Not applicable.

KEY AUDIT RISKS AND OTHER MATTERS

Continued

AUDIT RISK AREAS - USE OF RESOURCES

RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Sustainable finances (City Police) Page 144	City Police's net expenditure for 2016/17 is forecast to be £6.8 million higher than budget, and net expenditure for 2017/18 is budgeted to increase by a further £5.7 million. Overspends relate mainly to increased costs in respect of the Action Fraud Service I.T project, additional employer pension contributions to tackle the pension fund deficit as well as a reduction in the core police settlement grant.	We will review the Medium Term Financial Strategy and assess the reasonableness of the assumptions used for cost pressures and the amount of grant reductions applied.	Not applicable.
	In order to balance the budget to 31 March 2018, City Fund will provide additional resources to fund specific costs and the remaining will be met by police reserves. It is expected that the police ring-fenced reserves will be fully utilised by 31 March 2018.	We will monitor the delivery of the budgeted savings in 2016/17 and review the strategies, identified by the external value for money review, to close the budget gap in the medium term.	
	The update to the Medium Term Financial Strategy (MTFS) to 2019/20 has forecast deficits of £5.6 million in 2018/19 and £3.8 million in 2019/20. An external value for money review has been commissioned with a view to addressing financial pressures in the coming years.		
	Identifying the required level of savings in the medium term will be a challenge and is likely to require difficult decisions around service provision and increases in business rate premium.		

KEY AUDIT RISKS AND OTHER MATTERS

Continued

AUDIT RISK AREAS - USE OF RESOURCES

RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Sustainable finances (City Fund)	The City Fund's MTFS is currently forecasting a surplus position of £7.2 million in 2016/17 and £10.7 million in 2017/18. This position is healthier than originally planned as the RSG settlement was higher than anticipated and the City has benefitted from an increase in business rates, arising from growth in business occupation, which under the Government scheme can be retained.	We will undertake a high level review of the assumptions in the City Fund's Medium Term Financial Strategy, including benchmarking key variables such as inflationary pressures and grant income, and savings schemes.	Not applicable.
	In 2018/19 the City Fund is forecast to breakeven and then move into a deficit position from 2019/20 due to costs for the Museum of London relocation project. Funding options for the Museum project are currently being considered.		
	The MTFS is based on key income and expenditure assumptions as well as significant savings/ income generation proposals within service budgets. If key assumptions and savings plans have not been based on reliable data or have been overly optimistic the financial position could deteriorate over the medium term.		

INDEPENDENCE

INDEPENDENCE

Under Auditing and Ethical Standards, we are required as auditors to confirm our independence to ‘those charged with governance’. In our opinion, and as confirmed by you, we consider that for these purposes it is appropriate to designate the Audit and Risk Management Committee as those charged with governance.

Our internal procedures are designed to ensure that all partners and professional staff are aware of relationships that may be considered to have a bearing on our objectivity and independence as auditors. The principal statements of policies are set out in our firm-wide guidance. In addition, we have embedded the requirements of the Standards in our methodologies, tools and internal training programmes. The procedures require that engagement leads are made aware of any matters which may reasonably be thought to bear on the firm’s independence and the objectivity of the engagement lead and the audit staff. This document considers such matters in the context of our audit for the period ending 31 March 2017.

We have not identified any potential threats to our independence as auditors.

Non-audit services fees (relating to audit related services) for the assurance reviews of the teachers’ pensions return and pooling of housing capital receipts are shown on the following page. We do not plan to provide any other non-audit services.

We confirm that the firm complies with the Financial Reporting Council’s Ethical Standards for Auditors and, in our professional judgement, is independent and objective within the meaning of those Standards.

In our professional judgement the policies and safeguards in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit engagement lead and audit staff is not impaired. These policies include engagement lead and manager rotation, for which rotation is required after 5 years and 10 years respectively.

ENGAGEMENT TEAM ROTATION

SENIOR TEAM MEMBERS	NUMBER OF YEARS INVOLVED
---------------------	--------------------------

Leigh Lloyd-Thomas - Engagement lead	2
--------------------------------------	---

Kerry Barnes - Project manager	2
--------------------------------	---

FEES

FEES SUMMARY

Our proposed fees, excluding VAT, for the year ending 31 March 2017 are:

	2016/17 Proposed fee	2015/16 Actual fee
	£	£
Code audit fee	86,383	86,383
Certification fee (Housing benefits subsidy)	11,205	11,396
Total code audit and certification fees	97,588	97,779
Fees for audit related (see below)	11,340	11,340
Fees for non-audit services	0	0
TOTAL FEES	108,928	109,119

NON-AUDIT SERVICES FEES ANALYSIS

Audit related services:

Teachers' Pension (local education authority)	4,500
Teachers' Pension (Centre for Young Musicians (City's Cash))	4,500
Pooling of Housing Capital Receipts	2,340
Total	11,340

The above fees do not differ from those included in the fee letter that we issued on 19 April 2016.

Billing arrangements

Invoices for the Code audit fee will be raised as set out below:

- Instalment 1 £43,191.5 in July 2016
- Instalment 2 £21,595.75 in March 2017
- Instalment 3 £21,595.75 in June 2017

Certification fees will be billed on completion of the work.

Our firm's standard terms of business state that full payment is due within 14 days of receipt of invoice.

Amendments to the proposed fees

If we need to propose any amendments to the fees during the course of the audit, where our assessment of risk and complexity are significantly different from those reflected in the proposed fee or where we are required to carry out work in exercising our additional powers and duties, we will first discuss this with the Deputy Chamberlain. Where this requires a variation to the scale fee we will seek approval from PSAA. If necessary, we will also prepare a report outlining the reasons why the fee needs to change for discussion with the Audit and Risk Management Committee. At this stage, nothing has come to our attention that would require us to seek approval to amend the scale fee.

Our fee is based on the following assumptions

The complete draft financial statements and supporting work papers will be prepared to a standard suitable for audit. All balances will be reconciled to underlying accounting records.

Key dates will be met, including receipt of draft accounts and working papers prior to commencement of the final audit fieldwork.

We will receive only one draft of the Statement of Accounts prior to receiving the final versions for signing.

Within reason, personnel we require to hold discussions with will be available during the period of our on-site work (we will set up meetings with key staff in advance).

APPENDIX I: MATERIALITY

CONCEPT AND DEFINITION

- The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to monetary misstatements but also to disclosure requirements and adherence to appropriate accounting principles and statutory requirements.
- We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.
- Materiality therefore has qualitative as well as quantitative aspects and an item may be considered material, irrespective of its size, if it has an impact on (for example):
 - Narrative disclosure e.g. accounting policies, going concern
 - Statutory performance targets
 - Instances when greater precision is required (e.g. senior management remuneration disclosures).

International Standards on Auditing (UK & Ireland) also allow the auditor to set a lower level of materiality for particular classes of transaction, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

CALCULATION AND DETERMINATION

- We have determined materiality based on professional judgement in the context of our knowledge of the authority, including consideration of factors such as sector developments, financial stability and reporting requirements for the financial statements.
- We determine materiality in order to:
 - Assist in establishing the scope of our audit engagement and audit tests
 - Calculate sample sizes
 - Assist in evaluating the effect of known and likely misstatements on the financial statements.

APPENDIX I: MATERIALITY

Continued

REASSESSMENT OF MATERIALITY

- We will reconsider materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality if we had been aware.
- Further, when we have performed all our tests and are ready to evaluate the results of those tests (including any misstatements we detected) we will reconsider whether materiality combined with the nature, timing and extent of our auditing procedures, provided a sufficient audit scope. If we conclude that our audit scope was sufficient, we will use materiality to evaluate whether uncorrected misstatements (individually or in aggregate) are material.
- You should be aware that any misstatements that we identify during our audit, both corrected and uncorrected errors, might result in additional audit procedures being necessary.

UNADJUSTED ERRORS

- Page 149
- In accordance with auditing standards, we will communicate to the Audit and Risk Management Committee all uncorrected misstatements identified during our audit, other than those which we believe are 'clearly trivial'.
 - Clearly trivial is defined as matters which will be of a wholly different (smaller) order of magnitude than the materiality thresholds used in the audit, and will be matters that are clearly inconsequential, whether taken individually or in aggregate.
 - We will obtain written representations from the Audit and Risk Management Committee confirming that in their opinion these uncorrected misstatements are immaterial, both individually and in aggregate and that, in the context of the financial statements taken as a whole, no adjustments are required.
 - There are a number of areas where we would strongly recommend/request any misstatements identified during the audit process being adjusted. These include:
 - Clear cut errors whose correction would cause non-compliance with statutory performance targets, management remuneration, other contractual obligations or governmental regulations that we consider are significant.
 - Other misstatements that we believe are material or clearly wrong.

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation. In preparing this report, we do not accept or assume responsibility for any other purpose, or to any other person, except when expressly agreed by our prior written consent. If others choose to rely on the contents of this report, they do so entirely at their own risk.

BDO LLP is a corporate establishment under the Limited Liability Partnership Act 2000 and a UK Member Firm of BDO International. BDO Northern Ireland, a separate partnership, operates under a licence agreement. BDO LLP and BDO Northern Ireland are both separately authorised and regulated by the Financial Conduct Authority to conduct investment business.

Copyright ©2017 BDO LLP. All rights reserved.

www.bdo.co.uk



CITY OF LONDON PENSION FUND

AUDIT PLAN TO THE AUDIT AND RISK MANAGEMENT COMMITTEE
Audit for the year ending 31 March 2017

18 April 2017

CONTENTS

INTRODUCTION 1

YOUR BDO TEAM 2

ENGAGEMENT TIMETABLE 3

AUDIT SCOPE AND OBJECTIVES..... 4

MATERIALITY 5

OVERALL AUDIT STRATEGY 6

KEY AUDIT RISKS AND OTHER MATTERS 7

INDEPENDENCE 13

FEES..... 14

APPENDIX I: MATERIALITY 15

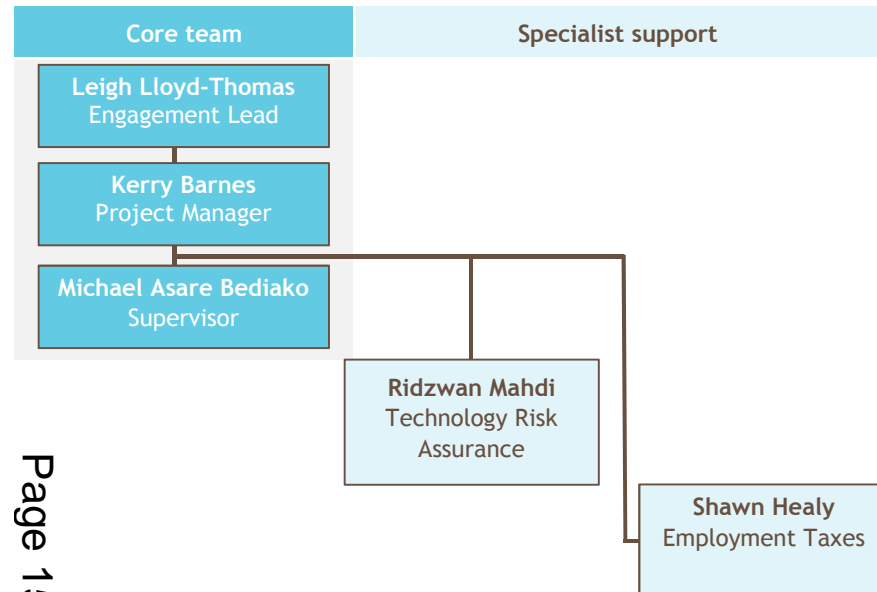
INTRODUCTION

PURPOSE AND USE OF OUR REPORT

The purpose of this report is to highlight and explain the key issues which we believe to be relevant to the audit of the financial statements of the pension fund for the year ending 31 March 2017. It forms a key part of our communication strategy with you, a strategy which is designed to promote effective two-way communication throughout the audit process. Planning is an iterative process and our plans, reflected in this report, will be reviewed and updated as our audit progresses.

This report has been prepared solely for the use of the Audit and Risk Management Committee. In preparing this report, we do not accept or assume responsibility for any other purpose, or to any other person, except when expressly agreed by our prior written consent. If others choose to rely on the contents of this report, they do so entirely at their own risk.

YOUR BDO TEAM



Name	Contact details	Key responsibilities
Leigh Lloyd-Thomas Engagement Lead	Tel: 020 7893 2616 leigh.lloyd-thomas@bdo.co.uk	Oversee the audit and sign the audit report
Kerry Barnes Project Manager	Tel: 020 7893 3837 kerry.l.barnes@bdo.co.uk	Management of the audit
Michael Asare Bediako Senior/Supervisor	Tel: 020 7893 3646 michael.asarebediako@bdo.co.uk	Day to day supervision of the on-site audit
Ridzwan Mahdi Technology Risk Assistant Manager	Tel: 020 7893 3126 ridzwan.x.mahdi@bdo.co.uk	Manage IT review for audit purposes
Shawn Healy Employment Tax Principal	Tel: 020 7893 2433 shawn.healy@bdo.co.uk	Manage employment tax review for audit purposes

Leigh Lloyd-Thomas is the engagement lead and has the primary responsibility to ensure that the appropriate audit opinion is given on the financial statements.

In meeting this responsibility, he will ensure that the audit has resulted in obtaining sufficient and appropriate evidence to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement, whether due to fraud or error

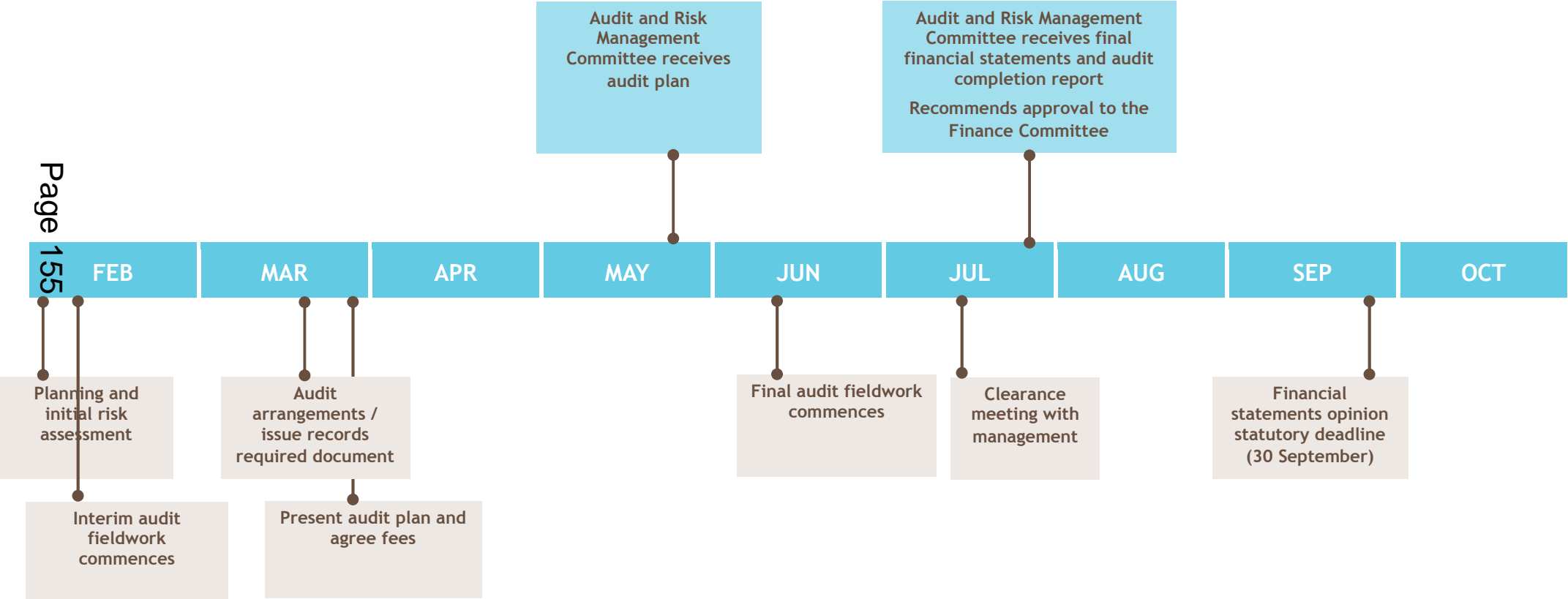
He is responsible for the overall quality of the engagement.

ENGAGEMENT TIMETABLE

TIMETABLE

The timeline below identifies the key dates and anticipated meetings for the production and approval of the audited financial statements.

← CONTINUOUS COMMUNICATIONS →



AUDIT SCOPE AND OBJECTIVES

SCOPE AND OBJECTIVES

Our audit scope covers the audit in accordance with the NAO Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the NAO.
To form an opinion on whether:

FINANCIAL STATEMENTS		OTHER INFORMATION	ADDITIONAL REQUIREMENTS
Pa	1 The financial statements give a true and fair view of the financial transactions of the pension fund for the period, and the amount and disposition at the period end of the assets and liabilities, other than liabilities to pay pensions and benefits after the period end.	2 The financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.	3 Other information published together with the audited financial statements is consistent with the financial statements.
			4 Review the pension fund annual report and report on the consistency of the pension fund financial statements within the annual report with the pension fund financial statements in the statement of accounts.

MATERIALITY

MATERIALITY		
	MATERIALITY	CLEARLY TRIVIAL THRESHOLD
Pension fund overall materiality	£8,000,000	£160,000
Specific materiality for other financial statement areas:		
- Fund account	£1,600,000	£32,000

Please see Appendix I for detailed definitions of materiality and triviality.

Planning materiality for the pension fund financial statements will initially be based on 1% of net assets. Specific materiality (at a lower level) may be considered appropriate for certain financial statement areas and we set materiality for the fund account at 5% of contributions receivable.

At this stage, these figures are based on the prior year net assets and contributions receivable amounts. This will be revisited when the draft financial statements are received for audit.

The clearly trivial amount is based on 2% of the materiality level.

OVERALL AUDIT STRATEGY

We will perform a risk based audit on the pension fund financial statements

This enables us to focus our work on key audit areas.

Our starting point is to document our understanding of the pension fund and the specific risks it faces. We discussed the changes to the fund, such as scheme regulations, and management's own view of potential audit risk during the planning stage of the audit in order to gain an understanding of the activities and to determine which risks impact on our audit. We will continue to update this assessment throughout the audit.

We also confirm our understanding of the accounting systems in order to ensure their adequacy as a basis for the preparation of the financial statements and that proper accounting records have been maintained.

We then carry out our audit procedures in response to audit risks.

Risks and planned audit responses

Under International Standard on Auditing (ISA) 315 "Identifying and assessing the risks of material misstatement through understanding the entity and its environment", we are required to consider significant risks that require special audit attention.

In assessing a risk as significant, we exclude the effects of identified controls related to the risk. The ISA requires us at least to consider:

- Whether the risk is a risk of fraud
- Whether the risk is related to recent significant economic, accounting or other developments and, therefore, requires specific attention
- The complexity of transactions
- Whether the risk involves significant transactions with related parties
- The degree of subjectivity in the measurement of financial information related to the risk, especially those measurements involving a wide range of measurement uncertainty
- Whether the risk involves significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.

Internal audit

We will ensure that we maximise the benefit of the overall audit effort carried out by internal audit and ourselves, whilst retaining the necessary independence of view.

We understand that internal audit reviews have been undertaken across a range of accounting systems and governance subjects. We will consider these reports as part of our audit and whether to place any reliance on internal audit work as evidence of the soundness of the control environment.

Management assessment of fraud

We have discussed with management its assessment of the risk that the financial statements may be materially misstated due to fraud and the processes for identifying and responding to the risks of fraud.

Management believe that the risk of material misstatement due to fraud in the pension fund financial statements is low. Potential fraud could include failure to receive all contributions due from employers, paying for fictitious pensioners or continuing to pay pensions to deceased pensioners. Management consider that controls in operation would prevent or detect material fraud in these areas. We are informed by management that there have not been any cases of significant or material fraud to their knowledge.

The Audit and Risk Management Committee has oversight of management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks. This is discharged through the reviews undertaken by internal audit.

To corroborate the responses to our inquiries of management, please let us know if there are any other actual, suspected or alleged instances of fraud of which you are aware.

KEY AUDIT RISKS AND OTHER MATTERS

Key: ■ Significant risk ■ Normal risk

AUDIT RISK AREAS - FINANCIAL STATEMENTS

RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
<div>Management override</div> <div>Page 159</div>	<p>The primary responsibility for the detection of fraud rests with management. Their role in the detection of fraud is an extension of their role in preventing fraudulent activity. They are responsible for establishing a sound system of internal control designed to support the achievement of the fund's policies, aims and objectives and to manage the risks facing the fund; this includes the risk of fraud.</p> <p>Under International Standards on Auditing (UK and Ireland) 240, there is a presumed significant risk of management override of the system of internal controls.</p>	<p>We will:</p> <ul style="list-style-type: none"> test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements review accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud obtain an understanding of the business rationale for significant transactions that are outside the normal course of business for the entity or that otherwise appear to be unusual. 	Not applicable.
Contributions receivable (normal and augmented)	<p>Employers are required to deduct amounts from employee pay based on tiered pay rates and to make employer contributions in accordance with rates agreed with the actuary, including current funding and past service deficit funding. Augmented contributions are also required against pension strain for early retirements.</p> <p>There is a risk that employers may not be calculating contributions correctly or paying over the full amount due to the pension fund.</p>	<p>We will perform an examination, on a test basis, of evidence relevant to the amounts of normal contributions receivable to the fund including checking to employer payroll records, where relevant.</p> <p>We will review contributions receivable and ensure that income is recognised in the correct accounting period where the employer is making payments in the following month.</p> <p>We will perform tests over augmented contributions due from employers for pension strain costs.</p> <p>We will carry out audit procedures to review contributions income in accordance with the Actuary's Rates and Adjustments Certificate.</p>	We will check a sample of contributions receivable from the Corporation and Museum of London to the payroll records to ensure that the correct amounts have been paid by the employee and employer.

KEY AUDIT RISKS AND OTHER MATTERS

Continued

AUDIT RISK AREAS - FINANCIAL STATEMENTS			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Fair value of private equity and infrastructure investments	The investment portfolio includes unquoted infrastructure and private equity holdings of approximately £48 million (at 31 March 2016) valued by the General Partner or fund manager using valuations obtained from the underlying partnerships ventures.	We will obtain direct confirmation of investment valuations from the General Partner or fund managers and request copies of the audited financial statements (and member allocations) from the fund.	Direct confirmation of fund valuation and audited financial statements for the underlying partnership ventures.
	In some cases, the valuations of the underlying ventures are provided at dates that are not coterminous with the pension fund's year end and need to be updated to reflect cash transactions (additional contributions or distributions received) since the latest available valuations.	Where the financial statement date supporting the valuation is not coterminous with the pension fund's year end, we will confirm that appropriate adjustments have been made to the valuations in respect of additional contributions and distributions with the funds.	Assurance report on the operating effectiveness of internal controls within each of the fund manager organisation and the custodian
Fair value of investments (pooled investments)	There is a risk that investments are not appropriately valued in the underlying ventures or may not be appropriately adjusted to include additional contributions or distributions at the year end.	We will obtain independent assurance reports over the controls operated by both the fund managers and custodian for valuations and existence of underlying investments in the funds.	
	The fair value of pooled investment vehicles is provided by individual fund managers and reported on a quarterly basis.	We will obtain direct confirmation of investment valuations from the fund managers and agree valuations, where available, to readily available observable data (such as Bloomberg or London Stock Exchange).	Direct confirmation of investment valuations from fund managers.
	There is a risk that investments may not be appropriately valued and correctly recorded in the financial statements.	We will obtain independent assurance reports over the controls operated by the fund managers.	Assurance report on the operating effectiveness of internal controls within each of the fund manager.
		Although the Fund does not use the Custodian to value pooled investments, the Custodian does provide performance monitoring services to the pension fund. We will review the Custodian's performance monitoring reports and follow up valuations (provided by the Fund Manager and used to as the valuation in the financial statements) that appear unusual when compared to the Custodian's independent performance monitoring report.	Custodian's performance monitoring report.

KEY AUDIT RISKS AND OTHER MATTERS

Continued

AUDIT RISK AREAS - FINANCIAL STATEMENTS			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Pension liability assumptions Page 161	<p>An actuarial estimate of the pension fund liability to pay future pensions is calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate is based on the most up to date membership data held by the pension fund and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability.</p> <p>There is a risk that the membership data and cash flows provided to the actuary as at 31 March may not be correct, or the valuation uses inappropriate assumptions to value the liability.</p>	<p>We will review the controls in place to ensure that the data provided from the fund to the actuary is complete and accurate.</p> <p>We will review the reasonableness of the assumptions used in the calculation against other local government pension fund actuaries and other observable data.</p> <p>We will compare the disclosure in the financial statements to the information provided by the actuary</p>	<p>We will use the PwC consulting actuary report provided to auditors for the review of the methodology of the actuary and reasonableness of the assumptions.</p>
	<p>The IFRS 13 scope exclusion for fair value investment disclosures for IAS 26: <i>Accounting and reporting by retirement benefit plan</i> has been removed and IFRS 13 fair value measurement disclosures apply in 2016/17.</p> <p>This will require enhanced disclosures around the fair value hierarchy of investments, and in particular any disclosed as 'level 3.' These types of valuations are subject to a significant level of assumption and estimation and valuations may not be based on observable market data. Information from the custodian, fund manager and /or other parties involved in valuing the investments will be required in order to disclose the information needed by IFRS 13.</p> <p>There is a risk that the pension fund may not be able to obtain the information needed in order to make the required IFRS 13 fair value investment disclosures in the financial statements.</p>	<p>We will review the fair value hierarchy disclosures and ensure that investment valuations have been correctly classified as a level 1, 2 or 3 in accordance with guidance issued by PRAG/Investment Association: <i>Practical Guidance on Investment Disclosures 2016</i>.</p> <p>Where investment valuations have been classified as level 3 we will ensure that the assumptions and estimation techniques used to value the investments have been disclosed and are consistent with information provided by either the custodian, fund manager and/or other parties that are responsible for valuing the investments.</p>	<p>Not applicable.</p>

KEY AUDIT RISKS AND OTHER MATTERS

Continued

AUDIT RISK AREAS - FINANCIAL STATEMENTS			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Remuneration of key management personnel disclosure Page 162	<p>The 2016/17 CIPFA Code requires that amounts incurred by the pension fund for the provision of key management personnel services that are provided by a separate management entity shall be disclosed.</p> <p>Key management personnel include officers employed by the Corporation therefore a percentage of their remuneration will be required to be disclosed to reflect the cost charged to the pension fund.</p> <p>We consider there to be a risk in the presentation of key management personnel services are provided by a separate management entity (the Corporation).</p>	<p>We will review the basis for apportioning costs between the pension fund and Corporation and ensure that costs relating to the provision of key management personnel services are accurately disclosed.</p>	<p>Not applicable.</p>
Consideration of related party transactions	<p>We consider if the disclosures in the financial statements concerning related party transactions are complete, accurate and in line with the requirements of the accounting standards.</p>	<p>We will document the related party transactions identification procedures in place and review relevant information concerning any such identified transactions.</p> <p>We will discuss with management and review members' and Senior Management declarations to ensure that there are no potential related party transactions which have not been disclosed. This is something we will require you to include in your management representation letter to us.</p>	<p>Companies House searches for undisclosed interests.</p>

KEY AUDIT RISKS AND OTHER MATTERS

Continued

AUDIT RISK AREAS - FINANCIAL STATEMENTS

RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Investment management expenses	<p>Local Government Pension Fund Accounts are required to disclose investment management expenses.</p> <p>Management expenses included in the pension fund accounts represents the fee for the service provided by and any performance related fees in relation to the fund manager. However, fund managers do not ordinarily provide information on any 'hidden' fees included in investing contributions. These fees are deducted when the investment is made by the fund manager and hence is included in the change in market value of investments.</p> <p>The Financial Conduct Authority criticised the investment management industry for not reporting charges to investors sufficiently clearly. In particular, it criticised the annual management charge as failing 'to provide investors with a clear, combined figure for charges'.</p> <p>CIPFA has issued guidance on obtaining and separately presenting these additional charges in the fund accounts. While not mandatory to report these costs separately, there is a clear expectation that LGPS fund accounts do observe this guidance.</p> <p>CIPFA intends to make this a mandatory disclosure requirement from 2017/18.</p> <p>We consider there to be a risk in the presentation of investment management expenses in the fund accounts where these 'hidden' fees are not identified and separately reported.</p>	<p>We will review the arrangements put in place by management to identify all relevant investment management fees, and responses provided by fund managers, to ensure that the true costs are disclosed appropriately in the fund accounts.</p>	<p>Not applicable.</p>

KEY AUDIT RISKS AND OTHER MATTERS

Continued

AUDIT RISK AREAS - FINANCIAL STATEMENTS			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Benefits payable	<p>Benefits payable may not be correct based on accrued benefits of members or may not be in calculated in accordance with the scheme regulations.</p> <p>Payment to wrong or non-existent members will result in loss of assets and risk of reputational damage.</p>	<p>For members leaving the scheme and deferring their pension and members becoming entitled to receive pension during the year, we will check a sample of calculations of pension entitlement. We will check the correct application of annual pension uplift for members in receipt of benefits.</p> <p>We will check a sample of pensioners in receipt of pensions to underlying records to confirm the existence of the member.</p> <p>We will review the results of the latest National Fraud Initiative data matching exercise of members in receipt of benefits with the records of deceased persons and what actions have been taken to resolve potential matches.</p> <p>Payments are cross checked to movements in the membership statistics.</p>	Not applicable.

INDEPENDENCE

INDEPENDENCE

Under Auditing and Ethical Standards, we are required as auditors to confirm our independence to ‘those charged with governance’. In our opinion, and as confirmed by you, we consider that for these purposes it is appropriate to designate the Audit and Risk Management Committee as those charged with governance.

Our internal procedures are designed to ensure that all partners and professional staff are aware of relationships that may be considered to have a bearing on our objectivity and independence as auditors. The principal statements of policies are set out in our firm-wide guidance. In addition, we have embedded the requirements of the Standards in our methodologies, tools and internal training programmes. The procedures require that engagement leads are made aware of any matters which may reasonably be thought to bear on the firm’s independence and the objectivity of the engagement lead and the audit staff. This document considers such matters in the context of our audit for the period ended 31 March 2017.

Our appointment by the Audit Commission (and confirmed by Public Sector Audit Appointments Limited) covers both the City of London Corporation City Cash and pension fund. We do not consider this to be a threat to our independence and objectivity.

We have not identified any potential threats to our independence as auditors. We have provided no non-audit services to the Pension Fund.

We confirm that the firm complies with the Financial Reporting Corporation’s Ethical Standards for Auditors and, in our professional judgement, is independent and objective within the meaning of those Standards.

In our professional judgement the policies and safeguards in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit engagement partner and audit staff is not impaired. These policies include partner and manager rotation. The table below sets out the length of involvement of key members of the audit team.

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

ENGAGEMENT TEAM ROTATION	
SENIOR TEAM MEMBERS	NUMBER OF YEARS INVOLVED
Leigh Lloyd-Thomas - Engagement lead	2
Kerry Barnes	2

FEES

FEES SUMMARY

Our proposed fees, excluding VAT, for the year ending 31 March 2017 are:

	2016/17 £	2015/16 £
Code audit fee (pension fund)	21,000	21,000
Fees for audit related services	-	-
Fees for non-audit services	-	-
TOTAL FEES	21,000	21,000

Our invoices will be raised as set out below, following which our firm's standard terms of business state that full payment is due within 14 days of receipt of invoice:

- instalment 1 £10,500 in July 2016.
- instalment 2 £5,250 in March 2017.
- instalment 3 £5,250 in June 2017.

Our fee is based on the following assumptions

The complete draft financial statements and supporting work papers will be prepared to a standard suitable for audit. All balances will be reconciled to underlying accounting records.

Key dates will be met, including receipt of draft accounts and working papers prior to commencement of the final audit fieldwork.

We will receive only one draft of the pension fund financial statements prior to receiving the final versions for signing.

Within reason, personnel we require to hold discussions with will be available during the period of our on-site work (we will set up meetings with key staff in advance).

APPENDIX I: MATERIALITY

CONCEPT AND DEFINITION

- The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to monetary misstatements but also to disclosure requirements and adherence to appropriate accounting principles and statutory requirements.
- We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.
- Materiality therefore has qualitative as well as quantitative aspects and an item may be considered material, irrespective of its size, if it has an impact on (for example):
 - Narrative disclosure e.g. accounting policies, going concern
 - Instances when greater precision is required (e.g. related party transactions disclosures).

International Standards on Auditing (UK & Ireland) also allow the auditor to set a lower level of materiality for particular classes of transaction, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

CALCULATION AND DETERMINATION

- We have determined materiality based on professional judgement in the context of our knowledge of the pension fund, including consideration of factors such as sector developments, financial stability and reporting requirements for the financial statements.
- We determine materiality in order to:
 - Assist in establishing the scope of our audit engagement and audit tests
 - Calculate sample sizes
 - Assist in evaluating the effect of known and likely misstatements on the financial statements.

APPENDIX I: MATERIALITY

Continued

REASSESSMENT OF MATERIALITY

- We will reconsider materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality if we had been aware.
- Further, when we have performed all our tests and are ready to evaluate the results of those tests (including any misstatements we detected) we will reconsider whether materiality combined with the nature, timing and extent of our auditing procedures, provided a sufficient audit scope. If we conclude that our audit scope was sufficient, we will use materiality to evaluate whether uncorrected misstatements (individually or in aggregate) are material.
- You should be aware that any misstatements that we identify during our audit, both corrected and uncorrected errors, might result in additional audit procedures being necessary.

UNADJUSTED ERRORS

- Page 168
- In accordance with auditing standards, we will communicate to the Audit and Risk Management Committee all uncorrected misstatements identified during our audit, other than those which we believe are 'clearly trivial'.
 - Clearly trivial is defined as matters which will be of a wholly different (smaller) order of magnitude than the materiality thresholds used in the audit, and will be matters that are clearly inconsequential, whether taken individually or in aggregate.
 - We will obtain written representations from the Audit and Risk Management Committee confirming that in their opinion these uncorrected misstatements are immaterial, both individually and in aggregate and that, in the context of the financial statements taken as a whole, no adjustments are required.
 - There are a number of areas where we would strongly recommend/request any misstatements identified during the audit process are adjusted. These include:
 - Clear cut errors whose correction would cause non-compliance with statutory requirements, management remuneration, other contractual obligations or governmental regulations that we consider are significant.
 - Other misstatements that we believe are material or clearly wrong.

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation. In preparing this report, we do not accept or assume responsibility for any other purpose, or to any other person, except when expressly agreed by our prior written consent. If others choose to rely on the contents of this report, they do so entirely at their own risk.

BDO LLP is a corporate establishment under the Limited Liability Partnership Act 2000 and a UK Member Firm of BDO International. BDO Northern Ireland, a separate partnership, operates under a licence agreement. BDO LLP and BDO Northern Ireland are both separately authorised and regulated by the Financial Conduct Authority to conduct investment business.

Copyright ©2017 BDO LLP. All rights reserved.

www.bdo.co.uk

This page is intentionally left blank

Committee: Audit and Risk Management Committee Court of Common Council	Date: 23 May 2017 25 May 2017
Subject: Decision taken under Delegated Authority since the last meeting of the Committee	Public
Report of: Town Clerk Report author: Julie Mayer	For Information

Summary

This report advises Members of action taken by the Town Clerk, in consultation with the Chairman and Deputy Chairman, since the last meeting of the Audit and Risk Management Committee on 7th February 2017, in accordance with Standing Order No. 41.

Recommendation:

Members are asked to note the following decision, taken under delegated authority:

Appointment of Independent Members to the Independent Auditor Appointment Panel.

Background

At the last meeting of the Audit and Risk Management Committee on 7th February 2017, Members considered a report on the future external audit arrangements for the City Corporation's various funds. Members agreed that the preferred option was to conduct a single procurement process to appoint the same Auditor for all funds. For the City Fund, the Local Audit and Accountability Act requires the establishment of an Independent Auditor Appointment Panel to advise on the procurement process.

Although the Audit and Risk Management Committee had established an Independent Auditor Appointment Panel (IAAP) in 2012, comprising two City Corporation Members and the three external Members of the Audit and Risk Management Committee, this was before the enactment of this legislation and it was therefore unlikely that the panel considered to have been appointed for the purposes of the Act.

In addition, regulations issued under the Act include the requirement to advertise for independent Members of the Auditor Panel. Although vacancies for external Members of the Audit and Risk Management Committee had previously been advertised, they did not include the Auditor Panel role. It was therefore necessary to advertise for three independent Members of the IAAP.

Three applications were received in response to an advertisement for independent Members for the IAAP. The applications were from the three current external Members of the Audit and Risk Management Committee; Hilary Daniels, Kenneth Ludlam and Caroline Mawhood.

By confirming the delegated decision of the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee, the Court of Common Council will enable the City of London Corporation to conduct a fully compliant procurement process for external audit services. My making the appointments of the three External Members co-terminus with their terms of appointment to the Audit and Risk Management Committee, this will ensure that both roles may be advertised together in the future, as and when vacancies arise.

ACTION TAKEN

Following the delegated decision of the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee, the Court of Common Council, which meets on 25th May 2017, will be recommended to approve:

1. the appointment of Hilary Daniels, Kenneth Ludlam and Caroline Mawhood to the Independent Audit Appointment Panel; and
2. that their appointments to the Panel be co-terminus with their term of appointment to the Audit and Risk Management Committee to ensure that, going forward, both roles can be advertised together as one vacancy.

Julie Mayer
Committee and Member Services, Town Clerk's
Julie.mayer@cityoflondon.gov
tel: 020 7 332 1410

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank