



## **Audit and Risk Management Committee**

**Date:** TUESDAY, 7 MAY 2019  
**Time:** 2.00 pm  
**Venue:** COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

**Members:** Randall Anderson  
Alderman Nick Anstee  
Alexander Barr  
Chris Boden  
Hilary Daniels (External Member)  
Anne Fairweather  
Alderman John Garbutt  
Alderman Ian Luder  
Kenneth Ludlam (External Member)  
Paul Martinelli  
Caroline Mawhood (External Member)  
Andrien Meyers  
John Petrie  
Chairman of the Finance Committee (Ex-Officio Member)  
Deputy Chairman of the Finance Committee (Ex-Officio Member)  
Representative of the Policy and Resources Committee (Ex-Officio Member)

**Enquiries:** Chloe Rew  
tel. no.: 020 7332 1427  
[chloe.rew@cityoflondon.gov.uk](mailto:chloe.rew@cityoflondon.gov.uk)

**N.B. Part of this meeting may be subject to audio-visual recording.**

**Lunch will be served in the Guildhall Club at 1.15pm.**

**John Barradell  
Town Clerk**

# **AGENDA**

## **Part 1 - Public Agenda**

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **COURT ORDER**  
To receive the Order of the Court of Common Council appointing the Committee dated 25 April 2019.  
  
**For Information**  
(Pages 1 - 2)
4. **ELECTION OF THE CHAIRMAN**  
To elect a Chairman in accordance with Standing Order No. 29.  
  
**For Decision**
5. **ELECTION OF THE DEPUTY CHAIRMAN**  
To elect a Deputy Chairman in accordance with Standing Order No. 30.  
  
**For Decision**
6. **APPOINTMENT OF SUBCOMMITTEES**  
Report of the Town Clerk.  
  
**For Decision**  
(Pages 3 - 8)
7. **MINUTES OF THE PREVIOUS MEETING**  
To agree the public minutes and non-public summary of the meeting held on 12 March 2019.  
  
**For Decision**  
(Pages 9 - 18)
8. **OUTSTANDING ACTIONS OF THE COMMITTEE**  
Member are asked to note the Committee's Outstanding Actions List.  
  
**For Information**  
(Pages 19 - 20)
9. **COMMITTEE WORK PROGRAMME**  
Members are asked to note the Committee's Work Programme.  
  
**For Information**  
(Pages 21 - 24)

## **Governance**

10. **ANNUAL GOVERNANCE STATEMENT 2018/19**  
Joint report of the Town Clerk & the Chamberlain.

**For Decision**  
(Pages 25 - 48)

## **Internal Audit/ Corporate Anti-Fraud**

11. **HEAD OF INTERNAL AUDIT OPINION AND ANNUAL REPORT 2018/19**  
Report of the Head of Audit and Risk Management.

**For Information**  
(Pages 49 - 56)

12. **INTERNAL AUDIT RECOMMENDATIONS FOLLOW-UP**  
Report of the Head of Audit & Risk Management.

**For Information**  
(Pages 57 - 82)

13. **INTERNAL AUDIT CHARTER - UPDATE 2019**  
Report of the Head of Audit and Risk Management.

**For Decision**  
(Pages 83 - 100)

## **Risk Management**

14. **RISK MANAGEMENT UPDATE - TO FOLLOW**  
Report of the Chamberlain.

**For Decision**

15. **PLANNING AND TRANSPORTATION COMMITTEE RESOLUTION REGARDING CR20: ROAD SAFETY**  
To consider a resolution of the Planning and Transportation Committee regarding CR20: Road Safety.

**For Decision**  
(Pages 101 - 102)

16. **DEEP DIVE RISK REVIEW**

- a) **CR17 Safeguarding**  
Report of the Director of Community and Children's Services.

**For Information**  
(Pages 103 - 112)

- b) **CR10 Adverse Political Developments - TO FOLLOW**  
Report of the Remembrancer.

**For Information**

17. **REFERENCE FROM THE STANDARDS COMMITTEE - TO FOLLOW**  
To receive a reference from the Standards Committee meeting of 3 May 2019.

**For Information**

18. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**  
19. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**  
20. **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.

Item	Paragraph
21	3
22	3 & 5
23	3

**Part 2 - Non-Public Agenda**

21. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**  
To agree the non-public minutes of the meeting held 12 March 2019.

**For Decision**  
(Pages 113 - 114)

22. **CR28: ACTION FRAUD RISK - TO FOLLOW**  
Report of the Chamberlain.

**For Information**

23. **NON-PUBLIC APPENDIX FOR DEEP DIVE: CR17 SAFEGUARDING**  
Appendix to be read in conjunction with Agenda Item 16a Deep Dive: CR17 Safeguarding.

**For Information**  
(Pages 115 - 120)

24. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
25. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

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ESTLIN, Mayor	<b>RESOLVED:</b> That the Court of Common Council holden in the Guildhall of the City of London on Thursday 25th April 2019, doth hereby appoint the following Committee until the first meeting of the Court in April, 2020.
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## AUDIT & RISK MANAGEMENT COMMITTEE

### 1. **Constitution**

A Non-Ward Committee consisting of,

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

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

*From April 2017 onwards, Members of the Court of Common Council are appointed for terms of three years. The maximum continuous period of service (except when serving as Chairman or Deputy Chairman) shall be nine years in any twelve-year period.*

### 2. **Quorum**

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

### 3. **Membership 2019/20**

- 3 (3) Randall Keith Anderson
- 3 (3) Christopher Paul Boden
- 9 (3) Nicholas John Anstee, Alderman
- 3 (3) Paul Nicholas Martinelli
- 2 (2) John Garbutt, Alderman, *for two years*
- 2 (2) John Petrie, *for two years*
- 2 (2) Anne Helen Fairweather
- 9 (2) Ian David Luder, J.P., Alderman
- 3 (1) Alexander Robertson Martin Barr
- 2 (1) Andrien Gereith Dominic Meyers

together with three external representatives :-

Kenneth Ludlum (*appointed for a three-year term expiring in March 2020*)

Caroline Mawhood (*appointed for a three-year term expiring in March 2021*)

Hilary Daniels (*appointed for a three-year term expiring in March 2022*)

and together with the Members referred to in paragraph 1, as well as two Members to be appointed this day.

### 4. **Terms of Reference**

#### **Audit**

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

- (f) In addition to (e), to meet with the external auditors of the City's various funds at least once in each calendar year.
- (g) To report back, as necessary and at least annually, to the Court of Common Council.
- (h) To appoint an Independent Audit Panel to make recommendations on the appointment of external auditors to the Court of Common Council.

**Risk Management**

- (a) To monitor and oversee the City of London Corporation's risk management strategy, anti-fraud and anti-corruption arrangements; and to be satisfied that the authority's assurance framework properly reflect the risk environment.
- (b) To consider all audit or external inspection reports relating to any department at the City of London Corporation and seek assurance that action has been taken where necessary.
- (c) To receive an annual report from the Chamberlain reviewing the effectiveness of the City of London's risk management strategy.
- (d) To consider and report back to the Court on any risks related to all governance issues.
- (e) To undertake periodic reviews of the risk management procedures, financial capabilities, controls, and safeguarding procedures of the City of London School, the City of London School for Girls, the City of London Freemens' School, the City of London Academies Trust (including its embedded academies) and the City Academies which are free-standing entities.



<b>Committee:</b>	<b>Date:</b>
Audit and Risk Management Committee	7 May 2019
<b>Subject:</b> Appointment of the Nominations Sub Committee and Appointments to the Police Performance and Resource Management Sub (of the Police Committee)	<b>Public</b>
<b>Report of:</b> Town Clerk & Chief Executive	<b>For Decision</b>
<b>Report author:</b> Chloe Rew, Town Clerk's Department	

## Summary

The purpose of this report is to ask the Audit and Risk Management Committee to appoint the Nominations Sub-Committee, approve its composition and Terms of Reference; and to appoint 2 Members to serve on the Police Performance and Resource Management Sub (of the Police Committee).

## Recommendations

The Committee is asked to:

1. Agree the appointment, composition and Terms of Reference of the Nominations Sub-Committee (up to 6 Members, including the Chairman and Deputy Chairman of the Grand Committee and one External Member, to give an independent perspective).
2. Appoint 2 Members to the Police Performance and Resource Management Sub Committee.

## Main Report

1. The purpose of this report is to consider the appointment of Members to the Nominations Sub Committee for 2019/20 and to approve its composition and Terms of Reference. Additionally, the Audit and Risk Management Committee is asked to appoint two of its Members to serve on the Police Performance and Resource Management Sub Committee (Police Committee).

## Nominations Sub Committee

2. At your Committee on 16 January 2018 (**Appendix A**), Members agreed to establish a Nominations Sub Committee, its composition and Terms of Reference (**Appendix B**). Nominations Sub Committees generally meet 2 or 3 times a year but can also be arranged as and when required.

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3. Although the Terms of Reference state one external Member is to be appointed to the Sub Committee in order to give an independent perspective, two external Members were appointed for 2018/19 in the absence of any other expressions of interest.

**Police Performance and Resource Management Sub (of the Police Committee)**

4. Members are asked to indicate whether they wish to serve on the Police Performance and Resource Management Sub Committee. External Members may be appointed.

**Conclusion**

Members are asked to note the contents of this report and consider the appointments, compositions and Terms of Reference as set out in the recommendations.

**Appendices**

- A. Report to the Audit and Risk Management Committee – 16 January 2018.
- B. Terms and Reference and Composition of the Nominations Sub Committee of the Audit and Risk Management Committee.

**Chloe Rew**

Committee and Member Services Officer

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<b>APPENDIX A</b>	
Committee: Audit and Risk Management	Date: 16 January 2018
Subject: Succession Planning for External Members: to appoint a Nominations Sub Committee of the Audit and Risk Management Committee	Public
Report of: Town Clerk	For Decision
Report Author: Julie Mayer	

**Summary**

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At its meeting on 16 January 2014, the Court of Common Council agreed to vary the procedure for the appointment of External Members to the Audit and Risk Management Committee, in order to allow them to be appointed for a further term, with a maximum of two terms being served as the norm. Since then, the Court has agreed to renew the terms of two External Members for a third term, expiring in 2020 and 2021 respectively. The Committee's other External Member is currently serving a second term which will expire in 2019.

Members are reminded that the UK Corporate Governance Code (Guidance on Audit Committees) states that appointments can be extended, by no more than two additional three-year periods, so long as Members continue to be independent. It is not unusual practice, in other local authorities, for External Members of both Audit and Standards Committees to serve three terms.

However, to keep a fresh perspective and to prepare for future appointments, Members are asked to consider the good practice of other City of London Corporation Boards and Committees, which appoint External Members, by establishing a Nominations Sub Committee and maintaining a portfolio of potential future External Members.

**RECOMMENDATION – That:**

1. A Nominations Sub Committee, of the Audit and Risk Management Committee, be established and the number and composition of its membership be agreed.
2. The Draft Terms of Reference at Appendix 1 be considered and approved.
3. Members of the Sub Committee be appointed at the first meeting of the Audit and Risk Management Committee, following the Annual Court of Common Council in April 2018.
4. The first meeting of the Sub Committee be convened for June 2018 at which Members will be asked to recommend, to the Grand Committee, the frequency of future meetings.

## **Background**

Members of Sub Committees are generally appointed by Grand Committees at their first meeting following the Annual Court; i.e. 29<sup>th</sup> May 2018 for the Audit and Risk Management Committee. As the terms of our External Members expire in 2019, for a Member serving a second term, and 2020 and 2021 respectively, for two Members serving their third terms, it is timely for Members of the Audit and Risk Management Committee to consider appointing a Nominations Sub Committee.

The Barbican Centre Board has run a successful Nominations Sub Committee some years and Members are asked to consider the draft Terms of Reference (at Appendix 1 to this report) based on this model.

Membership of the Sub Committee could comprise of 5 or 6 Members, including the Chairman and Deputy Chairman of the Grand Committee and one External Member, to give an independent perspective.

Nominations Sub Committees generally meet 2 or 3 times a year but could be arranged as and when required. At the initial meeting of the Sub Committee, Members would be asked to recommend the timing and frequency of meetings to the Grand Committee.

The Barbican Centre Board's Nominations Sub Committee also undertakes regular skills audits. Members of the Audit and Risk Management Nominations Sub Committee might like to consider either adopting this practice or analysing feedback from the Committee Effectiveness Survey.

## **Implications**

There are likely to be costs incurred in advertising, depending on which options Members favour.

## **Conclusion**

In order to keep a fresh perspective and to prepare for future appointments, Members are asked to consider the good practice of other City of London Corporation Boards and Committees, which appoint External Members, by introducing a Nominations Sub Committee and maintaining a portfolio of potential future External Members.

## **Contact:**

Julie Mayer, Committee and Member Services

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**Nominations Subcommittee: Current Membership 5**

**Up to 4 Members to be appointed by the Grand Committee** (in addition to the Chairman and Deputy Chairman).

**Meetings in 2018/19            2**

**1.1 The current composition is as follows:**

	Chairman of the Grand Committee
	Deputy Chairman of the Grand Committee
3.	Randall Anderson
4.	Kenneth Ludlam (external)
5.	Caroline Mawhood (external)
6.	vacancy

**1.2 Terms of Reference and Composition of the Nominations Sub Committee**

**Membership:** 5 or 6 Members, including the Chairman and Deputy Chairman of the Grand Committee and one External Member, to give an independent perspective.

1. To make recommendations to the Audit and Risk Management Committee on the appointment of all External Members to the Committee.
2. To undertake Skills Audits of the Committee periodically (or analyse information from the Committee Effectiveness Survey) to inform the appointment of External Members to the Committee.
3. To consider the most appropriate way to recruit External Members to the Committee, including the placing of advertisements or the use of personal contacts.
4. The Sub Committee will have advisory powers only and make recommendations to the Board.

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## **AUDIT AND RISK MANAGEMENT COMMITTEE**

**Tuesday, 12 March 2019**

**Minutes of the meeting of the Audit and Risk Management Committee held at the Guildhall EC2 at 2.00 pm**

### **Present**

#### **Members:**

Alderman Ian Luder (Chairman)	Marianne Fredericks
Alexander Barr (Deputy Chairman)	Alderman John Garbutt
Hilary Daniels (Deputy Chairman)	Kenneth Ludlam (External Member)
Randall Anderson	Caroline Mawhood (External Member)
Alderman Nick Anstee	Jeremy Mayhew (Ex-Officio Member)
Deputy Jamie Ingham Clark (Ex-Officio Member)	Andrien Meyers
Anne Fairweather	John Petrie

#### **Officers:**

John Barradell	- Town Clerk and Chief Executive
Tom Conniffe	- Town Clerk's Department
Simon Latham	- Town Clerk's Department
Chloe Rew	- Town Clerk's Department
Kate Smith	- Town Clerk's Department
Caroline Al-Beyerty	- Chamberlain's Department
Christopher Bell	- Chamberlain's Department
Paul Dudley	- Chamberlain's Department
Philip Gregory	- Chamberlain's Department
Colin Tharby	- Chamberlain's Department
Pat Stothard	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Damian Nussbaum	- Director of Economic Development
Marion Afoakwa	- Department of Human Resources
Justin Tyas	- Department of Human Resources
Andrew Carter	- Director of Community and Children's Services
David Drane	- City of London Police
Alistair Sutherland	- City of London Police

#### **Also in attendance:**

Fiona Condron	- BDO LLP
Leigh Lloyd-Thomas	- BDO LLP
Francesca Palmer	- BDO LLP

1. **APOLOGIES**

Apologies were received from Chris Boden and Paul Martinelli.

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

There were no declarations.

3. **MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** – That the public minutes of the previous meeting held 15 January 2019 be agreed as a correct record.

**Matters Arising:**

Regarding the catering contract, the City Solicitors are close to signing, and the caterers have continued to operate the service under the contractual arrangements of the previous contract. The Comptroller and City Solicitor advised that the contracts were delayed due to issues related to insurance.

The Chairman requested a joint report of the City Solicitors and Procurement, as this is a cross-departmental issue and the Committee needs to understand the risks that the issue exposes the City to. The Committee will assume the contract is unsigned until the Comptroller advises the Committee Clerk via email that it has been signed, and the Clerk will inform Members. Members echoed this statement and requested the report also be brought to the Procurement Subcommittee.

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

The Committee received the Outstanding Actions of the Committee report.

**RESOLVED** – That the report be received and its contents noted.

5. **COMMITTEE WORK PROGRAMME**

Members received the Audit & Risk Management Committee's work programme. Members were asked to note the following amendments:

- The Draft City Fund and Pension Fund Account has been moved from 7 May 2019 to 16 July 2019;
- The Annual Private meeting of Members with External Auditors will take place after the Committee meeting on 16 July 2019;
- The Internal Audit Charter Review has been moved from 12 March 2019 to 7 May 2019;
- The Annual Private Meeting of Members with the Head of Internal Audit will take place after the Committee meeting on 24 September 2019.

In reference to the Deep Dives and Informal Risk Challenge Sessions, Members asked if there was a sequence to when these items are scheduled. The Chamberlain responded that the Informal Risk Challenges follow a seven-meeting cycle. For the Deep Dives, these are planned in advance, however



when a new risk is added, or a risk needs to be reviewed, the schedule is adjusted.

The CR17 Safeguarding Deep Dive scheduled for 7 May 2019 should cover the Department of Community and Children's Services and touch on independent schools. Although safeguarding is the prime responsibility of the schools, as the schools are under the umbrella of the City of London Corporation, they must be addressed in the Safeguarding deep dive. The Corporate Risk Advisor clarified that the exact risk title is 'Failure to deliver actions under the City of London Safeguarding Policy'.

**RESOLVED** – That the work programme be received and its contents noted.

6. **2019-20 TO 2021-22 INITIAL DRAFT INTERNAL AUDIT PLAN**

The Committee considered a report of the Head of Audit and Risk Management relative to the 2019-20 to 2021-2022 Initial Draft Internal Audit Plan. The Committee was advised that the report had been to Summit Group prior to being presented to the Committee.

The following discussion ensued:

The Chairman asked if the Head of Audit and Risk Management would deliver his annual statement of assurance on internal control for 2020/21. The Head of Audit and Risk Management confirmed that they would.

Following the Chairman's suggestion, the CoLP Fleet Management audit date will be changed due to the material change in composition of the fleet in the coming months. Members suggested moving the audit dates forward for the Declaration of Interest and City of London Police Project Management, as they are rated red and amber, respectively. However, the Head of Audit and Risk Management advised that these ratings were the results of recent audits (2017/18 for Declarations of Interest and 2016/17 for City of London Police).

Members questioned whether London Councils are recharged for the cost of the Internal Audit days provided to them. The Head of Audit and Risk Management confirmed that they were under an SLA, but did not know whether they were recharged the full cost. The Deputy Chamberlain said that details of recharges could be provided if required.

Regarding Declarations of Interest, the Chairman was advised that a letter to Members regarding updating declarations and non-compliance was being addressed, and the Chairman requested an overview of responses indicating how many people responded.

Members expressed concern that there had not been a Green audit in the past two years, and proposed that it be demonstrated what mitigating measures are undertaken following audits and to assess whether these measures are effective.

In response to questions regarding deprioritised items, the Head of Audit and Risk Management advised that these items are moved to the next year, but are monitored in the interim should they need to be addressed again.

**RESOLVED** – That the Committee approve, with the amendments above, the initial draft Internal Audit Plan for 2019-20 and the Strategic Audit Plan for 2019-20 to 2021-22.

## **7. INTERNAL AUDIT UPDATE REPORT**

The Committee received a report of the Head of Audit and Risk Management relative to the internal audit activity since the previous Internal Audit Update Report went to the Committee in November 2018. The report advised that work on the 2017-18 Internal Audit Plan had been completed, and that work on the 2018-19 Internal Audit Plan was progressing. The report further detailed the Head of Audit and Risk Management's opinion in relation to the adequacy and effectiveness of the control environment.

In response to Members' concerns regarding delays in completing the work, the Head of Audit and risk Management advised that they are working with Mazars to get resources to complete by the end of the financial year. Under the current contract, there is no financial penalty for Mazars should the work be late, however they would consider including this in a future contract.

Regarding the Multi Academy Trust (MAT), the Head of Internal Audit reported that he had been unable to agree with the MAT dates for either the timing or the nature of the work and had been told that he had no locus. The Chairman advised that although the MAT is a separate legal entity, it was controlled by the Corporation, and the Court had specifically extended the area of responsibility of the ARM Committee to reflect the reputational risk held by the Corporation in respect of the MAT and all the academies. The Committee agreed that the Chief Executive of the MAT, the Director of Education, and the Chairman of the MAT should be invited to the Committee meeting in May to discuss the issue.

Members expressed concern that a target date of 31 March 2019 to give an opinion is too soon, however the Head of Audit and Risk Management advised that the work does not need to be complete for an opinion to be given.

The Deputy Chairman (External) was pleased to see a performance index included in the report and would like to see this sustained and in the future, also address trends.

Members asked what arrangements are in place should recommendations not be agreed or implemented? Members were informed that when Red or Amber recommendations were not implemented, this is brought to Committee to give Members the opportunity to challenge managers' decisions. Green recommendations are not brought to Committee.

**RESOLVED** – That the report be received and its contents noted.

8. **INTERNAL AUDIT OF CITY OF LONDON POLICE ACCOMMODATION PROGRAMME - RESOLUTION FOR CONSIDERATION**

Members received a resolution of the Performance and Resource Management Sub (Police) Committee from 23 November 2018 relative to the internal audit of the City of London Police Accommodation Programme.

**RESOLVED** – That the resolution be noted.

9. **DEEP DIVE RISK REVIEWS**

a) **CR02: Loss of Business Support for the City**

Members received a Deep Dive report of the Director of Economic Development relative to Corporate Risk CR02: Loss of Business Support for the City and the activities of the Economic Development Office (EDO) to mitigate this risk.

The Director advised that the EDO focused on addressing the short transition to Brexit; the need to continue to attract talent to London; and the importance of mutual recognition of trade rules between London and its trading partners. The Director emphasised that CR02 was not solely focused on Brexit, and that Brexit was only one element of the risk of loss of business support. The EDO is focusing on innovation and green finance in order to strengthen activities in the UK, and working to strengthen relationships outside of the EU, such as with the United States.

**RESOLVED** – That Members note the actions taken and the activities underway to mitigate Corporate Risk 02: Loss of Business Support for the City.

b) **CR26: Brexit - Organisational Impact**

Members received a Deep Dive report of the Town Clerk & Chief Executive relative to Corporate Risk CR26: Brexit – Organisational Impact and the actions taken across the City of London Corporation to mitigate this risk.

The Town Clerk advised that there is still speculation regarding the impact that Brexit will have on the City. The outcome of Brexit negotiations could disrupt the City's ability to deliver services. The risk is assessed in the weekly Brexit Planning Meeting and in Summit Group

**RESOLVED** – That the report be received and its contents noted.

10. **ORGANISATIONAL CHANGE MANAGEMENT RISK**

Members received a joint report of the Director of Human Resources and Head of Corporate Strategy & Performance relative to the Organisational Change Management Risk which was approved to be included on the Corporate Risk Register by the Committee on 15 January 2019.

In the autumn of 2018, Officers completed a survey where 51% of respondents indicated that they had no opinion of how the City Corporation managed

change, 29% thought change was managed well, and 20% thought change was not managed well, demonstrating that there are areas of improvement.

The Deputy Chairman (External) noted the importance of communication during times of change; and advised that the risk rating should be higher considering the potential impact on the organisation should change go wrong. The Head of Corporate Strategy & Performance agreed that the rating would be re-assessed. Members further advised that contractors should also be surveyed.

**RESOLVED** – That the report be received and its contents noted.

**11. HEALTH AND SAFETY ACCIDENT/ INCIDENT DATA REPORT**

Members received a report of the Director of Human Resources which provided an update on health and safety accident and incident data from 2016-2018, as requested by the Committee at the meeting in November 2018. The report stated that all accidents, incidents and near misses in the workplace must be recorded. By encouraging a culture of reporting, the City Corporation can learn lessons from accidents, incidents and near-misses to be taken forward to the future.

**RESOLVED** – That the report be received and its contents noted.

**12. ANNUAL GOVERNANCE STATEMENT - METHODOLOGY**

Members considered a joint report of the Town Clerk and the Chamberlain relative to the Annual Governance Statement (AGS) methodology. The report proposed that the production of the AGS for 2018/19 follow the process established in previous years, drafted jointly by the Town Clerk's and Chamberlain's departments.

Members were advised that the AGS for 2018/19 will be submitted as part of the City Fund Accounts for 2018/19 in July 2019. The draft AGS will be brought to the May 2019 meeting of the Committee.

**RESOLVED** – That the Committee approve the methodology set out in this report for the production and presentation of the Annual Governance Statement for 2018/19.

**13. GENERAL DATA PROTECTION REGULATION (GDPR/ DATA PROTECTION ACT 2018 (DPA))**

General Data Protection Regulation (GDPR)/ Data Protection Act (DPA) 2018 which provided Members with an update on the progress of phase 2 of the GDPR/DPA Implementation Project and the planned outcomes for the final phase of the work to embed GDPR/DPA implementation into the Corporation.

The Deputy Chairman (Member) expressed concern over phishing attacks, as the Members, Officers and employees of the City Corporation may be vulnerable to such attacks.

Members expressed concern with data protection policies and schools under the City of London Corporation, as schools may have different data protection

and retention policies. The Comptroller & City Solicitor advised that the data protection officer can only advise, not direct, on how policies are followed; furthermore, there is no data protection officer for John Cass and the Academies.

**RESOLVED** – That Members:

- 1) note the report; and,
- 2) agree that GDPR/DPA monitoring reports in particular in relation to data breaches take place three times per year.

**14. MID-YEAR TREASURY MANAGEMENT REVIEW 2018-19**

Members received a report of the Chamberlain relative to the Mid-Year Treasury Management Review 2018-19, which was postponed from the January 2019 agenda.

**RESOLVED** – That the report be received and its contents noted.

**15. AUDIT PLANNING: YEAR ENDING 31 MARCH 2019**

Members received the BDO LLP Audit Planning for the year ending 31 March 2019. The audit strategy addressed financial statements of the City Fund, Pension Fund, Bridge House Estates, City's Cash, Guildhall School of Music and Drama, City's Cash Trusts, other Sundry Trusts, and the Lord Mayor's Show. The scope of the work was determined by the National Audit Office (NAO).

Members were concerned with the ten-year rotation, however Members were informed that as the City of London Corporation is not a public entity, it can fall under the ten year cycle, however this can be further discussed at the private annual meeting in July.

**RESOLVED** – That the report be received and its contents noted.

**16. OFSTED FOCUSED VISIT ON CARE LEAVERS**

Members received a report of the Director of Community & Children's Services relative to the Ofsted Focused Visit on Care Leavers which looked at the City of London's offer for care leavers. The Director advised that it was a positive visit, resulting in three notable areas of improvement: risk assessment should more clearly articulate measures to address and minimise risk; the demonstration of young people's involvement in preparing their pathway plans should be more explicit and consistent; social workers should receive consistently reflective, analytical supervision and clear management oversight.

Members were informed that the Ofsted report was postponed from the January 2019 agenda due to the Bridge House Estates reports, as there would not have been sufficient time to discuss the report.

**RESOLVED** – That the report be received and its contents noted.

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

There were no other questions.

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

There was one item of other business.

Members considered a report of the Chamberlain relative to an update to the Risk Register. This report included two appendices published in the non-public section.

**RESOLVED** – That Members,

1. note that CR16 Information Security risk has been reduced in score from a red 16 to an amber 8; and,
2. endorse the decision of the Summit Group that CR16 Information Security risk be de-escalated to the Chamberlain's departmental risk register for it to be monitored on a regular basis by the Chief Officer Risk Management Group (CORMG); and,
3. endorse the decision of Summit Group on 27 February 2019 to include the Action Fraud Risk on to the Corporate Risk register (see appendix 1, available in non-public reports).

19. **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.

Item:	Paragraph:
20	3
21	3&5

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

**RESOLVED** – that the non-public minutes of the previous meeting held 15 January 2019 be approved as a correct record.

21. **APPENDICES FOR CORPORATE RISK REGISTER - UPDATE (FROM PUBLIC SESSION A.O.B.)**

Members received the appendices for Agenda Item 18 in the public agenda.

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

There were no other questions.

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

There was one item of other business.

**The meeting closed at 4.45 pm**

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Chairman

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## AUDIT AND RISK MANAGEMENT COMMITTEE - Outstanding Actions - MARCH 2019 update

Items from meeting held 12 March 2019			
Date Added	ITEM	Action	Officer and target date
14.03.2019	<b>3. MINUTES – MATTERS ARISING</b>	City Solicitor and Procurement to provide joint report regarding the delays in signing the catering contract and the risks this poses to the City Corporation.	<i>City Solicitor</i>  <i>Date:</i>
	<b>3. MINUTES – MATTERS ARISING</b>	City Solicitor to inform the Committee Clerk when the contract is signed and a circulation to Members is to be sent.	<i>City Solicitor</i> <i>Committee Clerk</i>  <i>Date:</i>
14.03.2019	<b>7. INTERNAL AUDIT UPDATE REPORT</b>	Committee Clerk to invite Anne Bamford and the Chair of Multi Academy Trust to the next A&RM Committee Meeting	<i>Committee Clerk</i>  <i>Date: 7 May 2019</i>
14.03.2019	<b>ANY OTHER BUSINESS</b>	Police Commissioner to provide update of Freedom of Information request arrears to be presented to a future Committee meeting.	<i>City of London Police Commissioner</i>  <i>Date:</i>

Items from meeting held 15 January 2019			
Date Added	ITEM	Action	Officer and target date
29.01.2019	<b>7. INTERNAL AUDIT RECOMMENDATIONS FOLLOW-UP</b>	Police Commissioner to provide update of FOI request arrears.	<i>City of London Police Commissioner</i>  <i>Date:</i>

## AUDIT AND RISK MANAGEMENT COMMITTEE - Outstanding Actions - MARCH 2019 update

Items from meeting held 6 November 2019			
<b>Date Added</b>	<b>ITEM</b>	<b>Action</b>	<b>Officer and target date</b>
06.12.2018	<b>9. NEW CORPORATE RISK – BREXIT</b>	Each Department to carry out risk assessment of the impact of Brexit.	<i>All departments/Chamberlain</i>  <i>Ongoing</i>

**Audit & Risk Management Committee - Work Programme: January – November 2019**

12 <sup>th</sup> March 2019	7 <sup>th</sup> May 2019	16 <sup>th</sup> July 2019	24 <sup>th</sup> September 2019	19 <sup>th</sup> November 2019
<b>Financial Statements and External Auditors</b>				
Treasury Management Statement		Draft City Fund and Pension Fund accounts  Bridge House Estate Accounts  Annual Private Meeting of Members with External Auditors	City's Cash Accounts	
<b>Risk Management (Regular update reports, Deep Dive Risk Reviews and Independent Risk Challenge)</b>				
1. CR 26 - Brexit ( <i>Due to be confirmed as New Corporate Risk</i> )  2. CR02 - Loss of Business Support to the City  <u>Risk Challenge:</u> Town Clerks	1. CR 17 - Safeguarding  2. CR10 - Adverse Political Developments  <u>Risk Challenge:</u> Mansion House/ Central Criminal Court	1. CR01 - Resilience  2. CR24 - Operational Security  <u>Risk Challenge:</u> City Surveyors	1. CR20 - Road Safety  2. CR21 - Air Quality  <u>Risk Challenge:</u> Community and Children's Services	1. CR09 - Health and Safety  2. CR27 - Organisational Change (TBC)  <u>Risk Challenge:</u> Open Spaces

12 <sup>th</sup> March 2019	7 <sup>th</sup> May 2019	16 <sup>th</sup> July 2019	24 <sup>th</sup> September 2019	19 <sup>th</sup> November 2019
	Risk Update report		Risk Update report	
<b>Internal Audit/Corporate Anti-fraud</b>				
Internal Audit Update  Internal Audit Plan	Head of Audit Annual Audit Opinion  Internal Audit Recommendations Follow Up  Anti-Fraud Update  Internal Audit Charter review  Annual Private Meeting of Members with Head of Internal Audit	Internal Audit Update	Internal Audit Recommendations Follow up	Internal Audit Update  Anti-Fraud Update

12 <sup>th</sup> March 2019	7 <sup>th</sup> May 2019	16 <sup>th</sup> July 2019	24 <sup>th</sup> September 2019	19 <sup>th</sup> November 2019
<b>Governance</b>				
Annual Governance Statement – Methodology (Town Clerk)	Annual Governance Statement (Town Clerk)			
GDPR Audit (Comptroller and City Solicitor)				
<b>External Inspections/OFSTED Reports etc</b>				
OFSTED Focus Visit on Care Leavers (Community and Children's Services)			HMIC (City of London Police)	

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<b>Committee</b>	<b>Dated:</b>
Audit and Risk Management Committee	7 May 2019
<b>Subject:</b> Annual Governance Statement 2018/19	<b>Public</b>
<b>Report of:</b> The Town Clerk and the Chamberlain	<b>For Decision</b>
<b>Report author:</b> Tom Conniffe, Corporate Performance Manager	

## Summary

This report presents the annual summary and update of the City Corporation's governance and internal control framework in the format agreed by this Committee in March 2019. Appendix 1 sets out the City Corporation's Annual Governance Statement (AGS) as required by the Accounts and Audit (England) Regulations 2015. Appendix 2 contains a schedule of assurances in support of the statement.

The AGS is prepared in accordance with proper practice guidance – “*Delivering Good Governance in Local Government*” – issued jointly by the Society of Local Authority Chief Executives and Senior Managers and the Chartered Institute of Public Finance and Accountancy

## Recommendation(s)

Members are asked to:

- approve the AGS set out in Appendix 1 for signing by the Chairman of the Policy and Resources Committee and the Town Clerk and Chief Executive;
- note that the AGS will be published alongside the 2018/19 City Fund and Pension Funds Statement of Accounts;
- note the future work programme in paragraph 94 of the AGS to improve the governance framework; and
- delegate authority to the Town Clerk and Chief Executive, in consultation with the Chairman and Deputy Chairman of this Committee, to amend the AGS for any significant events or developments relating to the governance arrangements that occur prior to the date on which the Statement of Accounts is signed by the Chamberlain.

## **Main Report**

### **Background**

1. This report presents the annual update of the City Corporation's governance and internal control framework. The Accounts and Audit (England) Regulations 2015, which apply to the City of London's City Fund activities, require an audited body to conduct a review, each financial year, of the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS) each year, alongside the authority's Statement of Accounts. The AGS is set out in Appendix 1 with all additions, deletions and other changes since last year shown as tracked changes
2. The Chartered Institute of Public Finance and Accountancy (CIPFA), in association with the Society of Local Authority Chief Executives and Senior Managers (SOLACE), publishes a *Delivering Good Governance in Local Government: Framework* and an accompanying guidance note, which represents the proper practice guidance in relation to internal control.
3. In 2010, CIPFA issued its *Statement on the Role of the Chief Financial Officer in Local Government*. The governance requirements in this document are that the Chief Financial Officer should be professionally qualified, report directly to the Chief Executive and be a member of the leadership team, with a status at least equivalent to other members. The Statement requires that, if different arrangements are adopted, the reasons should be explained in the organisation's AGS, together with how these deliver the same impact. The role of the Chamberlain conforms to the requirements of the Statement on the Role of the Chief Financial Officer.

### **Approval**

4. The AGS must be signed by the most senior officer (Chief Executive or equivalent) and the most senior member (Leader or equivalent). Following a resolution of this Committee in March 2012, the Policy and Resources Committee approved a report on the process for producing the AGS, and approved the practice whereby the AGS is approved by this Committee and signed by the Chairman of the Policy and Resources Committee.
5. There is a requirement that any significant events or developments relating to the governance arrangements that occur between the Balance Sheet date (31 March 2019) and the date on which the Statement of Accounts is signed by the Chamberlain are reported within the AGS. Delegated authority is, therefore, sought for the Town Clerk, in consultation with the Chairman and Deputy Chairman of this Committee, to amend the AGS if necessary.

### **Ownership**

6. As a corporate document, the AGS should be owned by all senior officers and members of the authority. The draft AGS was considered and approved at Summit Group on 24 April.



7. The signatories need to ensure that the AGS accurately reflects the governance framework for which they are responsible. To achieve this, reliance may be placed on many sources of assurance, such as:
  - Chief Officers and Senior Managers;
  - the Chief Financial Officer responsible for the accounting control systems and records and the preparation of the statement of accounts;
  - the Monitoring Officer in meeting his/her statutory responsibilities;
  - members (e.g. through audit or scrutiny committees);
  - the Head of Internal Audit;
  - performance and risk management; and
  - external audit and other review agencies.
8. The Audit and Risk Management Committee has a key role within the 'review of effectiveness' of the City's governance framework, including the system of internal control. One of its prime responsibilities is to review the work of the internal auditors, consider the risk management framework, and consider comments made by the external auditors and other review agencies and inspectorates

## **External Audit**

9. The AGS is required to be published with an authority's Statement of Accounts, but is not part of the accounts. This is an important distinction, as the statement is not then covered directly by the Chief Financial Officer's certification. The external auditors review whether the AGS reflects compliance with "*Delivering Good Governance in Local Government*" and report if the AGS does not comply with proper practices or if it is misleading or inconsistent with other information the auditor is aware of from the audit of the Statement of Accounts.

## **Appendices**

- Appendix 1 – Draft Annual Governance Statement 2018/19 with all changes tracked
- Appendix 2 – Schedule of reporting to Members

## **Background Papers**

- Report to Audit and Risk Management Committee, 12 March 2019: *Annual Governance Statement - Methodology*
- CIPFA/SOLACE publications:
  - Delivering good governance in Local Government: Framework (2016)
  - Delivering good governance in Local Government:– Guidance Note for English Authorities (2016)

## **Tom Conniffe**

Corporate Performance Manager

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## **ANNUAL GOVERNANCE STATEMENT 2018/19**

### **Scope of Responsibility**

1. The City of London Corporation is the governing body of the Square Mile dedicated to a vibrant and thriving City, supporting a diverse and sustainable London within a globally-successful UK. It aims to contribute to a flourishing society, support a thriving economy and shape outstanding environments by strengthening the character, capacity and connections of the City, London and the UK for the benefit of people who live, learn, work and visit here. Its unique franchise arrangements support the achievement of these aims.
2. Although this statement has been prepared to reflect the City of London Corporation in its capacity as a local authority and a police authority, the governance arrangements are applied equally to its other funds – City's Cash and Bridge House Estates.
3. The City of London Corporation ("the City Corporation") is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively; and that arrangements are made to secure continuous improvement in the way its functions are operated.
4. In discharging this overall responsibility, the City Corporation is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
5. The City Corporation has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE <sup>1</sup>Framework *Delivering Good Governance in Local Government*. A copy of the code is on the City Corporation's website, [www.cityoflondon.gov.uk](http://www.cityoflondon.gov.uk). This statement explains how the City Corporation has complied with the code and also meets the requirements of regulation 6(1) of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.

### **The Purpose of the Governance Framework**

6. The governance framework comprises the systems and processes by which the City Corporation is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the City to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
7. The system of internal control is a significant part of that framework and is designed to manage all risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable rather than absolute assurance of effectiveness. The City Corporation's system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of its policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them economically, efficiently and effectively.
8. The governance framework has been in place at the City Corporation for the year ended 31<sup>st</sup> March 2019 and up to the date of approval of the statement of accounts.

### **Key Elements of the Governance Framework**

#### **Code of Corporate Governance**

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<sup>1</sup> CIPFA is the Chartered Institute of Public Finance and Accountancy  
SOLACE is the Society of Local Authority Chief Executives

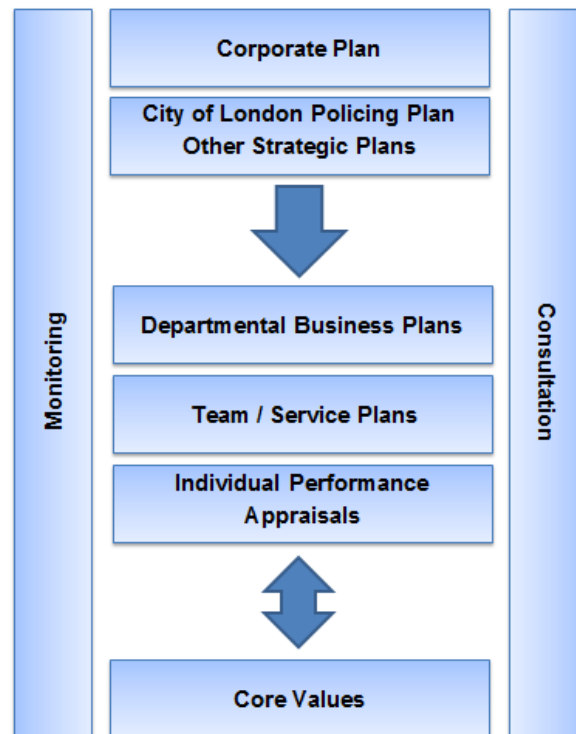
9. The principles of good governance are embedded within a comprehensive published Code of Corporate Governance. This code covers both the local authority and police authority roles, and links together a framework of policies and procedures, including:
  - Standing Orders, which govern the conduct of the City Corporation's affairs, particularly the operation of Committees and the relationship between Members and officers;
  - Financial Regulations, which lay down rules that aim to ensure the proper management and safeguarding of the City Corporation's financial and other resources;
  - Terms of reference for each Committee;
  - A Scheme of Delegations, which defines the responsibility for decision-making and the exercise of authority;
  - A Members' Code of Conduct, which defines standards of personal behaviour;
  - A Standards Committee whose role is to promote high standards of Member behaviour and to deal with complaints made against Members, and register of interests, gifts and hospitality;
  - A Code of Conduct for employees;
  - The Corporate Plan 2018-23;
  - A corporate complaints procedure, operated through the Town Clerk's Department, with a separate procedure in the Department of Community and Children's Services to comply with the relevant regulations, and a separate complaints process in respect of complaints about the City of London Police;
  - A corporate Project Toolkit and other detailed guidance for officers, including procedures and manuals for business-critical systems;
  - An anti-fraud and corruption strategy, including: anti-bribery arrangements; a social housing tenancy fraud, anti-fraud and prosecution policy; and a whistleblowing policy;
  - A Risk Management Strategy;
  - Job and person specifications for senior elected Members and the Court of Aldermen; and
  - A protocol for Member/officer relations.
10. The City Corporation's main decision-making body is the Court of Common Council, which brings together all of its elected members. Members sit on a variety of committees which manage the organisation's different functions, and report to the Court of Common Council on progress and issues as appropriate. The Town Clerk and Chief Executive is the City Corporation's statutory head of paid service, and chairs the Chief Officers Group, and the Summit Group, which is the primary officer decision-making body. In 2015/16 a new officer governance framework was introduced, comprising four Chief Officer Strategic Steering Groups, reporting to the Summit Group, although, following the substantive development of the new Corporate Plan 2018-23, three of these groups have ceased to meet. The Comptroller and City Solicitor discharges the role of monitoring officer under the Local Government and Housing Act 1989.
11. The Court of Common Council is defined as the police authority for the City of London Police area in accordance with the provisions of the City of London Police Act 1839 and the Police Act 1996.
12. The role of the police authority is to ensure that the City of London Police runs an effective and efficient service by holding the Commissioner to account; to ensure value for money in the way the police is run; and set policing priorities taking into account the views of the community. These, and other key duties, are specifically delegated to the Police Committee. The Police Committee has the following Sub Committees and Boards to provide enhanced oversight in specific areas of police work:

- The Professional Standards and Integrity Sub Committee has responsibility for providing detailed oversight over professional standards and integrity within the Force, and examines the casework of every single complaint recorded by the Force;
  - The Performance and Resource Management Sub Committee monitors performance against the Policing Plan and oversees management of risk, human and financial resources;
  - The Economic Crime Board considers matters relating to the Force's national responsibilities for economic crime and fraud investigation; and
  - The Police Pensions Board assists the City of London Police in securing compliance with pension scheme regulations and other legislation relating to the governance and administration of the scheme.
13. Under the Localism Act 2011, the City Corporation is under a duty to promote and maintain high standards of conduct by Members and co-opted Members. In particular, the Court of Common Council must adopt and publicise a code dealing with the conduct that is expected of Members when they are acting in that capacity and have in place a mechanism for the making and investigation of complaints. The Court approved a revised Code of Conduct in March 2018, following a review by the Standards Working Party.
  14. The City Corporation has appropriate arrangements in place under which written allegations of a breach of the Member Code of Conduct can be investigated and decisions on those allegations taken. A Complaints Procedure is in place and following a review a revised model came into force in the 2018/19 municipal year. A Dispensations Sub Committee exists for the purposes of considering requests from Members for a dispensation to speak or vote on certain matters (where they have a disclosable pecuniary interest and are otherwise prevented from participation) being considered at Committee meetings. A new dispensations policy was approved by the Court of Common Council in March 2019 following a review by the Dispensations (Standards) Working Party, which was established by the Town Clerk in July 2018 to review the dispensations policy and associated issues. Elected and co-opted Members are invited to review and update their Member Declarations on an annual basis (although there is no statutory requirement to do so).
  15. Under Section 28 of the Localism Act, the City Corporation is required to appoint at least one Independent Person to support the standards arrangements. The Court of Common Council has made three appointments to the position of Independent Person.
  16. The Localism Act also requires the City Corporation to prepare and publish a Pay Policy Statement each year, setting out its approach to pay for the most senior and junior members of staff. The Pay Policy Statement for 2018/19 was agreed by the Court of Common Council in March 2018 and published on the City Corporation's website.
  17. To assist in meeting the City Corporation's obligations under the Bribery Act 2010, officers with decision-making powers in relation to higher risk activities are required to make an annual declaration to confirm that they have met the requirements relating to potential conflicts of interest, as set out in the Employee Code of Conduct, and to confirm that they have not engaged in any conduct which might give rise to an offence under the Act.
  18. As a result of the Protection of Freedoms Act 2011-12, revisions were agreed to the City Corporation's policy and procedures in respect of the Regulation of Investigatory Powers Act 2000 (RIPA), which regulates surveillance carried out by public authorities in the conduct of their business. A report was made in September 2017 to the Policy and Resources Committee on the City Corporation's use of RIPA powers. In September 2015, the Office of the Surveillance Commissioners conducted an inspection of the City Corporation's arrangements. The inspector concluded that the City Corporation is keen to set and maintain standards and has a sound RIPA structure, with good policies and procedures.

#### Standards Committee

19. The Standards Committee oversees the conduct of Members in all areas of the City of London Corporation's activities be it local authority, police authority or non-local authority functions. Its main responsibility is to promote and maintain high standards of conduct by elected Members and Members co-opted on to City of London Committees.
20. Its functions include:
- monitoring and regularly reviewing the operation of the Code of Conduct for Members and related procedures;
  - considering any alleged breaches of the Code;
  - monitoring Members' declarations to ensure compliance with both the statutory and local registration requirements;
  - regularly reviewing the complaints procedure and dispensations arrangements; and
  - submitting an annual report to the Court of Common Council.
21. During 2016/17, the Standards Committee commissioned an independent, broadly-based review of the arrangements in place for addressing matters connected with the conduct of Members (including co-opted Members) under the Localism Act 2011, with particular focus on the Complaints Procedure (relating to alleged breaches of the Members' Code of Conduct). A Member Working Party was formed to review the resulting report and how the recommendations in the report might be progressed and implemented. The Working Party's recommendations were considered by the Court of Common Council on 8<sup>th</sup> March 2018, with a revised Code of Conduct and Guidance on the Code of Conduct adopted. A new Complaints Procedure was also approved, which came into force on 19<sup>th</sup> July 2018, once the Members of the Standards Committee and the newly created Standards Appeal Committee had been trained in the new arrangements.
22. The Committee undertakes an annual review of the Protocol on Member/Officer Relations. Four allegations of breaches of the Members' Code of Conduct were made to the Committee during 2018/19.
23. A comprehensive package of learning and development was offered to all new and returning Members and included briefing sessions on corporate planning, the Member Code of Conduct and the Member/Officer Protocol, as well as other aspects of the governance framework i.e. how decisions are taken, Standing Orders and financial regulations.
24. Five by-elections were held in 2018/19 and returned a total of four Aldermen and one new Member of the Court of Common Council. Three further Aldermen were returned in 2018/19 following uncontested elections.

#### Business Strategy and Planning Process



25. The City Corporation has a clear hierarchy of plans, setting out its ambitions and priorities:

- The Corporate Plan 2018-23 is the strategic framework for all the City Corporation's work between 2018 and 2023. It includes a statement of the City Corporation's vision, aims, responsibilities, capabilities and commitments. It was approved by Court of Common Council on 8<sup>th</sup> March 2018 and introduced on 1<sup>st</sup> April 2018.
- The City of London Police Corporate Plan 2018-23 sets out the ambitions and high-level commitments for the Force. Its Policing Plan details the policing priorities and shows how these will be delivered over the coming year. It also contains all the measures and targets against which the Police Committee hold the City of London Police to account.

26. Plans and strategies are informed by a range of consultation arrangements, such as City-wide residents' meetings, representative user groups and surveys of stakeholders. The City Corporation has a unique franchise, giving businesses (our key constituency) a direct say in the running of the City, and a range of engagement activities, including through the Lord Mayor, Chair of Policy and Resources Committee and the Economic Development Office. An annual consultation meeting is held for business rates and council tax payers.

27. The Health and Social Care Act 2012 transferred responsibility for health improvement of local populations to local authorities in England, with effect from 1<sup>st</sup> April 2013. The new duties included the establishment of a Health and Wellbeing Board, which provides collective leadership to improve health and wellbeing for the local area.

#### Information Management Strategy

28. The Information Management Strategy (originally approved in October 2009) sets out the headline approach to information management in the City Corporation. It summarises the current position, gives a vision of where we want to be and proposes a set of actions to start us on the path to that vision. The Strategy defines our approach to the other key elements for information management, in particular data security and data sharing. The Information Management Strategy has been updated and refreshed. It was approved by Summit Group in March 2019.

29. Overall responsibility for Information Management Governance and cyber-security is vested in the Digital Services Sub Committee. The Information Management Governance Steering

Group reports to the Strategic Resources Group and Summit Group. The Comptroller and City Solicitor is the Senior Information Risk Owner (SIRO) and work continues to identify Information Asset Owners (IAO) within departments and build an information asset register.

30. The City Corporation has undertaken a thorough review and updated its policies and procedures in following the implementation of the General Data Protection Regulation (GDPR) on 25<sup>th</sup> May 2018, together with a programme of training for officers and members across departments and institutions.

#### Financial Management Arrangements

31. The Chamberlain of London is the officer with statutory responsibility for the proper administration of the City's financial affairs. In 2010 CIPFA issued a "*Statement on the Role of the Chief Financial Officer in Local Government*"<sup>2</sup> which defines the key responsibilities of this role and sets out how the requirements of legislation and professional standards should be met. The City's financial management arrangements conform to the governance requirements of the Statement. The Chamberlain also fulfils the role of Treasurer of the Police Authority.
32. The system of internal control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, a system of delegation and accountability, and independent scrutiny. In particular the system includes:
- a rolling in-depth survey of the City Corporation's forecast position over a five-year period;
  - comprehensive budget setting processes;
  - monthly, quarterly and annual financial reports that indicate performance against budgets and forecasts;
  - access by all departmental and central finance staff to systems providing a suite of enquiries and reports to facilitate effective financial management on an ongoing basis;
  - ongoing contact and communication between central finance officers and departmental finance officers;
  - clearly defined capital expenditure guidelines;
  - formal project management disciplines;
  - the provision of high quality advice across the organisation;
  - an internal audit service combining in-house staff with external knowledge and expertise;
  - insuring against specific risks;
  - scrutiny by Members, OFSTED, CQC, HMICFRS, other inspectorates, External Audit and other stakeholders; and
  - requests for Members and Chief Officers to disclose related party transactions including instances where their close family have completed transactions with the City Corporation.
33. The City Corporation has a long-standing and in-built culture of maximising returns from its resources and seeking value for money. It assesses the scope for improvements in efficiency /value for money at a corporate and service level by a variety of means, including improvement priorities set by the Policy and Resources Committee through the annual resource allocation process, and internal examination and review by the Efficiency and Performance Sub Committee.
34. The Efficiency and Performance Sub Committee also has responsibility for monitoring and oversight of the delivery of the service based review savings and increased income, and the cross-cutting efficiency reviews, and continues to challenge the achievement of value for money, helping to embed further a value for money culture within the City Corporation's business and planning processes.

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<sup>2</sup> Updated in 2016



35. Following approval by the Court of Common Council in October 2016, an Efficiency and Sustainability Plan for the City Corporation was submitted to and accepted by the Department for Communities and Local Government (now the Ministry for Housing, Communities and Local Government). This provided a degree of certainty over central government funding for the period from 2016/17 to 2019/20. It also established a framework for continuous efficiency improvement beyond 2017/18 when the current service based review programme was completed. A 2% per annum budget reduction target to deliver sufficient efficiencies across the City Corporation's funds continued during 2018/19. This was established to sustain these budgets over the medium term and allow for planned investment in services through the Priorities Investment Pot.
36. Chief Officer Peer Reviews were piloted in 2017/18. The focus of these sessions was to discuss how each Chief Officer can make their departments more innovative, collaborative and agile whilst delivering the required 2% per annual budget reductions. These sessions led to the production of Economy, Efficiency and Effectiveness (EEE) Health Checks by each department, a number of which were provided to the Efficiency and Performance Sub Committee during 2018/19 after officer scrutiny through Summit Group.
37. The EEE Health Checks are designed to achieve better alignment of business plans to the Corporate Plan, the delivery of the 2% year-on-year efficiency and sustainability plan in local risk budgets, and to enable the Efficiency and Performance Sub-Committee to fulfil its duty to review periodically the performance of each Chief Officer in order to promote efficiency and value for money.
38. During 2018/19, the Procurement Sub Committee was established. This Sub Committee is responsible for scrutinising and ensuring value for money is obtained on all City Corporation and City of London Police procurement contracts with of value of over £2m at key stages, including initial tender strategy to final contract award sign off. The Sub Committee also ensure compliance with the UK Public Contract Regulations and the Corporation's Procurement Code.
39. For non-Police services, the local government settlement in autumn 2018 was challenging but fell within the prudent assumptions included with the City's financial forecast. Subject to there being no significant adverse changes in financial planning assumptions across the period, forecasts indicate a surplus in 2019/20, although from 2020/21, the inclusion of funding for the Museum of London and Combined Courts relocation projects will move the fund into a deficit position.
40. The economic outlook and public finances remain uncertain following the EU Referendum and there is no guarantee that government funding will be not be revised further downwards in later years. The Ministry of Housing, Communities and Local Government is currently consulting on a Fair Funding Review that will recalculate the baseline grant for City Fund from 2020/21. This will coincide with a move to greater business rates retention nationally, currently under consultation for implementation by 2020/21. The position is being monitored on an ongoing basis.
41. The City Corporation will continue to participate in a pilot scheme for business rate devolution during 2019/20 with all 32 London Boroughs and the Greater London Authority, involving the establishment of a business rates pool. The original proposal was approved in December 2017. The scheme has a financially neutral starting point but enables any year-on-year growth in rates revenue to be retained within London. Some of this has been used to establish a strategic investment fund and the rest will continue to be shared among participating authorities.
42. The City of London Police manages its budget on a ring-fenced basis. The Court of Common Council approved the allocation of additional funds from the business rates premium following the revaluation of business rates (£2.2m) and from a further increase in the Business Rates Premium from April 2019 (£2.0m) being allocated to cover emerging cost pressures relating to security. This will result in a further £4.2m being available for Police activity. Nevertheless, the underlying financial position remains challenging with deficits forecast across the period and reserves being exhausted during 2018/19.

43. The Force has a forecast deficit in subsequent years arising from increasing demand and the changing nature of policing. The Force is in the process of implementing recommendations through their Transform programme. Additional support is being provided by the City Corporation for capital investment priorities over the period between 2017/18 and 2022/23 totalling £17.5m plus some further IT and pension costs. The Force and the City Corporation are also investigating areas for greater collaboration, including the further development of a Joint Contact and Control Room as part of the Secure City programme.
44. The Police Performance and Resource Management Sub Committee's responsibilities include overseeing the Force's resource management in order to maximise the economic, efficient and effective use of resources to deliver its strategic priorities; monitoring government and other external agencies' policies and actions relating to police performance; overseeing the Force's risk management arrangements; and ensuring that the Force delivers value for money. The Sub Committee also receives regular updates on the work of internal audit in relation to the Force and inspection reports from HMICFRS.
45. The Policy and Resources Committee determines the level of the City Corporation's own resources to be made available to finance capital projects on the basis of a recommendation from the Resource Allocation Sub Committee. Ordinarily, such projects are financed from capital rather than revenue resources, and major projects from provisions set aside in financial forecasts.
46. The City Corporation has a number of procedures in place to ensure that its policies and the principles that underpin them are implemented economically, efficiently and effectively. This framework includes:
- Financial Strategy - This provides a common base for guiding the City Corporation's approach to managing financial resources and includes the pursuit of budget policies that seek to achieve a sustainable level of revenue spending and create headroom for capital investment and policy initiatives;
  - Budget policy - The key policy is to balance current expenditure and current income over the medium term. Both blanket pressure and targeted reviews are applied to encourage Chief Officers to continuously seek improved efficiency;
  - Annual resource allocation process - This is the framework within which the City Corporation makes judgements on adjustments to resource levels and ensures that these are properly implemented;
  - Corporate Property Asset Management Strategy - This aims to ensure that the City Corporation's operational assets are managed effectively, efficiently and sustainably, in support of the organisation's strategic priorities and business needs;
  - Capital project evaluation, management and monitoring - The City Corporation has a comprehensive system of controls covering the entire life cycle of capital and major revenue projects; and
  - Treasury Management and Investment Strategies - Setting out the arrangements for the management of the City Corporation's investments, borrowing, cash flows, banking and money market transactions; the effective control of risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
47. Consideration is given to efficiency during the development and approval stages of all major projects, with expected efficiency gains quantified within reports to Members.
48. The performance of the City Corporation's financial and property investments is monitored and benchmarked regularly, both in-house and independently, through experts in the field.
49. The City Corporation's project management and procurement arrangements provide a consistent approach to project management and co-ordination of the portfolio of projects across the organisation. The Projects Sub Committee meets monthly to ensure that projects align with corporate objectives and strategy and provide value for money.

50. In May 2014, the Audit and Risk Management Committee approved a Risk Management Strategy that set out a new policy statement and a revised framework, which aligns with the key principles of ISO 31000: Risk Management Principles and Guidelines, and BS 31100: Risk Management Code of Practice, and defines clearly the roles and responsibilities of officers, senior management and Members. The Strategy emphasises risk management as a key element within the City's systems of corporate governance and establishes a clear system for the evaluation of risk and escalation of emerging issues to the appropriate scrutiny level. The Strategy assists in ensuring that risk management continues to be integrated by Chief Officers within their business and service planning and aligned to departmental objectives. A review of the strategy will be undertaken in 2019/20.
51. Strategic decisions on risk management are made by the Summit Group on a quarterly basis. Summit Group also receives quarterly risk update reports and is responsible for determining new corporate risks. The Chief Officer Risk Management Group (CORMG), acting on behalf of Summit Group, meets quarterly to undertake a more in-depth review of the corporate and top departmental-level red risks. CORMG also makes recommendations to Summit Group for new corporate risks.
52. Oversight of the City Corporation's risk management is provided by the Audit and Risk Management Committee. In addition to receiving quarterly risk update reports, the Audit and Risk Management Committee has adopted a cycle of regular departmental risk challenge sessions, with Chief Officers and their respective Committee Chairmen, which take place prior to their meetings. During 2018/19, the Committee has undertaken 11 deep-dive reports, including the General Data Protection Regulation, police funding, road safety and Brexit. There have also been six informal risk challenges, where the Committee discusses with respective Chief Officers a department's risk management arrangements, current and future risks.
53. The Committee has also introduced the regular reporting of top departmental risks to every Service Committee.
54. The corporate risk register contains thirteen risks, including three new risks that have been added during the last year.

#### Health & Safety and Wellbeing

55. The Health & Safety at Work etc. Act 1974 requires the City as an employer to ensure that it implements systems for the protection of its staff and others affected by its activities. The City Corporation health and safety management system is aligned to HSG65, the Health and Safety Executive's guidance document on the essential philosophy of good health and safety. The City Corporation systems will remain aligned with this guidance, to ensure that safety becomes part of normal business by applying a practical, sensible and common-sense approach.
56. Corporate Risk 09 concerns the City'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.
57. Training and development for senior management in larger organisations is one of the most important parts of any safety programme, to ensure it carries weight and to understand how good safety practice contributes directly to service delivery. Senior managers need to understand their own role and accountabilities in 'making safety happen' (particularly in light of the Corporate Manslaughter legislation). At the end of 2018/19, the majority of high and medium risk profile departments have completed interactive senior leadership health and safety briefings for Chief Officers and their reports.
58. 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, bulk fuel storage, workplace transport and lone working/preventing violence. These are currently considered to be the City Corporation's areas of higher risk profile.

59. Corporate Policies on Control of Contractors, Fire Safety and Control of Asbestos were updated and revised during 2018/19 and new Corporate Policies on Working at Heights and Pool Water Quality were also produced.
60. The Pentana Risk Management Information System is used to manage significant health and safety risks. Pentana 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. Significant fire safety support has been provided to several departments, including the Barbican Centre, Guildhall School of Music and Drama, the Department for Community and Children's Services and Mansion House/Central Criminal Court.
61. In 2018/19 there has been no health and safety enforcement action by the HSE. Several non-statutory deficiency notices were issued by the Fire and Rescue service. A joint (fire) enforcement notice on the Barbican Centre and tenant was issued, and this was complied with. There were no prosecutions by the Fire and Rescue Service.
62. The City Corporation has reviewed its processes and procedures relating to fire safety in its residential blocks, with particular emphasis on:
  - Fire Risk Assessments (FRAs);
  - Communication with residents;
  - Fire safety maintenance and improvement works; and
  - Potential future improvement works.
63. As a result, a number of steps have been taken to further enhance the safety of the City Corporation's residential portfolio and its residents, including:
  - Commissioning and completing new, more detailed and intrusive, Type 3 FRAs for all residential blocks to provide a greater level of assurance in relation to fire safety. An action plan has been implemented to deal with the recommendations arising from the Type 3 FRAs;
  - Developing and implementing a Fire Safety Communications Plan;
  - A detailed assessment of the various fire safety maintenance and improvement works that could help further enhance the safety of residents; and
  - Implementing a door replacement programme to ensure that the front entrance doors and frames to all City Corporation social housing flats provide up to 60 minutes fire resistance.
64. The City Corporation will also, subject to any planning restrictions, retro-fit automatic water fire suppression systems (sprinklers) to the five social housing high-rise tower blocks in its portfolio. It has also commenced a programme of one-hour visits to all tenanted properties, which will include a risk assessment on the dwelling, the provision of fire safety advice to householders and identification of any support needs.
65. The top (and persistent) reason for reported sickness absence at the City Corporation is *anxiety/stress/depression/other psychiatric illnesses*. Grounded in a growing body of evidence, including awareness of best practice, and following a report to Establishment Committee in xxx 2018, the "CityWell" (employee wellbeing) programme has been re-focused on mental health as the top priority, supported by a wider health promotion / wellness programme. There is a mental health and wellbeing action plan which will be refreshed during 2019/20.
66. The CityWell wellbeing strategy is a strong employee brand and has helped embed the wellbeing programme at the City Corporation. The CityWell programme has been re-focused on mental health as the top priority with mandatory training for managers supported by a wider health promotion and wellness programme.
67. The City Corporation has established key performance indicators 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.

#### Business Continuity

68. The Civil Contingencies Act 2004 requires the City Corporation, as a Category 1 responder, to maintain plans to ensure that it can continue to exercise its functions in the event of an emergency. The City Corporation is required to train its staff responsible for business continuity, to exercise and test its plans, and to review these plans on a regular basis. The Emergency Planning College, which is a Cabinet Office approved training provider, were contracted recently to carry out an Independent Assurance Review of the City Corporation Business Continuity Management System (BCMS). This included masterclass workshops for departmental business continuity representatives to skill them in the fundamentals of business continuity. These workshops took place in October 2018 and February 2019. Key actions identified from the review are now being taken forward by the Resilience Team with assistance of business continuity representatives across City Corporation departments.
69. The City Corporation has an overarching Business Continuity Strategy and Framework and each department has their own business continuity arrangements. Both corporate and departmental arrangements are regularly reviewed to ensure they align with the relevant risk registers and business objectives. Officers from the different departments share best practice and validate their arrangements through the Emergency Planning and Business Continuity Steering Group. A forum has now been established based on recommendations from October's Independence Assurance Review. This group has been set up to work on the actions highlighted from this review and to maintain a closer overview of current and future business continuity strategy across City Corporation departments. It is also intended to maintain current arrangements and advance a more focused workstream with regards to business continuity work. This forum will now sit following the already established Resilience Steering Group, which sits on a quarterly basis.
70. Business Continuity testing is undertaken periodically by departments, with the intention of testing their ability to cope under pressure. Testing scenarios are based on adverse effects and 'worst case' events which aim to limit 'Business as Usual' operations, and are derived from departmental emergency management and business continuity plans, national and local risk register documentation, previous lessons learned and horizon scanning events. Testing is undertaken in formats including live play exercise, table top / workshop, and seminar/discussion exercises, and is based on objectives which aim to be specific, measurable, achievable, realistic and targeted towards departmental functions. Information is captured throughout testing and fed back to the departments being exercised. Reports are produced and any lessons learned are sought to be implemented.
71. Programme management of the City Corporation's business continuity management system (BCMS) lies with the Resilience Planning Team, and all departments play a role in it. Minimum standards for London were previously set for London local authorities in relation to resilience and business continuity planning. These standards are currently being replaced by a London-wide Independent Assurance Process and new 2020 Resilience Standard for London Governance, which will apply to all London local authorities. The Resilience Team is currently ensuring that City Corporation arrangements align with these new standards.
72. The Resilience Team continues its on-going work with the IT service provider Agilisys to ensure robust business continuity plans dovetail between IT functions and critical services.
73. Due to its location as an international financial and business hub. The City (Square Mile) remains an attractive location for protest groups to demonstrate attempting to maximize publicity both nationally and globally. The City has previously experienced an array of protests and demonstrations; however, by working with business and emergency service partners to ensure robust Business Continuity and emergency response plans are in place, the City Corporation has maintained 'business as usual' during these disruptions, and thus enhancing its reputation of working with and supporting business and local communities within the City.

#### Role of Internal Audit

74. Internal Audit plays a central role in providing the required assurance on internal controls through its comprehensive risk-based audit programme, with key risk areas being reviewed annually. This is reinforced by consultation with Chief Officers and departmental heads on perceived risk and by a rigorous follow-up audit regime.
75. The internal audit process is supported, monitored and managed by the Audit and Risk Management Committee in accordance with the Public Sector Internal Audit Standards. An Audit Charter established in 2013 was updated and agreed by the Audit and Risk Management Committee in March 2018. This defines the role of internal audit, and sets out accountability, reporting lines and relationships that internal audit has with the Audit and Risk Management Committee, Town Clerk and Chief Executive, Chamberlain and Chief Officers.
76. The Internal Audit Section operates under the requirements of the Public Sector Internal Audit Standards (PSIAS). The City of London's internal audit function was subject to an External Quality Assessment by Mazars LLP in February 2017 and assessed as "generally conforms" to the new standard. Most of the recommendations identified during the review have been addressed to ensure that the Internal Audit section fully conforms to the new standards.
77. The anti-fraud and investigation function continues to be effective in identifying and investigating allegations of fraud and corruption, with mature processes in place to tackle fraud across the City Corporation's social housing estates; along with conducting a wide range of risk based anti-fraud and awareness activities. The Audit and Risk Management Committee is provided with six-monthly anti-fraud and investigation update reports which detail the anti-fraud and investigation activity undertaken by the Anti-Fraud Team and provides progress against the strategic pro-active anti-fraud plan.

#### Performance Management

78. The corporate business planning framework sets out the planning cycle with clear linkages between the different levels of policy, strategy, target setting, planning and action (the "Golden Thread").
  - All departments are required to produce annual departmental business plans for approval by the relevant service committee(s). These are all clearly linked to the overall Corporate Plan and show key objectives aligned with financial and staffing resources.
  - All departmental business plans are reviewed for compliance with the corporate business planning framework, and regular meetings are held between the Corporate Strategy and Performance Team and business planners.
  - All departments are required to report regularly to their service committees with progress against their business plan objectives and with financial monitoring information. In 2018/19, this was supplemented with enhanced Member scrutiny of 'clusters' of business plans, to identify strategic links between them and progress towards the Corporate Plan aims.
  - Performance and Development Appraisals are carried out for all staff, using a standard set of core behaviours. The appraisals are used to set individual objectives and targets and to identify learning and development needs that are linked to business needs. Pay progression is linked to performance assessments under the appraisal process.
79. Performance is communicated to Council Tax and Business Rate payers through the City-wide residents' meetings, the annual business ratepayers' consultation meeting and regular electronic and written publications, including an annual overview of the accounts.
80. In tandem with the development of the new Corporate Plan 2018-23, a new corporate performance management framework is in development. This will be supported by a new appraisals process to be rolled out in 2019/20.

#### Audit and Risk Management Committee

81. The Audit and Risk Management Committee is an enhanced source of scrutiny and assurance over the City Corporation's governance arrangements. It considers and approves internal and external audit plans, receives reports from the Head of Audit and Risk Management, external audit and other relevant external inspectorates, including HMICFRS, as to the extent that the

City Corporation can rely on its system of internal control. The Committee reviews the financial statements of the City Corporation prior to recommending approval by the Finance Committee and considers the formal reports, letters and recommendations of the City Corporation's external auditors. The Committee also monitors and oversees the City Corporation's Risk Management Strategy. The Committee undertakes a systematic programme of detailed reviews of each of the risks on the City Corporation's Corporate Risk Register.

82. During 2018/19, the Committee continued its schedule of departmental risk challenge sessions. The Committee reviews the risks and risk management process for each department, on a rota basis, with one department being invited to each meeting. These reviews are attended by the relevant Chairman and Chief Officer, with support and challenge applied so that risks are fully understood, and clear mitigation plans are in place. The Committee has also actively promoted a process for the regular reporting of top departmental risks to Service Committees, to encourage all Members to engage with the management of risk.
83. The Committee has strongly supported the internal audit function by setting clear performance expectations for Chief Officers in the timely implementation of audit recommendations, as well as ensuring internal audit's independence is fully recognised. It has reviewed the outcome of the Service Based Review of the internal audit function and is overseeing the adoption of a more efficient approach to the targeting of internal audit resources.
84. The Committee has a link to the Police Performance and Resource Management Sub Committee through the appointment of two of its members to this Sub Committee.
85. The Committee has supported the management of the Information Security corporate risk, highlighting the mandatory awareness training for all staff, resulting in a significant increase in the percentage of staff fully completing this training.
86. The Committee has taken a keen interest in cyber-security risks and remains committed to supporting the continuous development of cyber security across the City Corporation, including the incorporation into the City Corporation's controls of lessons learned from good practice elsewhere in the private and public sectors.

### **Review of Effectiveness**

87. The City Corporation has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the internal auditors and managers within the authority who have responsibility for the development and maintenance of the governance environment and also by comments made by the external auditors and other review agencies and inspectorates.
88. Processes that have applied in maintaining and reviewing the effectiveness of the governance framework include scrutiny primarily by the Policy and Resources, Finance, Police, Audit and Risk Management, Investment, and Standards Committees; and the Resource Allocation, Police Performance and Resource Management, and Efficiency and Performance Sub Committees.
89. This review of the main elements of the City Corporation's governance framework has not identified any significant issues for reporting to senior management.

### **Head of Internal Audit's Opinion**

90. The Public Sector Internal Audit Standards require the Head of Internal Audit to deliver an annual internal audit opinion and report that can be used by the City Corporation to inform its Annual Governance Statement. The Head of Internal Audit is satisfied that sufficient quantity and coverage of internal audit work and other independent assurance work has been undertaken to allow them to draw a reasonable conclusion as to the adequacy and effectiveness of the City's risk management, control and governance processes. In their opinion, the City Corporation has adequate and effective systems of internal control in place to manage the achievement of its objectives. In giving this opinion they have noted that

assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in these processes.

91. Notwithstanding this overall opinion, internal audit's work identified a number of opportunities for improving controls and procedures, which are documented in each individual audit report. Ten areas reviewed in 2018/19 resulted in 'red' (limited) assurance opinions. Of note is that four of the six audits finalised in respect of the City of London Police have been assessed as Limited assurance reports, with nine red and 31 amber priority recommendations. There will be an ongoing focus on key risk areas within the City of London Police by internal audit, working closely with the Police Authority.
92. There remain a significant percentage of recommendations (52%) which are only partially implemented, or had not been implemented or evidence had not been provided to demonstrate implementation by the due date agreed with management. The quality of status updates from some departments falls short of expectations, resulting in additional work for internal audit staff. This issue has been raised with the departments concerned and will be kept under review. These should continue to be focuses for challenge to officers by the Audit & Risk Management Committee.
93. 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.

#### **Future Work Programme**

94. The governance framework is constantly evolving due to service and regulatory developments and assessments. Improvement plans have been compiled in response to the reports and assessments summarised above. Controls to manage principal risks are constantly monitored, in particular for services with statutory responsibilities for the safety of vulnerable people. The City Corporation proposes over the coming year to take the following steps to maintain, develop and strengthen the existing governance framework:
  - Review the City Corporation's governance arrangements against the requirements of the CIPFA/Solace framework *Delivering Good Governance in Local Government 2016* and, subject to agreement, following the fundamental review.
  - Begin collecting data against a set of outcome-based measures for the whole City Corporation, that demonstrate impact and progress towards delivering the Corporate Plan 2018-23.
  - Undertake an annual update for the registration and publication of declarations of interest by the City Corporation's Members and Co-opted Members.
  - Provide training events and briefing sessions for Members as part of the Member Development Programme to ensure that they are aware of current and emerging issues, how the City Corporation is delivering its services and responding to changing priorities; and the role of decision-makers. Forthcoming sessions will focus on Cyber-Security, Chairing skills and Rough Sleeping & Homelessness.
  - Deliver the benefits from the programme of cross-cutting efficiency and effectiveness reviews resulting from the fundamental review and the 2% budget efficiency target.
  - Deliver the priority outcomes from the updated and refreshed IM Strategy:
    - Business Intelligence infrastructure, new reports and analytics developed across the organisation.
    - Communication and training on using IM for new ways of working across the organisation.
    - Implement good IM practices including protective marking and classification.



- Implement the new risk appetite framework for the City Corporation, which reflects its capacity to manage risk and willingness to take risk in order to meet the strategic objectives.
- Review the City Corporation's risk management strategy and corporate risk register.
- Review programme governance arrangements, to improve the handling of corporate and departmental projects, including reviewing the terms of reference of relevant governance groups and a process for escalating risks to the appropriate levels.
- Investigate ISO22301 accreditation for our business continuity services.
- Extend the remit of the Audit & Risk Management Committee to undertake periodic reviews of the risk management procedures, financial capabilities, controls, and safeguarding procedures of the City of London School, the City of London School for Girls, the City of London Freeman's School, the City of London Academies Trust (including its embedded academies) and the City Academies that are free-standing entities.

This annual governance statement was approved by the City Corporation's Audit and Risk Management Committee on 7<sup>th</sup> May 2019.

John Barradell  
Town Clerk and Chief Executive

Date: 31<sup>st</sup> May 2019

Catherine McGuinness  
Chairman, Policy and Resources  
Committee

Date: 31<sup>st</sup> May 2019

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## **ANNUAL GOVERNANCE STATEMENT 2018/19**

### **SUPPORTING SCHEDULE**

<b>Key Element</b>	<b>Item</b>	<b>Reporting to Members</b>
Code of Corporate Governance	Committee terms of reference (para 9)	Terms of reference are reviewed by each Committee annually.  A composite report of all Committee terms of reference is submitted annually to the Court of Common Council.
	Scheme of Delegations (para 9)	Changes to the Scheme of Delegations in respect of the Director of the Built Environment and the District Surveyor were approved by the Court of Common Council on 7 <sup>th</sup> December 2017, following minor modifications relating to Crossrail and changes to job titles.
	Localism Act: Standards regime (paras 13-15)	The annual report of the Standards Committee for 2018/19 was presented to the Court of Common Council on 19 <sup>th</sup> July 2018.
	Localism Act: Pay Policy Statement (para 16)	The Pay Policy Statement for 2017/18 was agreed by the Court of Common Council on 7 <sup>th</sup> March 2018.
	Bribery Act (para 17)	Procedures for staff declaration were approved by the Audit and Risk Management Committee on 12 <sup>th</sup> December 2012.
	Regulation of Investigatory Powers (RIPA) (para 18)	A report on the September 2015 inspection by the Office of the Surveillance Commissioner was presented to the Policy and Resources Committee on 21 <sup>st</sup> January 2016 and the Audit and Risk Management Committee on 26 <sup>th</sup> January 2016.

Standards Committee	Review of arrangements (para 21)	The independent review of the City's standards regime was presented to the Court of Common Council on 12 <sup>th</sup> January 2017. A report and recommendations of the Standards Regime Working Party were taken at Court of Common Council on 8 <sup>th</sup> March 2018 and were approved, along with the revised Code of Conduct, Complaints Procedure and Guidance to Members on the Code of Conduct.
	Protocol on Member/Officer Relations (para 22)	The Committee received the annual review of the Protocol on Member/Officer Relations on 25 <sup>th</sup> January 2019.
Business Strategy and Planning Process	Corporate Plan (para 25)	The Corporate Plan for 2018-23 was approved by Court of Common Council on 8 <sup>th</sup> March 2018 and came into effect on 1 <sup>st</sup> April 2018.
	Policing Plan (para 25)	The Draft Policing Plan for 2017-20 was agreed by the Police Committee on 17 <sup>th</sup> January 2017 subject to any additional amendments by 31 <sup>st</sup> January 2017. The Plan was published on 29 <sup>th</sup> March 2017.
	Annual City-wide residents' meeting (para 26)	The annual City-wide residents' meeting was held on 9 <sup>th</sup> May 2018.
Financial Management Arrangements	HMICFRS Inspections (para 32)	An update on HMICFRS inspections for 2017/18 was presented to the Audit and Risk Management Committee on 25 <sup>th</sup> September 2018.
	Efficiency and Performance Sub Committee (para 33)	During 2018/19, the Sub Committee met on six occasions, considering reports on, inter alia: <ul style="list-style-type: none"> <li>• Corporate and Departmental Business Planning</li> <li>• Economy, Efficiency and Effectiveness Health Check reports from seven departments and the City of London Police</li> </ul>
	Efficiency and Sustainability Plan (para 35)	The City's Efficiency and Sustainability Plan was approved by the Policy and Resources Committee on 6 <sup>th</sup> October 2016 and the Court of Common Council on 13 <sup>th</sup> October 2016; and submitted to the Department for Communities and Local Government.
	Financial Strategy and Budget Policy (para 46)	The 2018/19 budget and revised Medium Term Financial Strategy for the City Fund were agreed by the Court of Common Council on 8 <sup>th</sup> March 2018.
Risk Management	Risk Management Strategy (para 50)	An updated Risk Management Strategy was approved by the Audit and Risk Management Committee on 13 <sup>th</sup> May 2014.

	Updates to Audit and Risk Management Committee (para 52)	<p>The Audit and Risk Management Committee receives regular updates on risk management.</p> <p>During 2018/19, the following risk areas were reviewed in depth:</p> <ul style="list-style-type: none"> <li>• Resilience (CR01)</li> <li>• Loss of business support for the City (CR02)</li> <li>• Corporate health and safety (CR09)</li> <li>• Road safety (CR20)</li> <li>• Police funding (CR23)</li> <li>• Operational security (CR24)</li> <li>• Brexit – Organisational impact (CR26)</li> </ul>
Role of Internal Audit	General updates to Audit and Risk Management Committee (para 75)	Internal audit update reports were presented to the Audit and Risk Management Committee on 6 <sup>th</sup> November 2018 and 12 <sup>th</sup> March 2019.
	Audit Charter (para 75)	The Internal Audit Charter Review, originally due on 12 <sup>th</sup> March 2019, has been moved to 7 <sup>th</sup> May 2019.
	Reports re fraud investigation function (para 77)	An Anti-Fraud and Investigation update was presented to the Audit and Risk Management Committee on 29 <sup>th</sup> May 2018.
Performance Management	Departmental reporting (para 78)	<p>Departmental Business Plans are normally approved by the relevant service committee(s) between February and April each year.</p> <p>Chief Officers produce regular monitoring reports for their service committee(s), combining information on service and financial performance.</p>
	City Fund Overview (para 79)	<p>The annual City Fund Overview for 2016/17 is available on the City of London website.</p> <p>The City Fund Overview for 2017/18 will be produced later in 2018.</p>
	Annual business ratepayers' meeting (para 79)	The annual business ratepayers' meeting was held on 7 <sup>th</sup> March 2019.
Head of Internal Audit's Opinion	(paras 90-93)	The annual opinion from the Head of Audit and Risk Management for the year 2018/19 was reported to the Audit and Risk Management Committee on 7 <sup>th</sup> May 2019.

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<b>Committee(s)</b>	<b>Dated:</b>
Audit and Risk Management Committee	7 May 2019
<b>Subject:</b> Head of Internal Audit Opinion and Annual Report 2018/19	<b>Public</b>
<b>Report of:</b> Head of Audit & Risk Management	<b>For Information</b>
<b>Report author:</b> 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 2019:

*"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 risk management, governance and control processes. The matters raised in this report are only those which came to my attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.*

*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."*

Ten areas reviewed are highlighted in the internal audit opinion, which resulted in 'Limited' (Red) assurance opinions. Of note is that four of the six audits finalised in respect of the City of London Police have been assessed as Limited assurance reports, with nine red and 31 amber priority recommendations.

It is noted that there remain a significant percentage of recommendations (52%) which are only partially implemented, or had not been implemented or evidence had not been provided to demonstrate implementation by the due date agreed with management. It is further noted that the quality of status updates from some departments falls short of expectations, resulting in additional work for Internal Audit staff. This issue has been raised with the departments concerned and will be kept

under review. These should continue to be focuses for challenge to officers by the Audit & Risk Management Committee.

## **Recommendation**

Members are asked to:

- Note the Head of Internal Audit Opinion for 2018/19.

## **Main Report**

### **Background**

Scope and purpose of Internal Audit

1. The Accounts and Audit Regulations 2015 came into effect on 1 April 2015 and require the City to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.
2. This opinion forms part of the framework of assurances that is received by the City and should be used to help inform the Annual Governance Statement. Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance and control.
3. Our professional responsibilities as internal auditors for the year ended 31 March 2018 are set out within Public Sector Internal Audit Standards (PSIAS) produced by the Internal Audit Standards Advisory Board.
4. The report summarises the internal audit activity and, therefore, does not include all matters which came to our attention during the year. Such matters have been included within our detailed reports to the Audit Committee during the course of the year.
5. 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 audit work completed by the Internal Audit function throughout the entire year;
  - b. Key issues arising from this work;
  - c. Management responses to internal audit work; and,



- d. The Follow-Up process undertaken throughout the year.
6. 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.

### **Basis of Annual Opinion**

7. The following form the basis of the Annual Opinion:
  - Assessment of the quantity and coverage of risk based internal audit work against the 2018/19 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 audits 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**

8. 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. It should be noted that the opinion is based only on reports which have been finalised. A number of reports have yet to be finalised from the 2018/19 audit plan; these will feed into the opinion for 2019/20.
9. 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.

10. 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. Ten "Limited (Red) Assurance" reviews have been produced which have been accepted by management who have advised that control improvements are being implemented. These are summarised below:

Dept	Audit	Assurance	Red	Amber	Green	Total
Corporate	GDPR Readiness	Limited	2	0	5	7
CoLP	Key Financial Controls	Limited	3	10	0	13
CoLP	Police Bank Accounts	Limited	2	1	2	5
CoLP	Police Seized Goods	Limited	3	11	0	14
CoLP	Freedom of Information Requests	Limited	1	3	4	8
CLS	Cyber Security	Limited	2	11	0	13
CLFS	Cyber Security	Limited	3	11	0	14
DBE	Section 106 Agreements	Limited	1	7	5	13
DCCS	Community Centre Revenue	Limited	1	6	1	8
DCCS	Adult Education Skills Service Contract Arrangements	Limited	4	5	4	13

### Key Themes Identified

11. Of note is that four of the six audits finalised in respect of the City of London Police have been assessed as Limited assurance reports, with nine red and 31 amber priority recommendations. There will be an ongoing focus on key risk areas within the City of London Police by Internal Audit, working closely with the Police Authority. .

12. It is noted that there remain a significant percentage of recommendations (52%) which are only partially implemented, or had not been implemented or evidence had not been provided to demonstrate implementation by the due date agreed with management. It is further noted that the quality of status updates from some departments falls short of expectations, resulting in additional work for Internal Audit staff. This issue has been raised with the departments concerned and will be kept under review. These should continue to be focuses for challenge to officers by the Audit & Risk Management Committee.

### Direction of Travel

13. Set out below is a comparison of the percentage of internal audit reports receiving Limited, Moderate and Substantial assurances over the last four financial years. Members will note that the percentage of Limited and Substantial assurance reports in 2018-19 has increased from the previous two years and the percentage of Moderate assurance reports has decreased. Once again no Nil assurance assurances have been given.

Financial Year	2018-19 %	2017-18 %	2016-17 %	2015-16 %
Substantial Assurance Reports	19.5	13	40	31
Moderate Assurance Reports	61	74	50	62
Limited Assurance Reports	19.5	3	10	7
Nil Assurance Reports	0	0	0	0

14. It should be noted that the rise in Limited assurance reports during the year is in part due to officers raising specific areas of concern with Internal Audit either during the audit planning stage or during the year so that these departmental risk areas can be reviewed. This pro-active approach by officers is to be commended.

### Conformance with the Public Sector Internal Audit Standards

15. The outcome of the External Quality Assessment undertaken by Mazars, finalised in 2017-18, confirmed that the internal audit function at the Corporation **Generally Conforms** to the Public Sector Internal Audit Standards. External assessments are required to be undertaken every five years.

### Review of Performance

16. The Internal Audit team aim to maintain a high level of quality in the delivery of their work. Key outcomes were:
- The Internal Audit function achieved delivery of 92% of the plan by 31st March 2019.
  - The target of members of the team holding a relevant qualification continues to be met.

### Conclusion

17. 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 for 2018-19.

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## Internal Audit Work finalised in 2018-19

No	Department	Main Audit Review	Status	Assurance Rating	R	A	G	Total
1	Corporate	Emergency Planning	FINAL	Amber	0	1	0	1
2	Corporate	Procurement Consultation with Stakeholders	FINAL	Amber	0	2	2	4
3	Corporate	Expenses - Procurement Cards - Petty Cash	FINAL	Amber	0	12	0	12
4	Corporate	GDPR Readiness	FINAL	Red	2	0	5	7
5	Corporate	Programmed Repairs and Maintenance	FINAL	Amber	1	2	1	4
6	Town Clerks	Human Resources – Starters and Leavers	FINAL	Amber	0	9	3	12
7	Town Clerks	Guildhall Club Accounts	FINAL	Green	0	0	0	0
8	Town Clerks	LMA – Collection Management	FINAL	Amber	0	4	1	5
9	Chamberlains	IT – Information Management (Data Storage Management)	FINAL	Amber	0	4	0	4
10	Chamberlains	IT – Cyber Security – Malware Protection	FINAL	Green	0	0	4	4
11	Chamberlains	IT – Information Security - Incident Management	FINAL	Amber	0	4	4	8
12	Chamberlains	IT - Social Media (Horizon Scanning)	FINAL	Green	0	0	2	2
13	Chamberlains	IT Oracle (CBIS) Application	FINAL	Amber	0	3	1	4
14	Chamberlains	IT Contract Management	FINAL	Green	0	0	1	1
15	Chamberlains	IT Change Management	FINAL	Amber	0	1	1	2
16	Chamberlains	City Procurement	FINAL	Amber	0	4	1	5
17	Chamberlains	Main Accounting System (GP/AR/AP)	FINAL	Amber	1	2	1	4
18	Chamberlains	Pensions Administration – City	FINAL	Green	0	1	0	1
19	Chamberlains	Pensions Administration - CoLP	FINAL	Green	0	1	0	1
20	Chamberlains	Payroll	FINAL	Green	0	1	3	4
21	DCCS	Academies	FINAL	Amber	0	2	1	3
22	DCCS	Housing Allocations Lettings and Voids	FINAL	Amber	0	3	0	3
23	DCCS	Health & Social Care Integration	FINAL	Amber	0	3	0	3
24	DCCS	Financial Assessments	FINAL	Amber	0	4	4	8
25	DCCS	Sir John Cass School Income Generation	FINAL	Amber	0	4	2	6
26	DCCS	Community Centre Revenue	FINAL	Red	1	6	1	8
27	DCCS	Mental Health Provision	FINAL	Amber	0	3	0	3

No	Department	Main Audit Review	Status	Assurance Rating	R	A	G	Total
28	DCCS	Adult Education Skills Service Contract Arrangements	FINAL	Red	4	5	4	13
29	City Surveyor	Service Based Property Contracts	FINAL	Amber	0	3	4	7
30	Open Spaces	Financial Management	FINAL	Amber	0	3	5	8
31	Open Spaces	Performance Measures	FINAL	Amber	0	2	2	4
32	Built Environment	Highways Footpath Repairs	FINAL	Green	0	0	0	0
33	Built Environment	TfL Local Implementation Plan	FINAL	Green	0	0	0	0
34	Built Environment	Highways Assets Register	FINAL	Green	0	1	2	3
35	Built Environment	Section 106 Agreements	FINAL	Red	1	7	5	13
36	M&CP	Consumer Protection Enforcement	FINAL	Amber	0	2	1	3
37	M&CP	Markets Fraud Risk	FINAL	Amber	0	4	5	9
38	M&CP	Licensing – Electronic Database	FINAL	Amber	0	2	2	4
39	Remembrancer	Functions & Guildhall Lettings - Income (Inc. Banking, Safes and Security)	FINAL	Green	0	0	0	0
40	Mansion House	Catering & Hospitality Contract	FINAL	Amber	0	5	0	5
41	City of London Police	Demand Policing and Event Resourcing	FINAL	Amber	0	1	0	1
42	City of London Police	Police Business Continuity Planning	FINAL	Amber	0	5	1	6
43	City of London Police	Police Bank Accounts	FINAL	Red	2	1	2	5
44	City of London Police	Police Seized Goods	FINAL	Red	3	11	0	14
45	City of London Police	Freedom of Information Requests	FINAL	Red	1	3	4	8
46	City of London Police	Key Financial Controls	FINAL	Red	3	10	0	13
47	Barbican Centre	Equality and Inclusion	FINAL	Amber	0	10	4	14
48	GSMD	Student Support	FINAL	Amber	0	10	0	10
49	GSMD	Strategic Planning	FINAL	Amber	0	2	2	4
50	City of London School	Cyber Security	FINAL	Red	2	11	0	13
51	CoL Freemans School	Cyber Security	FINAL	Red	3	11	0	14
					Red	Amber	Green	Total
		<b>Total where assurance provided</b>	Total	51	10	31	10	51
					19.5%	61%	19.5%	100%

<b>Committee:</b>	<b>Date:</b>
Audit & Risk Management Committee	7 May 2019
<b>Subject:</b> Internal Audit Recommendations Follow-up	<b>Public</b>
<b>Report of:</b> Head of Audit & Risk Management	<b>For Information</b>
<p style="text-align: center;"><b>Summary</b></p> <p>This report provides an update on the outcome of a recent follow-up exercise focused on red and amber priority recommendations due for implementation by 31<sup>st</sup> March 2019. There were 145 such recommendations within the scope of this formal follow-up exercise.</p> <p>Audit testing has confirmed that 48% of high priority recommendations were fully implemented at the time of follow up, 23% were partially implemented, and 29% had not been implemented or evidence had not been provided to demonstrate implementation. <b>Appendix 1</b> summarises the outcomes by department.</p> <p>Where high priority recommendations were outstanding in full or in part at the time of audit follow-up, further updates have been sought from management to confirm timescales for resolution. Analysis of high priority recommendations not fully implemented is shown at <b>Appendix 2</b> and identifies where original target dates had previously been exceeded and revised dates supplied which have also not been met. Internal Audit has reiterated the need for management to set realistic and appropriate target implementation timescales and will continue to liaise with recommendation owners to confirm these where not already supplied.</p> <p>As at 1st April 2019 there are six live red priority and 79 live amber priority recommendations with future target / revised target implementation dates. The live red priority recommendations are detailed within this report.</p> <p>Members are asked to:</p> <ul style="list-style-type: none"> <li>• Note the recommendations follow-up report.</li> </ul>	

## Main Report

### Monitoring of High Priority Recommendations

1. The high priority (red and amber) recommendation monitoring process is operating as follows:
  - Updates on implementation are sought approximately quarterly;

- Recommendations are assessed as “implemented” only where suitable evidence has been provided to Internal Audit, rather than on the basis of management / recommendation owner advice;
  - Where evidence is not provided, recommendations are assessed as either partially or not implemented, an explanation is required for slippage in implementation and a revised target must be supplied, recognising this Committee’s view that there should be only one extension to implementation deadlines.
2. Management continue to be reminded that any implementation actions which are extended beyond the revised target date may be subject to challenge by this Committee and senior management / recommendation owners asked to attend to explain the issues in progressing agreed actions to timescale.
  3. Nominated Audit Liaisons in each client department are responsible for collating recommendation status updates and evidence, as well as communicating explanations for implementation slippage and revised target dates to Internal Audit.
  4. Since the last follow-up report to this Committee in January 2019, there has been further progress is rolling out departmental access to the software used by Internal Audit for recommendations tracking. ‘Business Users’ are now fully operational in the following departments: Community and Children’s Services, Guildhall School, Barbican Centre, City Surveyor’s, Markets and Consumer Protection, Town Clerk’s, Chamberlain’s (IT and Procurement), and Open Spaces.
  5. The recent follow-up exercise was, for some departments, the first one since ‘business user’ roll-out and Internal Audit provided support to ensure that the process worked as intended. It is anticipated that the resource input to capture and submit the required information for follow-up purposes will reduce as business users become more familiar with the software.

### **Future Approach to Follow-Up**

6. Internal Audit has been actively looking at ways to streamline the follow-up approach and reduce the impact upon available resource for Audit Plan delivery. It is proposed that Internal Audit undertake more regular follow-up of high priority recommendations to promote regular monitoring of implementation by departmental Senior Management and reduce the perception that this activity as a ‘bolt on’; recommendation tracking should be part of business as usual arrangements.

### **Follow-Up Outcome**

7. The corporate follow-up exercise has recently been completed in respect of all live red and amber priority recommendations due for implementation by 31<sup>st</sup> March 2019. A summary of follow-up outcomes by department is shown at **Appendix 1** and demonstrates that implementation was confirmed for 48% of



high priority recommendations, partial implementation was confirmed for 23%, and the remaining 29% had not been progressed or evidence was not supplied to Internal Audit to demonstrate implementation progress.

8. High priority recommendations not implemented or only partially implemented are summarised at **Appendix 2** and a comparison of revised target dates to original agreed dates is shown where available. The summary identifies where revised target dates, supplied where original target dates or previous revised target dates had been exceeded, have not been met.
9. Follow-up enquiries confirmed that revised target dates for implementation have been not been achieved in respect of 25 recommendations relating to the following departments / areas:

Department	No. of Recs
Barbican	5
Chamberlain's Procurement	1
City of London School for Girls	3
City Surveyor *	1
Community & Children's Services	6
Guildhall School of Music & Drama **	6
Mansion House	1
Town Clerk's	1
<b>Total</b>	<b>24</b>

10. The outstanding action in respect of the City Surveyor's Department recommendation relates to an IT solution, whereby the BMS communication network must be fully segregated from the main corporate IT network. Three of the Guildhall School recommendations reflected in the above table relate to a corporate contract and the outstanding implementation action is outside of the control of the School.
11. Internal Audit has reiterated that revised timescales should be set only in exceptional circumstances and it is intended that a further communication be sent to all Chief Officers in this respect when notifying them of the revised follow-up arrangements.

### **Live High Priority Recommendations**

12. As at mid-April 2019 there are 6 live red priority and 79 live amber priority recommendations with target implementation dates after 1<sup>st</sup> April 2019 and a number of audit reports which are in the process of being finalised, containing further high priority recommendations.
13. The live red priority recommendations relate to the following:
  - Guildhall School / Barbican Centre – this recommendation (partially implemented) is related to the corporate catering service which commenced in September 2018, specifically management of external Health & Safety inspection reports. A revised target timescale of 30<sup>th</sup> April 2019 has been

supplied for demonstration of full implementation i.e. demonstration that there is an established mechanism for monitoring of Health and Safety recommendations to completion.

- Town Clerk's: Declarations of Interest – monitoring arrangements for officer declarations (partially implemented). The target timescale for this recommendation is 30<sup>th</sup> April 2019 which is linked to completion of the following actions:
    - Revised Code of Conduct drafted and will be accompanied by FAQs, Examples of Conflicts of Interest, a Reviewing Managers Guide, updated DOI and ROI forms, a HR Topics page on Conflicts of Interest
    - An annual campaign will include: Town Clerk's Message, Managers Briefing, Intranet article, Employee & Manager Self-Service news items in CityPeople and an email from each Chief Officer to all staff in their department (noting an separate arrangements for absent staff or those without computer/mobile access). Chief Officers annual review will be co-ordinated by the office of the Director of HR.
    - New starters will make any conflict of interest declarations on joining COL.
  - CLFS Cyber Security – Penetration Tests. The School has advised that the target implementation date has been revised from February to September 2019 following a large-scale infrastructure upgrade taking place from April 2019.
  - CLFS Cyber Security – USB Ports. The recommendation, related to locking down of USB drives to prevent use or enforcement of USB encryption prior to data transfer, has a revised target implementation date of June 2019.
  - CLS Cyber Security – Penetration Tests. The School will review the vulnerabilities noted above from the October 2018 penetration test. It is understood that a number of these vulnerabilities have been addressed where possible. A further penetration test will be undertaken by 30<sup>th</sup> October 2019 to evaluate implementation.
  - CLS Cyber Security – USB Ports. The recommendation, related to locking down of USB drives to prevent use or enforcement of USB encryption prior to data transfer, has a target implementation date of May 2019.
14. Updates on the implementation position for all red priority recommendations will be provided to the next meeting of this Committee. Formal follow-up will take place in accordance with the agreed cycle.

## **Conclusion**

15. The recent corporate follow-up exercise in respect of high priority recommendations due for implementation by 30<sup>th</sup> November 2018 confirmed

that 48% had been implemented in full, 23% had been partially implemented and 29% had not been implemented / implementation could not be confirmed. Internal Audit work is ongoing to confirm revised target dates for full implementation where these have not been supplied by recommendation owners, reiterating that these should be extended only in exceptional circumstances.

16. As at 1<sup>st</sup> April 2019 there are six live red priority recommendations and 79 live amber priority recommendations. Internal Audit has proposed more regular follow-up of high priority recommendations to promote on-going monitoring of implementation by departmental management.

## **Appendices**

- **Appendix 1 – Summary of formal follow up outcomes**
- **Appendix 2 – Analysis of follow-up recommendations not implemented**

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## Corporate Follow-Up Exercise Outcomes – Recommendations due by 31/03/19

*High Priority (Red & Amber) Recommendations*

Department	Implementation Evidenced	Partially Implemented	Not Implemented	Total	Comments
Barbican	1	4	2	7	One of the recommendations has been superseded by the new corporate contract for catering. Revised target dates for implementation have been supplied in respect of the six outstanding high priority recommendations, with management comments for five of these to explain the delay in implementation.
Built Environment	4	0	0	4	N/A
Chamberlain's FSD	9	0	2	11	Management updates have been supplied in respect of the two outstanding high priority recommendations within the scope of the follow-up exercise.  Further clarification and evidence are required to demonstrate the relevant controls in operation. Revised target dates are required for demonstration of full implementation.
Chamberlain's IT	4	0	2	6	Management updates and revised target dates have been supplied for full implementation of the two outstanding high priority recommendations within the scope of the follow-up exercise.

Department	Implementation Evidenced	Partially Implemented	Not Implemented	Total	Comments
Chamberlain's Procurement	8	4	1	13	<p>Management updates have been supplied in respect of all outstanding high priority recommendations within the scope of the follow-up exercise.</p> <p>Revised target dates are required for demonstration of full implementation in respect of three recommendations (2 partially implemented and 1 not implemented).</p>
City of London Freeman's School	4	1	8	13	<p>Management updates are required in respect of three live high priority recommendations within the scope of the follow-up exercise.</p> <p>Revised target dates are required for demonstration of full implementation in respect of four recommendations.</p>
City of London Police	8	1	15	24	<p>Management updates are required in respect of all 13 Key Financial Control recommendations which were due for implementation by 31/03/19. Internal Audit has been advised that due to closedown occurring at the moment, Finance staff will not be able to fully action or provide implementation evidence until this task has been completed.</p> <p>Revised target dates are required for demonstration of full implementation in respect of all outstanding high priority recommendations within the scope of the follow-up exercise.</p>

Department	Implementation Evidenced	Partially Implemented	Not Implemented	Total	Comments
City of London School for Girls	0	3	0	3	<p>The three outstanding recommendations are within the scope of two current audits which are pending finalisation.</p> <p>Updated management response and revised target implementation date will be requested in response to the findings of this audit exercise.</p>
City Surveyor	7	1	0	8	<p>A management update and revised target date for full implementation have been supplied in respect of the outstanding high priority recommendation within the scope of the follow-up exercise.</p>
Community & Children's Services	5	7	5	17	<p>Management updates have been received in respect of all outstanding recommendations within the scope of this exercise. Audit testing is to be arranged to confirm the arrangements in operation in respect of two recommendations and revised target dates have been supplied for full implementation of all remaining recommendations.</p>
Guildhall School of Music & Drama	2	6	4	12	<p>Three of the outstanding high priority recommendations within the scope of this exercise cannot be implemented until such time as the corporate catering contract has been signed-off and it is acknowledged that this outside of the School's control.</p> <p>Management updates and revised target timescales have been supplied in respect of five live high priority recommendations.</p>

Department	Implementation Evidenced	Partially Implemented	Not Implemented	Total	Comments
					<p>The School's management have advised that one high priority recommendation has been implemented and Internal Audit is awaiting receipt of evidence.</p> <p>A revised target timescale for implementation is required in respect of the remaining Baxter Storey recommendation (partially implemented) which can be fully implemented without awaiting sign-off of the corporate catering contract.</p>
Mansion House	4	1	0	5	A revised target timescale is required for demonstration of full implementation of the outstanding recommendation.
Markets & Consumer Protection	1	4	0	5	Management updates have been supplied in respect of the four outstanding high priority recommendations within the scope of the follow-up exercise. Revised target dates are to be confirmed for full implementation.
Open Spaces	1	0	1	2	A status update has not been supplied in respect of one of these recommendations due to staff absence. The revised timescale for implementation / demonstration of implementation is to be confirmed.
SJC Foundation School	1	1	0	2	A management update and revised target date for full implementation have been supplied in respect of the outstanding high priority recommendation within the scope of the follow-up exercise.



Department	Implementation Evidenced	Partially Implemented	Not Implemented	Total	Comments
Town Clerk's	11	0	2	13	Management updates and revised target dates have been supplied for full implementation of the two outstanding high priority recommendations within the scope of the follow-up exercise.
<b>TOTAL</b>	<b>70</b>	<b>33</b>	<b>42</b>	<b>145</b>	
<b>Percentage of total recommendations</b>	<b>48%</b>	<b>23%</b>	<b>29%</b>		

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## High Priority Recommendations Partially Implemented / Not Implemented

*Amber priority recommendations outstanding at time of April 2019 follow-up exercise (implementation due by 31<sup>st</sup> March 2019)*

Department & Audit Area	Original Target Date	Previous Revised Target Date	New Target Date	Implementation Status		Management Comment / Internal Audit Comment
				Not	Partial	
<b>Barbican</b> Equality & Inclusion - Performing Artists: Use of Third Parties	31/01/19	N/A	30/04/19	0	1	No management comment supplied re delay in implementation. Revised target timescale of 30/04/19 supplied.
Retail and Bars - Functionality of Revel system for Ordering of Retail Stock	31/07/18	31/03/19	31/12/19	0	1	We have decided that rather than looking at a stock system the best available system would place both stock and epos, therefore we need to go out to tender. This will happen in the next couple of months – with implementation hoping to happen at the end of the year.
Retail and Bars - Bars Cost Price on Revel	31/05/18	31/03/19	31/12/19	0	1	
Retail and Bars - Online shop - Integration of Revel and Shopify	31/07/18	31/03/19	31/12/19	0	1	
Retail and Bars - Retail Stock-take Revel System Functionality	31/07/18	31/03/19	31/12/19	1	0	
Retail and Bars - Recording of Cross charges on Revel	31/07/18	31/03/19	31/12/19	1	0	
<b>Chamberlain's FSD</b> Human Resources Starters & Leavers – Payroll Leavers Checks	31/08/18	N/A	TBC	1	0	'Rectification of error loans' has been incorporated within the payroll system. Internal Audit comment: further clarification / evidence is required in order to close this down; this has been requested.
Human Resources Starters & Leavers – Secondary Checks on Payroll Changes	31/05/18	N/A	TBC	1	0	Written procedures have been revised. 'Later' amendments are not accepted to allow time for checking to take place. Internal Audit comment: further clarification / evidence is required in order to close this down; this has been requested.

Department & Audit Area	Original Target Date	Previous Revised Target Date	New Target Date	Implementation Status		Management Comment / Internal Audit Comment
				Not	Partial	
<b>Chamberlain's IT</b> IT Data Storage Management - Information Management Strategy	31/12/18	N/A	31/07/19	1	0	<p>This will now be completed by 31st July 2019. This has been delayed due to the following:</p> <p>The production and approval of an overarching Data retention Policy is in progress. The implementation of such requires the business units to provide their information retention requirements for the IT function to deliver within the various Data retention policies across systems and applications. The owner for the delivery of the data retention process is the IT Director, who is responsible for ensuring delivery against the Corporation's Information Retention schedules</p> <p>The IT Director on behalf of the Information Management Board will now commission the work to complete an overarching Data Retention Policy that links to the work completed on Departmental Retention Schedules. However this work will not be completed and signed off until the end of July 2019.</p>
Oracle Application - Restart Procedure	30/12/18	N/A	31/05/19	1	0	<p>COL IT and Business Continuity Teams have planned a DR test of key systems (including Oracle and Paris) for May 2019, following a request from Finance to delay this test until year end activities are complete.</p>
<b>Chamberlain's Procurement</b> Declarations of Interest - Annual Submissions	30/04/18	N/A	TBC	0	1	<p>HR are leading on the new policy and process for Declarations of Interest which will be reflected in the Employee Code of Conduct.</p> <p>HR have confirmed that the union consultation ended 30 March, and the report and policies have gone to Summit Group. HR will be reporting to Establishment Committee on 30 April and Policy and Resources Committee on 2 May. A revised timescale for full implementation is to be confirmed following the decision of Policy and Resources Committee.</p>

Department & Audit Area	Original Target Date	Previous Revised Target Date	New Target Date	Implementation Status		Management Comment / Internal Audit Comment
				Not	Partial	
Corporate Wide Procurement Consultation with Stakeholders - Consultation Guidance	03/09/18	31/03/19	TBC	1	0	Internal Audit comment: a management comment has been obtained and further clarification is required in respect of the controls introduced since the audit was finalised. Revised target date for demonstration of full implementation to be confirmed.
City Procurement - Strategy 1	19/11/18	N/A	31/07/19	0	1	The new Procurement Strategy is in draft form and Members have been asked to provide feedback on the Draft Procurement Strategy at Procurement Sub (Finance) Committee on 3 April 2019. A final draft strategy will be presented to Committee in July 2019 for approval.
City Procurement - Strategy 2	19/11/18	N/A	31/07/19	0	1	The original target date has not been met because the new Procurement Strategy is still in draft form and Members have been asked to provide feedback on the Draft Procurement Strategy at Procurement Sub (Finance) Committee on 3 April 2019. A final draft strategy will be presented to Committee in July 2019 for approval.
Corporate Wide - Business Travel - Contract for Taxis	31/05/18	N/A	TBC	0	1	Sharepoint has been updated with Addison Lee details, however corporate wide comms will only be undertaken once the contract with Addison Lee has been finalised. Revised target timescale for full implementation to be confirmed.
<b>City of London Freeman's School</b>						
Cyber Security – Digital Strategy	31/12/18	N/A	30/06/19	1	0	Whilst the 'Cyber Handbook' has been drafted, the School needs to identify the required format and agreed policies. SLT have some reservation about the early draft, so further work is needed.
Cyber Security - Related Policies	28/02/19	N/A	30/06/19	1	0	We are continuing to work with CoL police and other CoL schools and hope to have the policies written in the 'Cyber Handbook'.
Cyber Security - Document Version Control	31/12/18	N/A	TBC	1	0	Internal Audit comment: Management update required and revised timescale for demonstration of full implementation.
Cyber Security – Penetration Tests	28/02/19	N/A	30/09/19	0	1	Corrective action date now September 2019. There is a large scale infrastructure upgrade taking place from April 2019.

Department & Audit Area	Original Target Date	Previous Revised Target Date	New Target Date	Implementation Status		Management Comment / Internal Audit Comment
				Not	Partial	
Cyber Security – Windows 7 Machines	31/01/19	N/A	31/05/19	1	0	<p>All school systems are being upgraded to the latest OS/application versions and it is expected these will reduce a large number of required corrective actions. Once the upgrade has been complete, we intend to perform a fresh PEN test and will be in position to remedy any further corrective actions at that time.</p> <p>Revised end date now May 2019. There school had 3 power outages and on going building works of Christmas break when this work was planned. Staff using these machines are in the finance department, so we are having to wait for year-end financials to be completed. We shall be able to start the upgrade process over the Easter recess and in to the start of next term.</p>
Cyber Security - Laptop Disk Encryption	28/02/19	N/A	TBC	1	0	<p>We have engaged a consultancy (Geminet) to review our options for this work. At the moment it is unclear if we need to re-image our entire fleet of laptops or the work can be carried out in the background. Originally scheduled for Christmas break, but power outages meant equipment/resources not available for this work. There is a potential to carry out this work over the Easter recess depending on the consultancy report.</p>
Cyber Security - SLT Meetings	31/01/19	N/A	TBC	1	0	<p>Internal Audit comment: Management update required and revised timescale for demonstration of full implementation.</p>
Cyber Security - Digital Strategy Roll-Out	31/12/18	N/A	TBC	1	0	<p>Internal Audit comment: Management update required and revised timescale for demonstration of full implementation.</p>
Cyber Security - IT Infrastructure	28/02/19	N/A	30/06/19	1	0	<p>Revised end-date now June 2019. Together with newly appointed Director of Technology, new school Bursar, will shall be working other City of London departments to agree and produce a standard set of policies. Essentially we do not want to re-invent the wheel when other CoL departments may have existing policies that apply.</p>

Department & Audit Area	Original Target Date	Previous Revised Target Date	New Target Date	Implementation Status		Management Comment / Internal Audit Comment
				Not	Partial	
<b>City of London Police</b> FOI - Action Plan to address Non-Compliance	01/08/18	N/A	TBC	0	1	Internal Audit comment: Recent Information Management Board reports reflect a reduction in the number of outstanding FOI requests but suggest that resourcing remains an issue in this area; recommendation remains live on this basis. Revised target timescale required for full implementation.
Police Bank Accounts - Reconciliation of Funds	31/12/18	N/A	TBC	1	0	Internal Audit comment: There is confusion as to who is responsible for undertaking the bank account reconciliations in respect of defendants' and found funds. It is understood from the CoL Corporate Treasurer that bank statements are sent to the Force for reconciliation but the Head of Courts & Covert Finance, CoLP, advised that the only statements received are US dollar and Euro ones from Lloyds and reconciliation is undertaken to local spreadsheets as this team has no access to the General Ledger. Confirmation required of the action owner and revised target timescale for full implementation.
Demand and Event Policing - Record of Event Income and Expenditure	30/09/18	N/A	TBC	1	0	New FBPs will work more closely with services and identify Demand and Events Policing required in advance. Income due will be identified at monthly meetings and logged centrally by the Senior FBP. Internal Audit comment: revised target timescale required for full implementation.
Key Financial Controls - Budget-Setting Timetable	31/12/18	N/A	TBC	1	0	Status update and revised target date required for demonstration of full implementation.
Key Financial Controls - Budget-Setting Process	31/03/19	N/A	TBC	1	0	Status update and revised target date required for demonstration of full implementation.
Key Financial Controls - Financial Administration Guidance	31/03/19	N/A	TBC	1	0	Status update and revised target date required for demonstration of full implementation.
Key Financial Controls - Identification of Income	31/12/18	N/A	TBC	1	0	Status update and revised target date required for demonstration of full implementation.

Department & Audit Area	Original Target Date	Previous Revised Target Date	New Target Date	Implementation Status		Management Comment / Internal Audit Comment
				Not	Partial	
Key Financial Controls - Debt Management Arrangements	31/12/18	N/A	TBC	1	0	Status update and revised target date required for demonstration of full implementation.
Key Financial Controls - Goods Receipting	31/12/18	N/A	TBC	1	0	Status update and revised target date required for demonstration of full implementation.
Key Financial Controls - Procurement Compliance	31/03/19	N/A	TBC	1	0	Status update and revised target date required for demonstration of full implementation.
Key Financial Controls – Waivers	31/03/19	N/A	TBC	1	0	Status update and revised target date required for demonstration of full implementation.
Key Financial Controls - Finance Dashboard	31/03/19	N/A	TBC	1	0	Status update and revised target date required for demonstration of full implementation.
Key Financial Controls - Monthly Budget Monitoring	31/12/18	N/A	TBC	1	0	Status update and revised target date required for demonstration of full implementation.
Key Financial Controls - Funded Unit Overspend	31/03/19	N/A	TBC	1	0	Status update and revised target date required for demonstration of full implementation.
Key Financial Controls - Budget Variances	31/03/19	N/A	TBC	1	0	Status update and revised target date required for demonstration of full implementation.
Key Financial Controls - Reporting Deadlines	31/03/19	N/A	TBC	1	0	Status update and revised target date required for demonstration of full implementation.
<b>City of London School for Girls</b> ICT Strategy, Security & Operations - Disaster Recovery Testing	11/12/15	28/02/19	TBC	0	1	An audit has recently been undertaken at the School which is expected to make further recommendations in this area. The revised target date for making the necessary control improvements related to DR will be confirmed in the management response to the current audit.



Department & Audit Area	Original Target Date	Previous Revised Target Date	New Target Date	Implementation Status		Management Comment / Internal Audit Comment
				Not	Partial	
ICT Strategy, Security & Operations – Penetration Testing	01/12/15	31/01/19	TBC	0	1	Internal Audit comment: The DR walkthrough is the outstanding element of the original recommendation. An audit has recently been undertaken at the School which is expected to make further recommendations in this area. The revised target date for making the necessary control improvements related to penetration testing will be confirmed in the management response to the current audit.
Institutional Review – Inventory Maintenance	08/07/16	30/09/17	TBC	0	1	Internal Audit comment: There are two elements of the original recommendation outstanding - development and rollout of a procedure for undertaking periodic asset register checks, and communication of the agreed procedures to all interested parties at the School. An audit is in progress at the School which is expected to make further recommendations in this area. The revised target date for making the necessary control improvements related to inventory maintenance will be confirmed in the management response to the current audit.
<b>City Surveyor</b> Building Services Engineering - BMS Configuration	31/12/11	31/03/19	31/08/19	0	1	The agreed solution to meet this requirement is the full segregation of the BMS communication network from the main corporate IS network. An order has been placed with Skanska for the BMS Sub-contractor, Schneider, to implement the necessary changes to the BMS infrastructure. A detailed technical specification for these works has been developed by Schneider and is currently being discussed with the IT network contractor, Roc Technologies, prior to implementation. Revised target date: 31 August 2019.
<b>Community &amp; Children's Services</b> Housing Rents – Arrears Reporting to Members	31/01/18	31/01/19	31/07/19	0	1	A Housing Update and Risk Management report was presented to the HMA SC in January 2019. The report sought comment from members on the format of future reports. Members comments will be incorporated into future report the first of which will be presented to the committee in July 2019. This will include information on tenant arrears and former tenant arrears against set targets.

Department & Audit Area	Original Target Date	Previous Revised Target Date	New Target Date	Implementation Status		Management Comment / Internal Audit Comment
				Not	Partial	
Health and Social Care Integration - Evidence of Commissioned Projects Discussed	31/03/19	N/A	31/07/19	0	1	Contract monitoring meetings do take place and they are now consistently recorded. An example has been supplied. Internal Audit comment: revised target timescale supplied for demonstration of full implementation i.e. supply of a further sample of meeting records.
Health and Social Care Integration _ Delivery Mechanisms _ Signed Contracts	31/03/19	N/A	30/06/19	0	1	The Commissioning team are working to comply full compliance with this recommendation. A reduction in waivers demonstrates the progress made ensuring contracts are signed prior to the contract start date.
Community Centre Revenue - Strategy for Community Facilities	31/10/18	31/03/19	31/07/19	0	1	Consultation on the Community Centre Policy and Strategy took longer than anticipated and the reports missed their original planned date to go to the HMASc in January 2019. The Strategy is being further developed now that the Policy has been approved and will be presented to the committee in May. It is anticipated that good evidence of the Strategy being published and of its implementation is likely to be available by end of July 2019
Community Centre Revenue -The Application of Charges	31/10/18	31/03/19	31/07/19	1	0	Internal Audit comment - revised target timescale required for demonstration of full implementation, as follows: The Head of Estates should instigate controls to ensure that charges levied for use of community centre facilities, including the treatment of deposits, are correct and complete and that the charges are raised promptly for hall hire facilities at estates. This could include regular reconciliations of charges levied against approved pricing schedules.
Community Centre Revenue - Income Administration	30/09/18	31/03/19	31/07/19	1	0	Internal Audit comment – a revised target timescale has been supplied for demonstration that the Head of Estates has undertaken the following  (i)Devise appropriate procedures for collecting, recording, reconciling and banking income received by community centres;  (ii)Document and distribute these to relevant staff, providing training, where required;

Department & Audit Area	Original Target Date	Previous Revised Target Date	New Target Date	Implementation Status		Management Comment / Internal Audit Comment
				Not	Partial	
Community Centre Revenue - Revenue Generation	31/10/18	31/03/19	31/07/19	1	0	(iii) Put arrangements in place to monitor compliance with the procedures.  Internal Audit comment - The Head of Estates should: (i) Instigate formal arrangement for monitoring performance against community centre revenue budgets; (ii) Ensure that Senior Management and Members are provided with regular information on performance against community centre revenue budgets; and (iii) Instigate arrangements for addressing revenue shortfalls against budget, where these occur.
Housing Allocations, Lettings & Voids - Tenancy Agreements	31/12/18	N/A	31/07/19	1	0	There have been issues with the supplier of the scanning solution and these were only recently resolved; we are currently working on the go live plan.  An Introductory Tenancy Policy was introduced in June 18 that was circulated to staff. All new tenants on Introductory Tenancies are being visited and paper surveys being completed. An online survey currently being developed and is anticipated to be introduced the first quarter of 2019/20.  The Tenancy Visits project has entered the final phase on Golden Lane Estate. Legal advice was sought on versions of tenancy agreements in circulation at the time, so we are now able to rely on presenting copies of tenancy agreements that were issued during specific time periods.
Financial Assessments - Financial Assessment Form Anti-Fraud Checks	31/08/18	N/A	TBC	0	1	ASC is now able to log on to NFI to check anti-fraud requirements. Original documents are required, a copy is saved to clients files. A screen print of the log-in screen is attached.  Internal Audit comment – audit testing to be arranged to confirm the arrangements in practice. Timescale for demonstration of full implementation TBC.

Department & Audit Area	Original Target Date	Previous Revised Target Date	New Target Date	Implementation Status		Management Comment / Internal Audit Comment
				Not	Partial	
Housing Allocations, Lettings & Voids - Scanned Tenant Files	31/12/18	N/A	31/07/19	1	0	The company providing the scanning solution has now sorted out the issues that were holding up the scanning of documents. This has now commenced and it is likely that the projects and evidence of implementation will be available by 31 July 2019.
Housing Rents - Arrears Levels	31/07/18	31/03/19	31/07/19	0	1	A Housing Update and Risk Management report was presented to the HMA SC in January 2019. The report sought comment from members on the format of future reports, see highlighted paragraphs 28 & 29 and Appendix 2 (presenting a new dashboard approach) on attached reports. Members comments will be incorporated into future report the first of which will be presented to the committee in July 2019. This will include information on tenant arrears and former tenant arrears against set targets.
Housing Allocations, Lettings & Voids - Anti-Fraud Checks	31/12/18	N/A	30/04/19	0	1	<p>The third and final deadline for census returns was last Friday 29th March. All those who have not responded were sent a cancellation letter week commencing 8 April 2019. Housing will also as a consequence turn off these tenants ability to log onto the bidding website.</p> <p>It is currently anticipated that approximately 195 applications will be sent cancellation letters but expect that this will encourage a number of applicants to contact us and we may reinstate their accounts if they still qualify. We anticipate being able to provide evidence of implementation and actions taken by the end of April 2019.</p> <p>Internal Audit comment – audit testing to be arranged to confirm the arrangements in practice.</p>

Department & Audit Area	Original Target Date	Previous Revised Target Date	New Target Date	Implementation Status		Management Comment / Internal Audit Comment
				Not	Partial	
<b>Guildhall School of Music and Drama</b>						
Student Affairs - Service Provision Business Planning - Consistency of Reporting	28/02/19	N/A	31/12/19	0	1	Internal Audit: although the new annual report shows a more consistent approach across the services provided by Student Affairs, the second part of the recommendation - Reporting of outcomes against relevant aims / objectives set at the start of the year - is still to be implemented.
Student Affairs - Recording of Budget Monitoring Outcomes	28/02/19	N/A	30/06/19	1	0	No detailed meetings have taken place in order to demonstrate this.
Student Affairs - Financial Management - CBIS additional training	28/02/19	N/A	31/05/19	1	0	Due to early closing there has not been a convenient time. This will take place after year-end.
Student Affairs Financial Management - Payments to third parties	28/02/19	N/A	N/A	1	0	Internal Audit: School management have advised that this has been implemented; evidence is awaited from the School.
Baxter Storey – Sanctions	03/09/18	31/10/18	TBC	0	1	Full implementation of this recommendation is delayed pending sign-off of the new corporate contract, which is outside of the control of the School. Revised target timescale to be confirmed.
Baxter Storey - Share of profits	03/09/18	31/10/18	TBC	0	1	Full implementation of this recommendation is delayed pending sign-off of the new corporate contract, which is outside of the control of the School. Revised target timescale to be confirmed.
Baxter Storey - KPI monitoring	03/09/18	31/03/19	TBC	0	1	No management comment received. Internal Audit: implementation can take place without contract sign-off. Revised target timescale awaited from the School.
Baxter Storey - Contract Documentation	03/09/18	31/10/18	TBC	0	1	Full implementation of this recommendation is delayed pending sign-off of the new corporate contract, which is outside of the control of the School. Revised target timescale to be confirmed.

Department & Audit Area	Original Target Date	Previous Revised Target Date	New Target Date	Implementation Status		Management Comment / Internal Audit Comment
				Not	Partial	
Succession Planning - Talent Management	31/01/18	31/12/18	31/05/19	1	0	Discussed as part of the Professional Development framework at the February staff development committee but changes needed so needs to be signed off at the next meeting on the 22nd May.
Satellite Sites - Collaboration Agreements	31/10/17	31/03/19	31/07/19	0	1	<p>The review that has taken place has meant changes have been needed to the draft MOU's. We are signing one year contracts that then can be tweaked as we learn more through this next year.</p> <p>Peterborough - A new partnership agreement/MOU is being drawn up by Peterborough City Council. This has taken some time. Sign off early Summer term.</p> <p>Saffron – Agreed - Sign off on the Board meeting of the 2nd May.</p> <p>Taunton – This has taken longer due to the relationship with the host School. Sign off early Summer term.</p>
<b>Mansion House</b> Hospitality & Catering Contract Management – ‘How to raise a concern’ details	30/09/18	31/12/18	TBC	0	1	Internal Audit comment: Internal Audit has provided details of the current wording of the Whistleblowing Policy, which should be used as the basis for including a relevant section in the new contract. A revised target timescale is required for full implementation.
<b>Markets &amp; Consumer Protection</b> Consumer Protection – Recording of Seized Goods Disposal	30/03/18	N/A	TBC	0	1	<p>Arrangements are currently being made to dispose of one seized item (a nut seller's trolley). The process is taking longer than anticipated as it is proving difficult to find a contractor willing to take the item. As soon as this has been resolved, the disposal process will be completed. A further update and evidence will be provided as soon as possible to enable this recommendation to be closed.</p> <p>Internal Audit: Implementation could not be confirmed previously as there were no disposals, hence no previous revised target date.</p>

Department & Audit Area	Original Target Date	Previous Revised Target Date	New Target Date	Implementation Status		Management Comment / Internal Audit Comment
				Not	Partial	
Markets Fraud Risk – Fraud Awareness Training	30/11/18	N/A	TBC	0	1	The Department of M&CP is not yet able to confirm the timescale for full implementation of this action. The unresolved problems with the existing training module prevent us obtaining accurate records of when individual members of staff last completed the module. As has been confirmed by the CoL's Anti-Fraud Manager, the new eLearning package on this subject is still being developed. When the new module is live, we will be able to progress this action, ensure all our staff undertake the Fraud Awareness training at the mandated intervals, and obtain evidence of this.
Licensing Database - Northgate Contract	31/03/19	N/A	TBC	0	1	Advice has been sought from the CoL's Contracts Team which has agreed to investigate the existence and location of the current contract and provide guidance to the department.
Licensing Database - Admin Accounts	31/03/19	N/A	TBC	0	1	<p>Internal Audit: Revised timescale required for full implementation i.e. when the course of action recommendation by the Contracts Team is complete.</p> <p>Confirmation was received from IS regarding the two user accounts within the 'privileged' Admin Group for which the rationale for their inclusion was unclear: one such account (DES_M3PP_LIVE) needs to remain within the group, the other account (ADMININE) has now been removed from the group.</p> <p>Two other unidentified accounts which were in the 'Admin' Group were also confirmed to be unnecessary and have also been removed.</p> <p>Internal Audit: evidence is required of the closure of accounts.</p>
<b>Open Spaces</b> Financial Management - Hampstead Heath Cash Handling Procedure	30/12/18	N/A	TBC	1	0	The staff member from Hampstead Heath that would be able to provide the required information is on annual leave.

Department & Audit Area	Original Target Date	Previous Revised Target Date	New Target Date	Implementation Status		Management Comment / Internal Audit Comment
				Not	Partial	
<b>SJC Foundation School</b> Income Generation – Dinner Money Debt Reports	16/02/19	N/A	26/04/19	0	1	Refunds in relation to the free school meals pilot have been issued to parents. New suppliers have been set up in respect of all eligible parents. Cheques have been issued to parents. After Easter the school will start to chase all other dinner debts to see if partial recovery is possible. Revised target timescale for full implementation 26/04/19.
<b>Town Clerk's</b> Business Travel – Purchase Supporting Documentation	31/05/18	31/03/19	31/10/19	1	0	The updated Policy has not yet been added to Colnet as the procurement process is still underway. A bulletin will be issued by mid-October setting out the need to ensure all costs claimed are supported by appropriate documentation.
Human Resources Starters and Leavers - Overpayment Procedures	31/03/19	N/A	31/05/19	1	0	New interim Payroll Manager is in post and working with HR team to improve the working process for recovering overpayments for employees who leave the organisation which currently involves payroll and HR. Likely to sit with payroll/cashiers once initial letter has been issued to the employee.
<b>TOTAL</b>				<b>42</b>	<b>33</b>	



<b>Committee:</b>	<b>Date:</b>
Audit and Risk Management Committee	7 May 2019
<b>Subject:</b>	<b>Public</b>
Internal Audit Charter - Update 2019	
<b>Report of:</b>	<b>For decision</b>
Head of Audit and Risk Management	
<b>Report Author:</b>	
Pat Stothard, Head of Audit and Risk Management	

**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.

In 2017, the Charter was subject to significant review following the External Quality Assessment undertaken by Mazars and was updated to more clearly reflect the PSIAS requirements and take on issues identified in relation to best practice. Following review, minor amendments have been made to the latest Charter.

**Recommendations**

- Members are asked to approve the updated City of London Internal Audit Charter 2019.

## Background

- 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

- 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 was 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.

- 3 As required under the PSIAS, the Charter has been subject to annual review and some minor amendments have been made for clarity.

### **Conclusion**

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

### **Appendices:**

**APPENDIX 1** – City of London Internal Audit Charter 2018 – with revisions

**APPENDIX 2** – City of London Internal Audit Charter 2018 – clean copy

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## **CITY OF LONDON**

### **INTERNAL AUDIT**

#### **Audit Charter**

1. This Charter sets out the purpose, authority, and responsibility of the Corporation'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.

The Internal Audit, Risk Management and Anti-Fraud functions at the City of London Corporation are provided to a number of bodies, including the City of London Police, the Barbican Centre, the Guildhall School of Music and Drama, and the Independent Schools. Where reference is made to the Corporation, these bodies will be deemed to be included in the objectives and requirements of this Charter.

#### **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 five 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, as specified by the Institute of Internal Auditors' International Professional Practices Framework (IPPF), 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 Corporation records and information, both manual and computerised, cash, stores and other Corporation property or assets it considers necessary to fulfil its responsibilities. Audit may enter Corporation 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 Corporation 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 Corporation. 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 Corporation's needs, adds value, improves operations and helps protect public resources;
- Provide assurance to management that the Corporation'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 Corporation'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 Corporation to aid the prevention and detection of fraud. To achieve this, all Corporation workers have a responsibility to notify the Head of Audit & Risk Management of all instances of suspected and detected fraud or impropriety as this may inform the annual Head of Internal Audit Opinion and the Internal Audit Plan;
- 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 Corporation in organisations wholly or partly owned by the Corporation. Internal Audit may also provide assurance to the Corporation 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 Corporation'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 Audit and Risk Management has free and unfettered access to the following:
- The Chief Financial Officer (Chamberlain);
  - Chief Executive (Town Clerk);
  - [Chairman of the Audit and Risk Management Committee, together with the Chairmen of the Audit & Risk Management Committees \(or equivalent\) for those bodies under the remit of the Corporation;](#)
  - 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 Audit and Risk Management 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 Corporation 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 Corporation 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 Corporation 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 ~~67 May 2018~~ 67 May 2019. Due for revision and annual approval March 202019.

## **CITY OF LONDON**

### **INTERNAL AUDIT**

#### **Audit Charter**

1. This Charter sets out the purpose, authority, and responsibility of the Corporation'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.

The Internal Audit, Risk Management and Anti-Fraud functions at the City of London Corporation are provided to a number of bodies, including the City of London Police, the Barbican Centre, the Guildhall School of Music and Drama, and the Independent Schools. Where reference is made to the Corporation, these bodies will be deemed to be included in the objectives and requirements of this Charter.

#### **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 five 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, as specified by the Institute of Internal Auditors' International Professional Practices Framework (IPPF), 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 Corporation records and information, both manual and computerised, cash, stores and other Corporation property or assets it considers necessary to fulfil its responsibilities. Audit may enter Corporation 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 Corporation 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 Corporation. 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 Corporation's needs, adds value, improves operations and helps protect public resources;
- Provide assurance to management that the Corporation'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 Corporation'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 Corporation to aid the prevention and detection of fraud. To achieve this, all Corporation workers have a responsibility to notify the Head of Audit & Risk Management of all instances of suspected and detected fraud or impropriety as this may inform the annual Head of Internal Audit Opinion and the Internal Audit Plan;
- 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 Corporation in organisations wholly or partly owned by the Corporation. Internal Audit may also provide assurance to the Corporation 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 Corporation'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 Audit and Risk Management has free and unfettered access to the following:
  - The Chief Financial Officer (Chamberlain);
  - Chief Executive (Town Clerk);
  - Chairman of the Audit and Risk Management Committee, together with the Chairmen of the Audit & Risk Management Committees (or equivalent) for those bodies under the remit of the Corporation;
  - 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 Chairmen 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 Audit and Risk Management 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 Corporation 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**

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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.
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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 7 May 2019. Due for revision and annual approval March 2020.

**TO: AUDIT AND RISK MANAGEMENT COMMITTEE**

**7 MAY 2019**

**FROM: PLANNING AND TRANSPORTATION COMMITTEE**

**18 MARCH 2019**

**17. DEPARTMENT OF THE BUILT ENVIRONMENT RISK MANAGEMENT - QUARTERLY REPORT**

The Committee received a report of the Director of the Built Environment providing the Committee with assurance that risk management procedures in place within the Department of the Built Environment are satisfactory and that they meet the requirements of the corporate Risk Management Framework.

A Member queried why risk CR20 on Road Safety was considered an Amber risk and not a Red risk, as it had been considered a Red risk prior to the Bank on Safety scheme. There had been seven collisions at Ludgate Circus between 2013 and 2017, and there had been eight at Bank junction during the same period. The Chairman added that he agreed that Road Safety should be considered a Red risk.

A Member told the Committee that he felt the wording given for the impact of the risk on the risk register was inappropriate. Following a fatal accident in 2015 the City of London Corporation had been expected to take steps to address the risks, and failure to do so would have been a reputational risk. However, there were greater impacts away from reputation, and to describe the impact in this way was insensitive and self-interested. The wording of the risk was felt to be offensive and encouraged the wrong culture. The City of London Corporation would enhance its reputation by doing what was right. The Member advised the Committee that he had drafted a motion for the Committee to resolve to send to the Audit and Risk Management Committee on the matter.

A Member said that risks were assessed on a statistical basis and should not be assessed on the basis of emotion. The City of London Corporation should not accept responsibility for all accidents, as they could equally be caused by a driver or cyclist. Accidents would occasionally happen, and all the City of London Corporation could do was ensure that the highways were as safe as they could be. The Deputy Chairman suggested that the risk register could be presented more thematically as a policy, as this would be more cohesive and better strategically.

The Director of the Built Environment responded to points raised by Members. The wording of the risk related to Road Safety had been raised previously and had been considered at the Audit and Risk Management Committee who had done a deep dive on Road Safety, and compared it to other risks. Officers could review the presentation of risks, the way they were written and the level of risk for Road Safety.

The Member then proposed a motion, as follows, that:

*This committee requests that the Audit & Risk Management Committee reviews the description of the Effects of risks not being mitigated for the Road Safety CR20 risk, and ensures that the description describes the true impacts, rather than ignoring these to merely focus on the reputational implications for the City. Furthermore; we request that all risks are reviewed to ensure that similar misjudgements are corrected.*

The motion was seconded, and following a vote by Committee Members the motion was carried.

**RESOLVED** – That the report be noted, and that the Planning & Transportation Committee move that the above resolution be submitted to the Audit and Risk Management Committee.

<b>Committee(s)</b>	<b>Dated:</b>
Audit and Risk Management Committee	7 May 2019
<b>Subject:</b> Deep Dive: CR 17 Safeguarding	<b>Public</b>
<b>Report of:</b> Director of Community and Children's Services	<b>For Information</b>
<b>Report author:</b> Sharon McLaughlin, Business Support Manager	

## Summary

This report is to update members on the work undertaken to mitigate the Strategic Risk - SR 17 Safeguarding, relating to the protection of children and adults at risk, defined as an adult with social care needs, who is or may be at risk of significant harm.

Failure to follow the safeguarding policies and the arrangements in place designed to prevent harm to children and adults at risk may result in harm to service users and risks to the City of London's reputation, possible investigation and a reduction in public confidence in the services provided.

The number of child protection investigations and adult Safeguarding alerts is very low compared to other local authorities. The City of London aims to be proactive in the response to safeguarding and is seeking to promote a broader understanding of safeguarding. This is reflected in a focus on the prevention of abuse as well as a robust response to incidents of abuse. The importance of strong strategic links with other key partners such as the City of London Police, Education and Health is recognised as essential in order to ensure that all our residents are safeguarded both within the community and in their homes.

Mitigating actions include the delivery of safeguarding training programmes, the Adoption of a Corporate Safeguarding Policy, the appointment of Safeguarding Champions across the City of London, the delivery of a Member safeguarding briefing programme, the implementation of new partnership safeguarding arrangements, campaigns to raise awareness and an audit of safeguarding within the City's Family of schools.

The gross risk is currently assessed as AMBER with the likelihood rated as rare and the impact serious, see appendix 1.

Despite a range of mitigating actions to protect children and adults at risk, they cannot entirely eliminate the risk and the potential impact on individuals, public confidence and the reputation of the City of London and this is reflected in the risk score assigned to this important statutory duty.

## **Recommendation**

Members are asked to:

- Note the report.

## **Main Report**

### **Background**

1. As part of the Children Act 2004, all local authorities were required to establish Local Safeguarding Children Boards to further improve safeguards for children. The Local Safeguarding Children Board is the key statutory partnership which agrees how the relevant organisations in each local area will work together to safeguard and promote the welfare of children, and for ensuring the effectiveness of what they do.
2. The partnership arrangements for safeguarding adults in the City of London have been developed in accordance with statutory requirements set out in the Care Act 2014 and best practice standards developed by the Association of Directors of Social Services (ADASS) "Safeguarding Adults 2005". The City of London works in partnership with Hackney on the City and Hackney Safeguarding Adults Board
3. The City of London is a strategic partner alongside the London Borough of Hackney in relation to safeguarding and the City and Hackney Safeguarding Children Board (CHSCB) and the City and Hackney Safeguarding Adult Board (CHSAB) monitor the effectiveness of work to safeguard and promote the welfare of children and adults, championing good practice and analysing data to inform service planning. The Director for Community and Children Services and the Assistant Director (AD) People Services sit on both Boards. The City specific sub-committees, which meet bi-monthly, for both children and adults and report on the work of the sub-committees into the main Boards, are Independently chaired and have representation from the City of London Corporation, City of London Police, Health, Education and other agencies, for example from the Voluntary Sector, who work across the City of London.
4. Community and Children Services Grand Committee has a Safeguarding Sub Committee for Children and Adults. This sub- committee oversees the City of London's responsibilities to safeguard children and adults at risk. Annual reports on both Children and Adults Safeguarding are presented to this sub-committee. These reports provide background information regarding the governance arrangements, membership, partnership engagement and performance information in respect of safeguarding activity for Children and Adults.
5. Both Boards are independently chaired. The Executive Boards have Sub Committees who are chaired by partner agencies and cover areas such as quality assurance, training and finance.

6. The Children Act 2004 as amended by the Children and Social Care Act 2017 places new duties on key agencies in a local area. Local Safeguarding Children Boards will be replaced by new local safeguarding partnership arrangements. These arrangements place statutory responsibilities upon three agencies to develop and implement a new partnership, these are Local Authorities, Health and Police.
7. “Working Together to Safeguard Children, a guide to inter-agency working to safeguard and promote the welfare of children” was issued by the government in July 2018 setting out the framework to support the development and implementation of these new arrangements. As a result, the CHSCB will be replaced by the City and Hackney Safeguarding Children Partnership (CHSCP). The new governance arrangements need to be approved by the Department for Education by end of June 2019 and in place and operational by September 2019. The final decision regarding the CHSCP governance arrangements will be made by the Chief Officers of the City of London Corporation Department of Community and Children Services, Hackney Children Services, the City and Hackney Clinical Commissioning Group, the City of London Police and the Metropolitan Police Service in Hackney. A report was presented to the Community and Children Services Committee in April 2019 setting out the details of the arrangements and the options currently being considered (see Non-Public Appendix 2).

### **Current Position**

8. The Adults and Children’s Social Care teams continue to meet Care Quality Commission (CQC) and Ofsted performance targets in respect of children and adults and work has been done to develop a performance framework that places more emphasis onto qualitative data available rather than focusing solely on the quantitative information to measure the effectiveness of safeguarding arrangements across the partnership.
9. Ofsted conducted a focused visit under the new Ofsted inspections of Local Authority Children’s Services (ILACS) framework in October 2018 which looked at the City of London’s offer for care leavers. The outcome was positive with much evidence demonstrating a strong offer for care leavers.
10. A Safeguarding in Education Forum has engagement from all City of London Schools- this meets on a termly basis and provides updated information regarding national/regional and/or local policy and practice requirements regarding safeguarding in schools. Membership of the Forum includes representatives from the City of London Academies.
11. As well as attending the Safeguarding in Education Forum, safeguarding leads from City schools, also attend the CHSCB Sub Committee. This provides more generalist advice, support and challenge regarding safeguarding arrangements across partner agencies.

12. The City of London Safeguarding Policy was implemented in 2014. It is subject to review on an annual basis. A corporate safeguarding audit was undertaken in 2018/19 which focused on:
- The safeguarding responsibilities of each of the City of London's departments
  - Departmental heads' understanding of these responsibilities
  - Governance structures for monitoring and reporting safeguarding issues
  - Responses to safeguarding incidents and how these were reported to the relevant committee(s)

13. Headline themes / initial conclusions to emerge from the initial draft report include;

Departmental Heads' understanding of their safeguarding responsibilities varied with a potential over reliance on DCCS for understanding and guidance in respect of safeguarding responsibilities.

Current governance structures are not effective in ensuring a clear line of sight between frontline practice, departmental heads and the Director of Community and Children's Services who is the designated person with overall responsibility for safeguarding of children, young people and adults. The Director of Community and Children's Services received insufficient information from the Departmental Heads to have oversight of the safeguarding issues arising in these departments.

The corporate safeguarding policy should be updated with regards to mechanisms to ensure sufficient oversight of the City of London's safeguarding responsibilities, including those outside of the Local Authority area and those which apply to its charitable elements

The final audit report and recommendations will be presented to Summit, Chief Officers Group and Audit and Risk Management Committee.

14. This year a campaign to raise awareness of the role of the Local Authority Designated Officer (LADO) within the education sector in the City of London will take place during the current academic year. A training gap analysis has been carried out and training to address this will be delivered during the summer term. A conference for staff from the sector will take place in September 2019.
15. In terms of Member training and development, in November 2018 Community and Children's Services circulated a copy of 'Digital Parenting' magazine to all Members. The magazine covers a range of issues in relation to digital safeguarding; <https://parentzone.org.uk/projects/digital-parenting-magazine>
16. DCCS will be working with Town Clerk's Department to deliver a Member briefing programme in 2019 that will enhance member knowledge and



understanding of key safeguarding areas across children and adults including;

- The Mental Capacity Act and Making Safeguarding Personal.
- Adult Social Care
- Rough Sleepers
- SEND/Safeguarding- Education and Safeguarding
- The role of Corporate Parent- Children's Social Care

17. The aim of the sessions is to raise awareness of Member responsibilities in respect of safeguarding and as such good engagement / attendance in the sessions is very much encouraged. Further information will be made available to members in May.

### **City of London Academies Trust (COLAT)**

18. One of the key priorities set out in the City of London Corporation's Education Strategy 2019-2023 is the commitment to "...work in partnership to deliver education that is safe, inclusive, supportive and empowering for all – regardless of age, background or circumstance".

19. Through equality of opportunity and by maintaining a proactive stance on promoting inclusion and social mobility, the City of London aims to uphold the rights of children to protection, provide a safe environment for children to learn in, and ensure that the health, safety and welfare of pupils are of paramount importance to all the adults who work in the Family of Schools.

20. As part of its 2018/19 Annual Action Plan, the Education Board commissioned an independent safeguarding review to quality assure safeguarding practices against statutory requirements and current guidance to align best practice approaches across the Family of Schools within their localised contexts.

21. The objective of the review was to ensure robust safeguarding arrangements are in place across each school so that children and young people are kept safe in education and enabled to flourish and achieve their full potential. The findings of this review indicated that safeguarding across the Family of Schools is effective.

22. All 15 schools understand and believe in the principle that safeguarding is everyone's responsibility; they recognise the essential role schools play in protecting children from abuse, safeguarding them from harm and promoting their welfare and demonstrated throughout this review that they take this responsibility seriously.

23. It has been assessed that all schools have effective protocols in place to ensure they are compliant and monitoring the safety and wellbeing of staff and students. It has recommended to schools that Headteachers diarize regular checks of their school's Single Central Register, designated officers continue to ensure training is up-to-date (particularly for governors), and that all senior members of staff undertake Safer Recruitment training.

24. Governors receive training at least annually in all schools and safeguarding is kept on meeting agendas throughout the year. Several schools in the Family of Schools are attending mental Health First Aid training on 1 May organised and paid for jointly by the Education Unit and Public Health Team.
25. All schools indicate that staff receive safeguarding training when appointed, refresher training is run annually, and updates are provided throughout the year at staff meetings and workshops. The Trust schools have clear policies and procedures in order to provide a safe environment for students to learn, and that staff are well-trained so they are able to work with confidence.
26. In the City of London Academy Trust (CoLAT) the Chief Executive Officer (CEO) is meeting with headteachers at least twice each academic year for a safeguarding review/update. The CEO's recommendations are proposed to ensure there is consistency and common practices across COLAT.

## **Conclusion**

27. The owner of this risk is the Director of Community and Children's Services, however every department has a responsibility to ensure that staff are aware of the risk and how they should recognise and respond to safeguarding issues. The corporate safeguarding audit recommendations will drive forward a work plan of raising awareness and understanding of child and adult safeguarding across the Corporation.
28. Social Care staff are fully trained and have the knowledge to enable them to detect signs of abuse, ill treatment and exploitation. It is essential that this awareness is continued across the organisation as many other departments come into contact with children and adults at risk.
29. Risk of abuse is an ongoing risk and whilst the City of London has taken a series of mitigating actions there is always a degree of uncertainty due to the nature of this risk.

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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR17q	A review is being carried out into the business continuity arrangements for the staff providing the out of hours social care service. Following the review, a detailed and clear protocol for addressing issues regarding connectivity to the City of London Social Care system issues will be developed.	There have been some issues with the Out of Hours Social Care service being able to connect to the City of London Social Care System and work is being undertaken to address the issue. A full diagnosis of the issues has been completed and an action plan is being monitored by the Mosaic Advisory Board to ensure a permanent solution is in place. Ongoing monitoring and maintenance of the arrangement with Hackney will be subject to review at the People Senior Management Team meetings.	Hasna Begum; Sharon McLaughlin	12-Apr-2019	30-Jun-2019
CR17r	A raising awareness campaign is being planned and will be launched shortly. This will cover education and early years settings and will include the role of the Local Authority Designated Officer and safeguarding enquiries.	A raising awareness campaign around Safeguarding and the role of the LADO within the Education Sector in the City of London will take place during the current academic year. A training gap analysis has been carried out and training to address this will be delivered during the summer term. A conference for staff from the sector is being planned for September 2019.	Theresa Shortland	12-Apr-2019	30-Sep-2019
CR17S	A review of safeguarding arrangements within the City of London family of schools, including the CoL academies has been commissioned by the Education Division. It is anticipated that the review will be completed by 31 March 2019	A review of the Safeguarding arrangements in the City of London family of schools has been completed and a draft report is being prepared. The report will be presented to the Education Board in May 2019.	Anne Bamford	12-Apr-2019	31-May-2019
CR17T	The Children Act 2004 as amended by the Children and Social Care Act 2017 places new duties on key agencies in a local area. Local Safeguarding Children Boards will be replaced by new local safeguarding partnership arrangements. These arrangements place statutory responsibilities upon 3 agencies to develop and implement a new partnership, these are Local Authorities, Health and Police.	The City and Hackney Safeguarding Children Board will be replaced by the City and Hackney Safeguarding Children Partnership (CHSCP). The new governance arrangements need to be approved by the Department for Education by end of June 2019 and in place and operational by September 2019. The final decision regarding the CHSCP governance arrangements will be made by the Chief Officers of the City of London Corporation Department of Community and Children Services, Hackney Children Services, the City and Hackney Clinical Commissioning Group, the City of London Police and the Metropolitan Police Service in Hackney. A report was presented to the Community and Children Services Committee in April 2019 setting out the details of the arrangements and the options currently being considered.	Sharon McLaughlin; Chris Pelham	17-Apr-2019	30-Sep-2019
CR17U	DCCS will be working with Town Clerks Department to deliver a Member briefing programme in 2019 that will enhance member	The aim of the sessions is to raise awareness of Member responsibilities in respect of safeguarding. The briefings will include;	Chris Pelham	17-Apr-2019	31-Dec-2019

	knowledge and understanding of key safeguarding areas across children and adults.	<ul style="list-style-type: none"> <li>• The Mental Capacity Act and Making Safeguarding Personal.</li> <li>• Adult Social Care</li> <li>• Rough Sleepers</li> <li>• SEND/Safeguarding- Education and Safeguarding</li> <li>• The role of Corporate Parent- Children's Social Care</li> </ul>			
CR17V	The City of London Safeguarding Policy was implemented in 2014. It is subject to review on an annual basis. A corporate safeguarding audit was undertaken in 2018/19.	<p>The corporate safeguarding audit focused on:</p> <ul style="list-style-type: none"> <li>• The safeguarding responsibilities of each of the City of London's departments</li> <li>• Departmental heads' understanding of these responsibilities</li> <li>• Governance structures for monitoring and reporting safeguarding issues</li> <li>• Responses to safeguarding incidents and how these were reported to the relevant committee(s)</li> </ul> <p>The final audit report and recommendations will be presented to summit, Chief Officers Group and Audit and Risk Management Committee.</p>	Chris Pelham	17-Apr-2019	31-Oct-2019

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