



Audit and Risk Management Committee

Date: TUESDAY, 25 SEPTEMBER 2018
Time: 2.00 pm
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

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

Enquiries: Julie Mayer
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julie.mayer@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 1.00pm.

**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. **MINUTES OF THE PREVIOUS MEETING**

To agree the public minutes and non-public summary of the meeting held on 17th July 2018.

For Decision
(Pages 1 - 8)

4. **MINUTES OF THE NOMINATIONS SUB COMMITTEE**

Members are asked to note the minutes of the Nominations Sub Committee Meeting of 17th July 2018 and to endorse the recommendation in respect of the appointment of an External Member, for a third term.

For Decision
(Pages 9 - 10)

5. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Member are asked to note the Committee's Outstanding Actions List.

For Information
(Pages 11 - 12)

6. **COMMITTEE WORK PROGRAMME**

Member are asked to note the Committee's Work Programme.

For Information
(Pages 13 - 14)

Financial Statements and External Audit

7. **2017-18 CITY FUND AND PENSION FUND FINANCIAL STATEMENTS - AUDIT COMPLETION REPORT**

Report of the Chamberlain.

For Information
(Pages 15 - 84)

Internal Audit

8. **INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP**

Report of the Head of Internal Audit and Risk Management.

For Information
(Pages 85 - 102)

Risk Management

9. **RISK UPDATE**
Report of the Chamberlain.
- For Decision**
(Pages 103 - 144)
10. **PUBLICATION STATUS OF RISK UPDATE REPORT**
Report of the Chamberlain. TO FOLLOW
- For Decision**
11. **DEEP DIVE RISK REVIEWS**
- For Information**
- a) **CR20: Road Safety**
Report of the Director of the Built Environment.
- For Information**
(Pages 145 - 156)
- b) **CR02: Loss of Business Support to the City**
Report of the Director of Economic Development
- For Information**
(Pages 157 - 162)

External Inspections

12. **HMIC - CITY OF LONDON POLICE**
Report of the Commissioner, City of London Police.
- For Information**
(Pages 163 - 170)
13. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
14. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
15. **EXCLUSION OF THE PUBLIC**

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

For Decision

Part 2 - Non-Public Agenda

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

To agree the Non-Public minutes of the meeting held on 17th July 2018.

For Decision
(Pages 171 - 172)

17. **CITY OF LONDON POLICE, KEY FINANCIAL CONTROLS UPDATE**

Joint report of the Chamberlain and the Commissioner, City of London Police
TO FOLLOW

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

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

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 17 July 2018

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall, EC2 on Tuesday, 17 July 2018 at 2.00 pm

Present

Members:

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

Officers:

Peter Kane	- Chamberlain
Caroline Al-Beyerty	- Deputy Chamberlain
Michael Cogher	- Comptroller and City Solicitor
Philip Gregory	- Chamberlains
Leigh Lloyd-Thomas	- External Auditor, BDO
Francesca Palmer	- External Auditor, BDO
Pat Stothard	- Head of Internal Audit and Risk Management
Theresa Shortland	- Community and Children's Services
Peter Lisley	- Deputy Town Clerk
Gary Locker	- Town Clerks
Richard Woolford	- Town Clerks
Julie Mayer	- Town Clerks

1. APOLOGIES

Apologies were received from Alderman Nick Anstee, Chris Boden, Marianne Fredericks, Paul Martinelli and Andrien Meyers.

The Chairman welcomed John Petrie to his first meeting of the Committee.

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

There were no declarations.

3. **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 29 May 2018 were approved.

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Members received the Committee's Outstanding Actions list, noting those items which would be discharged on this agenda and that new items might be added as the meeting progressed.

5. **COMMITTEE WORK PROGRAMME**

Members noted the Committee's Work Programme and agreed to move the Deep Dive Risk Review in respect of 'Loss of Business Support to the City' from January 2019 to the next meeting on 25th September 2018, possibly rescheduling the Deep Dive on Road Safety to a later meeting.

6. **SPECIAL EDUCATIONAL NEEDS AND DISABILITY (SEND) CITY OF LONDON LOCAL AREA INSPECTION OUTCOME - MAY 2018**

Members received a report of the Director of Community and Children's Services in respect of the recent SEND Ofsted Inspection. Members were very pleased to note a letter from the Secretary of State congratulating the City Corporation on the strengths identified in the Inspection. The Officer advised that significant progress had already been made in respect of the small number of areas recommended for further development. The Chairman and Members welcomed this good news story and asked for their congratulations to be passed on to officers in the Department of Community and Children's Services.

RESOLVED, that – the report be noted.

7. **DEEP DIVE RISK REVIEWS**

a) **CR01 – Resilience**

Members received a report of the Town Clerk in respect of the City of London Corporation's preparedness for events or situations related to terrorism or other major incidents.

In respect of the fire at Wanstead Flats the previous weekend, Members noted that the City Corporation had overseen an exercise there 18 months ago and found the officers to be well prepared. Engagement with the surrounding local authorities had been part of this exercise. Officers recognised that some of the surrounding Councils were not London Boroughs and this had been taken into consideration.

Members suggested that it might be timely to consider interim measures such as preventing smoking in open spaces during the dry conditions.

As part of the post-mortem, the Assistant Town Clerk would be investigating the strength of immediate communications. Whilst there is not a 24-hour City Corporation Press Office, 24-hour Resilience Officers are on call. Members noted a new protocol with the Communications Team, which will enable the Resilience Team to issue an immediate

response, pending a full news story. This was particularly welcomed by Members who work closely with community groups.

There was some discussion about BCP in terms of both physical and IT resilience and a recognition that IT resilience was improving. The Assistant Town Clerk agreed to review the impact score, given the strong mitigations in place and to include a narrative explaining both aspects of BCP.

Members noted that there were generic response plans to cope with all manner of disruptions, from terrorism to fire, based on national models for decision making. Members noted that the exercise programme would be ramped up locally, with newly trained strategic leads in place.

The Assistant Town Clerk agreed to discuss the possibility of a live BCP test with IT colleagues and to consider the possibility of a pool of essential staff who would be required to carry laptops at all times. Members noted that the City Corporation had a designated location in the event of Guildhall becoming inaccessible.

Finally, Members suggested that where mitigation would not make any further improvements, the judgements should be defended explicitly.

RESOLVED, that – the report be noted.

b) CR24 - Operational Security

RESOLVED – That, under Section 100A(4) 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 Paragraph 5, Part 1 of Schedule 12A of the Local Government Act.

Members received a report of the Town Clerk in respect of the security infrastructure across the City Corporation, which sought to ensure that the security culture within the organisation is robust to evolving threats.

Members noted that, following the recent novichok poisonings in Salisbury, intelligence concerns and a national police review of police and military preparedness, there had been a national uplift in counter terrorism resilience in this area. There is ongoing national training, for Police and Military, with scientific support. The internet provides capability and instructions of low level availability. However, Members noted that the risk of self-harm from sourcing such products is very high and the number of successful attacks will proportionately be low. Officers accepted that the proposed joint control room might give rise to BCP challenges but there is a live fall-back position and the Police have many other back up sites.

The Town Clerk asked for Member support in challenging behaviours in the City Corporation's buildings; i.e. ensuring that security passes are worn at all times and to be mindful of holding security doors open.

RESOLVED, that – the report be noted.

8. **RISK MANAGEMENT UPDATE**

Members considered a report of the Chamberlain which provided an update on the corporate and top red departmental risk registers, following their review by the Chief Officers Risk Management and Summit Groups.

Members noted that the IT Sub Committee had considered the downgrading of GDPR to a departmental risk but, in light of a couple of recent breaches, had not reached a unanimous decision. Members noted that Mazar's had been reviewing this risk and their report and conclusions would inform a decision.

Members also suggested that it would be helpful if future reports could show trends/impact/likelihood and control.

RESOLVED, that :

1. The report be noted.
2. Corporate Risk CR25 – GDPR, remain as a Corporate Risk, for the time being, subject to a review at the next meeting of the Audit and Risk Management Committee.

9. **CITY FUND AND PENSION FUND FINANCIAL STATEMENTS**

Members received a report of the Chamberlain and supporting reports of the External Auditors (BDO) in respect of the City Fund and Pension Fund Financial Statements for 2017-18. Members noted that the reports had been marked 'to follow', circulated by email and added to the City of London Corporation's web page for both the Finance and Audit and Risk Management Committees.

The Chamberlain reminded Members of the two briefing sessions on the Financial Statements, which had taken place on 9th and 16th July. The sessions had been well attended by Members of the Court, in addition to the Finance and Audit and Risk Management Committees. The notes taken at these sessions had been circulated to Members and the Chamberlain had produced an executive summary covering the headlines.

Members noted that the sessions had raised a couple of queries which would stray into exemption categories 1 & 2 (information relating to an individual/likely to reveal the identity of an individual) under the Local Government Act 1972 and they would therefore be answered in the non-public session of this meeting under 'items of urgent business'.

Please see item 16 - below **

The Chamberlain introduced the session and explained that this was the first time the accounts had been produced on an accelerated time table, following

last year's 'dry run'. Going forward, the Chamberlain and the Auditors would be considering further measures to make the accounts more streamlined and digestible and keep down the volume of paperwork.

The External Auditors were pleased to confirm clean sets of City Fund and Pension Fund accounts, with an unqualified opinion and only minor queries which were in the process of being resolved or would be shortly. Similarly, a couple of minor queries raised during the Member Briefing Sessions were being addressed. This year, public sector external auditors had been tasked with being particularly challenging in respect of valuations on land and buildings and pension funds.

The Auditors and Chamberlain explained that the main area of concern, which had been discussed in the briefing sessions, was Police use of resources. However, given the strength of the rest of the City Corporation's accounts and the intervention by the Corporation in managing the police's year end position, the use of resources opinion on the Police accounts was not qualified. Members noted that they would receive an Internal Audit Report on Police Financial Controls at their next meeting and the Police Commissioner would be in attendance.

In concluding, the Chairman and Members thanked the External Auditors (BDO) and the Chamberlain's team for their hard work and agreed unanimously to recommend the accounts to the Finance Committee for approval and sign off.

RESOLVED, THAT -

1. The City Fund and Pension Fund Financial Statements for the year ended 31 March 2018 be recommend to the Finance Committee for approval; and
2. Authority be delegated to the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee, to approve material changes to the financial statements required before the signing of the Audit Opinion by BDO - which is expected to be by the end of July 2018.

10. **TREASURY MANAGEMENT STATEMENT**

Members received a report of the Chamberlain setting out the Treasury Management Strategy Statement and the Annual Investment Strategy for 2018/19. Members noted that the Audit and Risk Management Committee and Financial Investment Board had been nominated by the Court of Common Council to scrutinise this statement and strategy. The Chamberlain suggested, and Members agreed that, going forward, the Audit and Risk Management Committee should review the Statement at mid and year-end, following Financial Investment Board scrutiny.

RESOLVED, THAT –

1. The Treasury Management Strategy Statement and Annual Investment Strategy 2018/19 be noted.
2. The Audit and Risk Management Committee continue to Review the Treasury Management Statement and Strategy at mid and year-end, following scrutiny by the Financial Investment Board.

11. INTERNAL AUDIT UPDATE

Members received a report of the Head of Internal Audit and Risk Management which provided an update on Internal Audit activity since the report to the March 2018 Committee. Members noted that Mazars had been appointed to review the Police's financial controls, supervised by in-house Internal Audit Managers. The Head of Internal Audit explained that this is a wide ranging area of work and the completion date would depend on the outcomes from testing; however, it would remain a high priority on the Plan.

In respect of PIs generally, Members noted that it can sometimes be challenging in delivering within target timescales when, for example, Chief Officers have a different view to those officers who have worked with Internal Audit. The Head of Internal Audit and Risk Management advised that the Internal Audit Team need to spend time in mediating such cases. It was agreed, however, that in monitoring response times to audit reports, if there were departments who consistently failed to respond in a timely manner, the Chief Officers responsible would be asked to attend the Audit and Risk Management Committee.

Members suggested that, since amber risks have such a wide spectrum, they might be better shown in 2 sets, rather than showing 'double reds'. There was a further suggestion to move from 'red, amber and green' to 'full, limited, substantial and none' and officers agreed to look at this. The Head of Internal Audit reminded Members that statements in respect of assurance levels are provided in the regular Member briefings and the appendices to the reports.

RESOLVED, that – the report be noted.

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

There were no questions.

13. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

Members were pleased to note that, following the intervention of the Audit and Risk Management Committee, the Resource Allocation Sub Committee had agreed that the City Surveyor should present an Annual Report to the Corporate Asset Sub Committee on the routine maintenance required to prevent another build-up of maintenance costs, or 'bow-wave'.

14. EXCLUSION OF THE PUBLIC

RESOLVED – That, under Section 100A(4) 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 Paragraph 5, Part 1 of Schedule 12A of the Local Government Act

Item no	Paragraph nos.
16 (in respect of item 9)	1 and 2

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

There were no questions.

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

at 4pm, 4.15 and 4.30, Members agreed to extend the meeting to conclude the business on the agenda.

****Members received responses the queries referred to in item 9 (City Fund and Pension Fund Financial Statements).**

The meeting ended at 4.40 pm

Chairman

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NOMINATIONS SUB COMMITTEE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 17 July 2018

Minutes of the meeting of the Nominations Sub Committee of the Audit and Risk Management Committee held at the Guildhall EC2 at 3.45 pm

Present

Members:

Randall Anderson

Kenneth Ludlam

Alderman Ian Luder (Chairman)

Caroline Mawhood

Alexander Barr (Deputy Chairman)

Officers:

Julie Mayer

- Town Clerks

Pat Stothard

- Head of Internal Audit and Risk Management

1. APOLOGIES

There were no apologies.

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

There were no declarations.

3. TERMS OF REFERENCE OF THE NOMINATIONS SUB (OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

Members noted the Sub Committee's Terms of Reference and composition, which had been approved by the Grand Committee at its last meeting.

4. EXTERNAL MEMBER APPOINTMENT FOR A THIRD TERM

Members considered a report of the Town Clerk in respect of appointing the Committee's new External Member Deputy Chairman, Ms Hilary Daniels, for a third term. Hilary had expressed a willingness to serve for a third term and was happy for this report to be considered in public session. Members had also been sent Hilary's full CV. There was a unanimous agreement as to the value that Hilary brings to the Audit and Risk Management Committee and to recommend, to the Audit and Risk Management Committee, that she be appointed for a third term, subject to final confirmation by the Court of Common Council.

RESOLVED, That Hilary Daniels' appointment for a third term be recommended to the Audit and Risk Management Committee.

5. ITEMS FOR INCLUSION IN THE COMMITTEE'S SKILLS AUDIT

Members discussed the compilation of a skills audit/self-assessment for all existing Members, both Court and External, which would inform the selection process for future External Members. Members noted that the National Audit Office and HM Treasury provided helpful self-assessment checklists and the Town Clerk agreed to produce a long list. From this, Members could consider a top 6, which would identify desirable skills, experience and competencies. Members agreed that the self-assessment should be succinct and no more than 2 sides of A4. The Town Clerk agreed to source the original job description which had been used to appoint Hilary Daniels in 2012.

As this exercise would also inform future Court appointments, the Town Clerk would present the latest Membership list and existing terms to the next meeting. It was noted that there had been some misconceptions, amongst Court Members, as to the appropriate skills set required to contribute effectively to the Audit and Risk Management Committee. Members agreed that this was beyond financial/accounting skills and any Member with a logical and enquiring mind would make a valuable contribution. There was also likely to be good practice examples of advertisements used for other External Member appointments and the value of advertising via social media was recognised as being effective and inexpensive.

There was some discussion about induction sessions and the Chairman reminded Members that they had been very comprehensive following the 2017 all-out Common Council elections. An External Member also commended a training /networking session which had been run for all Co-optees/External Members in 2017. This was likely to be repeated in 2021, to the benefit of newly appointed External Members.

Finally, Members discussed a timeline for recruitment, which would need to be plotted back from late 2019, when the appointment of a new External Member would need to be confirmed by the Court of Common Council.

6. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB COMMITTEE

There were no questions.

7. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

Members agreed to meet next at 12 noon on 25th September, before the Risk Challenge and Committee Meetings Schedule on this date.

The meeting closed at 5.15pm

Chairman

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AUDIT AND RISK MANAGEMENT COMMITTEE - Outstanding Actions- SEPTEMBER 2018 update

Date Added	ITEM	Action	Officer and target date
29.05.18	STATUTORY OBLIGATIONS IN RESPECT OF SEIZED GOODS	The Police agreed to accept this risk and Members asked for assurance that the risk is not sufficiently great to expose the City of London Police and/or the City Corporation.	<i>Head of Internal Audit and Risk Management</i> To be followed up in the Internal Audit Recommendations Update report in September 2018
29.05.18	CITY OF LONDON POLICE PROGRAMME/PROJECT MANAGEMENT AUDIT	Members asked to see the information sharing protocol, once it had been finalised.	<i>Commissioner, City of London Police</i> <i>Circulated to Members September 2018</i>
17.07.18	CR01 – RESILIENCE (DEEP DIVE RISK REVIEW)	The Assistant Town Clerk agreed to: <ul style="list-style-type: none"> • Review the impact score, given the strong mitigations in place and to include a narrative explaining both aspects of BCP. • Discuss the possibility of a live BCP test with IT colleagues and to consider the possibility of a pool of essential staff who would be required to carry laptops at all times. 	<i>Assistant Town Clerk/Culture Mile Director/Head of Resilience</i> <i>Update to Members – September 2018</i>
17.07.18	ANNUAL STATEMENT OF ACCOUNTS – CITY OF LONDON POLICE FINANCIAL CONTROLS	Members noted that they would receive an Internal Audit Report on Police Financial Controls at their next meeting and the Police Commissioner would be in attendance.	<i>Chamberlain and Commissioner, City of London Police</i> September Meeting

AUDIT AND RISK MANAGEMENT COMMITTEE - Outstanding Actions- SEPTEMBER 2018 update

17.07.18	TREASURY MANAGEMENT STATEMENT	Audit and Risk Management Committee to review the Statement at mid and year-end, following Financial Investment Board scrutiny.	<i>Chamberlain and TC Provisional date added to the workplan</i>
17.07.18	INTERNAL AUDIT UPDATE	Members suggested that, since amber risks have such a wide spectrum, they might be better shown in 2 sets, rather than showing 'double reds'. There was a further suggestion to move from 'red, amber and green' to 'full, limited, substantial and none'.	<i>Head of Internal Audit and Risk Management</i>

Audit & Risk Management Committee - Work Programme 2018/19

Meeting dates:	25/9/18	6/11/18	15/1/19	12/3/19	7/5/19
Financial Statements/External Audit					
	External Auditors Final opinion on the financial statements	Bridge House Estates Financial Statements City's Cash Financial Statements	Treasury Management Statement – following Financial Investment Board Scrutiny - TBC		
Internal Audit					
	Internal Audit Recommendations Follow Up <i>(to include Police Risk in respect of seized goods)</i>		Internal Audit Recommendations Follow Up		Internal Audit Recommendations Follow Up
Governance					
	Draft Annual report on the Work of the Committee – for submission to the Court of Common Council			Annual Governance Statement - Methodology	
	Update on GDPR				

Meeting dates:	25/9/18	6/11/18	15/1/19	12/3/19	7/5/19
	Whistle Blowing Policy				
Risk Management					
	Deep Dives: <ul style="list-style-type: none"> • Fire Safety • Loss of Business Support 	Deep Dives: <ul style="list-style-type: none"> • Air Quality • Information Security 	Deep Dives: <ul style="list-style-type: none"> • IT Service Provision • Road Safety 		
		Risk Management Update		Risk Management Update	
		Fire Safety Review – update on Risk Assessments and Action Plans			
Anti-fraud and Corruption					
		Anti-Fraud and Corruption – half yearly update			
External Inspections					
	HMIC (City of London Police)				
Risk Challenge Sessions					
	Multi Academy Trust and Education	Barbican Centre	Department of the Built Environment		

<p>Committee(s): Finance Committee – For information</p> <p>Audit and Risk Management Committee – For Information</p>	<p>Date(s): 18/09/2018</p> <p>25/09/2018</p>
<p>Subject: 2017-18 City Fund and Pension Fund Financial Statements – Audit Completion Report</p>	<p>Public</p>
<p>Report of: The Chamberlin</p>	<p>For Information</p>
<p>Report author: Philip Gregory, Deputy Director, Financial Services Chamberlain’s</p>	

Summary

The draft City Fund and Pension Fund financial statements were presented to both Committees during the July committee cycle. These statements have now been finalised following completion of the external audit conducted by BDO. The finalised statements were published on the City’s website on 31 July, meeting the statutory publication deadline.

The audit completion report for the City Fund and Pension Fund can be found in Appendix 1 and 2 which outline the changes made to the account along with the recommendations made.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. The Audit and Accounts Regulations 2015 required the City to submit the draft statement of accounts for the City Fund and Pension Fund by 31 May, with the audit of these statements completed by 31 July. The 2017/18 statements were the first to abide by these earlier deadlines.

Current Position

2. The audit of the City Fund and Pension Fund financial statements is now complete, with an unqualified opinion given to both. The audit completion reports can be found in appendix 1 and 2 of this report.
3. There were 2 recommendations made as part of the City Fund audit which were:
 - a. To review the settlement data relating to NNDR appeals against the 2017 list to ensure that the provision is based on expected settlements rather than worst case scenarios; and
 - b. The City should ensure that they carry out the proposed review of the Police MTFs and budget setting and monitoring process as soon as possible so that a confirmed position is available to enable plans to be drawn up to assist the force in moving forward on a solid financial footing.
4. Both recommendations are being actioned by the responsible officers as detailed in page 30 of appendix 1.
5. No audit recommendations were made for the Pension Fund.

Conclusion

6. The City Fund and Pension Fund accounts were submitted and audited within the new earlier statutory deadlines. Work will now focus on addressing the 2 audit recommendations on the City Fund and reviewing our processes with the aim of producing the statements in the most efficient way.

Appendices

Appendix 1 – CoL City Fund Audit Completion Report

Appendix 2 – CoL Pension Fund Audit Completion Report

Background Papers

2017/18 Audited City Fund and Pension Fund Statement of Accounts – available on the City of London website click [here](#) for access.

Philip Gregory

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Chamberlain's

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CITY OF LONDON CORPORATION CITY FUND

AUDIT COMPLETION REPORT

Audit for the year ended 31 March 2018

31 July 2018

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WELCOME

We have pleasure in presenting our Audit Completion Report to the Audit and Risk Management Committee. This report is an integral part of our communication strategy with you, a strategy which is designed to ensure effective two way communication throughout the audit process with those charged with governance.

It summarises the results of completing the planned audit approach for the year ended 31 March 2018, specific audit findings and areas requiring further discussion and/or the attention of the Audit and Risk Management Committee. At the completion stage of the audit it is essential that we engage with the Audit and Risk Management Committee on the results of audit work on key risk areas, including significant estimates and judgements made by management, critical accounting policies, any significant deficiencies in internal controls, and the presentation and disclosure in the financial statements.

We discussed these matters with you at the Audit and Risk Management Committee meeting on 17 July 2018.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements and use of resources. This report has been prepared solely for the use of the Audit and Risk Management Committee and those charged with governance. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person.

We would also like to take this opportunity to thank the management and staff of the Corporation for the co-operation and assistance provided during the audit.

OVERVIEW

This summary provides an overview of the audit matters that we believe are important to the Audit and Risk Management Committee in reviewing the results of the audit of the financial statements and use of resources of the Corporation's City Fund for the year ended 31 March 2018. It is also intended to promote effective communication and discussion and to ensure that the results of the audit appropriately incorporate input from those charged with governance.

AUDIT SCOPE AND OBJECTIVES	
Audit status	We have completed our audit procedures in accordance with the planned scope and our objectives have been achieved.
Audit risks update	No additional significant audit risks were identified during the course of our audit procedures subsequent to our Audit Plan to you dated 15 February 2018.
Materiality	Our final materiality is £24.4 million with specific materiality for items which impact on the Comprehensive Income and Expenditure statement of £6.3 million. We have increased our materiality from £23.4 million to £24.4 million as a result of an increase in the valuation of assets and increased our specific materiality from £5.8 million to £6.3 million as a result of an increase in gross expenditure.
Changes to audit approach	There were no significant changes to our planned audit approach nor were any restrictions placed on our audit.
KEY AUDIT AND ACCOUNTING MATTERS	
Material misstatements	Our audit identified no material misstatements.
Unadjusted audit differences	<p>We are required to bring to your attention audit differences that we have identified, but you are not proposing to adjust. These include:</p> <ul style="list-style-type: none"> Two errors in the calculation of the provision for NDR appeals including an error in the formula that reduces the provision by £4.1 million and re-categorisation of appeal type for a number of appeals that increases the provision by £1.4 million. The net error is an overstatement of the appeals provision and understatement of the surplus for the year of £2.7 million in the collection fund and the City Fund's share included in the CIES of £0.81 million based on the 30% share of business rates. We believe that management has been overly prudent in providing for 100% of 2017 rating list appeals and that the provision amount, while not material, may be overstated by a non-trivial amount. We estimate that the potential impact on the Corporation's CIES where the amount provided is beyond a reasonable range could be up to £0.35 million. Error in the depreciation rate used resulting in £0.16 million overstatement of depreciation cost (and understatement of assets). Errors found where accrued expenditure for open purchase orders had been recorded as receipted but not invoiced (GRNIs) but where the orders had only been partly fulfilled. Our testing of 14 items with a value of £2.69 million identified 6 items totalling £0.84 million should not have been included as accrued expenditure. We have projected potential additional errors across the total of GRNIs at £2.47 million. <p>If corrected, these errors would increase the surplus on the provision of services for the year by £2.16 million (or £4.63 million including the projected error across all GRNIs). The depreciation error and NDR appeals provision errors would not impact on the General Fund balance this year as these are reversed to other reserves.</p>
Control environment	We identified a significant weakness in internal controls relating to strategic financial management for the City of London Police Force.

OVERVIEW

KEY MATTERS FROM OUR AUDIT OF USE OF RESOURCES

Sustainable finances (City Police)	City Police has produced an MTFS showing a surplus for 2018/19 and then moving into deficit over the following three years. Our review of the processes around the production of the MTFS and budget monitoring by the police finance team has identified a number of weaknesses including overly optimistic financial estimates and assumptions, incorrect treatment of slippage of projects and high turnover of senior finance staff. We consider that there are deficiencies in the robustness and accuracy of the information being provided by the City Police Finance team to the Corporation of London's Chamberlain's department. The Chamberlain's Department is providing assistance to strengthen financial management arrangements in the City Police Finance team and to provide additional financial resources in the short term to address funding gaps.
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Sustainable finances (City Fund)	The City Fund MTFS shows a surplus for 2018/19 but then forecasts a budgeted deficit over the following three years through planned withdrawal from reserves of £103 million to fund the Museum of London and Combined Courts Relocation projects. The City Fund may choose to make use of capital borrowing rather than revenue funding for some of these costs as they crystallise should the need arise. The City Fund currently holds reserves of £122 million. We consider that there are appropriate arrangements in place with regard to sustainable finances for City Fund.
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AUDIT OPINION

Financial statements	We issued an unmodified opinion on the financial statements for the year ended 31 March 2018.
Governance Statement	We have no exceptions to report in relation to the consistency of the Annual Governance Statement with the financial statements or our knowledge.
Use of resources	We issued an unmodified opinion on the arrangements for securing economy, efficiency and effectiveness for the use of resources for the year ended 31 March 2018.

OTHER MATTERS FOR THE ATTENTION OF THE AUDIT COMMITTEE

Whole of Government Accounts (WGA)	We will complete our review of the WGA Data Collection Tool (DCT), after we have completed our audit of the financial statements. We plan to issue our opinion on the consistency of the DCT return with the audited financial statements before the 31 August 2018 deadline.
Audit independence	Our observations on our audit independence and objectivity and related matters are set out in Appendix IV.
Management letter of representation	The management letter of representation is set out in Appendix VI.

KEY AUDIT AND ACCOUNTING MATTERS

AUDIT RISKS

We assessed the following matters as audit risks, as identified in our Audit Plan to the Audit and Risk Management Committee. We have set out below how these risks have been addressed and the outcomes of our procedures.

Key: ■ Significant risk ■ Normal risk ■ Other key issues

AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
1 Management override of controls	<p>Auditing standards presume that a risk of management override of controls is present in all entities and require us to respond to this risk by testing the appropriateness of accounting journals and other adjustments to the financial statements, reviewing accounting estimates for possible bias and obtaining an understanding of the business rationale of significant transactions that appear to be unusual.</p> <p>By its nature, there are no controls in place to mitigate the risk of management override.</p>	<p>We have:</p> <ul style="list-style-type: none"> Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements Reviewed accounting estimates for biases and evaluated whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud Obtained an understanding of the business rationale for significant transactions that are outside the normal course of business for the entity or that otherwise appear to be unusual. 	<p>Our work testing journal entries has not identified any issues.</p> <p>We have found no bias in accounting estimates. We have commented on the reasonableness of significant accounting estimates later in the report.</p> <p>We found no significant transactions that were outside the normal course of business or otherwise appear unusual.</p>

KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
2	Revenue recognitions	<p>Under Auditing Standards there is a presumption that income recognition presents a fraud risk.</p> <p>In particular, we consider there to be a significant risk in respect of the existence (recognition) of revenue and capital grants that are subject to performance and / or conditions before these may be recognised as revenue in the comprehensive income and expenditure statement (CIES).</p> <p>We also consider there to be a significant risk in relation to the existence of fees and charges and investment rental income recorded in the CIES with a particular focus on year-end cut off.</p>	<p>We tested a sample of grants subject to performance and / or conditions to confirm that conditions of the grant have been met before the income is recognised in the CIES.</p> <p>We tested a sample of fees and charges to ensure income has been recorded in the correct period and that all income that has been recorded should have been recorded.</p>	<p>Our work testing a sample of grants and performance conditions is complete and no issues have been identified.</p> <p>Our testing confirmed that income has been recorded in the correct period and that income that should have been recorded has been recorded.</p>

KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
3	Land, buildings, dwellings and investment property valuations	<p>Management use external valuation data to assess whether there has been a material change in the value of classes of assets. Investment properties are revalued annually according to market conditions at year-end. Higher value operational properties (other land and buildings and dwellings) are revalued annually to provide assurance that carrying values are materially stated, with the remainder of non-material value assets revalued periodically (minimum of every five years). Operational asset valuations are undertaken by both external and internal valuers.</p> <p>We consider there to be a significant risk over the valuation of land buildings, dwellings and investment properties where valuations are based on market assumptions or where updated valuations have not be provided for a class of assets at the year-end.</p> <p>This is a significant risk due to the higher estimation uncertainty arising from the range of assumptions available to value land and property assets.</p>	<p>We reviewed the instructions and the detailed information provided by the City Fund to the valuers and performed procedures to confirm the accuracy and completeness of the information.</p> <p>We confirmed that the basis of valuation for assets valued in year is appropriate based on their usage.</p> <p>We reviewed valuation movements against indices of price movements for similar classes of assets and followed up valuation movements that appear unusual against indices.</p>	<p>From our review of the instructions provided to the valuers and assessment of the expertise of the valuers, we are satisfied that we can rely on this work. Our audit work to agree the accuracy and completeness of information provided to the valuers to support the underlying asset data (such as floor areas and rent agreements) did not identify any issues.</p> <p>Our audit work on valuation basis applied for the use of the asset for a sample of assets did not identify any issues.</p> <p>Overall the valuation movements were in line with our expectations based on indices for similar classes of transactions. Our review of the reasonableness of valuation assumptions applied is noted on the following page.</p>

KEY AUDIT AND ACCOUNTING MATTERS

SIGNIFICANT ACCOUNTING ESTIMATES		
Land, buildings, dwellings and investment property valuations		
ESTIMATE	HOW RISK WAS ADDRESSED BY OUR AUDIT	IMPACT
<p>Land and buildings are valued by reference to existing use market values</p> <p>Dwellings are valued by reference to open market value less a social housing discount</p> <p>Investment properties are valued by reference to highest and best use market value</p> <p>Some specialist buildings are valued at depreciated replacement cost by reference to building indices</p>	<p>We have benchmarked the valuation movements to land and building price indices for the year produced by Gerald Eve LLP and reviewed the information and assumptions used by the valuers.</p> <p>Dwellings</p> <p>Council dwellings decreased in value by £10.9 million (-3.17%) in 2017/18.</p> <p>Dwellings were subject to valuation based on allocation of properties into relevant Beacons (for similar types of properties) and valued by reference to recent sales data for similar properties. Our benchmark report for house prices suggests an overall reduction in value of London properties 0.7% and the City Surveyor has provided City of London price data suggesting an overall market reduction for house sales of 0.45% based on the Nationwide Index London Regional House Sales.</p> <p>The commentary provided in relation to the HRA valuation provides details of the sales data used to support the HRA valuation. Where possible the City Surveyor has used other sales on City Fund Estates to support their valuations. Where there haven't been appropriate sales in the year the City Surveyor have used other similar properties in the area or other City of London Estates. Based on our work, we are satisfied that the valuations of dwellings are reasonable.</p> <p>We note that the useful economic lives (UEL) of council dwellings has been set at 125 years based on the usual term for leases granted and is significantly longer than the UELs used by other local authorities. The Corporation's City Surveyor has stated that this is due to the robust structure and ongoing repairs, maintenance and cyclical replacement works programmes in place for these properties. We are satisfied that the remaining UELs, used to calculate council dwelling depreciation, are reasonable.</p> <p>Other land and buildings</p> <p>Other land and buildings increased in value by £34.8 million (+7.98%) in 2017/18.</p> <p>Land and buildings have been valued using an appropriate basis of valuation (such as existing use, depreciated replacement cost or market value) depending on the use of the asset.</p> <p>Our benchmark report for rebuild costs from the national BCIS Tender Price Index suggests an increase in value for depreciated replacement cost (DRC) valuations of +6.7%, although this is subject to a higher degree of volatility and estimation from regional costs and other factors.</p> <p>Based on our work, we are satisfied that the valuations of other land and buildings are reasonable.</p>	<p style="text-align: center;">↓</p>  <p style="text-align: center;">< lower higher ></p> <p style="text-align: center;">↓</p>  <p style="text-align: center;">< lower higher ></p>

KEY AUDIT AND ACCOUNTING MATTERS

SIGNIFICANT ACCOUNTING ESTIMATES

Land, buildings, dwellings and investment property valuations

ESTIMATE	HOW RISK WAS ADDRESSED BY OUR AUDIT	IMPACT
<p>Land and buildings are valued by reference to existing use market values</p> <p>Dwellings are valued by reference to open market value less a social housing discount</p> <p>Investment properties are valued by reference to highest and best use market value</p> <p>Some specialist buildings are valued at depreciated replacement cost by reference to building indices</p>	<p>Investment properties</p> <p>Investment properties increased in value by £69.2 million (+4.79%) in 2017/18. Our benchmark report for City office space suggests an increase in value of 4.0% (MSCI capital index) and +4.3% for City / Mid Town retail space. We agreed a sample of investment properties to rent agreements and reviewed the data for a sample of properties where the movement in value appeared unusual compared to the general index movement. Based on our work to date, we are satisfied that the valuations of investment properties are reasonable.</p> <p>We note that this year, following a change of valuer for investment properties, the basis of valuation disclosure is now a mixture of Level 2 (based on recent sales for similar properties with significant observable inputs) and Level 3 (using modelling techniques) depending on the type of property. All investment properties were classified as Level 2 last year. We noted that in prior year the European Public Real Estate Association (EPRA) suggested that in the majority of cases investments property valuations are likely to be Level 3 valuations due to the extent that unobservable inputs or individual assumptions for each property.</p> <p>Assets not revalued in year</p> <p>The majority of land and property assets are subject to annual valuation although some lower value other land and buildings are subject to a rolling five-year, with a desktop review of the assets not revalued undertaken to assess whether, as a class of assets, these should be subject to valuation adjustment if the current value is materially different to their carrying value. No adjustments have been made for these assets not subject to revaluation in year. Based on our review, we are satisfied that classes of assets that have not been revalued are not materially different to their current value.</p>	<p style="text-align: center;">↓</p>  <p style="text-align: center;">< lower higher ></p>

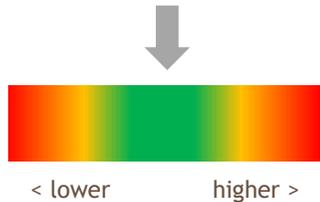
KEY AUDIT AND ACCOUNTING MATTERS

AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
4 LGPS pension and police pension liabilities assumptions	<p>The LGPS pension liability comprises the City Fund's share of the market value of assets held in the City of London Pension Fund and the estimated future liability to pay pensions. The unfunded police pension liability includes the future liability to pay police pensions. An actuarial estimate of the pension funds' liabilities is calculated by an independent firm of actuaries with specialist knowledge and experience.</p> <p>The estimate is based on a roll-forward of membership data from the most recent full valuation (2016 for LGPS and 2017 for police), updated where necessary, and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability at 31 March 2018.</p> <p>There is a risk the membership data and cash flows provided to the actuary at 31 March may not be correct, or the valuation uses inappropriate assumptions to value the liability.</p>	<p>We compared the assumptions used by the scheme actuary with assumptions used by other local government actuaries (provided by PwC consulting actuaries) to assess the reasonableness of the assumptions and impact on the calculation of the present value of estimated future pension payments.</p> <p>We checked that the disclosure in the financial statements were consistent with the information provided by the actuary.</p> <p>We reviewed the data provided to the actuary to ensure that is complete and accurate.</p>	<p>We are satisfied that the assumptions used to calculate the present value of future pension obligations are reasonable. Further information on the assumptions used is included in the following page.</p> <p>All disclosures were agreed to the actuary's report. We note that the allocation of the overall LGPS net liability is allocated across the Corporation's funds based on the proportion of pensionable payroll for each fund, and City Fund's share is 51% in the current and previous year.</p> <p>We have obtained assurance over the membership data, data provided at the last full valuations and the cash flows used by the actuary to update liabilities and share of assets for the year.</p>

KEY AUDIT AND ACCOUNTING MATTERS

SIGNIFICANT ACCOUNTING ESTIMATES

Pension liability assumptions - LGPS

ESTIMATE	HOW RISK WAS ADDRESSED BY OUR AUDIT	IMPACT																																																
The key assumptions include estimating future expected cash flows to pay pensions including inflation, salary increases and mortality of members; and the discount rate to calculate the present value of these cash outflows	<p>The City Fund's share of the LGPS net pension liability reduced by £2.7 million to £302.2 million in the year. This includes an increase in scheme assets of £11.1 million from interest and gains on investments and an increase in liabilities £8.4 million where current service costs and interest on liabilities exceeds contributions.</p> <p>We have compared the assumptions used to an acceptable range and those used across the local government actuaries. The PwC consulting actuary review of the relative strength of the main assumptions on the liability assumptions suggests that Barnett Waddingham tends to place a higher value on the LGPS liabilities than other actuaries where standard assumptions are applied and that the overall assumptions are reasonable.</p>	 <p>< lower higher ></p>																																																
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KEY AUDIT AND ACCOUNTING MATTERS

SIGNIFICANT ACCOUNTING ESTIMATES

Pension liability assumptions - Police

ESTIMATE	HOW RISK WAS ADDRESSED BY OUR AUDIT	IMPACT																																												
<p>The key assumptions include estimating future expected cash flows to pay pensions including inflation, salary increases and mortality of members; and the discount rate to calculate the present value of these cash outflows</p>	<p>The police pension liability increased by £42.9 million to £955.9 million in the year. A full valuation update was undertaken using membership data at 31 March 2017 and, along with other changes in assumptions at 31 March 2018, has resulted in demographic and other experience losses in 2017/18 of £53 million and gains from changes to financial assumptions of £25 million.</p> <p>We have compared the assumptions used to an acceptable range and those used across the police actuaries. The PwC consulting actuary review of the relative strength of the main assumptions on the police liability assumptions suggests that Barnett Waddingham tends to place a medium strength value on the liability compared to other actuaries where standard assumptions are applied and that the overall assumptions are reasonable.</p> <table border="1" data-bbox="421 810 1742 1173"> <thead> <tr> <th></th> <th>Actual</th> <th>Acceptable range</th> <th>Comments</th> </tr> </thead> <tbody> <tr> <td>RPI increase</td> <td>3.3%</td> <td>3.30-3.35%</td> <td>Reasonable</td> </tr> <tr> <td>CPI increase</td> <td>2.3%</td> <td>2.30-2.35%</td> <td>Reasonable</td> </tr> <tr> <td>Salary increase</td> <td>3.8%</td> <td>CPI +1.5% to 2.2%</td> <td>(based on 2016 valuation) Reasonable in context of CPI / RPI</td> </tr> <tr> <td>Pension increase</td> <td>2.3%</td> <td>2.30-2.35%</td> <td>Reasonable</td> </tr> <tr> <td>Discount rate</td> <td>2.55%</td> <td>2.50-2.60%</td> <td>Reasonable</td> </tr> <tr> <td colspan="4">Mortality - LGPS:</td> </tr> <tr> <td>- Male current</td> <td>23.2 years</td> <td>-</td> <td>As per full valuation mortality assessment</td> </tr> <tr> <td>- Female current</td> <td>25.6 years</td> <td>-</td> <td>As per full valuation mortality assessment</td> </tr> <tr> <td>- Male retired</td> <td>21.7 years</td> <td>-</td> <td>As per full valuation mortality assessment</td> </tr> <tr> <td>- Female retired</td> <td>24.0 years</td> <td>-</td> <td>As per full valuation mortality assessment</td> </tr> </tbody> </table> <p>Mortality ranges are not provided within the PwC report for police but has stated that the approach taken by the actuary to estimate mortality rates is reasonable</p> <p>The assumptions used fall within the reasonable range.</p>		Actual	Acceptable range	Comments	RPI increase	3.3%	3.30-3.35%	Reasonable	CPI increase	2.3%	2.30-2.35%	Reasonable	Salary increase	3.8%	CPI +1.5% to 2.2%	(based on 2016 valuation) Reasonable in context of CPI / RPI	Pension increase	2.3%	2.30-2.35%	Reasonable	Discount rate	2.55%	2.50-2.60%	Reasonable	Mortality - LGPS:				- Male current	23.2 years	-	As per full valuation mortality assessment	- Female current	25.6 years	-	As per full valuation mortality assessment	- Male retired	21.7 years	-	As per full valuation mortality assessment	- Female retired	24.0 years	-	As per full valuation mortality assessment	<p style="text-align: center;">↓</p>  <p style="text-align: center;">< lower higher ></p>
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KEY AUDIT AND ACCOUNTING MATTERS

AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
5 Lease premiums	<p>The City Fund is party to a significant number of lease arrangements as lessor. The premiums and rents are apportioned between the land element, which will ordinarily be an operating lease recognised as revenue, and the building element which is likely to be a finance lease and recorded as a capital disposal. The element of the premium relating to the land is treated as deferred income and released to revenue over the term of the lease.</p> <p>The apportionment between the land and building elements is a complex accounting estimate and there is a risk that the value of the split applied may not be appropriate.</p>	<p>We reviewed the process applied for apportioning lease premiums between land (deferred revenue) and buildings (capital disposal) including reviewing the work of external valuer to confirm if this is appropriate.</p> <p>We selected a sample of leases and confirm that the allocations have been accurately calculated.</p>	Our audit work to test a sample lease premium allocations did not identify any issues.
6 Consideration of related party transactions	<p>We consider if the disclosures in the financial statements concerning related party transactions are complete and accurate, and in line with the requirements of the accounting standards.</p> <p>There is a risk that related party transactions disclosures are omitted from the financial statements, or do not accurately reflect the underlying related party transaction.</p>	<p>We reviewed relevant information concerning any such identified transactions.</p> <p>We have discussed with management and review member's and Senior Management declarations to ensure there are no potential related party transactions which have not been disclosed.</p>	We found a small number of errors in the disclosure provided for audit and these have been amended in the final accounts.

KEY AUDIT AND ACCOUNTING MATTERS

ACCOUNTING ESTIMATES

Provision for NDR appeals

ESTIMATE

HOW RISK WAS ADDRESSED BY OUR AUDIT

IMPACT

The key assumption is the future expected rate of successful appeals and amount to be refunded to rate payers

Management applied different success rates to different types of appeals based on the amounts repaid on appeal on recent years against the amount appealed. This takes into account both the success of a rateable value reduction appeal and for the number of years the appeal is backdated.

2010 rating list

Success rates for the 2010 valuations range from 0.2% for appeals with multiple assessments to 11% for appeals where there have been material changes in circumstances. Higher success rates have been used for properties that have been demolished or no longer exist (22.3%).

These assumptions are reasonable based on historic settlements and refunds for the 2010 rating list appeals for estimating the provision for the future refunds from successful appeal.

2017 rating list

The Corporation has received appeals totalling £1.5 million on the 2017 rating list. As there are no settled appeals for the 2017 rating list for the Corporation, management has applied a success rate of 100% to the appeals received to date due to a lack of reliable data. The Corporation's share of this provision at 30% is £0.45 million. We are aware that MHCLG has informed local authorities that they may wish to apply a rate at 4.7% of appealed bills based on a national review of data.

Our view is that management has been overly prudent in providing for 100% of appeals and that the provision amount, while not material, may be overstated by a non-trivial amount. We estimate that the potential impact on the Corporation's CIES where the amount provided is beyond a reasonable range could be up to £0.35 million.



< lower

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KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
8	Allowances for non-collection of receivables	<p>The City Fund includes a material amount in respect of provisions for non-collection of NDR arrears, private residential rent arrears (current tenants) and arrears in relation to the Barbican Centre and City Police.</p> <p>There is a risk that the provisions may not accurately reflect collection rates based on age or debt recovery rates.</p>	<p>We reviewed the provision model for significant income streams and debtor balances to assess whether it appropriately reflects historical collection rates by age of debt or arrears.</p>	<p>Our audit work to agreed provision rates to aged debt based on collection rates in recent years did not identify any issues.</p>

KEY AUDIT AND ACCOUNTING MATTERS

ACCOUNTING ESTIMATES

Allowances for non-collection of receivables

ESTIMATE	HOW RISK WAS ADDRESSED BY OUR AUDIT	IMPACT
<p>The key assumption is the estimate of future write off for uncollectable debt across material debtors</p>	<p>Non-domestic rate arrears and cost provision The City Fund's share of debts and provision at the 31 March 2018 was £11 million and £3 million respectively. The majority of the provision has been calculated using the best information available at the year-end, for example, current collection rates. We note that £0.291 million of the provision has been calculated using generic CIPFA guidelines that may not accurately reflect the aging profile or current collection of debt within the City. Management has explained that costs are likely to outweigh the benefits of collating current collection rates for these debts. We are satisfied that the provision for non-collection of NDR arrears assumptions are reasonable.</p>	<p style="text-align: center;">↓</p>  <p style="text-align: center;">< lower higher ></p>
	<p>Rent arrears and cost provision Arrears and provision as at 31 March 2018 were £11.9 million and £0.7 million respectively. The majority of arrears relate to current tenants and the management surveyor reviews all individual arrears over £15,000 to determine the likely rent to be recovered. We are satisfied that the provision for non-collection of rent arrears assumptions are reasonable.</p>	<p style="text-align: center;">↓</p>  <p style="text-align: center;">< lower higher ></p>
	<p>Sundry debt arrears and cost provision Arrears and provision as at 31 March 2018 were £28.4 million and £4.9 million respectively. The vast majority of the sundry arrears relate to the Barbican Centre and Police. All significant debts are now reviewed on a case-by-case basis rather than using standard provision percentages that cannot be supported but appropriate audit evidence, as reported by us in the prior year We are satisfied that the provision for non-collection of sundry debt assumptions are reasonable.</p>	<p style="text-align: center;">↓</p>  <p style="text-align: center;">< lower higher ></p>

KEY AUDIT AND ACCOUNTING MATTERS

OTHER ISSUES

We comment below on other issues identified in the course of our audit, of which we believe you should be aware:

	AUDIT AREA	AUDIT FINDINGS
9	Completeness of expenditure	Our testing of the completeness of HRA expenditure identified one invoice which related to a software license for 2018/19 but was incorrectly recorded as expenditure in 2017/18. We have extended our testing of expenditure cut-off to ascertain whether this is an isolate error or indicative of a wider potential misstatement. We did not find any further issues and therefore concluded that this was an isolated incident.
10	Presentation and disclosures	<p>Our initial review of the financial statements noted a number of presentational issues which are due to be amended in the revised set of accounts. In the course of our work we noted:</p> <ul style="list-style-type: none"> • Multiple errors within the senior office remuneration and banding note • Omissions in the exit packages note (7 employees) • Omissions in the related parties note (2 related parties) • LGPS current service cost incorrectly included in Net cost of service for Spitalfields as this is included as a traded service and should be included below the Net cost of services line • Collection fund disclosure omitted the total rateable value disclosure • Fixed asset register revaluation figure does not agree to the figure in the accounts • Capital commitments disclosure was understated • Finance lease disclosure not updated from the prior year • Additions to intangible assets incorrectly classified as Vehicles, Plant and Equipment.
10	Goods received not invoiced	Our testing of accrued expenditure for open purchase orders that had been recorded as receipted but not invoiced (GRNIs) found a number of instances where the order had only been partly fulfilled but the full amount of the order recorded as expenditure in the year. We extended our testing and found errors for 6 GRNI items totalling £0.84 million (total tested £2.69 million) that should not have been included as accrued expenditure. We have projected potential additional errors across total of GRNIs at £2.47m based on the error rate for the sample tested.

KEY AUDIT AND ACCOUNTING MATTERS

MATTERS REQUIRING ADDITIONAL CONSIDERATION

We comment below on other matters requiring additional consideration:

	AUDIT AREA	AUDIT FINDINGS
11	Fraud	Whilst management has ultimate responsibility for prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit procedures did not identify any fraud. We will seek confirmation from those charged with governance on whether you are aware of any known, suspected or alleged frauds.

OTHER REPORTING MATTERS

We comment below on other reporting required to be considered in arriving at the final content of our audit report:

	MATTER	COMMENT
1	We are required to report on whether the financial and non-financial information in the Statement of Accounts is consistent with the financial statements and the knowledge acquired by us in the course of our audit.	<p>Our audit identified one inconsistency between the other information in the Statement of Accounts and the financial statements:</p> <ul style="list-style-type: none"> Budgeted forecast surplus for police is shown as £0 in the narrative report and £4.2 million in the MTFS. The MTFS figure is the correct one. <p>This issue has been corrected in the revised Statement of Accounts.</p>
2	We are required to report by exception if the Annual Governance Statement is misleading or inconsistent with other information that is forthcoming from the audit.	Our work has not identified any issues.

CONTROL ENVIRONMENT

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

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

We note that the Corporation's internal audit function has issued a number of observations and recommendations on the control environment during 2017/18. We have not repeated these recommendations in this report unless we consider them to highlight significant deficiencies in control which we are required to report to you.

We have identified one significant weakness in internal controls relating to the budget setting and monitoring process for the City of London Police Force. Further details are provided within the Use of Resources section below.

We have also identified other deficiencies in controls which have been discussed with management and included in the action plan at Appendix II.

WHOLE OF GOVERNMENT ACCOUNTS

We comment below on other reporting required:

	MATTER	COMMENT
1	<p>For Whole of Government Accounts (WGA) component bodies that are over the prescribed threshold of £500 million in any of: assets (excluding property, plant and equipment); liabilities (excluding pension liabilities); income or expenditure we are required to perform tests with regard to the Data Collection Tool (DCT) return prepared by the Corporation for use by Government for the consolidation of the local government accounts, and by HM Treasury at Whole of Government Accounts level. This work requires checking the consistency of the DCT return with the audited financial statements, and reviewing the consistency of income and expenditure transactions and receivables and payable balances with other government bodies.</p>	<p>Our review of the Corporation's WGA Data Collection Tool (DCT) is in progress.</p> <p>We will complete our review of the WGA Data Collection Tool (DCT), after we have completed our audit of the Corporation's City Fund financial statements.</p> <p>We will issue our opinion on the consistency of the DCT return with the audited financial statements before the 31 August 2018 statutory deadline.</p>

USE OF RESOURCES

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

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

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

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

AUDIT RISKS

We assessed the following matters as audit risks, as identified in our Audit Plan to the Audit and Risk Management Committee. We have set out below how these risks have been addressed and the outcomes of our work.

Key: ■ Significant risk ■ Normal risk

USE OF RESOURCES

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RISK AREA	RISK DESCRIPTION AND WORK PERFORMED	AUDIT FINDINGS AND CONCLUSION
<p>1</p> <p>Financial planning and informed decision making (City Police)</p>	<p>City Police had forecast an overspend of £1.6 million at Month 6 and at Month 9 reforecast that it was on course to balance the budget. This favourable movement was due to the continued and widespread vacancies across the Force and eleven deleted Police Staff posts in December 2017 which has created significant underspending within pay budgets.</p> <p>The police budget for 2018/19 has been brought into balance, through a combination of efficiency savings, additional government grant in the provisional settlement and drawdown on reserves. This intends to provide time to implement Force transformation plans following the Deloitte Review. This should help to address the forecast budget deficit of £4 to 5 million per annum in subsequent years, when it is anticipated reserves will be exhausted, and pressures arising from increased demand and the changing nature of police services.</p> <p>Identifying the required level of savings in the medium term will be a challenge and is likely to require difficult decisions around service provision and possible increases in business rate premium.</p> <p>We reviewed the Medium Term Financial Strategy and assess the reasonableness of the assumptions used for cost pressures and the amount of grant reductions applied. We also reviewed the findings of the Internal Audit review of the MTFS process.</p> <p>We also reviewed the delivery of the budgeted savings in 2017/18 and the strategies to close the budget gap in the medium term.</p>	<p>City Police reported an outturn surplus of £3.5 million for 2017/18 and reported that this has been achieved through underspends and savings.</p> <p>We believe that this does not reflect underlying performance since the surplus is a result of slippage on costs that have been carried forward into future years that were funded from additional resources provided from the City Fund budget. Currently this is not reflected in their Budget for 2018/19 and City Police has submitted a balanced budget for 2018/19.</p> <p>We consider that there are deficiencies in the robustness and accuracy of the information being provided by the City Police Finance team to the Corporation of London’s Chamberlain’s department. As a result of the unbudgeted slippage the breakeven position in 2018/19, which was thought to be providing breathing space for the Force transformation plans to be progressed following the Deloitte review, is no longer available at the level first thought.</p> <p>In addition, the Chamberlain’s Department and Internal Audit have raised a number of concerns regarding the development of the Police MTFS and subsequent budget monitoring which we concur with. Late and incomplete budget monitoring returns are regularly provided to the Chamberlain’s Department from Police. This may be a result of high levels of staff turnover and lack of continuity at a senior level within the Police finance team due to staff illness and resignation.</p> <p>The Chamberlain’s Department have raised concerns about the assumptions used in the Police MTFS and are planning to revisit the MTFS to address these issues and to ensure that the financial position is sustainable over the medium term.</p> <p>We consider that there are deficiencies in the robustness and accuracy of the information being provided by the City Police Finance team to the Corporation of London’s Chamberlain’s department.</p> <p>However, as the Chamberlain’s Department is providing assistant to strengthen financial management arrangements in the City Police Finance team and the Corporation has allocated additional financial support from the City Fund in the short term to address funding gaps, we are content that this does not materially impact on the overall arrangements of the Corporation’s City Fund to secure economy, efficiency and effectiveness in its use of resources.</p>

USE OF RESOURCES

RISK AREA	RISK DESCRIPTION AND WORK PERFORMED	AUDIT FINDINGS AND CONCLUSION
<p>2 Sustainable finances (City Fund)</p>	<p>The City Fund is currently forecasting a better than budget position of £1.5 million in 2017/18 which is mainly due to additional income from positive box office performances at the Barbican.</p> <p>Extra business rates income, combined with an increase in anticipated rents from the fund's investment properties and additional interest on cash balances, has allowed cost pressures to be accommodated and the inclusion of additional funding to meet Member priorities and initiatives, whilst still leaving the fund in surplus for 2017/18 and 2018/19.</p> <p>The fund moves into deficit from 2019/20 onwards due to the inclusion of costs for the Museum of London and the Combined Courts relocation projects. This assumes that the preference will be to utilise City Fund reserves prior to borrowing to fund these projects, though this is subject to the overall funding strategies for the projects, which are yet to be agreed.</p> <p>The MTFs is based on key income and expenditure assumptions as well as significant savings/ income generation proposals within service budgets. If key assumptions and savings plans have not been based on reliable data or have been overly optimistic the financial position could deteriorate over the medium term.</p>	<p>We have reviewed the assumptions used in preparing the MTFs for the City Fund and are content that cost pressures and income growth assumptions are reasonable.</p> <p>We note that Internal audit carried out a review of the MFTS in spring 2018 and gave a substantial assurance rating.</p> <p>The City Fund MTFs shows a surplus for 2018/19 but then forecasts a budgeted deficit over the following three years through planned withdrawal from reserves of £103 million to fund the Museum of London and Combined Courts Relocation projects. The City Fund may choose to make use of capital borrowing rather than revenue funding for some of these costs as they crystallise should the need arise. The City Fund currently holds reserves of £122 million.</p> <p>We consider that there are appropriate arrangements in place with regard to sustainable finances for City Fund.</p>

APPENDICES

APPENDIX I: AUDIT DIFFERENCES

We are required to bring to your attention audit differences identified during the audit, except for those that are clearly trivial, that the Audit and Risk Committee is required to consider. This includes: audit differences that have been corrected by management; and those that remain uncorrected along with the effect that they have individually, and in aggregate, on the financial statements.

ADJUSTED AUDIT DIFFERENCES

Our audit has not identified any material misstatements.

UNADJUSTED AUDIT DIFFERENCES

We note below the unadjusted audit differences identified by our audit work which would increase the surplus on the provision of services for the year by £2.16 million (or £4.63 million including the projected error across all GRNIs). The depreciation error and NDR appeals provision errors would not impact on the General Fund balance this year as these are reversed to other reserves.

You consider these identified misstatements to be immaterial in the context of the financial statements taken as a whole. We concur with this judgement however we also request that you correct them even though not material.

- Two errors in the calculation of the provision for NDR appeals including an error in the formula that reduces the provision by £4.1 million and re-categorisation of appeal type for a number of appeals that increases the provision by £1.4 million. The net error is an overstatement of the appeals provision and understatement of the surplus for the year of £2.7 million in the collection fund and the City Fund's share included in the CIES of £0.81 million based on the 30% share of business rates.
- We believe that management has been overly prudent in providing for 100% of 2017 rating list appeals and that the provision amount, while not material, may be overstated by a non-trivial amount. We estimate that the potential impact on the Corporation's CIES where the amount provided is beyond a reasonable range could be up to £0.35 million.
- Error in the depreciation rate used resulting in £0.16 million overstatement of depreciation cost (and understatement of assets) and overstatement of the charge to the CIES for the year.
- Errors found where accrued expenditure for open purchase orders had been recorded as receipted but not invoiced (GRNIs) but where the orders had only been partly fulfilled. Our testing of 14 items with a value of £2.69 million identified 6 items totalling £0.84 million should not have been included as accrued expenditure. We have projected potential additional errors across total of GRNIs at £2.47 million.

APPENDIX I: AUDIT DIFFERENCES

	£m	INCOME AND EXPENDITURE		STATEMENT OF FINANCIAL POSITION	
		DR	CR	DR	CR
		£m	£m	£m	£m
Surplus on the provision of services for the year before adjustments	72.8				
DR NDR appeals provision				0.8	
CR Taxation and non-specific Grant income	0.8		0.8		
<i>Impact of incorrect provision calculation</i>					
DR Property, plant and equipment (depreciation)				0.1	
CR Depreciation charged to Net Cost of service	0.1		0.1		
<i>Impact of incorrect depreciation rate being used</i>					
DR NDR appeals provision				0.4	
CR Taxation and non-specific Grant income	0.4		0.4		
<i>Impact of excessive NDR appeals provision on 2017 rating list</i>					
DR Payables (Accruals) factual error			0.8		
DR Payables (Accruals) extrapolated error			2.5		
CR Expenditure factual and extrapolated error	3.3	3.3			
<i>Impact of extrapolated errors found in Payables Accruals</i>					
TOTAL UNADJUSTED AUDIT DIFFERENCES	4.6				
Surplus on the provision of services if adjustments accounted for	77.4				

APPENDIX I: AUDIT DIFFERENCES

IMPACT ON GENERAL FUND AND HRA BALANCES	GENERAL FUND BALANCE £000s	HRA BALANCE £000s
Balances before adjustments	122.3	4.5
Adjustments to CIES above	4.6	0
Adjustments via movement in Reserves Statement:		
- Collection Fund Adjustment Account	(1.2)	0
- Capital Financing Reserve	(0.1)	0
BALANCES AFTER ADJUSTMENTS	125.6	4.5
UNADJUSTED DISCLOSURE MATTERS		
No remaining uncorrected disclosures.		

APPENDIX II: RECOMMENDATIONS AND ACTION PLAN

Key: ■ Significant risk ■ Other deficiency in internal control ■ Other observations

AREA	OBSERVATION AND IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
STATEMENT OF ACCOUNTS AND FINANCIAL STATEMENTS					
■ NNDR Appeals provision 2017 valuation	The provision on the 2017 valuation appeals received to date has been made at 100% due to the Authority not having any settled claims on the 2017 valuation.	The Corporation should review any settlement data available to ensure that the provision is based on expected settlements rather than a worse-case scenario.	The Check, Challenge, Appeal process for NNDR appeals means appeals received are more likely to be settled than in previous years. This will be kept under review.	Head of Revenues	Mar 2019
USE OF RESOURCES					
■ City Police financial planning	Internal audit and the Chamberlain's Department have identified weaknesses in the Budget setting and monitoring process in relation to City of London Police	Management should ensure that they carry out the proposed review of the Police MTFS and budget setting and monitoring process as soon as possible so that a confirmed position is available to enable plans to be drawn up to assist the force in moving forward on a solid financial footing.	A review of the MTFS assumptions will be completed in Autumn 2018.	Deputy Chamberlain	Dec 2018
			The Deputy Chamberlain and Assistant Commissioner have discussed the expected timetable. Budget monitoring will be submitted on time.	Assistant Commissioner	Throughout 2018/19

APPENDIX II: RECOMMENDATIONS AND ACTION PLAN

We have followed up on the recommendations that we raised in the prior year:

AREA	OBSERVATION AND IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
Changes in presentation of the financial statements	The financial statements includes an analysis of income by its nature (i.e fees & charges, grant income, interest and investment income, business rate income etc), in note 5. However, there is not an analysis of how this income is split between committees as required by the CIPFA Code.	We recommend that this analysis is disclosed in the financial statements.	This note has been included in the 2017/18 financial statements as we are confident this is Code compliant in conjunction with the expenditure and funding analysis in note 4.	Deputy Director Financial Services	September 2017
Creditors police seized funds	The City fund has recognised £35 million (£3.1 million in 2015/16), of creditors in respect of police seized funds as it is considered that the City Fund has a right to the assets (cash seized), until instructed otherwise by the Court. We identified that there were 104 police seized funds (classified as creditors) balances amounting to £1.6 million relating to pre 1 April 2015 seizures and only three of these account balances had moved in the two years to 31 March 2017. During 2016/17 a further 46 seizures had occurred amounting to £13.1 million, the largest of which, £10.9 million was repaid after 31 March 2017.	We recommend that a review of police funds over two years old is carried out to determine if these funds are still held by the City Fund and/or whether the Police can apply to the Court to release these funds.	This work is in progress and is subject to a further review by Internal Audit.	Commissioner	January 2018
		We also recommend that given the value of the seized funds further details of why the City Fund has the right to the asset should be included in the management's judgements disclosure and further detail of the types of funds held should be disclosed within the creditors note.	Appropriate text has been included in the 2017/18 financial statements.	Deputy Director Financial Services	January 2018

APPENDIX II: RECOMMENDATIONS AND ACTION PLAN

AREA	OBSERVATION AND IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
Barbican journals	<p>Our testing identified the following:</p> <ul style="list-style-type: none"> • Posting of Barbican entries in to Oracle (main accounting system) seems to be overly complicated with multiple journal entries being created, reversed, recreated, re-reversed repeatedly many on the same day or within a few days of the entry being made. • We identified that income from events is often not posted to revenue codes for several months after the event has closed. • We also noted that the Barbican finance team have limited access to reporting functions on the ENTA & Revel systems, which meant there was difficulty running reports to support our sample testing. <p>We understand that the City are currently tendering for a new ticketing system which should address these issues.</p>	<p>We recommend that the process and timing of Barbican journal entries are reviewed to ensure that unnecessary journal posting are reduced and journals are posted on a timely basis.</p> <p>We also recommend that the reporting functions set up is reviewed for the Barbican finance team to ensure that they have the correct level of access in order to perform required day-to-day activities.</p>	Agreed	Head of Finance Barbican and Deputy Director Financial Services	January 2018

APPENDIX III: MATERIALITY

MATERIALITY - FINAL AND PLANNING		
	FINAL	PLANNING
City Fund overall Materiality	24,400,000	23,400,000
Specific materiality for other financial statement areas:		
- Impact on revenue resources through the Comprehensive income and expenditure statement (CIES) and Movement in reserves statement (MiRS)	6,375,000	5,800,000
Clearly trivial threshold:		
- Overall materiality	488,000	468,000
- Specific materiality	127,500	116,000

Materiality for the City Fund overall materiality was based on 1% of the aggregate balance of property, plant and equipment and investment properties. This is because the City Fund has custody of significant public assets through its ownership of property assets and investments that are used to generate income to support the local authority services provided by the Corporation. These capital and investment balances form the largest part of the balance sheet. We consider that the balance sheet is of primary interest to the reader of the financial statements (Members of the City of London Corporation) and therefore we use the total value of property, plant and equipment, investment properties and investments as a suitable value for materiality.

Specific materiality was set using a lower level of materiality at 1.5% of gross expenditure to income and expenditure transactions in the Comprehensive income and expenditure statement (CIES) and Movement in reserves statement (MiRS) that impact on revenue resources to reduce the risk of material misstatements. While the balance sheet is of primary interest to the reader of the financial statements, we consider that a misstatement at a lower level through revenue expenditure would be material where this may impact on setting future council tax or HRA rent levels.

We had no reason to revise our final materiality percentage levels. We have, however, applied these levels to balances and transactions as at 31 March 2018 reported in the draft financial statements which has resulted in a change to the materiality amounts.

APPENDIX IV: INDEPENDENCE

Under ISAs (UK) and the FRC's Ethical Standard, we are required as auditors to confirm our independence.

We have embedded the requirements of the Standards in our methodologies, tools and internal training programmes. Our internal procedures require that audit engagement leads are made aware of any matters which may reasonably be thought to bear on the integrity, objectivity or independence of the firm, the members of the engagement team or others who are in a position to influence the outcome of the engagement. This document considers such matters in the context of our audit for the year ended 31 March 2018.

Details of services, other than audit, provided by us to the Corporation during the period and up to the date of this report were provided in our Audit Plan. These services have been approved by the Chamberlain.

Details of rotation arrangements for key members of the audit team and others involved in the engagement were provided in our Audit Plan.

We have not identified any other relationships or threats that may reasonably be thought to bear on our objectivity and independence.

We confirm that the firm, the engagement team and other partners, directors, senior managers and managers conducting the audit comply with relevant ethical requirements including the FRC's Ethical Standard and are independent of the Corporation.

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

APPENDIX V: FEES SCHEDULE

	2017/18 FINAL £	2017/18 PLANNED £	2016//17 FINAL £	EXPLANATION FOR VARIANCES
Code audit fee	86,383 ⁽¹⁾	86,383	86,383	As per PSAA Scale Fee
Fee for reporting on the housing benefits subsidy claim	11,396	11,396	11,205	As per PSAA Scale Fee
TOTAL AUDIT AND CERTIFICATION FEES	97,779	97,779	97,588	
Fees for reporting on other government grants:				
• Pooling of housing capital receipts return	2,340	2,340	2,340	
• Teachers' Pension (local education authority)	4,500	4,500	4,500	
• Teachers' Pension (Centre for Young Musicians -City's Cash)	4,500	4,500	4,500	
Fees for other non-audit services	Nil	Nil	Nil	
NON-AUDIT ASSURANCE SERVICES	11,340	11,340	11,340	
TOTAL ASSURANCE SERVICES	109,119	109,119	108,928	

⁽¹⁾ Additional work has been required this year for investment property valuations, police pensions for the triennial valuation data submission, and extended testing where errors were found in the initial testing. We will agree with management the impact on this addition work on the final fees.

APPENDIX VI: DRAFT LETTER OF REPRESENTATION

TO BE TYPED ON CLIENT HEADED NOTEPAPER

BDO LLP
55 Baker Street
London
W1U 7EU

[XX] July 2018

Dear Sirs

Financial statements of City of London Corporation City Fund for the year ended 31 March 2018

We confirm that the following representations given to you in connection with your audit of the Corporation's City Fund financial statements for the year ended 31 March 2018 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other officers and members of the Corporation.

The Chamberlain has fulfilled his responsibilities for the preparation and presentation of the financial statements as set out in the Accounts and Audit Regulations 2015 and Statement of Responsibilities of Auditors and Audited Bodies within Chapter 2 of the Code of Audit Practice published by the National Audit Office in April 2015, and in particular that the financial statements give a true and fair view of the financial position of the Corporation as of 31 March 2018 and of its income and expenditure and cash flows for the year then ended in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

We have fulfilled our responsibilities on behalf of the Corporation, as set out in the Accounts and Audit Regulations 2015, to make arrangements for the proper administration of the Corporation's financial affairs, to conduct a review at least once in a year of the effectiveness of the system of internal control and approve the Annual Governance Statement, to approve the Statement of Accounts (which include the financial statements), and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Corporation's City Fund have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and other meetings have been made available to you.

In relation to those laws and regulations which provide the legal framework within which the Corporation's business is conducted and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which we are aware and all actual or contingent consequences arising from such instances of non-compliance.

There have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with generally accepted accounting principles and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have identified no significant risks.

To the best of our knowledge we are not aware of any fraud or suspected fraud involving management or employees. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge we are not aware of any allegations of fraud or suspected fraud affecting the financial statements that have been communicated by employees, former employees, analysts, regulators or any other party.

We attach a schedule showing accounting adjustments that you have proposed, which we acknowledge that you request we correct, together with the reasons why we have not recorded these proposed adjustments in the financial statements. In our opinion, the effects of not recording such identified financial statement misstatements are, both individually and in the aggregate, immaterial to the financial statements.

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the applicable financial reporting framework.

We have no plans or intentions that may materially affect the carrying value and where relevant, the fair value measurement, or classification of assets or liabilities reflected in the financial statements.

a) Pension fund assumptions

We confirm that the actuarial assumptions underlying the valuation of the Local Government Pension Scheme (LGPS) and Police pension scheme liabilities, as applied by the scheme actuary, are reasonable and consistent with our knowledge of the business. These assumptions include:

- Rate of inflation (CPI): 2.3%
- Rate of increase in salaries: 3.8%
- Rate of increase in pensions: 2.3%
- Rate of discounting scheme liabilities: 2.55%
- LGPS commutation take up option: 50%

We also confirm that the actuary has applied up-to-date mortality tables for life expectancy of scheme members in calculating scheme liabilities.

b) Valuation of housing stock, other land and buildings and investment properties

We are satisfied that the useful economic lives of the housing stock and other land and buildings, and their constituent components, used in the valuation of the housing stock and other land and buildings, and the calculation of the depreciation charge for the year, are reasonable.

We confirm that the valuations applied to corporation dwellings and other land and buildings revalued in the year, as provided by the valuer and accounted for in the financial statements, are reasonable and consistent with our knowledge of the business and current market prices.

We are satisfied that investment properties have been appropriately assessed as Level 2 or Level 3 on the fair value hierarchy for valuation purposes and valued at fair value, based on highest and best use.

c) Allowance for non-collection of receivables

We are satisfied that the impairment allowances for non-domestic rates, housing rent and sundry debt arrears are reasonable, based on collection rate data.

d) Non domestic rates appeals provision

We are satisfied that the provision recognised for non-domestic rates appeals is materially correct, and the calculation of historical appeals are consistent with those advised to me by the Valuation Office Agency. We confirm that the successful rates applied to outstanding appeals as at 31 March 2018 are consistent with our knowledge of the business.

We have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been disclosed in accordance with the requirements of accounting standards.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. The Chamberlain and each member has taken all the steps that they ought to have taken as a director or member to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

Dr Peter Kane
Chamberlain of London

APPENDIX VII: DRAFT AUDIT REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CITY OF LONDON CORPORATION CITY FUND

UNMODIFIED STANDARD FINANCIAL STATEMENTS OPINION AND USE OF RESOURCES CONCLUSION

APPENDIX VIII: AUDIT QUALITY

BDO is totally committed to audit quality

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

BDO welcomes feedback from external bodies and is committed to implementing all necessary actions to address their findings.

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

We have also implemented additional quality control review processes for all listed and public interest audits.

More details can be found in our Transparency Report at www.bdo.co.uk

FOR MORE INFORMATION:

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Engagement lead

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Manager

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

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

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CITY OF LONDON PENSION FUND

AUDIT COMPLETION REPORT

Audit for the year ended 31 March 2018

10 July 2018

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WELCOME

We have pleasure in presenting our Audit Completion Report to the Audit and Risk Management Committee. This report is an integral part of our communication strategy with you, a strategy which is designed to ensure effective two way communication throughout the audit process with those charged with governance.

It summarises the results of completing the planned audit approach for the year ended 31 March 2018, specific audit findings and areas requiring further discussion and/or the attention of the Audit and Risk Management Committee. At the completion stage of the audit it is essential that we engage with the Audit and Risk Management Committee on the results of audit work on key risk areas, including significant estimates and judgements made by management, critical accounting policies, any significant deficiencies in internal controls, and the presentation and disclosure in the financial statements.

We look forward to discussing these matters with you at the Audit and Risk Management Committee meeting on 17 July 2018, and to receiving your input.

In the meantime, if you would like to discuss any aspects in advance of the meeting we would be happy to do so.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements and use of resources. This report has been prepared solely for the use of the Audit and Risk Management Committee and those charged with governance. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person.

We would also like to take this opportunity to thank the management and staff of the Corporation for the co-operation and assistance provided during the audit.

OVERVIEW

This summary provides an overview of the audit matters that we believe are important to the Audit and Risk Management Committee in reviewing the results of the audit of the financial statements.

It is also intended to promote effective communication and discussion and to ensure that the results of the audit appropriately incorporate input from those charged with governance.

AUDIT SCOPE AND OBJECTIVES

Audit status	We have substantially completed our audit procedures in accordance with the planned scope and our objectives have been achieved.
Audit risks update	No additional significant audit risks were identified during the course of our audit procedures subsequent to our Audit Plan to you dated 12 February 2018.
Materiality	Our final materiality is £9.88million for the net asset statement and £1.95 million for the fund account. We have increased our materiality from £9.67 million to £9.88 million for the net asset statement as a result of the increase in valuation of investment asset at year end.
Changes to audit approach	There were no significant changes to our planned audit approach nor were any restrictions placed on our audit.

KEY AUDIT AND ACCOUNTING MATTERS

Material misstatements	Our audit identified no material misstatements.
Unadjusted audit differences	<p>There are two unadjusted audit differences identified by our audit that would increase the value of private equity fund valuations by £0.495 million following revised valuations received from Warburg and New Mountain fund managers after the initial valuations provided based on the December 2017 valuations.</p> <p>We also found that pension strain costs income from employers for unreduced pension benefits for early retirement employees are accounted for on a cash basis where we believe that the full actuarial cost of this benefit should be accounted for in full by the pension fund with a corresponding debtor for the deferred payments profile. Our work to date has identified potential understatement of income of £0.1 million.</p>
Control environment	Our audit identified no significant deficiencies in internal control.

OVERVIEW

AUDIT OPINION

Financial statements	We propose issuing an unmodified opinion on the financial statements for the year ended 31 March 2018.
Pension fund annual report	Our review of the separate pension fund annual report is in progress and we will provide an oral update on the findings to the Audit and Risk Management Committee.

OTHER MATTERS FOR THE ATTENTION OF THE AUDIT COMMITTEE

Audit independence	Our observations on our audit independence and objectivity and related matters are set out in Appendix III.
Management letter of representation	The draft management letter of representation, to be approved and signed, is set out in Appendix V.

OUTSTANDING MATTERS

The following matters are outstanding at the date of issuing our Audit Completion Report. We will update you on their status at the Audit Committee meeting at which this report is considered:

- 1 Quality assurance review of the audit file by the engagement lead

- 2 Review of the final financial statements

- 3 Subsequent events review

- 4 Management letter of representation, as attached in Appendix V to be approved and signed

KEY AUDIT AND ACCOUNTING MATTERS

AUDIT RISKS

We assessed the following matters as audit risks, as identified in our earlier Audit Plan to the Audit and Risk Management Committee. We have set out below how these risks have been addressed and the outcomes of our procedures.

Key: ■ Significant risk ■ Normal risk ■ Other key issues

AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
1 ■ Management override of controls	<p>Auditing standards presume that a risk of management override of controls is present in all entities and require us to respond to this risk by testing the appropriateness of accounting journals and other adjustments to the financial statements, reviewing accounting estimates for possible bias and obtaining an understanding of the business rationale of significant transactions that appear to be unusual.</p> <p>By its nature, there are no controls in place to mitigate the risk of management override.</p>	<p>We have:</p> <ul style="list-style-type: none"> Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements Reviewed accounting estimates for biases and evaluated whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud Tested a sample of significant transactions that are outside the normal course of business for the entity or that otherwise appear to be unusual. 	<p>Our work on the appropriateness of journals including adjustments made in preparation of the financial statements did not identify any issues.</p> <p>We have found no bias in accounting estimates.</p> <p>No unusual transactions outside of the normal course of business were identified.</p>

KEY AUDIT AND ACCOUNTING MATTERS

AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
<p>2</p> <p>Pension liability assumptions</p>	<p>An actuarial estimate of the pension fund liability to pay future pensions is calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate is based on a roll-forward of data from the 2016 triennial valuation, updated where necessary, and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability at 31 March 2018.</p> <p>There is a risk that the membership data and cash flows provided to the actuary as at 31 March may not be correct, or the valuation uses inappropriate assumptions to value the liability.</p>	<p>We compared the assumptions used by the scheme actuary with assumptions used by other local government actuaries (provided by PwC consulting actuaries) to assess the reasonableness of the assumptions and impact on the calculation of the present value of estimated future pension payments.</p> <p>We checked that the disclosures in the financial statements were consistent with the information provided by the actuary.</p> <p>We reviewed the data provided to the actuary to ensure that it is complete and accurate.</p>	<p>We are satisfied that the assumptions used to calculate the present value of future pension obligations are reasonable. Further information on the assumptions used is included in the following page.</p> <p>The disclosures in the financial statements agreed to the actuary's report except for 2018/19 Museum of London contribution rate that should have been reported as 15.7% (draft recorded 15.6%). We also identified that the discount rate disclosed in the financial assumptions note in the financial statements was 2.6% instead of £2.55% per the actuary's IAS19 report. Management has agreed to correct these disclosure errors.</p> <p>We have obtained assurance over the membership data, data provided at the last triennial valuation and the cash flows used by the actuary to update liabilities and share of assets for the year.</p>

KEY AUDIT AND ACCOUNTING MATTERS

SIGNIFICANT ACCOUNTING ESTIMATES																																																			
Pension liability assumptions																																																			
ESTIMATE	HOW RISK WAS ADDRESSED BY OUR AUDIT		AUDIT CONCLUSION																																																
The key assumptions include estimating future expected cash flows to pay pensions including inflation, salary increases and mortality of members; and the discount rate to calculate the present value of these cash outflows	The actuary has used the following assumptions at 31 March 2018 to value to future pension liability. We have compared the assumptions used to an acceptable range and those used across the local government actuaries.		<p>< Lower Higher ></p>																																																
	The PwC consulting actuary review of the relative strength of the main assumptions on the liability assumptions suggests that Barnett Waddingham tends to place a higher value on the liability than other actuaries where standard assumptions are applied and that the overall assumptions are reasonable.																																																		
		<table border="1"> <thead> <tr> <th></th> <th>Actual used</th> <th>Acceptable range</th> <th>Comments</th> </tr> </thead> <tbody> <tr> <td>RPI increase</td> <td>3.3%</td> <td>3.30-3.35%</td> <td>Reasonable</td> </tr> <tr> <td>CPI increase</td> <td>2.3%</td> <td>2.30-2.35%</td> <td>Reasonable</td> </tr> <tr> <td>Salary increase</td> <td>3.8%</td> <td>CPI +1.5% to 2.2%</td> <td>(based on 2016 valuation) Reasonable in context of CPI / RPI</td> </tr> <tr> <td>Pension increase</td> <td>2.3%</td> <td>2.30-2.35%</td> <td>Reasonable</td> </tr> <tr> <td>Discount rate</td> <td>2.55%</td> <td>2.50-2.60%</td> <td>Reasonable</td> </tr> <tr> <td colspan="4">Mortality - LGPS:</td> </tr> <tr> <td>- Male current</td> <td>25.3 years</td> <td>23.7-26.8</td> <td>Reasonable</td> </tr> <tr> <td>- Female current</td> <td>26.7 years</td> <td>26.6-28.4</td> <td>Reasonable</td> </tr> <tr> <td>- Male retired</td> <td>23.9 years</td> <td>21.5-24.5</td> <td>Reasonable</td> </tr> <tr> <td>- Female retired</td> <td>25.2 years</td> <td>24.3-26.10</td> <td>Reasonable</td> </tr> <tr> <td>Commutation</td> <td>50%</td> <td>50%</td> <td>Reasonable</td> </tr> </tbody> </table>			Actual used	Acceptable range	Comments	RPI increase	3.3%	3.30-3.35%	Reasonable	CPI increase	2.3%	2.30-2.35%	Reasonable	Salary increase	3.8%	CPI +1.5% to 2.2%	(based on 2016 valuation) Reasonable in context of CPI / RPI	Pension increase	2.3%	2.30-2.35%	Reasonable	Discount rate	2.55%	2.50-2.60%	Reasonable	Mortality - LGPS:				- Male current	25.3 years	23.7-26.8	Reasonable	- Female current	26.7 years	26.6-28.4	Reasonable	- Male retired	23.9 years	21.5-24.5	Reasonable	- Female retired	25.2 years	24.3-26.10	Reasonable	Commutation	50%	50%	Reasonable
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KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
3	Fair value of investments (infrastructure and private equity)	<p>The investment portfolio includes unquoted infrastructure and private equity holdings valued by the General Partner or fund manager using valuations obtained from the underlying partnerships and investments.</p> <p>Valuations are provided at dates that are not coterminous with the pension fund's year end and need to be updated to reflect cash transactions (additional contributions or distributions received) up to 31 March.</p> <p>There is a risk that investments valuations may not be appropriately adjusted to include additional contributions or distributions at the year end.</p>	<p>We have obtained direct confirmation of investment valuations from the General Partner or fund managers including copies of the audited financial statements of the partnership (and member allocations) from the fund. Where applicable we have recomputed the pension fund's share of the audited net asset value of the partnerships financial statements and agreed to year-end market values confirmation obtained directly from the fund managers to ascertain the reasonableness of the year end confirmations. Where the financial statement date supporting the valuation is not conterminous with the pension fund's year-end, we have confirmed that appropriate adjustments have been made to the valuations in respect of additional contributions and distributions with the funds.</p> <p>We have obtained independent assurance reports over the controls operated by the material fund managers and custodian for valuations and existence of underlying investments in the funds.</p>	<p>We agreed all valuations to fund manager reports except for two funds that would increase the value of private equity fund valuations by £0.495 million following revised valuations received from Warburg (£0.215 million) and New Mountain (£0.280 million) fund managers after the initial valuations provided based on the December 2017 valuations.</p> <p>This has not been corrected by management.</p> <p>No other issues were noted regarding the valuation of investments at year-end or the effectiveness of controls operated by fund managers for valuations and existence of underlying investments in the funds.</p>

KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
4	Fair value of investments (pooled investments)	<p>The fair value of other funds (pooled investments held through Unit trust) is provided by individual fund managers, reviewed by the fund’s Custodian and reported on a monthly basis.</p> <p>There is a risk that investments may not be appropriately valued and correctly recorded in the financial statements.</p>	<p>We have obtained direct confirmation of investment valuations from the fund managers and agreed published fund manager valuations, where available, to readily available observable data (such as Bloomberg). We have obtained independent assurance reports over the controls operated by both the fund managers and custodian for valuations and existence of underlying investments in the funds.</p> <p>We have reviewed the Custodian’s performance monitoring reports and followed up valuations provided by the Fund Manager that appear unusual when compared to the Custodian’s independent performance monitoring report.</p>	<p>We agreed all valuations to fund manager reports. However, we noted that the valuation of the Carnegie fund manager differed to that provided by the custodian valuation due to differences used for the exchange rate. The Carnegie valuation had applied a £:\$ exchange rate of 1.41 whereas the custodian had used 1.40 resulting in the custodian reporting a higher valuation by £0.234 million. The pension fund has used the valuation provided by the custodian.</p> <p>We confirmed the quoted value of the Carnegie funds at year-end on Bloomberg with only a trivial difference between the quoted market value and custodian’s valuation.</p> <p>No other issues were noted regarding the valuation of investments at year-end or the effectiveness of controls operated by fund managers for valuations and existence of investments.</p>

KEY AUDIT AND ACCOUNTING MATTERS

AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
5 Contributions receivable (normal and additional contributions for pension strain)	<p>Employers are required to deduct amounts from employee pay based on tiered pay rates and to make employer contributions in accordance with rates agreed with the actuary. Additional contributions are also required against pension strain for early retirements with unreduced pensions.</p> <p>There is a risk that employers may not be calculating contributions correctly or paying over the full amount due to the pension fund.</p>	<p>We have performed an examination, on a test basis, of evidence relevant to the amounts of normal contributions receivable to the fund including checking to employer payroll records, where relevant.</p> <p>We have reviewed contributions receivable and ensure that income is recognised in the correct accounting year.</p>	<p>Our testing has not identified any issues with the calculation of normal contributions receivable from employers or employees.</p> <p>However, we found that pension strain costs income from employers for unreduced pension benefits for early retirement employees are accounted for on a cash basis where we believe that the full actuarial cost of this benefit should be accounted for in full by the pension fund with a corresponding debtor for the deferred payments profile. Our work to date has identified potential understatement of income of £0.1 million.</p> <p>Our testing has not identified any issues with the timings of contributions receivable to the fund.</p>
6 Membership disclosure	<p>Membership information including the number of current contributors, deferred beneficiaries and pensioners by employer is required to be disclosed.</p> <p>There is a risk that the membership database may not be accurate and up to date to support this disclosure.</p>	<p>We have tested a sample of membership data per the pension system (Altair) and agreed to supporting documentations to confirm the accuracy, existence, and completeness of membership numbers recorded in the financial statements.</p>	<p>Our testing did not identify any issues with membership data.</p>

KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
7	Investment management expenses	<p>Local Government Pension Fund Accounts are required to disclose investment management expenses.</p> <p>Management expenses included in the pension fund accounts represents the fee for the service provided by and any performance related fees in relation to the fund manager. However, fund managers do not ordinarily provide information on these fees included in investing contributions. These fees are deducted when the investment is made by the fund manager and hence is included in the change in market value of investments. CIPFA has issued guidance on obtaining and separately presenting these additional charges in the fund accounts. This disclosure is a mandatory requirement for the 2017/18 financial statements.</p> <p>Management instructed fund managers to provide this information in the previous year. While most were able to provide this information, management will work with the remaining fund managers to provide this information in the current year.</p> <p>We consider there to be a risk in the presentation of investment management expenses in the fund accounts where these 'hidden' fees are not identified and separately reported.</p>	<p>We discussed with management whether fund managers provided the required information on other fees and the adjustments made to show these costs of fund manager expenses gross in the fund account.</p> <p>We reviewed the accounts to ensure that investment management expenses have been disclosed in accordance with CIPFA's guidance.</p> <p>For a sample of investment management expense we agreed amount to year-end confirmations received from the fund managers by the pension fund. We also recalculated the investment management fees to ensure that it is in line the fund managers' mandate.</p>	<p>Management was able to obtain details of total costs to comply with the CIPFA disclosure requirement. Seven of the ten pooled investment managers have signed up to the LGPS scheme advisory board's fee template for next year which is designed to ensure compliance with the code.</p> <p>Investment management expenses have been disclosed in accordance with CIPFA guidance.</p> <p>Our testing did not identify any issues with accuracy and existence of investment management expenses.</p>

KEY AUDIT AND ACCOUNTING MATTERS

AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
8 Consideration of related party transactions	We consider if the disclosures in the financial statements concerning related party transactions are complete, accurate and in line with the requirements of the accounting standards.	<p>We reviewed the Financial investment Board declarations to ensure there are no potential related party transactions which have not been disclosed. We performed a company house search to ensure that there are no undeclared related parties by the board members.</p> <p>We reviewed the basis for apportioning costs between the pension fund and the Corporation and ensured that costs relating to the provision of key management personnel services are accurately disclosed.</p>	<p>Our testing has not identified any issues with the disclosure of related parties and related parties transactions.</p> <p>Our testing did not identify any issues regarding the basis of apportioning cost between the pension fund and the Corporation relating to the provision of key management personnel services and the associated disclosure.</p>
9 Benefits payable	<p>Benefits payable may not be correct based on accrued benefits of members or may not be in calculated in accordance with the scheme regulations.</p> <p>Payment to wrong or non-existent members will result in loss of assets and risk of reputational damage.</p>	<p>For members leaving the scheme and deferring their pension and members becoming entitled to receive pension during the year, we checked a sample of calculations of pension entitlement to ensure benefits entitlements are accurate.</p> <p>We have checked a sample of pensioners in receipt of pensions to underlying records to confirm the existence of the member.</p>	<p>We did not identify any issues regarding the accuracy and existence of pension benefits.</p> <p>Our test did not identify any issues regarding the existence of pensioners.</p>

KEY AUDIT AND ACCOUNTING MATTERS

AUDIT AREA		AUDIT FINDINGS
10	Membership records	We noted that the funds did not keep evidence from the pension system when membership data was submitted to the actuary for the triennial valuation. We recommend that screenshots or printouts from the system with time stamp be kept as audit trail.
11	Financial statements presentation and disclosures	We have suggested a number of changes to the financial statements, in addition to amendments noted earlier in our report, including £13.7m investment in emerging markets disclosed as investment in developed markets in the price risk sub-note under the sensitivity analysis note

MATTERS REQUIRING ADDITIONAL CONSIDERATION

We comment below on other matters requiring additional consideration:

12	Fraud	<p>Whilst the Chamberlain and members have ultimate responsibility for prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud.</p> <p>Our audit procedures did not identify any fraud.</p> <p>We will seek confirmation from those charged with governance on whether you are aware of any known, suspected, or alleged frauds that we should be made aware of.</p>
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OTHER REPORTING MATTERS

We comment below on other reporting required to be considered in arriving at the final content of our audit report:

MATTER	COMMENT
Pension fund annual report	<p>We are required to review the pension fund annual report and report on the consistency of the pension fund financial statements within the annual report with the pension fund financial statements in the statement of accounts.</p> <p>Our review of the separate pension fund annual report is in progress and we will provide an oral update on the findings to the Audit and Risk Management Committee</p>

CONTROL ENVIRONMENT

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

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

We note that the Corporation internal audit function has issued a number of observations and recommendations on the Corporation control environment during 2017/18. We have not repeated these recommendations in this report unless we consider them to highlight significant deficiencies in control which we are required to report to you.

We are not aware of any significant deficiencies in the Corporation's internal controls for the pension fund in 2017/18.

APPENDICES

APPENDIX I: AUDIT DIFFERENCES

We are required to bring to your attention audit differences identified during the audit, except for those that are clearly trivial, that the Audit and Risk Committee is required to consider. This includes audit differences that have been corrected by management; and those that remain uncorrected along with the effect that they have individually, and in aggregate, on the financial statements.

ADJUSTED AUDIT DIFFERENCES

Our audit has not identified any material misstatements.

UNADJUSTED AUDIT DIFFERENCES

There are two unadjusted audit differences identified by our audit that would increase the value of private equity fund valuations by £0.495 million following revised valuations received from Warburg and New Mountain fund managers after the initial valuations provided based on the December 2017 valuations.

We also found that pension strain costs income from employers for unreduced pension benefits for early retirement employees are accounted for on a cash basis where we believe that the full actuarial cost of this benefit should be accounted for in full by the pension fund with a corresponding debtor for the deferred payments profile. Our work to date has identified potential understatement of income of £0.1 million.

You consider these identified misstatements to be immaterial in the context of the financial statements taken as a whole. We concur with this judgement.

APPENDIX II: MATERIALITY

MATERIALITY - FINAL AND PLANNING		
	FINAL	PLANNING
Pension fund overall materiality	£9,880,000	£9,667,000
Fund account specific materiality	£1,950,000	£1,620,000
Clearly trivial threshold	£198,000	£193,000

Planning materiality for the pension fund financial statements was based on 1% of prior year net assets. Specific materiality was set of 5% of prior year contributions for the fund account.

We revised our materiality to reflect the actual amounts reported in the draft accounts.

APPENDIX III: INDEPENDENCE

Under ISAs (UK) and the FRC's Ethical Standard, we are required as auditors to confirm our independence.

We have embedded the requirements of the Standards in our methodologies, tools and internal training programmes. Our internal procedures require that audit engagement leads are made aware of any matters which may reasonably be thought to bear on the integrity, objectivity, or independence of the firm, the members of the engagement team or others who are in a position to influence the outcome of the engagement. This document considers such matters in the context of our audit for the year ended 31 March 2018.

Details of services, other than audit, provided by us to the Corporation during the period and up to the date of this report were provided in our Audit Plan. We understand that the provision of these services was approved by the Audit and Risk Committee in advance in accordance with the Corporation's policy on this matter.

Details of rotation arrangements for key members of the audit team and others involved in the engagement were provided in our Audit Plan.

We have not identified any other relationships or threats that may reasonably be thought to bear on our objectivity and independence.

We confirm that the firm, the engagement team and other partners, directors, senior managers and managers conducting the audit comply with relevant ethical requirements including the FRC's Ethical Standard and are independent of the Pension Fund.

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

APPENDIX IV: FEES SCHEDULE

	2017/18 FINAL £	2017/18 PLANNED £	2016//17 FINAL £	EXPLANATION FOR VARIANCES
Code audit fee	£21,000	£21,000	£21,000	N/A
TOTAL ASSURANCE SERVICES	£21,000	£21,000	£21,000	

APPENDIX V: DRAFT LETTER OF REPRESENTATION

TO BE TYPED ON CLIENT HEADED NOTEPAPER

BDO LLP
55 Baker Street
London
W1U 7EU

05 May 2018

Dear Sirs

Financial statements of City of London Corporation Pension Fund for the year ended 31 March 2018

We confirm that the following representations given to you in connection with your audit of the pension fund's financial statements for the year ended 31 March 2018 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other officers and members of the Corporation.

The Chamberlain has fulfilled his responsibilities for the preparation and presentation of the financial statements as set out in the Accounts and Audit Regulations 2015 and Statement of responsibilities of auditors and of audited bodies: local government issued by Public Sector Audit Appointments (PSAA), and in particular that the financial statements give a true and fair view of the financial transactions of the scheme and the amount and disposition at the end of the year of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and for making accurate representations to you.

We have fulfilled our responsibilities on behalf of the Corporation, as set out in the Accounts and Audit Regulations 2015, to make arrangements for the proper administration of the pension fund's financial affairs, to conduct a review at least once in a year of the effectiveness of the system of internal control and approve the Annual Governance Statement, to approve the Statement of Accounts (which include the financial statements), and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Corporation have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and other meetings have been made available to you.

In relation to those laws and regulations which provide the legal framework within which the pension fund's business is conducted and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which we are aware and all actual or contingent consequences arising from such instances of non-compliance.

There have been no events since the balance sheet date which either requires changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with international financial reporting standards and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have identified no significant risks.

To the best of our knowledge we are not aware of any fraud or suspected fraud involving members of the Corporation, management or employees. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge we are not aware of any allegations of fraud or suspected fraud affecting the financial statements that have been communicated by members of the Corporation, employees, former employees, analysts, regulators or any other party.

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the applicable financial reporting framework.

We have no plans or intentions that may materially affect the carrying value and where relevant, the fair value measurement, or classification of assets or liabilities reflected in the financial statements.

The value at which investment assets are recorded in the net assets statement is the market value. We are responsible for the reasonableness of any significant assumptions underlying the valuations, including consideration of whether they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the scheme. Any significant changes in those values since the year end date have been disclosed to you.

None of the assets of the scheme has been assigned, pledged or mortgaged.

We consider the following assumptions applied to calculate the actuarial present value of future pension benefits disclosed in the financial statements to be appropriate: RPI increase 3.3%, CPI increase 2.3%, Salary increase 3.8%, Pension increase 2.3%, Discount rate 2.55%, Mortality: retiring in 20 years - male 23.9 years and female 25.2 years / retiring today - male 25.3 years and female 26.7 years, and Commutation take up 50%.

We confirm that the above representations are made on the basis of enquiries of councillors, management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that as far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each member has taken all the steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

Dr Peter Kane
Chamberlain

[Date]

Ian David Luder
Chairman
Signed on behalf of the Audit and Risk Management Committee

[Date]

APPENDIX VI: AUDIT QUALITY

BDO is totally committed to audit quality

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

BDO welcomes feedback from external bodies and is committed to implementing all necessary actions to address their findings.

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

We have also implemented additional quality control review processes for all listed and public interest audits.

More details can be found in our Transparency Report at www.bdo.co.uk

FOR MORE INFORMATION:

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

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Committee:	Date:
Audit & Risk Management Committee	25 th September 2018
Subject:	Public
Internal Audit Recommendations Follow-up	
Report of:	For Information
Head of Audit & Risk Management	

Summary

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 31st July 2018. There were two live red priority and 81 amber priority recommendations which were not due for implementation by 31st July 2018 i.e. outside the scope of this formal follow-up exercise.

Follow-up testing has confirmed that 37% of high priority recommendations were fully implemented, 38% were partially implemented, and 25% had not been implemented or evidence had not been provided to demonstrate implementation. **Appendix 1** summarises the outcomes by department.

There were five red priority recommendations within the scope of the recent follow-up exercise: one relating to Barbican – Retail & Bars (implementation evidenced), one relating to Guildhall School – Baxter Storey Contract Management (partially implemented), two relating to the City of London Police (CoLP - one where implementation has been evidenced and a further recommendation where audit testing has been arranged), and one relating to Town Clerk’s: Member & Officer Declarations (partially implemented) for which a revised target timescale is to be confirmed following a decision by Establishment Committee.

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 these high priority recommendations not fully implemented is shown at **Appendix 2**, Internal Audit will continue to liaise with recommendation owners to confirm timescales for implementation where these are not currently known and to obtain evidence of full implementation accordingly.

Appendix 3 sets out high priority recommendations which Management do not intend to implement i.e. where the risk has been accepted. In confirming the status of these recommendations with client owners, Internal Audit has been advised of the reinstatement of a recommendation by CoLP, as set out within this report, and a revised target timescale for implementation is to be confirmed.

Members are asked to:

- Note the recommendations follow-up report and the high priority recommendations which Management do not intend to implement.

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 quarterly;
 - Recommendations are assessed as “implemented” only where suitable evidence has been provided to Internal Audit, rather than advised by management / recommendation owners;
 - Where evidence is not provided, recommendations are assessed as either partially or not implemented and a revised target is agreed, 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.

Formal Audit Follow-ups

3. The corporate follow-up exercise has recently been completed in respect of all live red and amber priority recommendations due for implementation by 31st July 2018. Status updates were sought from recommendation owners and evidence was requested of progress in implementation.
4. A summary of follow-up outcomes by department is shown at **Appendix 1** and demonstrates that implementation was confirmed for 37% of high priority recommendations, partial implementation was confirmed for 38%, and the remaining 25% had not been progressed or evidence was not supplied to Internal Audit to demonstrate implementation.
5. 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. Recommendation owners have been reminded of revised follow-up arrangements and the need to provide evidence of full implementation in order for recommendations to be closed down. Internal Audit has also reiterated that revised timescales should be set only in exceptional circumstances.
6. There were five red priority recommendations within the scope of the follow-up exercise, as follows:

Dept	Audit	Area	Follow-Up Outcome
Barbican	Retail & Bars	Cash-Handling	Implementation Evidenced

Dept	Audit	Area	Follow-Up Outcome
CoLP	Programme Management	Measuring Success & Benefits	Implementation Evidenced
CoLP	Seized Goods	Property Storage Locations	Audit testing to be arranged
GSMD	Baxter Storey	H&S Actions	Partially Implemented
Town Clerk	Member & Officer Declarations	Monitoring of Officer Declarations	Partially Implemented

7. A revised target timescale for demonstration of full implementation has been supplied in respect of the Baxter Storey recommendation, reflecting that the Health & Safety inspection referred to takes place annually and evidence cannot be supplied until the next one takes place. A revised target timescale for full implementation of the recommendation related to Town Clerk's – Member & Officer Declarations will be subject to decision-making by Summit Group (26/09/18) and Establishment Committee (22/10/18). Appendix 2 sets out the detail in respect of live recommendations within the scope of the follow-up exercise.

Live High Priority Recommendations

8. Aside from those recommendations subject to recent formal follow-up activity, there are 83 live high priority recommendations (two red, 81 amber) which are not yet due for implementation and a number of audit reports which are in the process of being finalised, containing further high priority recommendations. Internal Audit continue to liaise with recommendation owners to obtain evidence of implementation in accordance with the formal follow-up process and the outcome of these exercises will continue to be reported to this Committee on a quarterly basis.

High Priority Recommendations Not Accepted by Management

9. While every effort is made to ensure that high priority recommendations are implemented within appropriate timescales, there may be occasions where Management have decided that the risk is not sufficiently great to allocate resources to address the control improvement. Going forward, Members are asked to consider the Management response in relation to these recommendations. After consideration by the Committee, the recommendations will either be closed, or Management reconsideration will be requested. Appendix 3 sets out the detail of three current high priority recommendations which have not been agreed by management i.e. the risk has been accepted.
10. In preparing Appendix 3, details of 'risk accepted' recommendations have been discussed with client owners. The CoLP has advised Internal Audit of the reinstatement of a recommendation where management had previously accepted the risk of non-implementation. The recommendation detail is set out below with the updated management response. A revised target timescale has been set for 31 December 2018 for full implementation of this recommendation and formal follow-up activity will be undertaken in line with this date.

Recommendation Detail	Management Comment
<p>City of London Police – Seized Goods:</p> <p>A spot check of processed disposals should be conducted on a regular basis to confirm compliance with procedures and to identify any inappropriate disposals.</p>	<p>This recommendation has now been assigned to PSD within Force and we will now be taking steps within this department to implement the recommendation. PSD will be implementing a series of quarterly spot checks into this area which will start as soon as possible and we envisage adding this as an indicator within the Integrity Dashboard reported to ISB (Integrity Standards Board). At this time the spot checks have not commenced and the ISB will receive updates on progress going forward.</p>

Conclusion

11. The recent corporate follow-up exercise has determined the status of live high priority recommendations due for implementation by 31st July 2018. Of the five red priority recommendations within the scope of the follow-up exercise, two have been confirmed as fully implemented, two as partially implemented, and one (CoLP) where evidence is required to confirm full implementation.
12. Overall, follow-up testing determined that 37% of recommendations had been implemented in full, 38% had been partially implemented and 25% 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.
13. There are two live red priority recommendation which are outside the scope of the follow-up exercise as these were not due for implementation by 31st July 2018.
14. There are three current high priority recommendations which have not been agreed by management i.e. the risk has been accepted.

Appendices

- **Appendix 1 – Summary of formal follow up outcomes**
- **Appendix 2 – Analysis of follow-up recommendations not implemented**
- **Appendix 3 – Details of ‘Risk Accepted’ Recommendations**

Pat Stothard

Head of Audit & Risk Management
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Corporate Follow-Up Exercise Outcomes – Recommendations due by 31/07/18

High Priority (Red & Amber) Recommendations

Department	Implementation Evidenced	Partially Implemented	Not Implemented	Total	Comments
Barbican	2	4	3	9	Revised target timescales are required in respect of four partially implemented recommendations and two recommendations which have not been implemented.
Chamberlain	5	0	0	5	
Chamberlain's IT	0	2	2	4	Revised target timescales have been supplied for all four recommendations.
City of London Police	2	2	2	6	Revised target timescales have been supplied for the two partially implemented recommendations. One recommendation has been implemented but not evidenced. The risk has been accepted in respect of the remaining recommendation.
City of London School	0	1	0	1	A revised target date has been supplied for full implementation of this recommendation.

Department	Implementation Evidenced	Partially Implemented	Not Implemented	Total	Comments
City of London School for Girls	0	3	0	3	Revised target dates have been supplied for two of these recommendations. An audit is in progress which will include consideration of control improvements relating to the remaining recommendation area and a target timescale will be set for full implementation.
City Surveyor	0	1	0	1	A revised target date has been supplied for full implementation of this recommendation.
Community & Children's Services	8	3	0	11	Revised target dates have been supplied for full implementation of all three recommendations.
Guildhall School of Music & Drama	1	4	2	7	Revised target dates have been supplied for all six recommendations.
Markets & Consumer Protection	2	1	0	3	Disposals procedures cannot be tested in practice until such time as there are disposals. Implementation to be subject to on-going monitoring.
Open Spaces	1	0	0	1	

Department	Implementation Evidenced	Partially Implemented	Not Implemented	Total	Comments
Town Clerk	0	1	5	6	Revised target dates have been supplied for implementation of five of these recommendations. A decision is awaited by Establishment Committee (October 2018) in respect of the remaining partially implemented recommendation and will result in a revised date for full implementation.
TOTAL	21	22	14	57	
Percentage of total recommendations	37%	38%	25%		

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High Priority Recommendations Partially Implemented / Not Implemented

Amber priority recommendations outstanding at time of August 2018 follow-up exercise (implementation due by 31st July 2018)

Department & Audit Area	Original Target Date	Revised Target Date (pre follow-up)	New Target Date (post follow-up)	Implementation Status		Management Comment
				Not	Partial	
Barbican						
Retail & Bars – Revel System Functionality for Ordering Retail Stock	31/07/18	N/A	TBC	0	1	For all four recommendations related to Revel: Numerous talks to work with Revel to solve our issues have taken place but it doesn't look like it will deliver what we need. Retail are working with IT on requirements for a new system and we are going to the market in the next few months. Some system testing on what is out there has already been done and we feel comfortable a new system will meet all our needs. Revised timescale for a procurement decision to be confirmed.
Retail & Bars – Stock Cost Information on Revel	31/05/18	N/A	TBC	0	1	
Retail & Bars – Integration of Revel and Shopify Online Shop System	31/07/18	N/A	TBC	0	1	
Retail & Bars – Retail Stocktake Revel System Functionality	31/07/18	N/A	TBC	0	1	
Retail & Bars – CCTV Installation	31/05/18	N/A	31/12/19	1	0	This is being tied in to the larger Barbican wide CCTV project. As this is being procured centrally for all City departments this project has seen a delay to 2019. New deadline - 31st December 2019.
Retail & Bars – Wastage Information on Stocktake Reports	31/05/18	N/A	TBC	1	0	No status update received. Evidence awaited of the Stocktaker being asked to report wastage at cost.
Retail & Bars – Recording of Cross Charges on Revel	31/07/18	N/A	TBC	1	0	No status update received. Evidence awaited of revised arrangements for recording of internal sales to Barbican departments.
Chamberlain's IT						
PBX Fraud – Call Logging	27/02/15	30/06/18	30/11/18	0	1	A project to implement call logger is now in progress, this will provide all required logs, and also be PSN compliant.

Department & Audit Area	Original Target Date	Revised Target Date (pre follow-up)	New Target Date (post follow-up)	Implementation Status		Management Comment
				Not	Partial	
Remote Access – New User Access Authorisation	30/05/16	31/05/18	30/09/18	0	1	This project will be fully implemented by 31/10/18. In order to provide some time to collect and review logs, a revised target date for full implementation of 30/11/18 has been set. A more robust process has been defined incorporating a workflow approval of new accounts by the cost centre owner. Cost Centre is a mandatory field in the starters form, the cost centre owner will now be required to approve all new account requests. Audit have confirmed that this is an acceptable process to mitigate the risk. Revised implementation date: 30/09/18.
Wifi Strategy – Wifi Policy	31/07/17	30/06/18	31/08/18	1	0	Wifi Logs are now being captured as part of the new network service. These will be available from the revised target timescale of 31/08/18.
SekChek – Event Log Settings	28/02/18	30/06/18	31/10/18	1	0	A project is currently being carried out by Agilisys to implement the Audit Policies on the new infrastructure. This project will provide full Management of Event Logs. This will be fully implemented by the revised target date of 31/10/18.
City of London Police CoLP - Seized Goods -Property Storage Locations (RED priority)	31/03/18	30/06/18	N/A	1	0	New jobs are now on Niche, legacy jobs are on PMS and will be cleared as these are closed. Storage locations are recorded on Niche accordingly. Audit are invited to view Niche system as evidence of completion. (CoLP were not available to confirm evidence at the time of update).
CoLP – Seized Goods – Witness of Disposals	31/03/18	30/06/18	N/A	1	0	The SOP has been updated to reflect the process currently used for Niche. Niche does not have a signature pad for this process and the officer logging onto the system has an electronic stamp. At this time the Niche system does not operate in the same way as PMS which this recommendation referred to. Although no secondary witness is in place, there is an audit trail within the system which identifies who was responsible for managing the disposal. (RISK ACCEPTED).

Department & Audit Area	Original Target Date	Revised Target Date (pre follow-up)	New Target Date (post follow-up)	Implementation Status		Management Comment
				Not	Partial	
CoLP – Seized Goods – Cash-Counting Policy ‘i’	31/03/18	30/06/18	30/11/18	0	1	<i>Update for both recommendations: The new Force Financial Investigations Strategy has been approved by the Transform Board and this will be used to update the Force SOP regarding POCA (Asset Recovery). The SOP is being developed, due to its complexity it is envisaged to take three months to develop which will include internal consultation within Force.</i>
CoLP – Seized goods – Cash-Counting Policy ‘ii’	31/03/18	30/06/18	30/11/18	0	1	
City of London School Financial Management – Timeliness of Interface Reconciliations	30/06/18	-	30/11/18	0	1	<p>The entire School has been moving from an old software system (SIMS) to a new system (ISAMS) over the last 3 years. One of the last areas to move across to ISAMS was the finance department, due to the expected heavy workload and high risk in making this move. ISAMS was adopted as the finance team’s software package for billing and accounts during the second half of 2017.</p> <p>As ISAMS did not have a debtor module, the School adopted ISAMS preferred partner solution, called ‘Accounts IQ’. However, it rapidly became clear that the interface between Accounts IQ and Oracle General Ledger was inadequate, and the software is unable to provide the level of financial reporting required, without manual intervention.</p> <p>The School has been working with Accounts IQ to rectify this problem, but as at August 2018 Accounts IQ has been unable to provide an adequate solution. As the entire School has moved its data from SIMS to ISAMS, the finance team are obliged to use ISAMS (SIMS has become redundant).</p> <p>For the Corporation’s year end audit at March 31st, 2018, the finance team manually reconciled the School and Corporation ledger. A copy of this is attached for audit purposes. This required considerable manual intervention by the finance team.</p> <p>Accounts IQ had promised a better solution by the summer 2018, but unfortunately have not delivered this yet. Due to this software failure, we are therefore unable to complete a ledger reconciliation for the</p>

Department & Audit Area	Original Target Date	Revised Target Date (pre follow-up)	New Target Date (post follow-up)	Implementation Status		Management Comment
				Not	Partial	
						<p>Summer term (by June 2018). We will however press Accounts IQ to produce a software solution during the summer and autumn, and target meeting this audit requirement in the autumn term (by 30th November 2018).</p> <p>The finance team's diary has been updated and this is now documented on the calendar of actions for finance.</p>
City of London School for Girls Inventory Maintenance	08/07/16	30/09/17	TBC	0	1	An audit is underway in this area and has indicated that further work is required in order to strengthen the control environment for asset management. An audit recommendation will be made to address weaknesses identified and the management response will require a timescale for full implementation to be set.
ICT Strategy, Security & Operations - Disaster Recovery Testing	11/12/15	30/06/18	15/11/18	0	1	As a result of the move of the IT server rooms out of Guildhall in the run up to the summer, we have had to completely revise our DR process. This has involved mirroring our systems in the cloud and revising completely the way we back up our IT systems and data. This work is currently ongoing as part of the Network upgrade and should be completed by the end of the summer. With the pressures on the IT team to get the new desktop IT systems rolled out across the school before the new academic year starts at the beginning of September we are unlikely to be able to do the DR walkthrough before half term in October. The revised date for completion is 15 November 2018.
ICT Strategy, Security & Operations – Penetration Testing	01/12/15	31/05/18	01/11/18	0	1	The City of London Police have agreed to test some of their new tools as part of penetration testing of our systems. We have to date provided them with details of our web IP addresses and these have been tested and only one recommendation was made, which has already been completed. Our Police colleagues have also been in to school for an initial recce. However, work has been postponed while we complete the network server upgrade and roll out of new desktop IT, which should be completed by October half-term.

Department & Audit Area	Original Target Date	Revised Target Date (pre follow-up)	New Target Date (post follow-up)	Implementation Status		Management Comment
				Not	Partial	
						As part of the network upgrade external providers assessed our systems for weaknesses. Recommendations have been completed or are in hand. Revised date for completion of Police led penetration testing is now 1 November 2018 (though the Police have recently informed us that they are currently short of resources – we will keep this under review).
City Surveyor Directly Managed Property Lease Issue – Void Property Reports	31/10/17	30/06/18	31/12/18	0	1	The Voids Report is now live in Oracle. However, there is an ongoing data validation exercise being undertaken to remove data errors e.g. where the voids report is currently showing un-occupiable space. I expect that the data validation exercise will be completed, and we will be able to rely upon data in the Voids Report by December 2018.
Community & Children's Services Car Parks Income Generation – Updating of Account Forecasts	31/03/17	30/06/18	30/11/18	0	1	Following recommendations from the Car Park Working Party a report on the Charging Policy for Car Parks and Stores was presented to the Barbican Residential Committee (BRC) on 4 June 2018. The committee resolved that a special meeting of the BRC be held on 21 June 2018 to further consider the matter and make a decision. The BRC agreed to increase charges, to be reviewed in a year, and the proposal to build additional stores to generate income was also approved. Car park estimates to reflect the new income generated will be updated during the revised estimates process. New estimates will be reported to the Barbican Residential Committee in November 2018 as usual.
Housing & BE Rents – Arrears Information for Members	31/07/18	N/A	31/01/19	0	1	Arrears/rent collection performance is reported to Members via the Housing Update Report, which is presented to the Housing Management and Almshouses Sub Committee twice yearly. Housing are currently revising the format of this report to include a more detailed performance dashboard. It is intended this will provide more detailed information relating to rent collection performance beyond the figure or percentage collected. The last housing update report

Department & Audit Area	Original Target Date	Revised Target Date (pre follow-up)	New Target Date (post follow-up)	Implementation Status		Management Comment
				Not	Partial	
Housing & BE Rents – Rent Arrears Levels	31/07/18	N/A	31/03/19	0	1	<p>was presented to committee on 23 July 2018. The revised format will be presented to the committee in January 2019.</p> <p>A revised target date has been supplied for setting a former tenant arrears target, hence partial implementation.</p>
Guildhall School of Music & Drama Baxter Storey Contract Management – ESB Priority 1 Recommendations (RED priority)	22/05/18	N/A	31/12/18	0	1	As this Health & Safety Audit is undertaken annually (by ESB) and will take place in the Autumn term, proof of monthly review cannot be supplied until this time. Revised target timescale set for demonstration of full implementation.
Succession Planning, Talent Management & Staff Development – Workforce Plan	30/04/18	31/07/18	31/12/18	1	0	With changes in senior staff at the School and further development of the strategic plan, and the development of the corporate HR transformation plans we have delayed finalising our workforce plan to ensure we are able to take into account all relevant factors. The overall objectives in the School Strategic plan have now been agreed and a more detailed 5 year business plan is now being developed and the workforce plan and talent management will need to reflect the new business plan. Revised date - 31st December 2018.
Succession Planning, Talent Management & Staff Development – Succession Planning	31/01/18	31/07/18	31/12/18	1	0	Following this initial plan the City started developing a talent management strategy as part of the HR transformation. We therefore delayed our plan to ensure we could use the expertise of the new Organisational Development team in Corporate HR and so we could align with any corporate plan. This also links into a new appraisal system that the City are currently trialling and will launched across the corporation from April 2019. The overall objectives in the School Strategic plan have now been agreed and a more detailed 5 year business plan is now being developed and the workforce plan and talent management will need to reflect the new business plan. Revised date – 31 st December 2018.

Department & Audit Area	Original Target Date	Revised Target Date (pre follow-up)	New Target Date (post follow-up)	Implementation Status		Management Comment
				Not	Partial	
Satellite Site Operations – Strategic Plan	31/12/17	31/07/18	30/09/18	0	1	For both Satellite Sites recommendations: this links in to the School's strategic objective around under 18 provision. A consultant was brought in to develop this strategy with focus on governance and SLA's. The final draft is being tweaked over the summer and the final version will be presented to an Under 18 away day in September.
Satellite Sites – Collaboration Agreements	31/10/17	N/A	30/09/18	0	1	
Sundial Court – Accommodation Strategy	31/07/18	N/A	30/11/18	0	1	
Markets & Consumer Protection Seized Goods – Records of Disposal	30/03/18	N/A	N/A	0	1	Disposals procedures cannot be tested in practice until such time as there are disposals.
Town Clerk Corporate Business Travel – Policy	31/05/18	N/A	31/10/18	1	0	The review of the business travel policy is ongoing, and a first draft was presented to SRG in April. Feedback from SRG, and various key stakeholders have been incorporated into the policy and will go to back to SRG and summit in Sept 2018.
Corporate Business Travel – Purchase Supporting Documentation	31/05/18	N/A	31/03/19	1	0	The review of business travel by procurement has identified the challenges in implementing and monitoring compliance to this recommendation due to the fact that the travel authorisation /purchasing process is manual. Cityproc will therefore commence procurement of travel services that will include software to facilitate and track travel purchases. Timescale to be revised to end of FY2018.
Corporate Business Travel – Pre-approval of Business Travel Arrangements	31/05/18	N/A	31/10/18	1	0	Will be progressed once the above actions have been implemented. Timescale revised to end of FY 2018 The Town Clerk will remind Chief Officers in September 2018 of the importance of all business travel being notified to the Insurance Team.

Department & Audit Area	Original Target Date	Revised Target Date (pre follow-up)	New Target Date (post follow-up)	Implementation Status		Management Comment
				Not	Partial	
Member & Officer Declarations of Interest – Co-opted Member Records	30/04/18	N/A	31/10/18	1	0	The annual update, including all Co-opted Members and all elected Members was undertaken after the start of the new municipal year and we have updated all our records on the basis of responses received. The next step is to upload the Co-opted Members register to the library on-line so they're publicly accessible. A report on the outcomes of the annual update exercise will be reported to the 5th October meeting of the Standards Committee.
Member & Officer Declarations of Interest – Timeliness of Website Publishing	30/04/18	N/A	31/10/18	1	0	The DOI (Declaration of Interests) and ROI (Register of Interests) work has become part of a wider piece of work. We were originally delayed by essential work in readiness for GDPR.
Member & Officer Declarations of Interest – Officer DoI Monitoring Arrangements (RED priority)	31/05/18	N/A	TBC	0	1	Further to going to Establishment Committee in July, the Chairman asked for us to investigate mirroring the Members Register of Interest. We have been asked to take a report to Summit (26.09.18) and thereafter depending on their views to steer providing a further report to Establishment Committee on the proposed way forward (22.10.18 meeting). Revised target date for implementation to be confirmed following decision-making by Members in October 2018.
TOTAL				14	22	

High Priority Recommendations Not Agreed (Risk Accepted)

High priority recommendations where management have accepted the risk of non-implementation

Department & Audit Area	Recommendation Detail	Management Comment
<p>City of London Police CoLP – Seized Goods – Witness of Disposals</p> <p>CoLP – Seized Goods – Audit of All Property Storage Locations</p>	<p>There should be a secondary witness to all disposals and this should be clearly evidenced either through a signed receipt or recorded note on PMS.</p> <p>An audit of all property storage locations should be conducted to confirm the location of property items and the system should be updated with the correct property item locations as appropriate.</p>	<p>The SOP has been updated to reflect the process currently used for Niche. Niche does not have a signature pad for this process and the officer logging onto the system has an electronic stamp. At this time the Niche system does not operate in the same way as PMS which this recommendation referred to. Although no secondary witness is in place, there is an audit trail within the system which identifies who was responsible for managing the disposal.</p> <p>This can only be completed if the resourcing within property is evaluated and the resources reviewed to increase capacity and allow an audit programme to be developed. This is currently not able to be undertaken due to resources within the Property Office.</p>
<p>Guildhall School of Music & Drama Data Quality – Resilience</p>	<p>The Academic Registrar and Director of the Student Experience should ensure that appropriate arrangements are in place to enable the School to continue submitting student returns should the Student Data and Information Manager leave the School's employment or in the event of long term absence.</p>	<p>This is one of the many “single points of failures” in the School that arise because the School is relatively small and does not have teams of individuals concentrating on the same task. This role is too technical and complex to be learnt as an add-on to an existing role and there are no role holders in the Registry with spare capacity in their roles. To train someone to an adequate level in a junior capacity, who would be available during sickness, holidays or cover at resignation, would require a full-time grade D permanent post.</p> <p>However, the School has lived with this particular risk for 12 years and to date has managed that risk internally more than adequately when there has been long-term sickness. Going forward management could be more difficult as there will be more reporting points under HESA Data Futures and external help will probably be required. Should there be significant illness or a resignation the School would need to recruit a high-level temporary worker from a HE recruitment specialist such as Prospectus. The risk remains that there might be not be a suitable temporary worker at that moment in time.</p>

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Committee(s)	Dated:
Audit and Risk Management Committee	25 September 2018
Subject: Risk Management Update	Public
Report of: Dr Peter Kane, Chamberlain	For decision
Report author: Paul Dudley, Chamberlain's department	

Summary

This report provides the Committee with an update on the corporate and top red departmental risk registers following the review by the Chief Officer Risk Management CORMG on 3 July 2018 and Summit Group on 25 July 2018.

There are currently 11 corporate risks included on the corporate risk register of which four are red and seven are amber. One risk, CR02 Loss of Business Support for the City was reduced in score from a red 16 to an amber 12 on 30 August 2018.

Members are asked to note that Summit Group on 25 July 2018 approved the removal of two risks from this register. These risks (not included in the current risk register – appendix 2) are CR19 IT Service provision, re-rated to green and de-escalated to departmental level and CR22 Barbican Centre fire safety risk, given that the risk largely focussed on the completion of fire risk assessments and management action which has now been achieved. A new Barbican Centre fire safety project delivery risk has been included at departmental level. CORMG at their next meeting in October will be assessing if this new risk required escalation to corporate level.

The Committee, on 17 July 2018 agreed to retain the CR25 GDPR risk on the corporate risk register.

A total of 304 risks (297 as at July 2018) have been identified by departments providing a wide range of risks that may affect service delivery. The total number of top red departmental risks is seven (seven in July 2018).

Summit Group noted that CORMG had considered proposals for three new corporate risks. These were maintenance on operational buildings, organisational change and information management. The Group agreed that the maintenance risk was currently being effectively managed (as a City Surveyor departmental level risk) whilst recognising funding challenges. It decided not to recommend this risk for consideration by Summit Group. The two other risks – organisational change and information management were agreed in principle although further work was required. It was likely that the organisational change risk would be presented to the Summit Group for consideration as a corporate risk in the autumn.

The outcome of corporate risk profiling exercise, undertaken by David Forster, Head of Risk, Zurich Municipal was reported to the Chief Officer Group on 14 June 2018. COG considered ten issues identified in the Chief Officer and member discussions. The key action was that the Director of Economic Development was requested to develop a new Brexit risk and to co-ordinate the organisation's response to prepare for the UK exiting EU in March 2019. The other issues identified included diversity and inclusion, expansion of academies, capital plans and projects, organisational change and the 4th industrial revolution. Many of these areas already had risks identified (at corporate or departmental level) and for the remainder Chief Officers have been asked to reflect on whether there are any new risks that could be suggested because of this exercise.

Recommendation

The Committee is asked to:

1. Endorse the decision Summit Group for the removal of both CR19 IT Service provision and CR22 Barbican Fire safety risk from the corporate risk register.
2. Note the risk report

Main Report

Background

- 1 The corporate risk register was last reviewed by the CORMG on 3 July 2018 and Summit Group on 25 July 2018.
- 2 In accordance with the established risk framework, each risk has been reviewed and where appropriate updated by the responsible risk owner and departmental management teams.
- 3 A total of 304 (297) wide ranging risks have been identified by departments comprising of 25 (24) red, 179 (174) amber and 100 (99) green risks.
- 4 Of the 304 total risks, there are 11 corporate, and seven top red departmental level risks. There are another 89 amber and 32 green risks recorded at departmental level. The remaining 167 are recorded as either service or team level risks.
- 5 Departments have used the City Corporation's Risk Management Strategy to ensure that there is a consistent approach to the way risks are described and scored. Attached as appendix 1 is the corporate risk matrix which illustrates the likelihood and impact ratings as well as the definitions for red, amber and green risks.

Corporate risk register

- 6 There are currently 11 corporate risks (four red and seven amber). Summit Group approved the de-escalation of CR 19 IT service provision to departmental level within the Chamberlain's department as well as the

removal of CR22 (Barbican Centre fire safety). The Committee recommended, at their meeting on 17 July 2018 to retain CR25 GDPR risk on the corporate risk register. No new corporate risks have been added to this register since the last report. One risk- CR02 Loss of Business Support for the City was reduced in score from a red 16 to an amber 12 on 30 August 2018 as a result of further mitigating action being taken by the City Corporation, businesses and Government to ensure continued service provision. A. copy of the corporate risk register is attached as appendix 2.

7 Table 1 below – List of current corporate risks as at 12 September 2018 (each risk is also categorised as strategic and operational).

Risk Code & Title	Status	Current Risk Score	Current Risk Trend Icon	Strategic/Operational
CR01 Resilience Risk	Amber	12		O
CR02 Loss of Business Support for the City	Amber	16		S
CR09 Health and Safety Risk	Amber	12		O
CR10 Adverse Political Developments	Amber	8		S
CR16 Information Security	Red	16		O
CR17 Safeguarding	Amber	8		O
CR20 Road Safety	Amber	12		O
CR21 Air Quality	Red	16		O
CR23 Police Funding	Red	16		O
CR24 Operational Security	Red	24		S/O
CR25 General Data Protection Regulation Project phase 2	Amber	12		S

Corporate risk ratings and target dates

8 Out of the 11 corporate risks, five risks have rolling annual target dates and relate to longer term risks. These are:

- CR01 Resilience risk
- CR02 Loss of Business Support for the City
- CR09 Health and Safety
- CR10 Adverse political developments
- CR17 Safeguarding

The other six risks relate to specific, and usually significant operational risks. They have target dates where the risk scores should be achieved.

9 The corporate risks with the highest likelihood rating (Likely) are CR02 Loss of Business Support for the City, CR16 Information Security, CR21 Air Quality and CR23 Police Funding. The following corporate risks have the

highest impact rating – CR10 Adverse political developments, CR17 Safeguarding and CR24 Operational Security.

- 10 Below is a table showing three corporate risks which have target dates from the August 2018 to the end of December 2018. Further information about these CR16 and CR20 is contained in paras 11 and 12-14 below. There is a separate report on CR25 GDPR Project on the agenda for this meeting.

Code	Title	Current Risk Score	Target Risk Score	Target Risk Date
CR16	Information Security	16 (Red)	8 (amber)	31 December 2018
CR20	Road Safety	12 (Amber)	6 (Amber)	31 October 2018
CR25	GDPR Project	12 (Amber)	4 (Green)	31 December 2018

CR19 IT Service provision

- 11 The IT Director has reported that significant progress has been made to mitigate both CR16 information security and CR19 IT service provision risks. CR19 has been re-rated as a green risk. This risk was mitigated, on schedule, with the implementation of the new Local Area Network and Wi-fi. IT Sub Committee on 10 July 2018 endorsed the decision to rate this risk as green. Summit Group approved the de-escalation of this risk to a Chamberlain’s departmental level risk.

CR20 Road Safety

- 12 The Director of the Build Environment has reported that the Permanent Bank Scheme is still on hold and a final decision is due to be taken by the Court of Common Council on 13 September 2018. There are also other actions being implemented to mitigate this risk and these are outlined in the detailed risk register (attached as appendix 2). This risk also the subject of a deep dive report at this Committee meeting.
- 13 The past 12 months have seen schemes proceed, campaigns be undertaken, a new Road Danger Reduction & Active Travel Plan be prepared and consulted on and a Transport Strategy be developed.
- 14 The ‘Bank on Safety’ scheme has proved to be successful and to have met all the success criteria. In relation to casualties, the scheme is in the process of being made permanent. The Policy and Resources Committee agreed to make the experiment permanent on the 6th September 2018. This committee report was finalised on the 11 September 2018. A final decision on the future of the Bank on Safety scheme was due to take place on the 13 September. If approved, the target risk rating of 6 will have been achieved by the target date.

Retirement of CR 22 Barbican Centre fire safety risk from the corporate risk register

- 15 The Director of Operations (Barbican Centre) reported to CORMG (3 July 2018) that significant progress made on the fire safety arrangements at the Barbican Centre. CORMG recommended to Summit Group that CR22 Barbican Centre fire safety risk be removed from the corporate risk register and this was approved on 17 July 2018. A new Barbican Centre fire safety focussed on project delivery risk has been developed and features on the top red departmental risk register as BBC H&S 005- The Failure to Deliver the Fire Related Projects (see appendix 3). CORMG, at their October 2018 meeting, will consider whether this risk should be recommended to Summit Group as a corporate risk.
- 16 Members are asked to note that the Barbican Centre will be the subject of the informal risk challenge session being held on 6 November 2018.

Potential new corporate risks

- 17 CORMG, at their meeting on 3 July 2018, received proposals for three new corporate risks for their consideration. These were maintenance on operational buildings (City Surveyor), organisational change and information management (Town Clerk). The Group agreed that the maintenance risk was currently being effectively managed (as a City Surveyor departmental level risk) whilst recognising funding challenges. It decided not to recommend this risk for consideration as a corporate risk by Summit Group.
- 18 The two other risks – organisational change and information management were agreed in principle although further work was required. It was likely that the organisational change risk would be presented to the Summit Group for consideration as a corporate risk in the autumn.

Top departmental red risks

- 19 There are currently seven top departmental red risks (seven in July 2018). There are no changes to this register since the July 2018 report.

Corporate risk profiling exercise

- 20 The outcome of corporate risk profiling exercise, undertaken by David Forster, Head of Risk, Zurich Municipal was reported to the Chief Officer Group (COG) on 14 June 2018. COG considered ten issues identified in the Chief Officer and member discussions. The key action was that the Director of Economic Development was requested to develop a new Brexit risk and to co-ordinate the organisation's response to prepare for this event in March 2019. A draft is being consulted on with the aim of seeking corporate risk status at Summit Group in September 2018.
- 21 The other issues identified included diversity and inclusion, expansion of academies, capital plans and projects, organisational change and the 4th industrial revolution. Many of these areas already have risks identified (at corporate or departmental level) or are being developed. For the remainder

of the other issues Chief Officers have been asked to reflect on whether there are any new risks that could be suggested because of this exercise.

Conclusion

- 22 The corporate and top red departmental risk registers were reviewed by Chief Officer Risk Management CORMG on 3 July 2018 and Summit Group on 25 July 2018. The CORMG provides additional assurance to the Summit Group, COG and the Audit and Risk Management Committee that corporate and top red departmental risks are appropriate and being actively managed.

Appendices:

APPENDIX 1 – Corporate Risk Matrix

APPENDIX 2 – Corporate risk register

APPENDIX 3 – Top Red departmental risk register

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

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

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

Appendix 1

(C) Risk scoring grid

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

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

(B) Impact criteria

(D) Risk score definitions

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

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

Contact the Corporate Risk Advisor for further information. Ext 1297

October 2015

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

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



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

Corporate risks - detailed report EXCLUDING COMPLETED ACTIONS

Report Author: Paul Dudley
Generated on: 14 September 2018



Rows are sorted by Risk Score

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
PR24 Operational Security Page 111	<p>Cause: Inadequate, poorly maintained or time expired security infrastructure; lack of security culture within the organisation; poor training or organisation of staff; insufficient staff.</p> <p>Event: Security of an operational property is breached.</p> <p>Effect: Unauthorised access to building by criminals/protestors/terrorists; disruption of business/ high profile events; reputational damage; injury or potential loss of life amongst staff or members of the general public</p>		24	<p>The Security Board is now mature and in place with all works teams beneath now in place. Public Realm, People Board, Cross Cutting and Security Advisory Board.</p> <p>Good strategic and tactical grip now with Police and key stakeholders. HVM work now started at Barbican and St Pauls in phase one of mitigation to the public from a vehicle borne Terrorist attack. There is phased works in place for the rest of this calendar year.</p> <p>The Corporation threat and risk mitigation plan is being adopted by others.</p>		16	30-Apr-2019	

Appendix 2- Corporate risk register

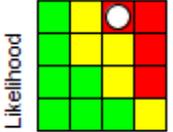
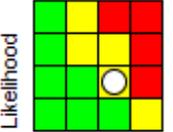
<p>-Jun-2017 Peter Lisley</p> <p>Page 112</p>				<p>Corporation Estate, ASF and BBM starts next month.</p> <p>HVM at Guildhall is aspired to be in place pre Lord Mayors Show this year.</p> <p>A new post has been created by City Surveyor Head of Security for Guildhall Complex, this is to provide grip and consistency across the complex and then support across the Estate This post has now been filled</p> <p>03 Aug 2018</p>				Constant
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Action no	Description	Latest Note	Action owner	Latest Note Date	Due Date
CR24a	Deliver a programme of security infrastructure enhancements	The Security Board is now mature and in place with all works teams beneath now in place. Public Realm, People Board, Cross Cutting and Security Advisory Board.	Paul Wilkinson	21-Aug-2018	30-Apr-2019
CR24b	Mitigating risk of vehicle borne attacks across Corporation estate.	Good strategic and tactical grip established with Police and key stakeholders. HVM work now started at Barbican and St Paul's in phase one of mitigation to the public from a vehicle borne Terrorist attack. There is phased works in place for the rest of this calendar year.	Carolyn Dwyer; Paul Wilkinson	21-Aug-2018	30-Apr-2019
CR24c	Threat and risk mitigation plan.	The Corporation threat and risk mitigation plan is being adopted by Corporation departments.	Richard Woolford	21-Aug-2018	30-Apr-2019
CR24d	Completing the cross-cutting security projects to protect Corporation infrastructure.	Anti-shatter film and Bomb Blast Mitigation start in August 2018.	Paul Wilkinson	21-Aug-2018	30-Mar-2019

Appendix 2- Corporate risk register

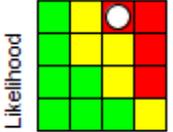
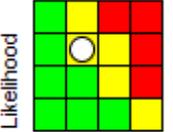
CR24e	Protecting Guildhall for major events by installing HVM.	HVM at Guildhall is aspired to be in place pre Lord Mayors Show this year.	Carolyn Dwyer; Paul Wilkinson	21-Aug-2018	01-Nov-2018
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Appendix 2- Corporate risk register

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR16 Information Security 22-Sep-2014 Peter Kane	Cause: Breach of IT Systems resulting in unauthorised access to data by internal or external sources. Officer/ Member mishandling of information. Event: Cybersecurity attack - unauthorised access to COL IT systems. Loss or mishandling of personal or commercial information. Effect: Failure of all or part of the IT Infrastructure, with associated business systems failures. Harm to individuals, a breach of legislation such as the Data Protection Act 1988. Incur a monetary penalty of up to £500,000. Compliance enforcement action. Corruption of data. Reputational damage to Corporation as effective body.	 Likelihood Impact	16	This risk will be mitigated from the implementation of projects under the scope of an IT Security Programme. Due to some data breaches the IT Sub-Committee determined that this risk should remain at red until the next Committee meeting in November 2018 20 Aug 2018	 Likelihood Impact	8	31-Dec-2018	 Constant

Action no	Description	Latest Note	Action owner	Latest Note Date	Due Date
CR16j	GDPR Data Breaches lessons learned being reviewed by the IT Security team, with mitigations agreed and implemented to reduce the likelihood of similar data breaches in the future. To be reported to the IT Sub-Committee November 2018 meeting	Lessons learned and mitigations still be completed and implemented.	Gary Brailsford-Hart	03-Sep-2018	30-Nov-2018

Appendix 2- Corporate risk register

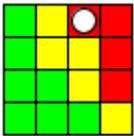
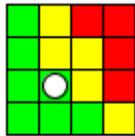
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR21 Air Quality 07-Oct-2015 Jon Aaverns Page 115	<p>Cause: Small particulate pollution has chronic health impacts from long term exposure at very low concentrations and is in evidence within the City and central London. There is also a health impact associated with long term and short term exposure to nitrogen dioxide.</p> <p>Event: Under certain atmospheric conditions there is a higher probability of poor air quality within the City and it is more likely that residents, workers and visitors would suffer the acute consequences.</p> <p>Effect: The consequences both acute and chronic may include: An increase in hospital referrals placed upon both emergency services and the NHS for those already suffering from respiratory or cardiovascular conditions (it may also place a strain on City social services). An increase in deaths, particularly of those already suffering from respiratory or cardiovascular conditions (both residents and workers). Economic costs such as acting as a deterrent of businesses coming to London or staying and financial penalties for non-compliance with air quality limits. Persistent poor air quality may affect the longer term health of the City population. Persistent poor air quality may attract adverse media coverage making the City seem a less attractive place to live and work.</p>	 <p>Likelihood</p> <p>Impact</p>	16	Risk unchanged. levels of air pollution are reducing in the City but still some way to go before concentrations meet health based targets 04 Sep 2018	 <p>Likelihood</p> <p>Impact</p>	6	31-Dec-2020	 Constant

Action no	Description	Latest Note	Action owner	Latest Note Date	Due Date
CR21 001e	Develop and implement a plan for reducing the impact of diesel vehicles on air pollution in the Square Mile. This is to complement the work being undertaken by the Mayor of London to reduce air pollution in the central zone through the implementation of the Ultra Low Emission Zone.	A review of the City Air Quality strategy and Action Plan has commenced with a view to presenting a draft for consultation in early 2019	Jon Aaverns	04-Sep-2018	31-Dec-2019

Appendix 2- Corporate risk register

CR21 001f	Investigate options to reduce emissions from combustion plant in the City using local legislation.	Local legislation will be utilised to investigate options for the reduction of emissions from combustion plant in the City.	Jon Averns	05-Sep-2018	31-Dec-2018
CR21 001g	Renew the City of London Air Quality Strategy	Officers are to renew the City of London Air Quality Strategy by March 2019'	Jon Averns	12-Sep-2018	29-Mar-2019
CR21 001h	Update the City Air Quality Supplementary Planning Document in line with the London Plan.	The City Air Quality Supplementary Planning Document is being updated in line with the London Plan.	Jon Averns	05-Sep-2018	28-Dec-2018
CR21 001i	Pilot an ultra-low emission street in the City of London.	Officer are planning to pilot an ultra-low emission street within the City of London.	Jon Averns	05-Sep-2018	31-Dec-2019

Appendix 2- Corporate risk register

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR23 Police Funding	<p>Cause: Reduction in government funding and growing demand in Policing services leading to pressures for the City Fund -Police.</p> <p>Event: Reduction in government funding. Failure to deliver VfM savings. Budget deficit forecast for next 5 years requiring action to balance the budget</p> <p>Effect: Potential impact on security and safety in the City as need to make savings, prioritise activity, review funding City of London Police will be unable to maintain a balanced budget and current service levels as reflected in their Medium Term Financial Plan.</p>	 <p>Likelihood</p> <p>Impact</p>	<p style="text-align: center;">16</p>	<p>The current financial outlook is more challenging for the City of London Police than previously anticipated. The 2017/18 year-end “underspend” of £3.5m was not actually an underspend, but rather a committed amount not yet spent. This means that the reserve balance of £7m will reduce to £3.5m, leaving a larger financial deficit than had previously been forecast for 2019/20. The focus for CoLP and CoLC is both on identifying the steps needed to close the future funding gap and on strengthening the financial management capability and oversight.</p> <p>Despite savings target of £1.2m in 2018/19, the current medium term financial plan shows an ongoing gap of £4-5m per annum. This has not yet been resolved and the risk has become an issue. The Transformation Programme is expected to reduce the financial gap, but few further savings have been identified to date leaving what is likely to be a significant shortfall in the 2019/20 budget.</p> <p>Further pressure on CT grant funded posts and allocation of grant from Government in 2018/19 may add pressure to the MTFP.</p>	 <p>Likelihood</p> <p>Impact</p>	<p style="text-align: center;">4</p>	<p>31-Mar-2019</p>	<p style="text-align: center;">■</p>

Appendix 2- Corporate risk register

21-Nov-2016 Ian Dyson; Peter Kane				<p>The Commissioner is taking a report on the position with CoLP Police Funding to September 2018 Police Committee.</p> <p>A CoLP Commercial and Enterprise Strategy is being developed which will generate further modest income to contribute to bridging the gap</p> <p>14 Sep 2018</p>				Constant
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Action no	Description	Latest Note	Action owner	Latest Note Date	Due Date
CR23a	Deliver the savings programme for currently identified savings in 2018/19.	COLP has a plan in place to deliver on £1.2m savings for 2018/19 and continues to explore opportunities for continual improvement, both internally and through wider collaboration with the City Corporation. The details of the planned savings were reported to Efficiency and Performance Sub Committee in March. Further work is being done to explore the profile of the achievement of the savings and quantify to extent of ongoing savings in future years.	Alistair Sutherland	03-Sep-2018	31-Mar-2019
CR23b	Medium Term Financial Plan	The assumptions in the Medium Term Financial Plan were revisited in July, but a broader piece of work has begun initiated by Chamberlains and Police. The broader piece of work will be informed by early outputs from the costing of services from the Transformation Board as it builds the new operating model. We will also be reviewing in detail the income assumptions, especially around the Economic Crime Academy and the Domestic/International Training agenda. We expect to report back in the autumn in time for 2019/20 budget setting.	Philip Gregory; Michelle King	21-Aug-2018	31-Mar-2019
CR23c	A Transformation Programme is underway to develop a revised Target Operating Model for CoLP to deliver greater effectiveness and financial stability. The Programme comprises eight work strands.	<p>The Deloitte short term recommendations or 'quick wins' have been realised and are funding the core transformation project team.</p> <p>City of London Police 'As is' Services listed/catalogued to identify duplication</p> <ul style="list-style-type: none"> • Prioritisation of key areas for Design efficiency • Community Policing • Financial Investigation • Performance + Data Management • Resolution Centre linked to Demand Reduction + Management 	Jane Gyford	14-Sep-2018	31-Mar-2019

Appendix 2- Corporate risk register

		<ul style="list-style-type: none"> • Protective Security • Immediate savings • Transform savings contributions towards £1.2m identified so far. 			
CR23d	Consider increase in the business rates premium in future periods	Consider contribution levels from City Fund/ City's Cash as part of financial planning and budget setting for 2019/20, measures could include increasing the business rate premium, ongoing support for capital project shortfalls, or direct contribution from City Fund or City's Cash to support additional Policing service demands.	Caroline Al-Beyerty	23-Aug-2018	31-Mar-2019

Appendix 2- Corporate risk register

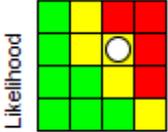
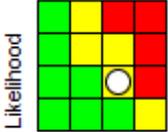
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR01 Resilience Risk Mar-2015 John Barradell	<p>Cause - Lack of appropriate planning, leadership and coordination</p> <p>Event - Emergency situation related to terrorism or other serious event/major incident is not managed effectively</p> <p>Effect - Major disruption to City business, failure to support the community, assist in business recovery. Reputational damage to the City as a place to do business.</p>	<p>Likelihood</p> <p>Impact</p>	12	<p>IT are still undergoing work to re-locate servers from GJR to another location. Network upgrade work and upgrading bandwidth is progressing across the corporation. Once this has been complete we will be able to carry our resilience tests. This is currently with IT services Matt Gosden. Progress is continuing with a list of critical software applications that the IT team are looking to benchmark against RTO as well as migrating telephony systems and other IT systems</p> <p>03 Sep 2018</p>	<p>Likelihood</p> <p>Impact</p>	12	31-Dec-2018	<p>Constant</p>

Action no	Description	Latest Note	Action owner	Latest Note Date	Due Date
CR01D	Working with the IS division, remove potential single points of failure from business continuity processes.	IT are still undergoing work to re-locate servers from GJR to another location. Network upgrade work and upgrading bandwidth is progressing across the corporation. Once this has been complete we will be able to carry our resilience tests. This is currently with IT services Matt Gosden. Progress is continuing with a list of critical software applications that the IT team are looking to benchmark against RTO as well as migrating telephony systems and other IT systems	Gary Locker	03-Sep-2018	31-Oct-2018
CR01H	To provide a larger Capability of Chief Officers & Senior Managers to strategically & tactically lead during a Major Incident impacting the City	<p>Training run on 9th February & 14th May 2018</p> <p>Further delivery of training at Gold and Silver, Tactical level Planned for delivery October 2018</p>	Gary Locker	03-Sep-2018	31-Oct-2018
CR01L	Assurance process with Cabinet Office College	The assurance process and training has been agreed with Cabinet Office College and the start date is 24/25 October, dept BC leads and Peter Lisley ATC to be invited. BC leads attended a	Gary Locker	03-Sep-2018	31-Oct-2018

Appendix 2- Corporate risk register

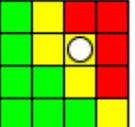
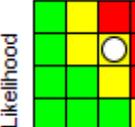
	Provide refresher and initial training for Col staff, this training intended to increase knowledge to ensure BC plans are able to support the Col maintain its business during a major incident, provide an in depth independent oversight of the Col business impact analysis, identifying its most critical business areas	meeting on 26th June where this assurance process was discussed, further BC leads meeting to be arranged prior to the process to brief and Peter Lisley to be briefed			
CR01M	process, training, call out process to strengthen the City capability and resilience in responding to major incident and complying with the wider London boroughs standardisation programme	Refers to LALO training and as part of the wider London Boroughs standardisation programme currently no agreed formal City call out process, progressing the role of LALO in the city, nominated and trained LALO to be invited to meet and further the process. Internal staff volunteer engagement day set for 1st November	Gary Locker	03-Sep-2018	31-Dec-2018
CR01N	to increase City capability and resilience in also supporting wider London boroughs during major incident response, Local Emergency Control Centres, Emergency centres as part of a wider humanitarian	Refers to Emergency Centres to cater for humanitarian needs and support to ensure local City plans meet the standard requirements, currently all centres and appropriate staff training in place. work ongoing to continue to increase capability of City staff resource. All boroughs currently await standard training packages from London Resilience Group	Gary Locker	03-Sep-2018	30-Sep-2018
CR01P	delivering a strategic based exercise to include command and control of managing events and incidents potentially impacting the show	Meeting with City Police taking place on 5th July to discuss format for 2018 pre LM show exercise and further meeting to be arranged to gauge thoughts of the Colc and Colp Gold strategic leads for the show. LM show exercise 17th October Basinghall Suite	Gary Locker	03-Sep-2018	31-Oct-2018

Appendix 2- Corporate risk register

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR02 Loss of Business Support for the City 22-Sep-2014 Damian Nussbaum	<p>Cause - The City Corporation's actions to promote and support the competitiveness of the business City do not succeed.</p> <p>Event - The City's position as the world leader in international financial services is adversely affected</p> <p>Effect - The City loses its ability to attract and retain high value global business activity, both as a physical location and in mediating financial and trade flows; the City Corporation's business remit is damaged and its perceived relevance is diminished. Reputational damage to the City as a place to do business and to Corporation ability to govern effectively</p>	 <p>Likelihood</p>	<p>12</p>	Reduced the risk level: The reason is that more mitigating action is being taken by CoLC, businesses and Government to ensure continued service provision. 13 Sep 2018	 <p>Likelihood</p>	<p>8</p>	30-Apr-2019	 Constant

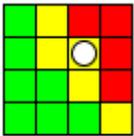
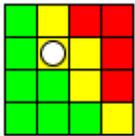
Action no	Description	Latest Note	Action owner	Latest Note Date	Due Date
CR02C	City Corporation providing opportunities for informing the debate on the terms of Brexit, and representing the views of the financial and professional services sector	Given the Government's preferred model for financial services access to the EU27 is the Equivalence regime, we are working with the sector to establish the impact on market access, and what improvements can be made to the regime. This will include both the regime's processes and scope. Whilst Equivalence is not our preferred model, we will make the case for improved Equivalence. Businesses are preparing for future access on the basis of Equivalence or No Deal.	Damian Nussbaum	30-Aug-2018	31-Dec-2018
CR02H	Work on initiatives which ensure London is at the forefront of innovation in financial and professional services	We have actively contributed to UK Government led initiatives with other markets on FinTech. A new Green Finance Institute will be established by the City Corporation in partnership with UK Government. A new Cyber strategy has been agreed with the City Police, and new work programmes on infrastructure and development finance are underway.	Damian Nussbaum	30-Aug-2018	21-Mar-2019

Appendix 2- Corporate risk register

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR09 Health and Safety Risk 22-Sep-2014 Chrissie Morgan	<p>Cause - Safety is treated as a low priority by the organisation, lack of training of staff and managers, management complacency, poor supervision and management</p> <p>Event - Statutory regulations and internal procedures relating to Health and Safety breached and/or not complied with.</p> <p>Effect - Possible enforcement action/ fine/prosecution by HSE, Employees/visitors/contractors may be harmed/injured, Possible civil insurance claim, Costs to the Corporation, Adverse publicity /damage to reputation, Rectification costs</p>	 Likelihood Impact	12	The Corporate work at height Policy was agreed and signed off by Summit. The overarching Corporate Health Safety and Wellbeing Policy is currently been reviewed and refreshed. 08 Aug 2018	 Likelihood Impact	12	31-Dec-2018	 Constant

Action no	Description	Latest Note	Action owner	Latest Note Date	Due Date
CR09F	Deliver a series of health and safety audits and compliance checks to provide corporate assurance that the organisation is being managed safely	Inspections continuing	Justin Tyas	21-Aug-2018	31-Dec-2018
CR09G	To deliver a programme of training sessions for Chief Officers and their reports	The programme of training is currently being delivered	Justin Tyas	21-Aug-2018	31-Dec-2018
CR09H	To implement and deliver a Workplace Wellbeing Action Plan	Plan is being scoped for stakeholder consultation.	Justin Tyas	21-Aug-2018	31-Mar-2019
CR09I	Working on a draft Lone Working and Preventing Violence Policy	working on a draft Lone Working and Preventing Violence Policy	Justin Tyas	21-Aug-2018	31-Dec-2018

Appendix 2- Corporate risk register

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR20 Road Safety	<p>Cause: Limited space on the City's medieval road network to cope with the increased use of the highway by vehicles and pedestrians / cyclists within the City of London. Interventions & legal processes take time to deliver</p> <p>Event: The number of casualties occurring in the City rises instead of reducing.</p> <p>Effect: The City's reputation and credibility is adversely impacted with businesses and/or the public considering that the Corporation is not taking sufficient action to protect vulnerable road users; adverse coverage on national and local media</p>	 <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>	12	<p>The risk remains unchanged.</p> <p>The permanent Bank Junction long term scheme is still on hold.</p> <p>The experimental safety scheme conclusion report was presented to Project Sub Committee on 18 June, Streets and Walkways Sub Committee on 3 July, Planning and Transportation Committee on 10 July & Policy and Resources Committee on 6 September. The final decision whether or not to make the experimental traffic orders at Bank Junction (to restrict traffic to bus and cycle only, Monday to Friday 0700-1900) permanent will be made at the Court of Common Council on 13 September.</p> <p>The public consultation on the Road Danger Reduction and Active Travel Plan closed on August 5th. 511 responses were received. These are now being analysed and a report will be presented to Streets and Walkways and Planning and Transportation Committee in the Autumn.</p> <p>The Be Brake Ready campaign in July and August is focusing on the behaviour and speed of cyclists. Pop-up events were held at Ludgate Circus, the Eastern City Cluster and Queen Street.</p> <p>As at 17th August there are 50 Live construction sites in the City, of which only 17 are not CLOCS champions, however this is as they are either fit outs only and therefore too small (2 sites), are nearing completion</p>	 <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>	6	31-Oct-2018	

Appendix 2- Corporate risk register

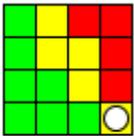
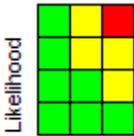
23-Oct-2015 Carolyn Dwyer				(6 sites), new start sites (5 sites) or are run by Irish based companies which don't currently register with the UK CLOCS scheme (4 sites). City Mark will now become business as usual. 11 Sep 2018				Constant
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Action no	Description	Latest Note	Action owner	Latest Note Date	Due Date
CR20b	Permanent Bank Junction redesign	The permanent long term scheme is still on hold. The experimental safety scheme conclusion report was presented to Project Sub Committee on 18 June, Streets and Walkways Sub Committee on 3 July, Planning and Transportation Committee on 10 July & Policy and Resources Committee on 6 September. The final decision whether or not to make the experimental traffic orders at Bank Junction (to restrict traffic to bus and cycle only, Monday to Friday 0700-1900) permanent will be made at the Court of Common Council on 13 September.	Steve Presland	11-Sep-2018	30-Nov-2018
CR20f	In accordance with the agreed workplan the Road Danger Reduction & Active Travel Strategy is being prepared. Indicative milestones (1) draft to Planning & Transportation Committee in early 2018; (2) Public Consultation in Q2 of 2018; & (3) revised strategy to be presented to Planning & Transportation committee with recommendation for adoption Summer 2018.	The public consultation on the Road Danger Reduction and Active Travel Plan closed on August 5th. 511 responses were received. These are now being analysed and a report will be presented to Streets and Walkways and Planning and Transportation Committee in the Autumn.	Steve Presland	17-Aug-2018	01-Oct-2018
CR20g	Behaviour Change Campaign to address 'inattention'. The process will be (1) use focus groups to identify options; (2) conduct attitudinal survey of road users; (3) prepare campaign delivery plan; (4) deliver campaign; (5) evaluate and report to Q4 2018/19.	The Be Brake Ready campaign in July and August is focussing on the behaviour and speed of cyclists. Pop-up events were held at Ludgate Circus, the Eastern City Cluster and Queen Street. Traffic cameras were set up at Queen Street to measure the impact of the campaign speed of cyclists and number of near misses with pedestrians. Initial results are encouraging and a full report on the impact of the interventions will be presented to Streets and Walkways and Planning Committee in the Autumn. This follows on from a multi-media campaign which included paid promotion on Facebook.	Steve Presland	17-Aug-2018	31-Mar-2019

Appendix 2- Corporate risk register

	<ul style="list-style-type: none"> GDPR compliance team to advise and review departmental retention schedules and liaise with departmental AIN representatives on required improvements. 				
CR25i	<ul style="list-style-type: none"> Investigation of use of meta compliance tool If 1 unsuccessful create audit template for departments to complete GDPR compliance Team review returns and advise departments on non-compliance issues 	<ol style="list-style-type: none"> Suitable meta-compliance software to meet ColC requirements not available. Manual audit template for departmental self audits finalised. Will be sent to Chief Officers w/c 20.08.18 and Departmental Access to Information Reps with a completion deadline of 14.09.18. 	Michael Cogher; Nick Senior	21-Aug-2018	30-Nov-2018
CR25j	<ul style="list-style-type: none"> Refine existing draft DPIA template Road test Incorporate into CoLC projects and procurement processes 	<ul style="list-style-type: none"> Data Privacy Impact assessment (DPIA) template finalised. DPIA incorporated into corporate projects procedure. DPIA incorporated into procurement procedures some further work required. 	Michael Cogher	21-Aug-2018	30-Sep-2018
CR25k	<ul style="list-style-type: none"> Standard contract clauses developed and applied to all new contracts Template for departmental use to record and monitor compliance Will be tested by GDPR compliance Team as part of departmental GDPR audits 	<ol style="list-style-type: none"> Standard GDPR contract clauses in place. Of the 8 major contracts for which Procurement are responsible all have declared that they are GDPR compliant. DCCS have developed a log of all contractors and contractor compliance which will be developed as a template for all departments to use to measure contractor compliance. An assessment of contractor compliance central to CR25i departmental compliance audit. 	Michael Cogher; Nick Senior	21-Aug-2018	31-Dec-2018
CR25l	<ul style="list-style-type: none"> Paper to summit group on deletion of W drive data. Data discovery tool procurement 	<ol style="list-style-type: none"> Proposal for deletion of W drive unstructured data finalised and signed off by Michael Cogher to go to next Strategic Resources Group meeting in 14.09.2018 Funding required for the procurement of an IT unstructured data discovery tool. 	Michael Cogher; Nick Senior	21-Aug-2018	31-Dec-2018

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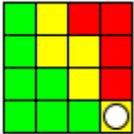
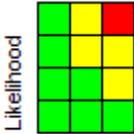
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR10 Adverse Political Developments Page 28 22-Sep-2014 Paul Double	<p>Cause: Policy issues that may compromise the City’s operation as an international financial marketplace to which the City Corporation’s functions are aligned; other financial services issues that make the City Corporation vulnerable to political criticism; local government proposals that call into question the justification for the separate administration of the Square Mile; overarching political hostility.</p> <p>Event: Changes in international relationships particularly those with the EU; reputational questions related to financial institutions; local government changes in London; political hostility to the Corporation.</p> <p>Impact: Damage to the City's ability to put its case nationally and internationally and to the City’s standing as a dedicated international financial marketplace. The City of London Corporation would be compromised if the City's position as a world leading financial and professional services centre were undermined.</p>	Likelihood  Impact	8	Constant attention is given to the form of legalisation affecting the City Corporation and the broader City, and any remedial action pursued. Making known the work of the City Corporation in the financial sphere among opinion formers, particularly in Parliament and central Government, is also part of the apparatus by which the City’s voice is heard and by which the Corporation is seen to be “doing a good job” for London and the nation for a crucial sector of the economy; the Brexit issue is the foremost consideration at present time. The same approach is replicated in respect of the Corporation’s other activities. 03 Sep 2018	Likelihood  Impact	8	31-Dec-2018	 Constant

Action no	Description	Latest Note	Action owner	Latest Note Date	Due Date
CR10a	Monitoring of Government legislation and proposed regulatory changes.	Relevant Bills in the Government's legislative programme will be identified and City Corporation departments alerted to issues of potential significance as the measures are introduced in the new Session. Action taken through negotiation with departmental officials or amendments tabled in Parliament as required. The legislative consequences of Britain leaving the EU as they may affect the Corporation and the City more generally as an international financial centre are a particular focus.	Paul Double	03-Sep-2018	31-Dec-2018
CR10b	Provision of information to Parliament and Government on issues of importance to the City.	Briefing has been provided for parliamentary debates including on Brexit, air quality, immigration, housing, planning, the creative industry, trade and investment, apprenticeships, economic crime, Fintech and broadband.	Paul Double	03-Sep-2018	31-Dec-2018

Appendix 2- Corporate risk register

CR10c	Engagement with key opinion informers in Parliament and elsewhere. Programme of work to monitor and respond to issues affecting the reputation of the City Corporation.	Liaison with the City's MP and other MPs, Peers and Select Committee of both Houses on matters of importance to the City, including increased engagement on Brexit-related issues. Working with other organisations, including the Financial Markets Law Committee, to analyse the legal framework following exit from the EU. Continuing engagement on devolution in London and liaison with London Councils and Central London Forward on the application of devolution to the London boroughs and the City, either directly from Central Government or the Mayor.	Paul Double	03-Sep-2018	31-Dec-2018
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Appendix 2- Corporate risk register

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR17 Safeguarding 22-Sep-2014 Andrew Carter	Cause: Not providing appropriate training to staff, not providing effective management and supervision, poor case management Event: Failure to deliver actions under the City of London' safeguarding policy. Social workers and other staff not taking appropriate action if notified of a safeguarding issue Effect: Physical or mental harm suffered by a child or adult at risk, damage to the City of London's reputation, possible legal action, investigation by CQC and or Ofsted	Likelihood  Impact	8	Options for commissioning a revised Corporate Safeguarding audit are being considered by the Director, the Assistant Director, People and the Strategic Director of Education, Culture and Skills. 31 Aug 2018	Likelihood  Impact	8	31-Mar-2019	 Constant

Action no	Description	Latest Note	Action owner	Latest Note Date	Due Date
CR17o	A review is being conducted into the safeguarding arrangements within the independent schools within the City of London. It is anticipated that the report will be available at the start of December. If the report makes recommendations these will be implemented within agreed timescales.	Visits to all GSMD sites have been completed and action plans have been completed. Findings from the visits will be reported to the GSMD Board in the first term of the new academic year 2018/19.	Andrew Carter	31-Aug-2018	31-Dec-2018
CR17p	The new Ofsted Safeguarding framework will be launched in 2018. This replaces the previous Safeguarding Inspection Framework (SIF) which the CoL received a judgement of Good. The CoL CCS will need to respond to the new framework arrangements in readiness for future safeguarding inspection of Children and Families Early help and Social Care.	A self assessment has been completed and presented to Ofsted who will make arrangements to visit.	Chris Pelham	31-Aug-2018	31-Mar-2019
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 temporary solution has been put in place and the IT team at the providers is working towards a permanent resolution. A review is being undertaken and a protocol for addressing connectivity issues will be developed.	Sharon McLaughlin	31-Aug-2018	31-Oct-2018

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Top Red departmental risks - detailed report EXCLUDING COMPLETED ACTIONS

Report Author: Paul Dudley
Generated on: 31 August 2018



Rows are sorted by Risk Score

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
Page 133 ABC H&S 005 Failure to Deliver the Fire Related Projects	<p>Cause: Inability to deliver the fire related projects in a timely and prioritised manner, resulting from insufficient resource, inability to get to access the areas or issues due to Listed Building Regulations, planning, etc.</p> <p>Event: Failure to deliver the fire related projects</p> <p>Impact: Delays to the projects would bring continued risk and need to maintain the current mitigations, incurring costs. Also increased risk of fire spreading more quickly or further</p>	Likelihood Impact	16	Since the retirement of CR22 risk, we have created a new departmental risk H&S 005 for the project related works and created sub risks to align with the overall risk profile for the planned project works to complete the last phase of the FRAs outputs and gain full closure on the remaining actions that has been supported with CoL funding. The project scoping has now started and will be delivered by zones and risk profile. The final phases of the deliverables are now with the projects and the project process has started, the first phase of tendering is due to go out and is currently with procurement. This will then allow us to start the journey and appoint contractors and a fire safety consultant to support with the phases of the works throughout the zones and to complete the actions. We are going	Likelihood Impact	2	01-Sep-2021	

Appendix 3 – Top red departmental risk register

06-Jul-2018 Jonathon Poyner				<p>to programme and try to deliver within 24 months, but realistically with the unknowns and current market for fire safety contractors following Grenfell is likely to have a significant impact on our deliverables, so realistically we could be looking at 36 months to complete. We do not intend to rush these works as we are looking at embracing the latest technologies and innovation to lead the way forward with fire safety following a large investment. This will set the scene and the standards we are going to work to for the future.</p> <p>20 Aug 2018</p>				Constant
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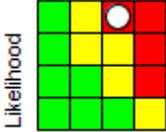
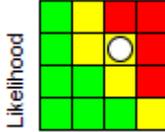
Page 134

Action no	Description	Latest Note	Action owner	Latest Note Date	Due Date
BBC H&S 005a	Project planning and control during life of the projects to ensure fire safety while maintaining business continuity.	Working in operational areas during core hours, ensuring suitable planning, coordination and control of contractor measures are in place to maintain daily work routines, keeping staff, contractors and visitors safe at all times throughout the phases. We will need to isolate areas and systems which needs effective planning and good CDM application by PD and PC to ensure all communication lines are clear, discussed, communicated, agreed with all stakeholders and planned well in advance. We envisage fulfilling the PD duties from the client side for knowledge of site, procedures and to conform CoL guidance/policies. Careful planning to avoid any loss of business for our tenants and the Barbican main. This could result in counter charges from our tenants if we do not manage this and engage with them to agree strategies for delivery within their respective areas. This scheduled plan is for works over 36 months.	Jonathon Poyner	31-Aug-2018	01-Sep-2021
BBC H&S 005b	The projects comply with current and respond to subsequent legislative changes during the lifetime of the projects; ensuring the contractors have engaged suitable consultants for the projects.	Following Grenfell there is an appetite to amend, change, introduce new legislation. We need to carefully monitor all progress in this area as it could be significant to the works we undertake, firstly to be alerted timely should any changes affect our works that may require redesigns or changes in systems. A change in legislation is not normally retrospective but we must monitor how this can progress working closely with our CoL colleagues. The aspects and impacts of anything that may change remains quite high so regular CPD attendance and Institute of Fire Engineers regional meeting attendance and monitoring all public professional	Jonathon Poyner	31-Aug-2018	01-Sep-2021

Appendix 3 – Top red departmental risk register

		sites for communications. The aim is to deliver in 24 months, but realistically likely to be 36 months.			
BBC H&S 005c	Projects being delivered within the agreed time frames and agreed budgets.	Project funding for the works across the Barbican Centre has been estimated and funding provided by CoL; due to the scale of the multiple works stream of projects and the many unknowns such as asbestos in doors, door frame packers, routes for additional cabling that could require more funding, it is currently unknown due to the scale of the works and the size of the building. The timing following Grenfell has seen a spike in costs and availability fire safety systems, consultants and contractors. This could cause considerable price increases and limited availability of products and suppliers. This could delay projects due to availability and costs and needs to be monitored closely. The desire would be to complete within 24 months, however asbestos delays alone should we require notification and removal in areas could delay significantly, so potentially 36 months.	Jonathon Poyner	31-Aug-2018	01-Sep-2021
BBC H&S 005d	Select the appropriate contractors in line with CoL control of contractors' guidance who have developed robust business continuity plans following Brexit.	Ensure the contractors selected for the project works are fully accredited, have good site knowledge and experience and fulfil the PQQ criteria. Following the CoL control of contractors' guidance to try our best to ascertain finance standing to ensure that any fallout from Brexit won't affect them, which could cause significant problems with project phases over a long period. We are trying to engage companies that manufacture their own products in UK to simplify all the products we require for manufacturing, replacement, PPM and future upgrading and repairs over the coming years. This may not be the cheapest option, but we feel it will be the best option for us at the Centre in these times of unknown with Brexit. We have already met with some UK manufacturing companies and they have given us assurance of products and we feel are well placed to enhance our existing systems and take us to the next level. We need to ensure that only competent and trained operatives are on site working on individual projects and maintain diary and record attendance. Failure to do this could see our contractors breach CoL guidance on control of contractors and cause significant delays in work outputs. We are planning to complete projects within 24 months, but likely to take 36 months.	Jonathon Poyner	31-Aug-2018	01-Sep-2021
BBC H&S 005e	Delivering CIP following the outputs from FRAs and delivering the changes required to ensure PPMs.	Currently we are maintaining the standards achieved throughout the period following the rectification works following the Fire Risk Assessments, this involves appointments, restructure and ownership of fire safety related tasks with Continuous Improvement (CIP). We are looking, through innovation and latest technologies, to improve our fire safety systems throughout. Failure to maintain this could lead to enforcement and reputational damage. We are also in the process of upgrading CAFM with our service provider to ensure all PPM is recorded and readily available and new systems or changes are captured for compliance. All project upgrade/ replacement work will need to align to demonstrate and record PPM, this maybe by asset tagging, yet to be fully confirmed. Managing this correctly will allow us to successfully manage all PPM and demonstrate compliance and evidence for future audits. 24 months, likely to take 36 months for full completion.	Jonathon Poyner	31-Aug-2018	01-Sep-2021

Appendix 3 – Top red departmental risk register

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
OSD 006 Impact of development summary risk 30-Aug-2017 Colin Buttery	<p>This risk summaries the risks associated with housing and/or transport development across the Open Spaces Department.</p> <p>Cause: Pressure on housing and infrastructure in London and South East; failure to monitor planning applications and challenge them appropriately; challenge unsuccessful; lack of resources to employ specialist support or carry out necessary monitoring/research, lack of partnership working with Planning Authorities</p> <p>Event: Major development near an open space</p> <p>Impact: Increase in visitor numbers, permanent environmental damage to plants, landscape and wildlife, air and light pollution, ground compaction and resulting associated effects on tree and plant health. Wear and tear to sports pitches. Lack of budget to facilitate repairs, potential for encroachment.</p> <p>This risk is felt to be of departmental concern due to the high level of work required across the open space divisions to defend against the impact of development and the serious nature of the impact.</p> <p>The actions for this risk are the open actions from each of the divisional risk registers.</p>	 <p>Likelihood</p>	16	Risk remains at red due to the possible impact of development across several sites. 29 Aug 2018	 <p>Likelihood</p>	12	30-Apr-2020	 Constant

Action no	Description	Latest Note	Action owner	Latest Note Date	Due Date
OSD EF 010 a	Epping Forest DC local plan - Attend meetings and respond to consultation on the local plan so that can influence the content of the plan and the Memorandum of Understanding between EFDC and Natural England LB Redbridge core strategy and other LA actions plans - respond to any further consultation.	Mitigation proposals have been tabled from us and we are awaiting the tariff decisions by local authorities. Negotiations and dialogue continues with EFDC and also with the London Boroughs of Redbridge and Waltham Forest local planning authorities – lpas). A key issue remains unresolved on Air Quality and the lpas have still not gathered sufficient evidence for an avoidance and mitigation strategy. Current highways proposals include the loss of Forest Land and so remain an existential threat to the Forest SAC. A number of planning applications have been objected to in each of these authorities and some progress has been made on this with EFDC. We are working with Natural England and seeking meetings with the two London Boroughs - which have yet to respond to our joint requests.	Jeremy Dagley	23-Aug-2018	30-Apr-2020

Appendix 3 – Top red departmental risk register

		<p>The Visitor Survey evidence has now provided us with a 6.2km Zone of Influence which has been accepted by the 5 authorities that contributed financially to the Survey. Other authorities were appraised of this at a meeting of the SAC Mitigation Oversight Group on 25th July 2018. We (The Conservators) have tabled a full list of costed mitigation proposals amounting to a total of over £2.5M over 15 years. The local authorities are now considering how to set a tariff on developers in their districts/boroughs. We are also pressing for a SANGs tariff to be set as soon as possible.</p> <p>Currently Natural England’s intervention and our objections to the Habitats Regulations Assessments for the Local Plans has resulted in a moratorium/non-determination of over 60 planning applications in the EFDC area and other authorities are following suit so as not to breach the Habitats Regulations 2017.</p>			
OSd EF 010 c	Forest transport strategy - Negotiate renewal with Essex County Council and extend to cover London Borough's	<p>The Forest Transport Strategy has been accepted as vital vehicle for any air quality (AQ) mitigation. However, the Habs Regs Assessment for the EFDC Local Plan is still being re-written as it was not adequate on AQ and the traffic modelling and highways proposals have been delayed further (having been promised in June 2018). Currently this key part of the Local Plan is ‘unsound’ in our view and we may have to object at the future Local Plan Examination in Public.</p> <p>An ongoing issue</p>	Jeremy Dagley	23-Aug-2018	30-Apr-2020
OSD NLOS a	Maintain a close partnership with Planning Authorities. Supt and Officers in contact with the London Borough of Camden, Barnet and Haringey in regard to planning issues which may impact the open spaces.	Ongoing, division to make representation as necessary.	Richard Gentry	23-Aug-2018	31-Mar-2020
OSD NLOS 011 b	Respond to consultation on the local plans to help influence the content of the documents.	Ongoing. Response to planning issues as necessary. No change.	Richard Gentry	23-Aug-2018	31-Mar-2020
OSD NLOS 011 c	A Consultant is monitoring planning activity and will assist the Superintendent with specialist support in regard to resisting planning applications that impact on the Open Spaces.	Division continues to monitor planning issues.	Richard Gentry	23-Aug-2018	27-Jul-2020
OSD P&G 007 a	Attendance at meetings and respond to consultation on the local plans to help influence the content of the document.	Relationship with planning colleagues in the city continues - ongoing action.	Lucy Murphy; Martin Rodman; Jake Tibbets	29-Aug-2018	31-Mar-2020
OSD P&G 007 b	Maintain a close partnership with planning authorities including (but not limited to) Newham, Islington, Camden, and Tower Hamlets.	Ongoing risk action based on responding appropriately to relevant planning issues. Developments by Islington around Bunhill Fields are being monitored.		29-Aug-2018	31-Dec-2020

Appendix 3 – Top red departmental risk register

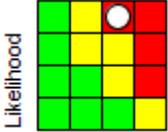
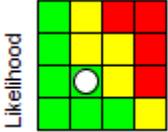
OSD EF 004 a	Statutory inspection visits by engineer - 6 monthly in May and October	Inspection completed June 2018. Next set of updates expected November 2018 after recommendations have been agreed.	Martin Newnham; Geoff Sinclair	13-Aug-2018	30-Apr-2020
OSD EF 004 b	Complete works on the Eagle ponds and obtain approval for distribution of responsibilities. Survey the outward toe of the dam pending decision on shared responsibility with London Borough of Redbridge	Ongoing action - no significant developments since previous update.	Geoff Sinclair	29-Aug-2018	31-Dec-2018
OSD EF 004 c	Weekly inspection of reservoirs / dam. Review the use of penstock gates	Ongoing action.	Martin Newnham	29-Aug-2018	08-Apr-2020
OSD EF 004 e	Undertake scoping evaluations for Baldwins Pond and Birch Hall Park Pond	Ongoing action. Still awaiting further work by DBE.	Geoff Sinclair	23-Aug-2018	31-Dec-2018
OSD TC 006 a	Condition assessments carried out and options provided for approval Options costed Gateway 4 report drafted - Sept 16	Project at The Commons remains a goal for the future. Ongoing action to mitigate risk, to be updated as project moves forward.	Hadyn Robson	23-Aug-2018	31-Dec-2022
OSD TC 006 b	Inspections / monitoring of outflow condition Ongoing	All water bodies are actively monitored by relevant authorities within the City to ensure they comply with legislation.	Hadyn Robson	23-Aug-2018	31-Mar-2020

Appendix 3 – Top red departmental risk register

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
SUR SMT 008 City Bridges: - Substantial vessel strikes Jun-2017 Paul Wilkinson	Cause: Substantial Vessel strike Event: Structural damage to bridge Impact: Instability in bridge structure leading to possible collapse. Death / injury, disruption of traffic, reputational damage, additional costs to repair / replace	 Likelihood	16	Minor bridge strike at Tower Bridge in early August. Currently awaiting full inspection report. Workshop hosted by CSD on 09/07 involving key leads from CSD, DBE, CBT and Chamberlains. This took a ‘first principals’ approach looking at our objectives relating to the City Bridges. Follow up meeting to be arranged to recast risks around agreed objectives. Service Agreement being developed to better aid communication between key departments – this will include maintenance, inspections and areas of concern.	 Likelihood	16	31-Mar-2019	
		Impact	17 Aug 2018	Impact	Constant			

Action no	Description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 008a	Navigation controls	Navigation is controlled by the Port of London Authority and navigation lights fixed to bridges. Paul Monaghan is an on-going member of the River Crossings Liaison Group and is currently pursuing them for further meeting dates following their change in Chair. Paul Monaghan updates CSD at the quarterly meetings as to any actions, activities, or change in the risk status of this item.	Nicholas Gill; Paul Monaghan; Peter Young	17-Aug-2018	31-Mar-2019

Appendix 3 – Top red departmental risk register

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
TC TCO 05 Customer Relationship Management System 20-Nov-2015 John Barradell; Simon Murrells; Damian Nussbaum	Cause: Outdated software that is no longer supported stops working or will no longer work with our network environment Event: Failure of the CRM system Effect: Loss of critical data, Contact Centre, C.O.D team unable to effectively carry out their duties.	 Likelihood	16	The Corporation went live with the new Contact Centre CRM (“Firmstep”) on 8th August with their high volume processes. The project will now look to add additional processes, including the ability to take payments in the coming weeks 30 Aug 2018	 Likelihood	4	31-May-2018	 Constant

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Action no	Description	Latest Note	Action owner	Latest Note Date	Due Date
TCTCO05D	The Corporation has procured a new system tailored to the needs of the Contact Centre (“Firmstep”). We are now implementing the new system and it should be operational by the end of July	The Corporation went live with the new Contact Centre CRM (“Firmstep”) on 8th August with their high volume processes. The project will now look to add additional processes, including the ability to take payments in the coming weeks	Sam Collins	21-Aug-2018	31-Dec-2018
TCTCO05E	The Corporation has a procured a new platform (City Dynamics) and is configuring a new application tailored to the needs of strategic engagement and events management (SEEM) that will support compliance with new data protection law. The strategic engagement function will be implemented in early Summer, followed by the events management function in early Autumn. The solution for Strategic Engagement is currently undergoing System Testing and will be made available for UAT shortly.	The Corporation has a procured a new platform (City Dynamics) and is configuring a new application tailored to the needs of strategic engagement and events management (SEEM) that will support compliance with new data protection law. The strategic engagement and events functions will launch at the same point in the Autumn, with a gradual stair casing of the events solution. Both solutions are undertaking user testing before training begins.	Damian Nussbaum	31-Aug-2018	30-Oct-2018
TCTCO05F	A data retention and data migration approach have been proposed and are being considered by the City Dynamics governance group. Initial discussions took place last week but further consideration is required.	We are in the process migrating the data. An extract has been taken and is currently being cleansed externally by Experian. Once the cleansed data will be returned and we will migrate it to the new City Dynamics platform.	Simon Murrells	21-Aug-2018	30-Sep-2018

Appendix 3 – Top red departmental risk register

	<p>The decision has been taken not to migrate data to Firmstep, but to start with a clean dataset for the Contact Centre.</p>	<p>The City Occupiers Database forms part of this project. It will not be migrated with the CRM data but its cleansed data will be imported back into the CRM 2011. The Contact Centre and events teams will continue to use CRM 2011 until they are fully migrated to City Dynamics, (hopefully by the end of the year). Once all users are migrated to their respective systems, CRM 2011 will be decommissioned. .</p>			
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Committee(s)	Dated:
Audit & Risk Management	25092018
Subject: CR20 – Road Safety	Public
Report of: Director of the Department of Built Environment	For Information

Summary

This report considers actions taken to mitigate corporate risk CR20: Road Safety and track the progress made to date against previously agreed actions. (see Appendix 1)

The past 12 months have seen schemes proceed, campaigns be undertaken, a new RDR & AT Plan be prepared and consulted on and, a Transport Strategy be developed. The Bank on Safety scheme has been a focus for the organisation and the public throughout the past 12 months. A successful outcome to that project will be key to meeting the risk target.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. The safety on the City's streets remains an issue and the number of casualties, especially in the category of Killed and Seriously Injured had not decreased at the end of 2016.
2. Data for the whole of 2017 has not yet been made available to the City; due to a change in system and process nationally and in London. In addition, there are now three definitions of serious casualties and the historic data sets are being rebased over preceding years by Transport for London. This will be helpful in the long term but is unhelpful at present. The latest data is shown in Appendices 2 and 3. The new categories are shown in Appendix 4.
3. The casualty data was reviewed extensively to inform the latest Road Danger Reduction and Active Travel Plan (RDR&AT Plan). Between 2014 - 2016, killed or serious injuries to cyclists have declined despite continued rise in numbers choosing to cycle. The number of pedestrians has also been rising and this trend is mirrored in a rise in the number serious injuries to pedestrians. Pedestrians

now account for over half of all killed or serious injury in the City. Reversing this trend is therefore the focus of the RDR&AT Plan.

4. Historically, there is no clear correlation between traffic changes due to significant roadworks and casualty trends. That remains the case. Over the last few years, the casualty trend seen in the City matches that of central London. The City has to work effectively with Transport for London. Whilst Transport for London are responsible for 10% of the highways within the City, approximately 45% of the casualties occur on their streets.
5. The number and type of users of the City's streets is changing. There are more pedestrians and more cyclists expected on the City streets. Both feature highly in the casualty statistics. Without intervention, casualty figures would be expected to rise.

Progress on existing and additional Mitigating Controls

6. The 'Bank on Safety' scheme has proved to be successful based on provisional data and to have met all of the success criteria. The Policy and Resources Committee agreed to make the experiment permanent on the 6th September. A final decision on the future of the Bank on Safety scheme was due to take place on the 13 September. If approved, the target risk rating of 6 will have been achieved by the target date.
7. The Road Danger Reduction and Active Travel Plan (5 years) was out for public consultation during July and August. 511 responses were received and are currently being analysed. A report will be presented to the Streets and Walkways Sub Committee and the Planning and Transportation Committee in the Autumn. This will highlight the responses to the plan and the suggested changes.
8. During the same period, the draft vision, aims and outcomes for the Transport Strategy (5 to 25 years) were consulted on and 500 responses were received. The need to make the streets safer is a key part of the new strategy. The results of the consultation and the detailed proposals are being taken through the Local Plan Sub-Committee of Planning and Transportation. The proposals are due to be approved by the Planning and Transportation Committee on the 30th October 2018. Further public consultation on the proposals for the transport strategy is programmed to take place in November and December 2018.
9. Whilst consultation on the RDR&AT Plan has been underway, campaigns continue. Be brake ready through July, August and September has focussed on the speed and behaviour of cyclists, aiming to reverse a rising trend of cyclist and pedestrian collisions. During the Autumn, campaigns will include lights for cyclists and focus on other user groups.
10. The most dangerous vehicle category in terms of fatalities is Heavy Goods Vehicles. Through the City Mark project every major live construction site has been visited to encourage and support compliance with Construction Logistics and Community Safety (CLOCS) standards. This will become business as usual going forward.

11. A track of previous actions is shown in Appendix 1.

Future Actions

12. Development of a coherent Transport Strategy and its consultation (November and December) and subsequent adoption by 31 March 2019 will seek to reduce the risk of casualties.

Conclusion

13. Assuming that the decision of the Court of Common Council on the 13 September is to make the Bank experiment permanent, the target risk and score will be achieved. The adoption of Vision Zero and approval of a Transport Strategy that contains proposals to meet Vision Zero will further reduce the risk rating and score.

Appendices

- Appendix 1 – CR20: Road Safety Risk
- Appendix 2 – Road Injury statistics for the City of London 2011 – 2016
- Appendix 3 – Road Injuries in the City of London: 2011 – 2016 in relation to 2020 targets (Transport for London, Stats19)
- Appendix 4 – New casualty definitions

Background Papers

None

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Assistant Director (City Transportation)

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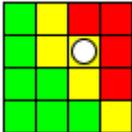
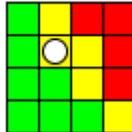
E: iain.simmons@cityoflondon.gov.uk

CR20 Road Safety

Report Author: Richard Steele

Generated on: 11 September 2018

APPENDIX 1

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR20 Road Safety Page 148	<p>Cause: Limited space on the City’s medieval road network to cope with the increased use of the highway by vehicles and pedestrians / cyclists within the City of London. Interventions & legal processes take time to deliver</p> <p>Event: The number of casualties occurring in the City rises instead of reducing.</p> <p>Effect: The City’s reputation and credibility is adversely impacted with businesses and/or the public considering that the Corporation is not taking sufficient action to protect vulnerable road users; adverse coverage on national and local media</p>	 <p>Likelihood</p> <p>Impact</p>	<p>12</p>	<p>The risk remains unchanged.</p> <p>The permanent Bank Junction long term scheme is still on hold.</p> <p>The experimental safety scheme conclusion report was presented to Project Sub Committee on 18 June, Streets and Walkways Sub Committee on 3 July, Planning and Transportation Committee on 10 July & Policy and Resources Committee on 6 September. The final decision whether or not to make the experimental traffic orders at Bank Junction (to restrict traffic to bus and cycle only, Monday to Friday 0700-1900) permanent will be made at the Court of Common Council on 13 September.</p> <p>The public consultation on the Road Danger Reduction and Active Travel Plan closed on August 5th. 511 responses were received. These are now being analysed and a report will be presented to Streets and Walkways and Planning and Transportation Committee in the Autumn.</p> <p>The Be Brake Ready campaign in July and August is focusing on the</p>	 <p>Likelihood</p> <p>Impact</p>	<p>6</p>	<p>31-Oct-2018</p>	

<p>23-Oct-2015 Carolyn Dwyer</p>				<p>behaviour and speed of cyclists. Pop-up events were held at Ludgate Circus, the Eastern City Cluster and Queen Street.</p> <p>As at 17th August there are 50 Live construction sites in the City, of which only 17 are not CLOCS champions, however this is as they are either fit outs only and therefore too small (2 sites), are nearing completion (6 sites), new start sites (5 sites) or are run by Irish based companies which don't currently register with the UK CLOCS scheme (4 sites). City Mark will now become business as usual.</p> <p>11 Sep 2018</p>				<p>Constant</p>
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Action no, title,	Description	Latest Note	Action owner	Latest Note Date	Due Date
CR20b Permanent Bank Junction redesign	Permanent Bank Junction redesign	<p>The permanent long term scheme is still on hold.</p> <p>The experimental safety scheme conclusion report was presented to Project Sub Committee on 18 June, Streets and Walkways Sub Committee on 3 July, Planning and Transportation Committee on 10 July & Policy and Resources Committee on 6 September. The final decision whether or not to make the experimental traffic orders at Bank Junction (to restrict traffic to bus and cycle only, Monday to Friday 0700-1900) permanent will be made at the Court of Common Council on 13 September.</p>	Steve Presland	11-Sep-2018	30-Nov-2018
CR20f Development of the Road Danger Reduction & Active Travel Strategy	In accordance with the agreed workplan the Road Danger Reduction & Active Travel Strategy is being prepared. Indicative milestones (1) draft to Planning & Transportation Committee in early 2018; (2) Public Consultation in Q2 of 2018; & (3) revised strategy to be presented to Planning & Transportation committee with recommendation for adoption Summer 2018.	The public consultation on the Road Danger Reduction and Active Travel Plan closed on August 5th. 511 responses were received. These are now being analysed and a report will be presented to Streets and Walkways and Planning and Transportation Committee in the Autumn.	Steve Presland	17-Aug-2018	01-Oct-2018

CR20g Pilot Behaviour Change Campaign	Behaviour Change Campaign to address 'inattention'. The process will be (1) use focus groups to identify options; (2) conduct attitudinal survey of road users; (3) prepare campaign delivery plan; (4) deliver campaign; (5) evaluate and report to Q4 2018/19.	The Be Brake Ready campaign in July and August is focussing on the behaviour and speed of cyclists. Pop-up events were held at Ludgate Circus, the Eastern City Cluster and Queen Street. Traffic cameras were set up at Queen Street to measure the impact of the campaign speed of cyclists and number of near misses with pedestrians. Initial results are encouraging and a full report on the impact of the interventions will be presented to Streets and Walkways and Planning Committee in the Autumn. This follows on from a multi-media campaign which included paid promotion on Facebook.	Steve Presland	17-Aug-2018	31-Mar-2019
CR20j Safer Goods Vehicles	The objective is to provide appropriate support to enable 75% of all active construction sites to be CLOCS compliant by summer 2018 including safer vehicles and trained drivers/ banksmen.	As at 17th August there are 50 Live construction sites in the City, of which only 17 are not CLOCS champions, however this is as they are either fit outs only and therefore too small (2 sites), are nearing completion (6 sites), new start sites (5 sites) or are run by Irish based companies which don't currently register with the UK CLOCS scheme (4 sites). We have subsequently visited 3 of the Irish sites all of which meet the CLOCS standards. The 33 remaining live sites all meet the CLOCS Standards and we have successfully encouraged them to register as CLOCS Champions through City Mark. There are 5 recently started sites which have been contacted and visits have been arranged for the near future. City Mark will now become business as usual.	Steve Presland	17-Aug-2018	31-Aug-2018

Appendix 2

Road Injuries in the City of London: 2011 – 2016

(2017 data set pending TfL verification)

Fatal Injuries in the City of London

	2011	2012	2013	2014	2015	2016
Pedestrian	0	2	0	1	0	1
Pedal Cycle	0	1	1	3	1	0
Powered 2 Wheeler	0	0	0	0	0	1
Car	0	0	0	0	0	0
Taxi	0	0	0	0	0	0
Bus Or Coach	0	0	0	0	0	0
Goods Vehicle	0	0	0	0	0	0
Other Vehicle	0	0	0	0	0	0
Private Hire	0	0	0	0	0	0
Sum	0	3	1	4	1	2

Serious Injuries in the City of London

	2011	2012	2013	2014	2015	2016
Pedestrian	12	17	22	18	21	27
Pedal Cycle	23	25	19	20	10	14
Powered 2 Wheeler	12	9	12	8	7	5
Car	1	1	0	3	0	0
Taxi	0	1	2	0	1	1
Bus Or Coach	1	2	4	2	3	2
Goods Vehicle	0	0	0	0	0	0
Other Vehicle	0	0	0	0	0	0
Private Hire	0	0	0	0	0	0
Sum	49	55	59	51	42	49

Slight Injuries in the City of London

	2011	2012	2013	2014	2015	2016
Pedestrian	86	83	70	95	98	83
Pedal Cycle	126	124	106	116	123	130
Powered 2 Wheeler	59	64	49	70	48	66
Car	40	41	27	17	30	27
Taxi	16	23	9	9	15	20
Bus Or Coach	21	20	20	22	16	16
Goods Vehicle	8	10	4	5	9	12
Other Vehicle	4	0	0	1	0	0
Private Hire	0	0	0	0	0	0
Sum	360	365	285	335	339	354

Fig. 1 City of London Road Casualties 2011 – 2016 by severity

While there are fluctuations, the numbers being injured on the streets of the City have remained roughly constant since 2011.

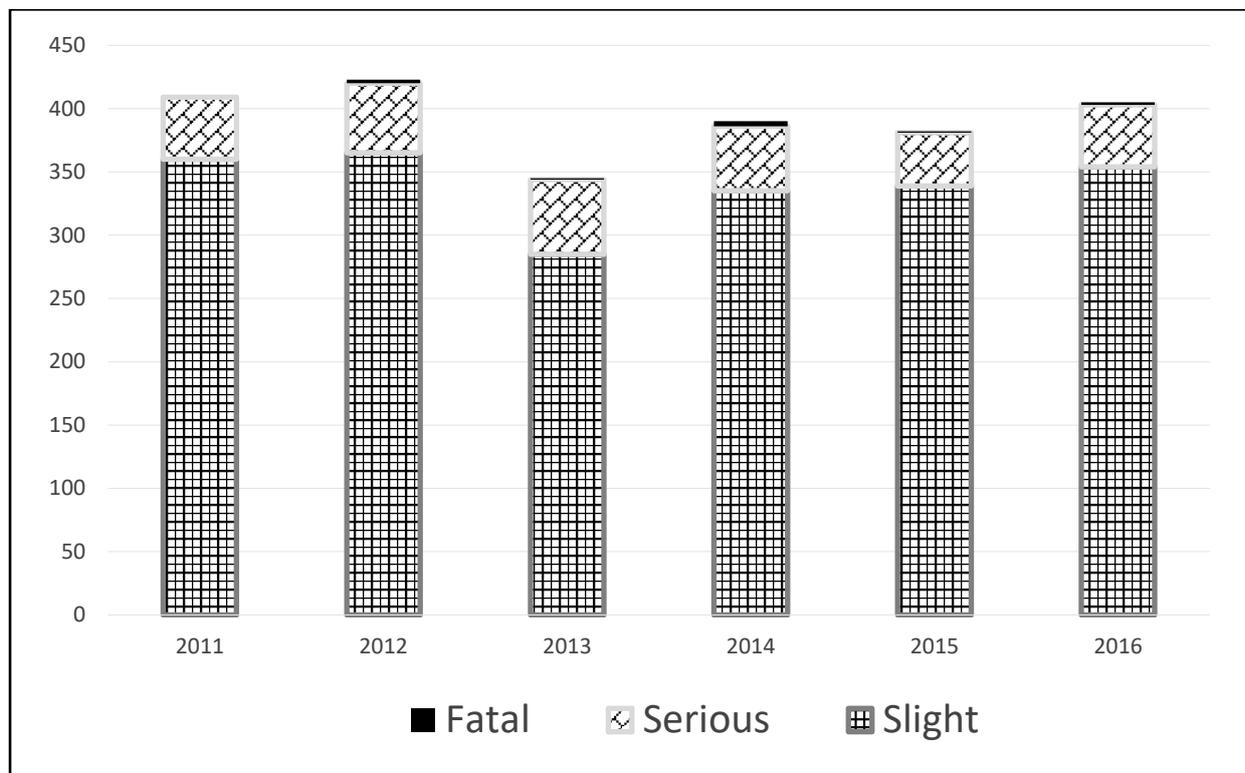
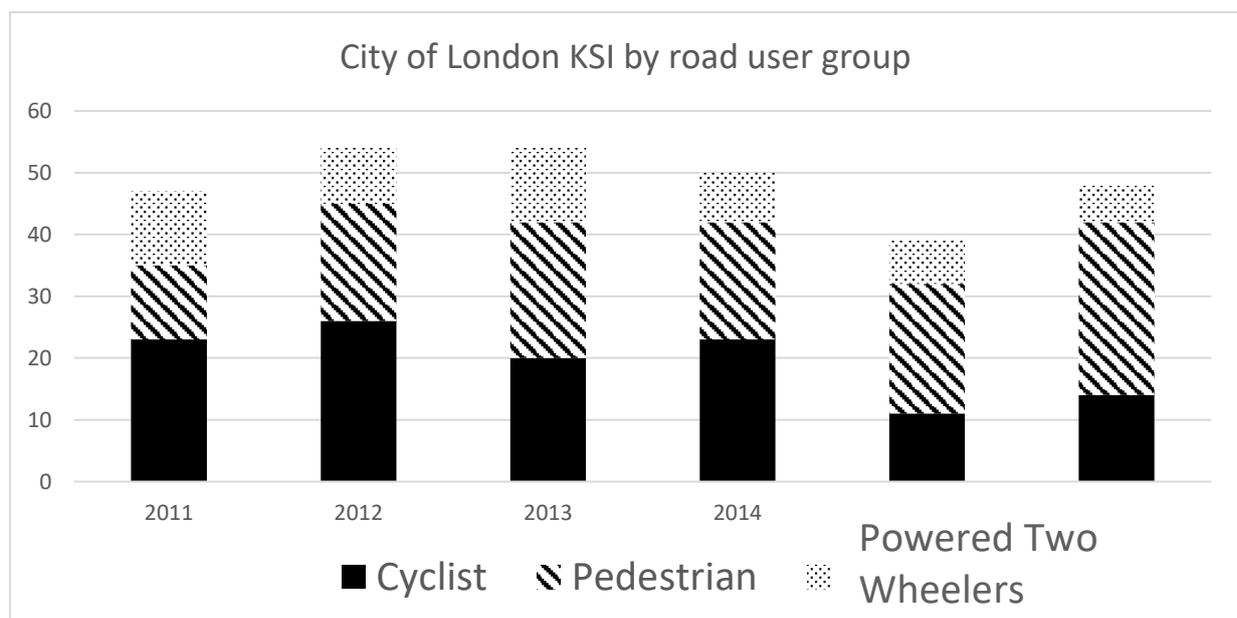


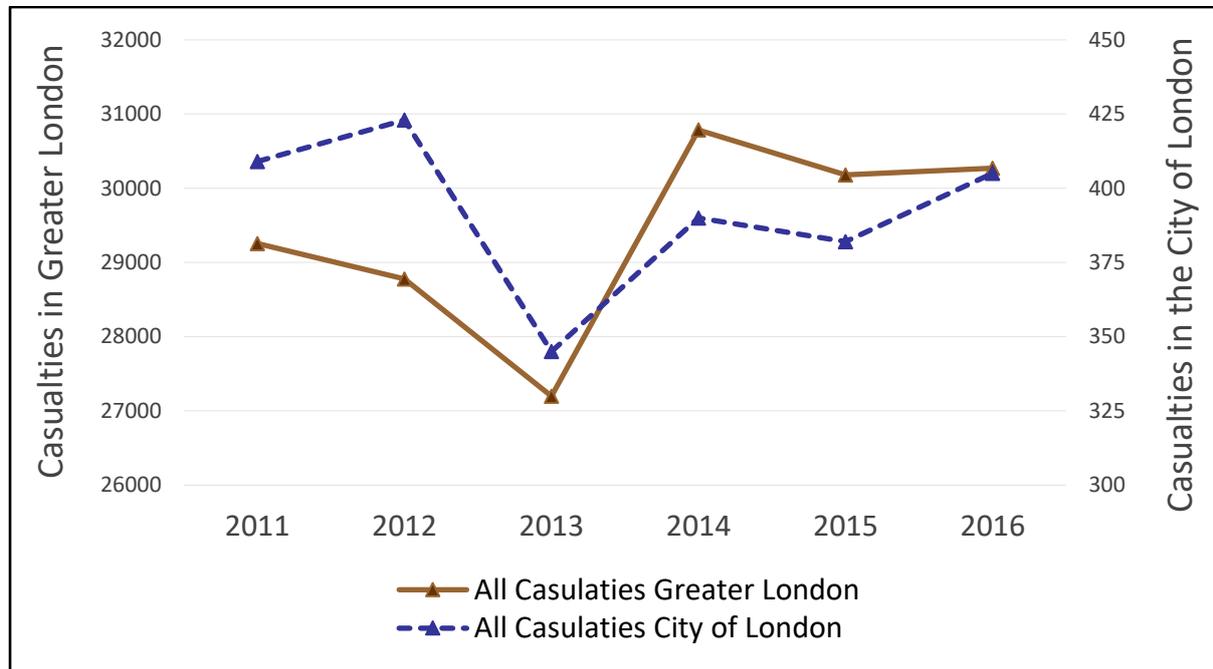
Fig. 2 City of London Killed or Serious injury by road user group.

The profile of injury in the City is changing. The number of cyclists being killed or seriously injured is on a downward trend, while the number of pedestrians being killed or seriously injured is rising.



Appendix 3

Road Injuries in the City of London comparison to Greater London: 2011 – 2016
(Transport for London, Stats19)



This chart shows that over the past five years while there have been fluctuations, the total number of injuries, including the killed or serious injury categories, have remained at roughly constant. The variations in injury data in the City of London are comparable to trends in Greater London as a whole.

Appendix 4

Changes to the Police Stats 19 injury classifications (November 2017).

There has been a London wide increase in Serious Injuries since the end of 2017. This is down in part to changes in how injuries are classified, and the introduction of a drop-down box, leaving no discretion with the reporting officer in assessing the level of seriousness of the injury.

Injury classifications

Slight

Shock
Bruising
Sprains and strains
Shallow cuts/lacerations/abrasions
Whiplash or neck injury

Less serious

Other head injury
Deep cuts/lacerations
Fractured arm/collarbone/hand
Fractured lower leg/ankle/foot

Moderately serious

Multiple severe injuries, conscious
Deep penetrating wound
Other chest injury, not bruising
Fractured pelvis or upper leg
Loss of arm or leg (or part)

Very serious

Multiple severe injuries, unconscious
Internal injuries
Severe chest injury, any difficulty breathing
Severe head injury, unconscious
Broken neck or back

Fatal

Deceased

Appendix 5 – Major Projects Update

Aldgate Square Update

The scheme went live on July 4th this year. The injury data shows 36 months prior to the scheme - injuries in the scheme area.

Injury severity	Number
Slight	78
Serious	10
Fatal	0

Injury mode	Number
Pedestrian	32
Cyclists	13
Passenger / driver	43

It is too early for post implementation data, early casualty statistics for the first year of operation should be available for review roughly 18 months post implementation.

Bank on Safety Update

	Bank Junction	Bank Monitoring	City (excluding other areas)
5-year pre-implementation average (22 May 2012 – 21 May 2017)	15	80	155
1-year post implementation (22 May 2017 – 21 May 2018) (PROVISIONAL)	12	58	165
Change	-27%	-26%	+4%

(Scheme hours only Mon – Fri 7am – 7pm)

Holborn Circus Area Enhancement – Figures as of Sept. 2017 (PROVISIONAL)
Overall injury report by severity. Project went live in May 2014

Overall injury report by severity

	36 Months Before	36 Months After	Reduction
Fatal	0	0	N/A
Serious	6	3	50%
Slight	33	22	33%
Total	39	25	36%

Vulnerable User (pedestrians, cyclists and powered two-wheeler) - injury report

	36 Months Before	36 Months After	Reduction
Pedestrians	6	4	33%
Cyclists	19	7	63%
Powered 2 Wheelers	9	6	33%
Other ¹	14	14	0%
Total	39	25	36%

¹ Bus, Car, Private Hire Vehicle, Taxi, Good Vehicles

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Committee(s)	Dated:
Audit and Risk Management	September 2018
Subject: CR02: Loss of Business Support for the City	Public
Report of: Director of Economic Development	For Information
Report author: Giles French	

Summary

The following report provides Members with an update and new information on the activities of the Economic Development Office which mitigate Corporate Risk 02: Loss of Business Support for the City.

Main Report

Background

1. It is a major corporate risk that the City of London's position as the world's leading international financial centre is adversely affected, and that London loses its ability to attract and retain high value global business activity. This would have a significant economic impact on the UK, diminish the attractiveness of London and the UK as a place to do business, and damage the reputation and relevance of the City Corporation as a supporter and promoter of UK based financial and professional services firms.
2. London's place as the world's leading international financial centre is one that is continually challenged by other financial centres around the world, but the business uncertainty created by the result of the referendum on the UK's membership of the European Union has increased the risk of the potential loss of business support for the City.
3. This report provides Members with an update of recent activity undertaken by the Economic Development Office to mitigate this risk.

Current Risk Status

4. Earlier this year, the risk status was increased to red, reflecting the level of uncertainty faced by businesses as to the future state of market access between the UK and the EU27. Given the extensive implementation of contingency plans

by financial and professional services firms, this risk has been mitigated and can now be read as Amber. However, it is still essential action is taken to encourage investment in London as a financial centre and that firms see London as the place to develop new business and activities.

Current Activity

5. The Regulatory Affairs team works to sustain and enhance the UK's competitive regulatory and economic environment and enable access to global markets. This team has led our policy response to the challenges of Brexit. The team's work is focused on representing the views and needs of the financial and professional services sector to the UK government and regulatory authorities, the EU institutions and the EU Member States; helping to inform the negotiations; and finding solutions to serve the economic interests of the UK and the EU27.
6. Our work is done in partnership with the industry, via the major trade associations such as TheCityUK, UK Finance, Association of British Insurers, Innovate Finance and Investment Association, through our joint venture with TheCityUK the International Regulatory Strategy Group (IRSG) and bilaterally with relevant firms. The Policy Chairman is a member of TheCityUK's Brexit Steering Committee, Deputy Chairman of the IRSG and a member of the European Financial Services Chairmen's Advisory Committee chaired by Baroness Vadera of Santander.
7. The Regulatory Affairs team also provides the docking point for the City Office in Brussels, which we have been taking steps to enhance, with two new staff members recruited in recent months. This will be followed by the Brussels MD (via an interview process to run in October) and two further junior members of staff. The Brussels Office is working to ensure the City Corporation is playing a full part in representing the industry's priorities in the Brexit negotiations, as well as being equipped to engage with the EU institutions after the UK has left the EU. It will also aim to act as a focal point for wider industry engagement in Brussels.
8. While the outcome of the Brexit negotiations remains unclear, the team's priorities remain focused around the "three t's": trade, transition and talent. On trade, following HM Government's abandoning of the mutual recognition proposal, the team is working with the industry to support the HMG's efforts to negotiate a favourable financial services trading relationship with the EU, via improvements to the EU's existing equivalence regime. On transition, it is pushing for a pragmatic approach to securing a Withdrawal Agreement, and therefore a transition ("implementation) period. On talent, the team has engaged EY to produce a report on the customer journey associated with visa applications, with the aim of removing friction for firms and individuals around non-EU and post-Brexit EU immigration processes. Much of this policy work has been produced through the International Regulatory Strategy Group (IRSG), a practitioner led body that works to inform the policy making process. As a result, the profile and reputation of the IRSG has been enhanced, and it is seen as a key industry interlocuter for UK and EU policymakers in the Brexit debate.

9. All this work contributes to a comprehensive programme of engagement with UK policy makers, regulators, EU institutions and EU Member States, making the case for a comprehensive and mutually beneficial future trading relationship between the UK and EU27. Following the departure of the Special Representative to the EU, this programme will continue in a more selective way, with a significant contribution from the Brussels MD, once in post.
10. Beyond Brexit, the team's other focus is building a favourable regulatory environment for cross-border trade and investment, both multilaterally via increased global regulatory coherence, and bilaterally, through potential trade/regulatory cooperation agreements. In the first instance, this has included the development of cross-Corporation strategies on the USA and Switzerland, which were approved by the Public Relations and Economic Development Sub-Committee earlier this month. All three build on successful visits by the Policy Chairman and Lord Mayor. Additionally, via the IRSG we have created a cross-industry report on global regulatory coherence, due to be launched in late September, inaugurating a new standing group on global regulatory coherence sitting under the IRSG.
11. This work is being developed in close consultation with HM Treasury and the Department of International Trade, who see this work as very valuable in informing their future strategy and engagement plans.
12. The Global Exports and Investment team promotes London and the UK to investors and works with UK based financial and professional services firms to encourage exports. They are the lead team for engagement with key businesses, through account management, and they pick up information and intelligence on Brexit related issues for investors and take a joined-up approach with UK Government. This model of engagement informs our work on targeting priority markets around the world and working with investors to retain and expand their investment in the UK.
13. The team continue to work closely with both London & Partners (L&P), and the Department of International Trade (DIT) on Foreign Direct Investment and Account Management respectively. This aligns with the Memorandum of Understanding (MoU) which we signed with both L&P and DIT in 2017. We have now supported 40 FDI projects in London and relationship manage over 80 accounts. As London and Partners have re-focused on key markets we will now be working more closely on USA, China and India FDI projects specifically and the highest value projects to drive jobs and growth.
14. Having revamped the Mayoral Visits Advisory Committee (MVAC) process in 2017, where we highlighted 20 priority markets, we have now almost completed a full Mayoral programme of overseas activities. So far, as we have taken 60 business delegates and 3 business champions on our overseas visits with the current Lord Mayor (we expect another 14 business delegates and a business champion to accompany the Lord Mayor on his visit to India next month). We have agreed the next Lord Mayor's overseas programme which builds on this year's activities. This helps us with our year-round, long term approach to market engagement.

15. The team has been working with the regulatory affairs team to develop a strategy on Australia following a successful Lord Mayor visit earlier this year and the publication of two research reports on boosting trade with Australia. We are proposing to establish a bespoke Australia – UK FS Forum to look at issues including regulatory overlaps, which will include business representatives from across the financial services sector and both the UK and Australian market.
16. On Japan, following a successful visit by the Lord Mayor to Tokyo in July and the signing of an MoU last December, we are planning for a 3-day visit from the Governor of Tokyo in October, to further collaboration between the two cities.
17. The Policy Chairman has been invited by the Department of International Trade to Chair a new UK Private Sector Group of asset managers to support Saudi Arabia's Vision 2030 and encourage investment in and through the City by its Public Investment Fund. The Group had its first meeting this month.
18. Work has been undertaken with the Financial Reporting Council and the Law Society to promote UK standards and governance internationally. This would encourage mutual recognition of qualifications and increase market access. It also supports the work being led by the Lord Mayor on the Business of Trust, which seeks to promote high standards within the industry. Additionally, the team is scoping potential projects to leverage UK competitive advantage in the global legal sector and to tie this to the opening of the City's new Combined Court Facility.
19. The team has been implementing our regional strategy, where we work in partnership with other major financial and professional services centres around the UK to help promote exports by regionally based firms and retain and attract investment across the country. This regional strategy has been expanded from three centres (NI/Scotland/Manchester) to six (Leeds/Birmingham/Cardiff). We have also recruited a new Regional Account Manager who will help drive our delivery on the new regional partnerships.
20. The Asia Team leads on market specific initiatives in China, India and wider Asia that are complimentary to the strategic objectives of the Global Exports and Investment team. Current priorities for China are the evolution of London as the leading Western hub for offshore Renminbi trading; London's role in financing and providing professional services for the Belt and Road Initiative; and Green Finance. The focus for India is FinTech, using UK best practice to address the Non-Performing Assets issue, and developing the insurance and reinsurance markets for mutual benefit. ASEAN priorities include Green Finance, FinTech and Asian Infrastructure financing.
21. The Asia Team is running the 'Asia Next Decade' Campaign, to consult with business and government partners in London and across Asia to collaboratively plan the Corporation's engagement with Asia into the future. There is an ongoing need to remain responsive to UK businesses interests in Asia and this campaign acts as a platform to retain business support for the City. As part of the Campaign we have identified that for ASEAN, there is the potential for collaboration on

cyber security and fintech with Singapore, Islamic finance with Malaysia, and green finance with Indonesia. We have re-signed a Memorandum of Understanding (MoU) with Shanghai and signed a Statement of Intent with the Shenzhen Municipal Government in 2018 to enhance cooperation in areas of mutual interest.

22. The Policy and Innovation team works to ensure that London is home to a more innovative ecosystem for financial and professional services than its competitors. Its current main areas of focus are Sustainable Finance, including green, climate and development finance, as well as fintech and cyber security. The team works with business and policymakers to make interventions that support and encourage the development of new products and services in the sector, keeping London at the forefront of innovation.
23. Policy and Innovation have achieved several significant outcomes this year. Through the Green Finance Initiative (GFI), Chaired by Sir Roger Gifford and supported by EDO, London is becoming established as a global leader in the development of Green Finance. The GFI in its capacity as secretariat of the Green Finance Taskforce (GFT), delivered several recommendations to Government to inform and advance policy development on green finance in the UK. In response to the GFT, the City Corporation alongside Her Majesty's Government will be financing a new Green Finance Institute in London – the Institute will be a 'one-stop-shop' for world-leading climate science, technology and access to capital.
24. Following the team's publication of the The Value of Fintech report with KPMG in October 2017, which called for a 'fintech sector deal' to reinforce and cement the UK and London as a leading global hub for fintech, the Government launched its Fintech Sector Strategy in March 2018. To maintain the City Corporation's position at the centre of a collaborative dialogue on the future of UK fintech, we have also launched a Fintech Strategy Group (FSG) with Innovate Finance. The FSG, vice-Chaired by Catherine McGuinness, will provide an industry-led independent platform for government and regulators to engage with senior representatives from across the industry.
25. To make London the most cyber secure business environment in the world, and to encourage the development of businesses engaged on cyber security issues, the team have been responsible for developing a Cyber Security Strategy alongside the City of London Police. The strategy includes the launch of Cyber Griffin (now launched), a training programme delivered by the City of London Police to businesses in the square mile, as well as table top exercises and access to expert advice.
26. The team has launched a High-Level Steering Group focussed on growing and developing London's role in raising the necessary capital to meet the UN's Sustainable Development Goals (SDGs). This is to ensure that post Brexit, the City Corporation is playing a full part in redefining and reinforcing the UK's place in the world as Global Britain, continuing to make tangible progress in emerging markets and establishing the City of London as a global hub for sustainable development finance.

Conclusion

27. Members are asked to note the actions taken and the activities underway to mitigate Corporate Risk 02: Loss of Business Support for the City.

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Committee(s):	Date(s):
Audit and Risk Management Committee- For information	25 th September 2018
Subject: HMICFRS Inspection Update	Public
Report of: Commissioner of Police Pol 69-18	For Information

Summary

This report provides Members with an overview of Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) continuing programme of inspections and published reports, together with the City of London Police (CoLP) response where relevant. It additionally provides assurance that the recommendations from reports are being addressed by the Force.

During the reporting period (July 2017 – August 2018) HMICFRS has published 12 reports:

- Making it fair: an inspection of the disclosure of unused material in volume Crown Court cases (joint national report of HM Crown Prosecution Service Inspectorate (HMCPPI) and HMICFRS, published July 2017);
- Living in Fear: the policing and CPS response to harassment and stalking (joint national report of HMICFRS and HMCPPI, published July 2017);
- Stolen Freedom: the policing response to modern slavery and human trafficking (national report, published October 2017);
- Police Efficiency (national report, published November 2017);
- Police Efficiency (CoLP report, published November 2017), graded 'Good';
- Planes, drones and helicopters: An independent study of police air support (national report, published November 2017);
- Police Legitimacy (national report published December 2017);
- Police Legitimacy (CoLP report, published December 2017), graded 'Requires Improvement';
- Police Leadership (national report, published February 2018)
- Police Effectiveness (national report, published March 2018);
- Police Effectiveness (CoLP report, published March 2018), graded 'Good';
- Out of court disposal work in youth offending teams (national joint report by HMICFRS and HMI Probation, published March 2018)

HMICFRS has additionally published 7 force-specific reports relating to Crime Recording and Crime Data Integrity as part of its rolling unannounced inspection programme on this subject. City of London Police has not yet been inspected on these areas, however, the Force reviews each report which has been published in relation to other Forces inspections on these areas, to

inform action that can be taken to ensure CoLP is prepared for these inspections when they occur.

All reports and progress against recommendations are reported in detail quarterly to the Police Performance and Resource Management Sub Committee Chaired by Deputy James Thomson, for scrutiny and oversight.

Recommendation

Members are asked to receive this report and note its contents.

Main Report

1. This report provides Members with an overview of Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) continuing programme of inspections and published reports, together with the City of London Police (CoLP) response where relevant. It also provides assurance that the recommendations from reports are being addressed by the Force.
2. Members are reminded that HMICFRS changed how it uses the terms 'recommendation' and 'area for further improvement' (AFI). A recommendation is only made where in HMICFRS's assessment, there is a significant underlying cause for concern. Where there is no such concern but where HMICFRS feel general improvements can be made, areas for further improvement are identified.
3. During the reporting period (July 2017 – August 2018) HMIC has published 12 reports.

Making it Fair (July 2017)

4. This report presented the findings of a national joint inspection of the disclosure of unused material in volume Crown Court case. The report identified a number of aspects of concern in the way Crown Court trials are handled by the prosecution and how police and the Crown Prosecution Service (CPS) effectively manage unused material relating to 'volume' casework.
5. This report made 9 recommendations in total of which 5 were applicable to the Force. CoLP has worked closely with the CPS to formulate a joint action plan addressing the identified issues.

Living in Fear (July 2017)

6. This national joint report was the first instance that HMICFRS and Her Majesty's Crown Prosecution Service Inspectorate (HMCPSI) have inspected and reported on the police service's and Crown Prosecution Service's approach to tackling crimes of harassment and stalking.
7. The report was considered a catalyst for change in this area, with the identified improvements leading to improved services to victims.

8. The national report made 22 recommendations of which 4 were applicable to police forces. However, implementation of those 4 recommendations rely on national policy direction from the NPCC (National Police Chiefs' Council) Lead who has taken responsibility nationally to set a timetable and develop a joint action plan with the CPS. In the meantime the Force has taken a proactive approach and ensured that the lead responsible officer from public protection is aware of the recommendations whilst the NPCC takes action.

Stolen freedom: the policing response to modern slavery and human trafficking (October 2017)

9. This national thematic inspection was commissioned by the Home Secretary in July 2016 to inspect the police's response to the implementation of the Modern Slavery Act 2015. The main finding was that whilst there has been some welcome progress in the way police respond to modern slavery and human trafficking this was generally only in small pockets. HMICFRS concluded that there remains significant inconsistencies in the service being provided to victims of this type of crime by forces.
10. The report made 11 recommendations, 7 of which were for police forces to address.
11. Modern Slavery and Human Trafficking is one of the strands of Vulnerability overseen by the Force's Vulnerability Working Group. As a policing plan priority, there is a specific 4P¹ plan which supports service delivery in this area. The Force SPoC has developed a specific plan in relation to Modern Slavery and Human Trafficking in response to this report, progress against which is monitored by the Vulnerability Working Group.

PEEL: Police Efficiency 2017 (national and Force, November 2017)

12. The national report on police efficiency (the third HMICFRS has produced) was published on 9th November 2017. The overarching question examined remained the same as in previous years; "How efficient are the police at keeping people safe and reducing crime?" This inspection, however focused on the following questions:
 - How well does policing understand its demand?
 - How well does policing use its resources?
 - How well is policing planning for the future?
13. 2 forces were graded as 'outstanding' (Durham and Thames Valley Police), 30 forces as 'good' (including CoLP), 10 forces as 'requires improvement' and no force as 'inadequate'.
14. HMICFRS reported that findings continue to be broadly positive with most forces demonstrating they are improving the efficiency with which they operate.

¹ A tactical plan centred around the 4Ps of Preparing, Prevention, Protection and Pursuing

15. Only 1 recommendation was made, relating to forces producing ambitious digital policing strategies supporting delivery of the National Policing Vision 2025. CoLP has developed a plan and strategy to comply with this national recommendation.

City of London Police report

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

Demand understanding

- i. Force has developed a good understanding of current and less reported demand through its strategic threat and risk assessment (STRA) process.
- ii. Whilst benefits of current change programmes have not yet been fully realised there are processes in place to address. (Note: Benefits strategy now in place)
- iii. Force is taking steps for a more systematic approach to identifying inefficient activity.
- iv. 'Innovate' programme and structures in place for listening to workforce suggestions and making changes as a result are very positive.

How well does the force use its resources?

- v. Until force completes skills audit it cannot fully understand or plan for gaps in capability. (Note: this is now complete)
- vi. Whilst having an effective process to identify priorities, needs to complete work to understand what reducing and investing means for services it provides.
- vii. Force does work with other agencies to manage demand but recognises it needs to develop this further.

How well is the force planning for the future?

- viii. Force's understanding of what technology can offer policing and criminals, and its plans to meet these challenges are outstanding.
- ix. Force should implement its draft talent management strategy and communicate to workforce. (Note: since the inspection the Talent Development Working Group has been established and the strategy is being delivered.)
- x. Significant work completed re Demand and Value for Money Review but force will need to implement changes as a result. (Note: being delivered through the Transform Programme)

17. The report contained no 'Causes for Concern' or 'Recommendations', but did identify 4 'Areas for Improvement' relating to the areas above for which a 'note' has been included for Members' information.

Planes, drones and helicopters: An independent study of police air support (November 2017)

18. HMICFRS commissioned a study into the National Police Air Service [NPAS] following concerns expressed by some forces about the effectiveness and efficiency of current arrangements for police air support. A number of recommendations were made in their report, however, of the 19 recommendations made only 1 applied directly to the force. This charged chief officers to consider options for revising or replacing the existing NPAS agreement.
19. The Force uses the MPS asset (who are not part of the national collaboration) that are deployed as part of joint and pan London responses (for example for planned protest and high profile events in the City). The limited scope to use air support in the prevention and detection of crime within the City of London renders this recommendation of limited relevance and no further action is required.

PEEL: Police Legitimacy 2017, (Force and national report December 2017)

20. As part of the PEEL inspection programme 2017, HMICFRS examined the extent to which:
 - Forces treat people with fairness and respect
 - They ensure their workforces act ethically and lawfully
 - Those workforces themselves feel they have been treated with fairness and respect by their force.
 - i. In their national report HMICFRS expressed concern that the use of stop and search powers is not applied in a way that is consistently reasonable and fair. In particular, there is over-representation of Black and Minority Ethnic (BAME) people which many forces are unable to explain. HMICFRS made 2 recommendations focusing on forces developing and monitoring a comprehensive dataset on the use of stop and search to understand the reasons for any disproportionality, the extent to which rates differ between people from different ethnicity and the prevalence of possession only drug searches.
21. HMICFRS's CoLP report identified 7 areas for further improvement centred around:
 - i. Delivery of stop and search training for officers and monitoring to understand the impact of stop and search has on the City' communities;
 - ii. Improving how the Force investigates allegations of discrimination and the timeliness of updates provided to complainants and witnesses; and
 - iii. Improving the understanding of workforce wellbeing.
22. The Force was graded as 'requires improvement' overall.

Police Leadership (national report February 2018)

23. In this national report HMICFRS note positive examples of police leaders showing commitment to improvement and senior teams, demonstrating understanding of the need for fair and ethical treatment of both the public and their workforce. Concerns were raised within the report centred on the lack of a deep understanding of the skills and capabilities of police workforces. This resulted in 1 recommendation being made, relating to forces incorporating leadership skills and capabilities into their performance and development review processes.

PEEL: Police Effectiveness 2017 (Force and national reports, March 2018)

24. As part of the annual PEEL inspection programme, HMICFRS assessed how effective police forces are at keeping people safe and reducing crime. This inspection focused on five areas of policing:

- i. How effective police forces are at preventing crime, tackling anti-social behaviour and keeping people safe.
- ii. How effective forces are at investigating crime and reducing re-offending.
- iii. How effective forces are at protecting those who are vulnerable from harm, and supporting victims
- iv. How effective forces are at tackling serious and organised crime
How effective forces are at delivering specialist capabilities

National report

25. In their national report HMICFRS stated they were pleased that the police service had responded well to their recommendations from the previous year's report. They did however raise the following concerns:

- i. A small number of forces risk are not meeting demand well enough
- ii. The national shortage of investigators requires addressing
- iii. Police are getting better at looking after vulnerable people, but progress is slowing.

26. HMICFRS examined for the first time how well forces identify and respond to people which are vulnerable because of mental ill health, generally finding the response to be very positive.

City of London Police report

27. The Force received an overall grading of GOOD. The inspection assessed and graded four areas:

Area	Grade
Preventing crime and tackling anti-social behaviour	GOOD
Investigating crime and reducing re-offending	GOOD
Protecting vulnerable people	GOOD
Tackling serious and organised crime	GOOD

28. The Force's Specialist capabilities were also inspected; HMICFRS do not grade this area because of sensitivities in publishing. HMICFRS did, however, refer to CoLP's firearms capability and concluded "There can be little doubt that City of London Police's ability to respond to terrorist attacks within minutes and the bravery of the officers involved has saved lives."
29. Five areas for further improvement were identified (compared to 13 the previous year) in areas including lifetime offender management, proactivity around drug dealers and obtaining feedback from victims of domestic abuse.

Out-of-court disposal work in youth offending teams (national report, March 2018)

30. This joint national report by HMICFRS and HM Inspectorate of Probation examined the work undertaken by Youth Offending Teams (YOTs) and the police with children who have committed usually low-level offences that are dealt with without going to court.
31. The report made 11 recommendations, principally for the Ministry of Justice, Youth Justice Board and Youth Offending Team management boards; 5 of the recommendations were relevant to police forces focusing on ensuring criminal justice policies and processes have regard to the specific needs of children.

Governance

32. All of the reports summarised in this paper have been reported in detail to the Police Resources and Performance Sub Committee, which convenes quarterly and is chaired by Deputy James Thomson. A Member of your Committee also sits on that Sub Committee.
33. The full schedule that details the progress against every recommendation or area for further improvement is provided to the Police Performance and Resource Management Sub Committee for review and oversight. Internally, the Force reviews progress at its Performance Management Group. Additionally, the Assistant Commissioner holds a number of one-to-one meetings with action owners to provide organisational assurance that recommendations made by HMICFRS are implemented in a timely manner. Over the reporting period covered by this report, the Force has delivered 58 recommendations and areas for further improvement.

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