



Audit and Risk Management Committee

Date: TUESDAY, 24 MAY 2022
Time: 2.00 pm
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members:

Alexander Barr	Paul Martinelli
Alderman Prem Goyal	Alderman Bronek Masojada
Deputy Rehana Ameer	Judith Pleasance
Deputy Randall Anderson (Ex-Officio Member)	Karen Sanderson (External Member)
Deputy Christopher Boden	Ruby Sayed
Deputy Henry Colthurst (Ex-Officio Member)	Paul Singh
Gail Le Coz (External Member)	Dan Worsley (External Member)

Enquiries: Ben Dunleavy
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Accessing the public meeting

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https://youtu.be/w2cDd9F1_fg

A recording of the public meeting will be available via the above link following the end of the public meeting for up to one municipal year. Please note: Online meeting recordings do not constitute the formal minutes of the meeting; minutes are written and are available on the City of London Corporation's website. Recordings may be edited, at the discretion of the proper officer, to remove any inappropriate material.

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**

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

3. **ORDER OF THE COURT**

To receive the Order of the Court of Common Council dated 21 April 2022 appointing the Committee and setting its Terms of Reference.

For Information
(Pages 7 - 8)

4. **ELECTION OF A CHAIR**

For Decision

5. **ELECTION OF A DEPUTY CHAIR**

For Decision

6. **MINUTES OF THE PREVIOUS MEETING**

To agree the public minutes and non-public summary of the previous meeting held on 18 January 2022.

For Decision
(Pages 9 - 14)

7. **COMMITTEE WORK PROGRAMME**

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

For Information
(Pages 15 - 16)

Governance

8. APPOINTMENT OF SUB-COMMITTEES

Report of the Town Clerk & Chief Executive.

For Decision
(Pages 17 - 24)

9. ANNUAL REPORT OF THE COMMITTEE

Report of the Town Clerk.

For Decision
(Pages 25 - 32)

10. ROLES AND RESPONSIBILITIES

Report of the Chief Strategy Officer.

For Information
(Pages 33 - 38)

Internal Audit

11. HEAD OF INTERNAL AUDIT ANNUAL OPINION

Report of the Head of Internal Audit.

For Information
(Pages 39 - 48)

12. INTERNAL AUDIT UPDATE

Report of the Head of Internal Audit.

For Decision
(Pages 49 - 66)

External Audit

13. AUDIT PLANNING: YEAR ENDED 31 MARCH 2022 - TO FOLLOW

Report of External Auditors.

For Decision

Risk Management

14. **RISK UPDATE**

Report of the Chief Strategy Officer.

For Information
(Pages 67 - 118)

Anti-Fraud and Corruption

15. **ANTI-FRAUD & INVESTIGATIONS - 2021/22 ANNUAL REPORT**

Report of the Head of Internal Audit.

For Information
(Pages 119 - 136)

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

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

18. **EXCLUSION OF THE PUBLIC**

MOTION, 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

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

To agree the non-public minutes of the previous meeting held on 18 January 2022.

For Decision
(Pages 137 - 138)

20. **EXTERNAL AUDITOR APPOINTMENT - TO FOLLOW**

The Independent Auditor Appointment Panel and The Chamberlain.

For Decision

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

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RUSSELL, Mayor	RESOLVED: That the Court of Common Council holden in the Guildhall of the City of London on Thursday 21 st April 2022, doth hereby appoint the following Committee until the first meeting of the Court in April, 2023.
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AUDIT & RISK MANAGEMENT COMMITTEE

1. **Constitution**

A Non-Ward Committee consisting of,

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

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

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

The Committee shall also have a second Deputy Chairman, appointed from the External Membership of the Committee.

2. **Quorum**

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

3. **Membership 2022/23**

- 6 (3) Randall Keith Anderson, Deputy
- 6 (3) Christopher Paul Boden, Deputy
- 3 (3) Prem Goyal, O.B.E., J.P., Alderman
- 6 (3) Paul Nicholas Martinelli
- 2 (2) Rehana Banu Ameer, Deputy
- 6 (1) Alexander Robertson Martin Barr
- 3 (1) Ruby Sayed
- 1 (1) Bronek Masojada, Alderman
- 1 (1) Judith Pleasance
- 1 (1) Paul Singh

together with three external representatives :-

Dan Worsley (*appointed for a three-year term expiring in April 2023*)

Gail Le Coz (*appointed for a three-year term expiring in April 2024*)

Karen Sanderson (*appointed for a three-year term expiring in April 2025*)

and together with the Members referred to in paragraph 1.

4. **Terms of Reference**

Audit

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

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

Risk Management

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

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 18 January 2022

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall, EC2 on Tuesday, 18 January 2022 at 2.00 pm

Present

Members:

Alexander Barr (Chairman)
Hilary Daniels (Deputy Chairman)
Alderman Prem Goyal (Deputy Chairman)
Rehana Ameer
Randall Anderson
Christopher Boden
Anne Fairweather
Marianne Fredericks (Ex-Officio Member)
Deputy Jamie Ingham Clark (Ex-Officio Member)
Gail Le Coz (External Member)
Paul Martinelli
Jeremy Mayhew (Ex-Officio Member)
Deputy Andrien Meyers
Ruby Sayed
Dan Worsley (External Member)

Officers:

Caroline Al-Beyerty	- The Chamberlain
John Barradell	- Town Clerk and Chief Executive
Michael Cogher	- Comptroller and City Solicitor
Paul Dudley	- Chamberlain's Department
Ben Dunleavy	- Town Clerk's Department
Jack Joslin	- City Bridge Trust
Matthew Lock	- Chamberlain's Department
Gary Locker	- Town Clerk's Department
Sarah Phillips	- Town Clerk's Department
Julia Pridham	- City Bridge Trust
Sonia Virdee	- Chamberlain's Department

1. APOLOGIES

No apologies were received.

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

A number of Committee Members, as well as the Chamberlain, declared in respect of Item 7 on the agenda, that they served on Committees dealing with responsible for the charities concerned in the report.

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED, that – the minutes and non-public summary of the meeting on 30 November 2021 be agreed as a correct record.

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Members received the list of outstanding actions.

It was noted that a full update on contaminated land would come back to the Committee at a later meeting. The Chairman requested that the framework for running this meeting be put into a briefing note and distributed to the Committee.

RESOLVED, that – the list of outstanding actions of the Committee be received and its contents noted.

5. **COMMITTEE WORK PROGRAMME**

RESOLVED, that – the Committee work programme be received and its contents noted.

6. **EXTERNAL MEMBER RECRUITMENT**

The Town Clerk provided Members with an update on the recruitment of a new external member.

RESOLVED, that – authority be delegated to the Town Clerk, in consultation with the Chairman and Deputy Chairmen, to recommend a candidate to the Court of Common Council meeting in April, in the expectation that this recommendation will follow the recommendation of the Nominations Sub-Committee.

7. **ESTABLISHING A CHARITY RISK MANAGEMENT PROTOCOL**

Members received a report of the Managing Director of Bridge House Estates in relation to the establishment of a Charity Risk Management Protocol.

The Chairman requested that further information on the assets and net income of the charities be circulated to Members, to provide a better understanding of their proportionate size.

A Member commented that the first two paragraphs of part 5 ('Risk Process') of the draft Protocol, as set out in the appendix to the report, made sense, but that the remaining paragraphs in this section were unnecessary, as they restated portions of the City of London Corporation's Risk Policy. The key was that the City Corporation's corporate risk process should be followed, and duplicating versions of it left open the risk of divergence. In reply, an Officer said that there were some differences in wording, but it could be reviewed. The Member felt that specific exceptions to the corporate risk policy should be made explicit.

RESOLVED, that – Members:

- Note the progress of the CC Review as it relates to risk management; and

- Agree the policy principle of a Risk Management Protocol being established for all charities within scope of the CC review.

8. **INTERNAL AUDIT 2022/23 PROGRAMME OF WORK**

Members received a report of the Head of Audit and Risk Management relative to the Internal Audit Programme of Work for 2022/23.

RESOLVED, that – the report be received and its contents noted.

9. **INTERNAL AUDIT UPDATE**

Members received a report of the Head of Audit and Risk Management relative to the Internal Audit Update.

The Head of Audit and Risk Management informed Members that they hope to explore aspects of performance monitoring with the Executive Leadership Board, as their experience has been that action taken by management to address issues raised is generally only implemented after follow-up from Internal Audit, rather than proactively. The Town Clerk and Chief Executive supported this approach, and said that they would also follow up on issues on implementing recommendations from Internal Audit.

RESOLVED, that – the report be received and its contents noted.

10. **RISK MANAGEMENT UPDATE**

Members received a report of the Chamberlain relative to the corporate risk register.

Members heard that, relative to historic minimum and maximum levels, the number of corporate risks was currently at the lower end. The Chairman requested for this information to be included in future updates.

RESOLVED, that – Members:

- Note the Risk Management update report;
- Endorse the decision of the Executive Leadership Board for removal of CR20 Road Safety and CR32 Wanstead Park Reservoirs from the corporate risk register and de-escalate to departmental register and retain CR21 Air Quality on this register; and
- Endorse the ELB decision to include CR26 Protective Security on to the corporate risk register with immediate effect.

11. **DEEP DIVE RISK REVIEWS**

11.1 **Deep Dive: CR01 Resilience (Town Clerk's)**

Members received a report of the Town Clerk relative to a Deep Dive of CR01 Resilience.

Members agreed that it was important for the successes of the Corporation in identifying and managing the critical resilience risks over the last two years to be shared with Members.

RESOLVED, that – the report be received and its contents noted.

12. RISK MANAGEMENT HEALTH CHECK

Members received a report of the Chamberlain relative to the Risk Management.

The Chairman said that the positive conclusions of the Health Check report should be included in the Annual General Statement.

A Member asked if an update on the Health Check could be brought to the Committee in six months.

RESOLVED, that – Members:

- Note the Health Check (external Risk Management Review) report produced by Risk Management Partners.
- Note that the Executive Summary and seven recommendations outlined in the report will be taken forward by the Town Clerk's Department (Chief Strategy Officer).

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

There were none.

14. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

The Chairman and the Head of Audit and Risk Management announced that this was the last meeting that Paul Dudley would attend, as he was retiring as Corporate Risk Manager at the end of March. They praised Paul's exemplary service to the Committee and the City of London Corporation, especially in assisting it in its risk maturity journey, and commended his commitment and professionalism.

Paul said that it had been a pleasure to work for the Committee, and that it was the most effective Audit and Risk Management Committee he had worked with. He was proud to have served it, and the Committee should be proud of the work it does

The Chairman announced that this was Hilary Daniels last meeting as both Deputy Chairman and as an external member. He commended her commitment to the Committee, both in formal meetings and the Committee's informal risk challenge sessions. He thanked her for her contributions in terms of counsel, challenge and support.

A Member who had formerly served as Chairman of the Committee endorsed the words of the Chairman, and said that Hilary was extremely experienced and fearless in taking on interests. Hilary was the third external member appointed by the Committee, and all of these members have been vital, and share credit for the performance of the Committee. He said that the Committee would not

have been as successful without the input of external members, and that Hilary should be proud of this legacy.

Hilary thanked the current and former Chairmen, and said that it had been an honour and a privilege to work on the Committee. During her nine year membership, she had seen the agenda and capabilities of the Committee improve, and the work of the Committee mature. The Risk Management Health Check item on the agenda for this meeting was a demonstration on how the Committee has improved. She was grateful for how officers have answered her challenges, questions and comments, as the Committee could not do its work without these responses.

The Chairman thanked the outgoing external audit team from BDO, and wished them well individually and collectively.

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.

16. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

RESOLVED, that – the non-public minutes of the meeting on 30 November 2021 be agreed as a correct record.

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

A Member asked, on the issue of recruitment of external Members, what steps had been taken to increase the pool of applicants after the original recruitment period had been extended. In reply, the Town Clerk said that in the new recruitment drive, all Members of the Court had been contacted with details of the position and asked to circulate it among their professional networks.

The Chairman of the Property Investment Board (PIB), which has also recently undertaken the recruitment of an external member, asked whether it was worth considering how Committees recruiting external members to cooperate on the process. The Chairman said it would be, and undertook to consult with the PIB Chairman after the meeting.

A Member raised the question of remuneration for external Members, to match the remuneration offered to Court Members. The Chairman said that he was happy to support this in principle if a mechanism could be found, but he agreed with the views of external Members that it could potentially make it more difficult for external candidates to serve.

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

The Chamberlain briefed Members on an issue raised by the external auditors on the sign off for the City Fund accounts, concerning the disclosure of investment transactions. A briefing note had been circulated to Members before the Committee meeting.

19. **CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING**

RESOLVED, that – the confidential minutes of the meeting on 30 November 2021 be agreed as a correct record.

The meeting ended at 16:04

Chairman

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Category	24.05.2022	12.07.2022	27.09.2022	22.11.2022
Governance	Annual Report of the Committee (Decision)	Annual Governance Statement (Decision)		
	Nominations and appointments (Decision)			
	Roles and Responsibilities report (Information)			
Internal Audit and Counter Fraud	Internal Audit Plan Delivery Update - Year End Report (Information)	Internal Audit Plan Delivery update – quarterly report (Q1) (Information)		Internal Audit Plan Delivery update – quarterly report (Q1) (Information)
	Head of Internal Audit Annual Opinion (Information) (Information)			
Risk Management	Risk Management Update (Information)	Risk Management Update (Information)		Risk Management Update (Information)
Deep Dive	CR09 Health & Safety (Town Clerk's) (Information)	TBC	TBC	TBC
Accounts	Audit Planning Reports (Information)		Draft Bridge House Estates Accounts (Decision) - tbc	
			Draft City's Cash Accounts (Decision) - tbc	
			Draft City Fund and Pension Fund Accounts (Decision) - tbc	
External Inspections				
Other				

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Committee Audit and Risk Management Committee	Dated: 24 May 2022
Sub-Committees Report	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	3, 8 and 10
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Town Clerk & Chief Executive	For Decision
Report author: Ben Dunleavy, Governance Officer	

Summary

The purpose of this report is to ask the Audit and Risk Management Committee to appoint the Nominations Sub-Committee and approve its composition and Terms of Reference; and to appoint one Member to serve on the Resource, Risk and Estates Committee of the Police Authority Board.

Recommendations

The Committee is asked to:

1. agree the appointment, composition and Terms of Reference of the Nominations Sub-Committee (up to 6 Members, including the Chairman and Deputy Chairman (Member) of the Grand Committee and at least one External Member, to give an independent perspective);
2. consider whether the Member appointed to the Resource, Risk and Estates Committee of the Police Authority Board should be a court Member or an external Member; and,
3. appoint one Member to the Resource, Risk and Estates Committee of the Police Authority Board.

Main Report

1. The purpose of this report is to consider the appointment of Members to the Nominations Sub Committee for 2022/23 and to approve its composition and Terms of Reference. Additionally, the Audit and Risk Management Committee is asked to appoint one of its Members to serve on the Resource, Risk and Estates Committee of the Police Authority Board.

Nominations Sub-Committee

2. At your Committee on 16 January 2018, Members agreed to establish a Nominations Sub-Committee. Its composition and Terms of Reference are included at Appendix 1. Nominations Sub Committee meetings are arranged as and when required, including for the purposes of reviewing applications and interviewing candidates.
3. Although the Terms of Reference state one external Member is to be appointed to the Sub-Committee in order to give an independent perspective, in recent years, two external Members have been appointed to the sub-committee.

Resource, Risk and Estates Committee of the Police Authority Board

4. Your Committee previously appointed two Members to the Performance and Resource Management Committee of the Police Authority Board. Due to the bifurcation of this Committee to the form the Strategic Planning and Performance Committee, and the Resource, Risk and Estates Committee, your Committee is now asked to appoint one Member to only the latter of the two.
5. Members are asked to consider if the appointed Member should be an external Member or Member of the Court of Common Council, as previously the precedent had been to appoint external Members.
6. Members are asked to indicate whether they wish to serve on the Resource, Risk and Estates Committee of the Police Authority Board. One Member will be appointed.

Corporate & Strategic Implications

7. The recommendations in this report relate to the following outcomes of the Corporate Plan:
 - 3. People have equal opportunities to enrich their lives and reach their full potential
 - 8. We have access to the skills and talent we need
 - 10. We inspire enterprise, excellence, creativity and collaboration.

Conclusion

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

Appendices

- Appendix 1 – Terms of Reference and Composition of the Nominations Sub-Committee of the Audit and Risk Management Committee

- Appendix 2 –Terms of Reference and Composition of the Resource, Risk and Estates Committee of the Audit and Risk Management Committee

Background Papers

- ‘Succession Planning for External Members: to appoint a Nominations Sub Committee of the Audit and Risk Management Committee’, report of the Town Clerk to the Audit and Risk Management, 16 January 2018

Ben Dunleavy
Governance Officer

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APPENDIX 1

Nominations Subcommittee: Current Membership 4

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

Meetings in 2021/22: there was one formal sub-committee meeting during this time. Virtual meetings were also scheduled to review applications and hold interviews for a new external member whose term commenced on 21 April 2022.

1.1 The current composition is as follows:

1. Chairman of the Grand Committee
2. Deputy Chairman (Member) of the Grand Committee
3. Gail Le Coz (external)
4. Dan Worsley (external)
5. Vacant
6. Vacant

1.2 Terms of Reference and Composition of the Nominations Sub Committee

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

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

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Appendix 2

Resource, Risk and Estates Committee

Composition

- Up to five six Members of the Police Authority Board appointed by the Police Authority Board, in addition to the Chair~~man~~ and Deputy Chair~~man~~;
- One co-opted Member to be appointed by the Audit and Risk Management Committee; and
- Up to two co-opted Members of the Court of Common Council to be appointed by the Police Authority Board.
- The Chair~~man~~ of Finance Committee or their nominee.
- Up to two external independent members, to be appointed by the Police Authority Board.

Frequency of meetings

- The Committee shall meet four times per annum.

Quorum

Any three members

Terms of Reference

To be responsible for:

Finance, Risk, Estates

- monitoring and challenging City of London Police's use of resources to deliver its strategic priorities efficiently and effectively
- overseeing ~~the Force's City of London Police's financial resource management in order to maximise the efficient and effective use of resources to deliver its strategic priorities~~ including monitoring in-year financial performance against revenue and capital budgets, scrutiny of proposed revenue and capital budgets and the Medium Term Financial Plan;
- overseeing the City of London Police's human resource management including strategic workforce planning and establishment strength;
- ~~Scrutinising and recommendations around capital spend and other investment programmes.~~ overseeing commercial projects and major change programmes and scrutinising capital spend and other investment to ensure value for money;
- ~~Overseeing of commercial projects;~~
- ~~Overseeing of Risk;~~ monitoring the corporate risks and mitigations of the City of London Police and Police Authority;
- scrutinising ~~of~~ internal audit reporting and implementation of recommendations;
- ~~Overseeing major change programmes including Transform;~~

- i. scrutinising ~~of Estates~~ the police estates strategy requirements to ensure effective delivery of services that meet community needs.
- j. ~~Making recommendations to the Police Authority Board or Commissioner, where necessary.~~

Committee(s)	Dated:
Audit and Risk Management Committee	24/05/2022
Subject: Annual Report of the Audit and Risk Management Committee	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: The Town Clerk	For Decision
Report author: Ben Dunleavy, Town Clerk's Department	

Summary

The Chairman of the Audit and Risk Management Committee presents to the Committee the 2021/22 Annual Report of the Audit and Risk Management Committee, reporting on activity up to 31 March 2022.

Recommendation(s)

Members are asked to:

- Agree the 2021/22 Annual Report of the Audit and Risk Management Committee at Appendix 1 for onward submission to the Court of Common Council.

Main Report

Background

Current Position

1. The report outlines the Committee's progress during 2021/22 in relation to its key areas of remit, including the Annual Governance Framework, Internal Audit, Risk Management, Anti-Fraud, External Audit and Financial Reporting.

Appendices

- Appendix 1 – 2021/22 Annual Report of the Audit and Risk Management Committee

Ben Dunleavy

Governance Officer

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AUDIT & RISK MANAGEMENT COMMITTEE

Annual Report 2021/22

Introduction

1. The Audit & Risk Management Committee (the Committee) has a wide-ranging brief that underpins the City of London Corporation's governance processes by providing independent challenge and oversight of the adequacy of risk management, the internal control and financial reporting frameworks. It also deals with a limited number of matters not reserved to the Court of Common Council or delegated to another Committee and related to a non-executive function. The Committee was formed as a Grand Committee in 2011, replacing the former Audit Sub-Committee (Finance).
2. The Audit and Risk Management Committee has served to scrutinise the risk management process at the City Corporation and enhance the maturity of risk management organisation wide. It has contributed to increasing the engagement with risk management, both on the part of Officers within the various departments, and elected Members through a process of "deep dive" review of significant risks and Informal Risk Challenge Sessions (IRC). The deep dive review process has resulted in re-evaluation of risks to ensure that mitigating actions are given the appropriate priority and the IRC has examined the operation of risk management within departments on a rolling basis and holds Chief Officers to account for the effectiveness and completeness of this. The Committee has also served to improve engagement with the work of Internal Audit through regular monitoring of the implementation of Internal Audit recommendations. The Committee oversees the planning and delivery of the External Audit review of the Annual Accounts produced by the City of London Corporation across all operations.
3. This report details the work of the Committee for the period from 1 April 2021 to 31 March 2022 and outlines work in relation to the key remit areas of:
 - Annual Governance Framework
 - Internal Audit
 - Risk Management
 - Counter-Fraud
 - External Audit
 - Financial Reporting
4. Members of the Committee have a wide range of skills in many technical and professional areas, bringing significant experience and expertise to the Committee. All the Members have some experience in relation to the governance processes they challenge; supported by a periodic skills gap analysis undertaken by the Nominations Committee. The Committee is comprised of 13 Members, together with three external members who provide additional knowledge and skills to support the function. Table 1 details the Committee Members during 2021/22.

Table 1: Members of the Audit & Risk Management Committee 2021/22

Alexander Barr (Chairman)
Alderman Prem Goyal (Deputy Chairman)
Hilary Daniels (Deputy Chair)
Rehana Ameer
Randall Anderson
Chris Boden
Deputy Jamie Ingham Clark (Ex-Officio Member, Finance Committee, Deputy Chairman)
Gail Le Coz
Anne Fairweather
Marianne Fredericks (Ex-Officio Member, Policy and Resources Committee Representative)
Paul Martinelli
Jeremy Mayhew (Ex-Officio Member, Finance Committee, Chairman)
Andrien Meyers
John Petrie
Ruby Sayed
Dan Worsley (External Member)

5. The three external members are each appointed for a three-year term, which can be renewed twice, Hilary Daniels' final term ended on 31 March 2022. A nominations sub-committee, cognisant of the skills audit undertaken by members of the Committee, was appointed to oversee the appointment of a replacement external member, and Karen Sanderson was recommended for appointment. Karen's appointment was ratified by the Court of Common Council on 21 April 2022 and is effective from this date.

Changes Within the Year

6. There were no specific change events that require mention here, in-person Committee meetings resumed during the year, the IRC meetings continued in a virtual/online format.

Annual Governance Framework

7. The Accounts and Audit (England) Regulations 2015, which apply to the City of London's City Fund activities, require an audited body to conduct a review, each financial year, of the effectiveness of its system of internal control, risk management and governance and publish an Annual Governance Statement (AGS) each year, alongside the authority's Statement of Accounts. The purpose of the AGS is to:

- Describe briefly the governance framework
- State what activity has been undertaken to evaluate the governance framework and the outcome of that review
- Set out a plan of action to improve the effectiveness of the governance framework

8. The Committee received the draft AGS for 2020/21 at its 5 October meeting, a number of points were raised to improve the overall quality and usefulness of the AGS to its audience. The amended AGS was approved at the 30 November

meeting for signing by the Chairman of the Policy and Resources Committee and the Town Clerk and Chief Executive. The Committee had also identified several longer-term improvements for the overall structure, format and presentation of the AGS, these were duly noted by Officers to be incorporated in the 2021/22 AGS.

Internal Audit

9. The Committee received the Head of Audit & Risk Management's Annual Audit Opinion for the year ended 31 March 2021 in May 2021:

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

10. The Audit Plan is aligned to the City's corporate and departmental objectives and key risks so that assurance can be obtained on these areas. Internal Audit's work identified a number of opportunities for improving controls and procedures, with a "Limited (Red) Assurance" opinion having been provided in three cases. Those recommendations raised have been accepted by management.
11. The Internal Audit Plan for 2021/22 was subject to review throughout the year, in part recognising the continued impact of the COVID-19 pandemic, but also recognising the wider benefits realised from operating a more flexible and agile Audit Plan. Resourcing levels of the Internal Audit Team continued to be limited during 2021/22, although, for this limited period, this has not had an overall detrimental impact on the provision of assurance to the Committee.
12. The Audit & Risk Management Committee has continued to support and drive departmental engagement in relation to the follow-up work of Internal Audit to assess the implementation of recommendations. There have been no instances in 2021/22 where the Committee has needed to escalate the matter of tardy implementation and poor departmental compliance with the follow-up process to relevant Chief Officers and the Chairmen of the respective Committees, an indicator of the effectiveness of the follow-up Audit process.

Risk Management

13. The Committee is responsible for monitoring and overseeing the City of London Corporation's risk management strategy and to be satisfied that the authority's assurance framework properly reflects the risk environment. The strategy was reviewed and updated during 2020/21.
14. The City Corporation's Risk Management strategy includes a Policy Statement and a framework, which aligns with the key principles of ISO 31000: Risk Management Principles and Guidelines and defines clearly the roles and responsibilities of officers, senior management and Members.

15. The Strategy emphasises risk management as a key element within the City's systems of corporate governance and establishes a clear system for the evaluation of risk and escalation of emerging issues to the appropriate scrutiny level. The Strategy assists in ensuring that risk management continues to be integrated by Chief Officers within their business and service planning and aligned to departmental objectives.
16. A risk management health check was undertaken by a third-party organisation during 2021/22, the review concluded that the City Corporation's risk management approach aligns with best practice, it strives for continuous improvement, recognising that there are always improvements that can be made to its effectiveness.
17. During 2021/22, the Committee has exercised its oversight role in a number of ways:
 - Receiving quarterly risk update reports in relation to the corporate and red departmental level risks
 - Endorsing new corporate risks flagged by management
 - Deep-dive review of individual corporate risks of which eight were considered by the Committee in 2021/22.
 - Operating a cycle of regular departmental risk challenge sessions with Chief Officers and their respective Committee Chairmen, of which, nine were held in 2021/22.
18. While the IRC process has proven highly effective since its introduction, the primary impact has been in nurturing a strong risk management culture with Chief Officers and their Senior Leadership Teams; having reached a point of maturity, the IRC will not continue in the same format. The IRC will instead be utilised on an exception basis, with Internal Audit providing primary assurance as to the effectiveness of risk management.

Counter-Fraud

19. During 2021/22, the Corporate Anti-Fraud team completed 31 investigations across all fraud disciplines, with an associated value of £400k. Whilst the associated values of these frauds includes notional figures, we expect to recover £125k through a mix of Proceeds of Crime Act investigations, Council tax recoveries and insurance claims.
20. Social housing tenancy fraud remains a key fraud risk area for the Corporate Anti-Fraud team and a concern for the Committee; returning to some of our traditional investigation work and a fraud presence on the City's social housing estates following the end of lockdown, whilst maintaining the positive aspects of desk-based investigations practices during the pandemic has resulted in an increase in the volume of referrals in this key fraud risk area of 33%. During the reporting year the team recovered six tenancies, stopped four fraudulent housing applications from progressing and had a guilty plea in one prosecution case. A further four

cases are currently subject to criminal (2) and civil (2) action and are awaiting court hearings.

21. The Corporate Anti-Fraud Team has procured and introduced the NFI Fraud Hub; the fraud hub is expected to be adopted across London Borough's over the coming year and will allow the City to undertake proactive cross-boundary data-matching to detect and prevent fraud. Initial work on the hub has involved pensions data and housing data, with departments supporting with the review of output.

Financial Reporting

22. The Audit and Risk Management Committee has scrutinised the City Corporation's various 2020/21 financial statements, seeking assurances on significant financial reporting issues, estimates and judgements. Reports have been received from both the External Auditors and the Audit Panel. The Committee has held the External Auditors to account to drive effective delivery of the audit.
23. Having completed its review, the Audit and Risk Management Committee recommended approval of the 2020/21 statements to the Finance Committee as follows:
 - Bridge House Estates statements were approved at the November 2021 Committee meeting
 - City Fund and Pension Fund statements were approved at the November 2021 Committee meeting
 - Statements for City's Cash, the City's Cash Charities (seven Open Spaces charities and Sir Thomas Gresham Trust) and the other Sundry Trusts were approved at the November 2021 Committee meeting

Other Work of the Committee

24. The City Corporation continues to host the London Borough Audit Committees Chairs' forum, seeking to share knowledge, experiences and best practice and to explore the development of joint initiatives such as member training and performance benchmarking. This initiative has now been recognised on a national level, with the Local Government Association striving to replicate this through the creation of several regional networks.

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Committee(s): Audit and Risk Management Committee	Dated: 24/05/2022
Subject: Overview of Officer Roles and Responsibilities for Risk Management and Internal Audit in CoLC	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Dionne Corradine, Chief Strategy Officer	For Information
Report authors: Matt Lock, Head of Internal Audit, Chamberlain's Department Tabitha Swann, Head of Corporate Strategy and Standards, Corporate Strategy and Performance Team, DTC	

Summary

On 01 April 2022 as part of the City of London Corporation's (CoLC) Target Operating Model, corporate risk management moved from the Internal Audit Team in the Chamberlain's Department to the Corporate Strategy and Performance Team in the Deputy Town Clerk's Department. This note outlines the officer roles and responsibilities for risk management and internal audit in the CoLC and how they provide oversight within CoLC and assurance to the Committee.

Recommendation

That the Committee notes the report and the change in responsibilities in relation to City of London Corporation risk management and internal audit.

Main Report

Background

1. As part of the Target Operating Model (TOM), a new CoLC strategy function was proposed to tackle and exploit current and future challenges/opportunities through an integrated, professional and insight-led approach to strategy, planning, risk management and performance. To deliver this aim, the Corporate Strategy and Performance Team (CSPT) was repurposed, and a new post of Chief Strategy Officer (CSO) created, held by Dionne Corradine (appointed in June 2021). The CSO is Head of Profession for these cross-cutting enabling functions, has oversight of the CoLC corporate plan and performance framework,

prepares the Annual Governance Statement and works with departments on their business planning process.

2. A risk management approach with clear lines of ownership, accountability and scrutiny is crucial to successful delivery of CoLC's aims and objectives. Moving corporate risk into CSPT enables CoLC to develop its risk management culture in line with the wider strategic work with an ambition to ensure risks which could materially disrupt the strategy and operations are owned, identified, monitored and mitigated in a consistent, timely and effective manner.

Current Position

Structure of CSPT Risk Management-Related Roles

3. The Corporate Risk Manager (CRM) reports to the Head of Corporate Strategy and Standards within CSPT - see Appendix 1 for relevant risk and internal audit-related roles in CSPT and the Internal Audit Team (IA).
4. The CRM role has been re-graded to reflect the additional support provided to the risk portfolio by the Head of Corporate Strategy and Standards and CSO. The Head of Profession remit ensures risk management is included in a broader framework of professional support and development to CoLC officers. This will also include strengthening succession planning.
5. An initial campaign to recruit a new CRM was unsuccessful. The job advert has been redrafted to emphasise the link to strategic planning, relevant experience (not just possession of a risk qualification, although there is an expectation and support to obtain a relevant qualification once appointed) and a salary incentive offering a market forces supplement. The advert will go live during May.

Structure of the Internal Audit Team

6. The structure of the Internal Audit Team has been amended as part of the Chamberlain's Departmental TOM review. In addition to the transfer of the CRM role to CSPT, the following changes have been made:
 - Deletion of 1 Audit Manager post and 2 Senior Auditor posts
 - Creation of 1 Principal Auditor post, 1 Auditor post and 1 Apprenticeship position
 - Line management reporting is now direct to the Head of Internal Audit

The 3 deleted posts were all vacant at the point of transition to the new structure. No changes have been made to the Counter-Fraud and Investigations element of the team.

7. Recruitment is in progress for the Principal Auditor and Auditor, and the apprenticeship opportunity will be advertised in line with the academic year end, targeting school and college leavers.

Relationship Between Internal Audit and Corporate Risk Management

8. Whilst the separation of responsibilities enhances the organisational independence of the Head of Internal Audit in a positive way, there remains a close and collaborative working relationship between Internal Audit and Corporate Risk Management notwithstanding the transfer of risk responsibility into CSPT.

Risk Management Approach

9. In consultation with the Chairman and Deputy Chairmen of this Committee and having completed deep dives into risk arrangements across all service areas, the approach to the Informal Risk Challenge (IRC) process has been reviewed. In its next iteration and to ensure value-add, it is anticipated that the IRC will operate on more of an exception basis informed by a programme of risk management-related Internal Audit activity, predominantly examining the timeliness and effectiveness of risk mitigation.
10. As Chief Officers and the Town Clerk and Chief Executive are ultimately accountable for effective risk management, we are considering how the Chief Officer Risk Management Group (CORMG) and the Executive Leadership Board (ELB) contribute to the broader governance of top-level risks, including removing duplication and clarifying roles and responsibilities (see Appendix 1 'Governance' box). Deep Dives into specific Corporate Risks will still be presented to the Committee for information.
11. To remain agile and current, updates to the corporate risk register will be reflected immediately on agreement by the relevant officer board. The Audit and Risk Management Committee will be informed of any changes in the regular risk management update reports and able to provide comment. This speaks to wider work planned within CoLC to create a more responsive risk management culture, with corporate risks appropriately managed by officers as soon as they are identified.

12. Corporate & Strategic Implications

Strategic implications – The reorganisation outlined above will strengthen risk management processes and oversight within City of London Corporation through:

- bringing risk management into the team overseeing corporate strategy and performance, thus inextricably linking the risk management culture (identification of risks, risk appetite, risk mitigation etc) to successful delivery of CoLC aims.
- distance between internal audit and risk management, to enable independent examination of risk processes and outcomes.

Financial implications – none applicable

Resource implications – none applicable

Legal implications – none applicable

Risk implications – none applicable

Equalities implications – none applicable

Climate implications – none applicable

Security implications – none applicable

Conclusion

13. CoLC is keen to ensure that it continues to strengthen its risk management process and culture and that this becomes fully integrated into the way in which CoLC operates day-to-day, around evidence-based decision making and prioritisation. The changes outlined above are a first step toward this – with any further developments to be reported to the Committee in the future.

Appendices

- Appendix 1 – Risk Management and Internal Audit Organogram

Matt Lock

Head of Internal Audit Team, Chamberlain's Department

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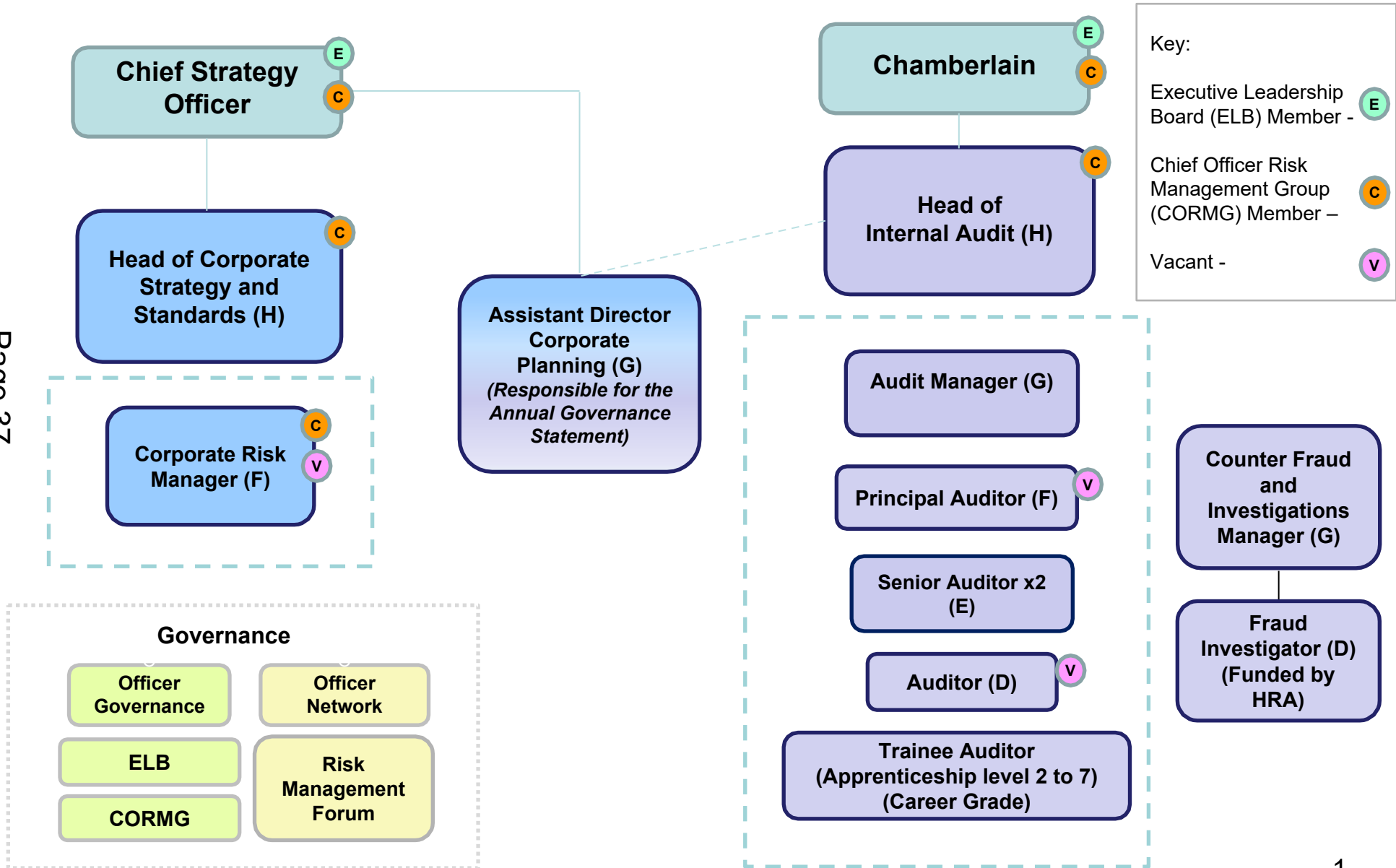
Tabitha Swann

Head of Corporate Strategy and Standards, Corporate Strategy and Performance Team

Tabitha.Swann@cityoflondon.gov.uk

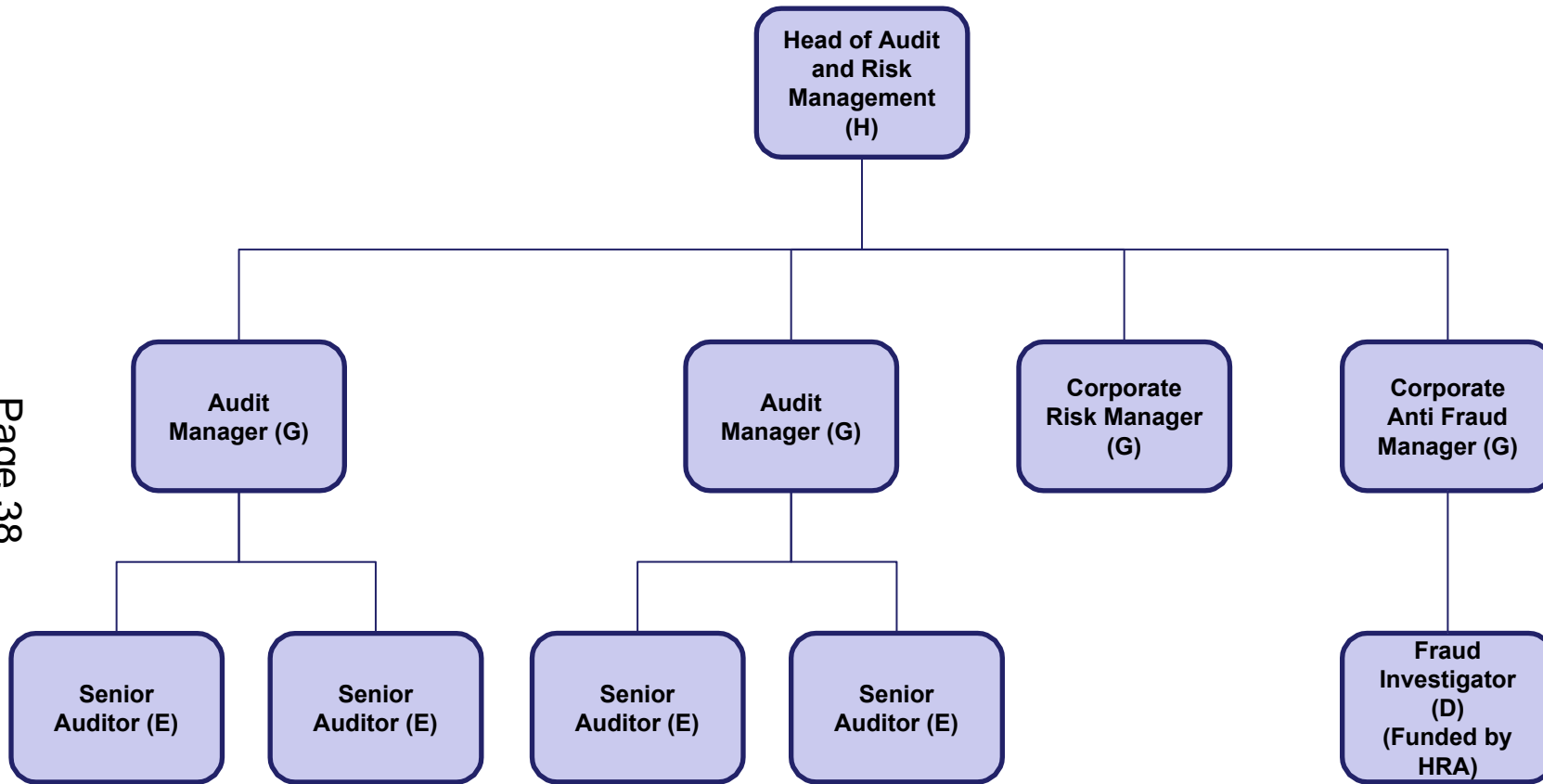
Appendix 1: Corporate Risk Management and Internal Audit Roles (under Chief Strategy Officer and Chamberlain)

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Internal Audit – Former Structure (up to 31/03/2022)

Page 38



Committee(s)	Dated:
Audit and Risk Management Committee	24/05/2022
Subject: Head of Internal Audit Annual Opinion	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Head of Internal Audit	For Information
Report author: Matt Lock	

Summary

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

The following opinion is provided for the 12 months ended 31 March 2022:

*"I am satisfied that sufficient quantity and coverage of Internal Audit work has been undertaken to allow me to draw a reasonable conclusion as to the adequacy and effectiveness of the City's risk management, control and governance processes. In my opinion, **the City has adequate and effective systems of internal control in place to manage the achievement of its objectives**. In giving this opinion, it should be noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in risk management, governance and control processes. The matters raised by Internal Audit are only those which came to my attention during the course of our Internal Audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.*

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

Recommendation(s)

Members are asked to:

- Note the report.

Main Report

Background

1. The Accounts and Audit Regulations 2015 came into effect on 1 April 2015 and require the City to undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards and associated guidance.
2. The professional responsibilities of Internal Auditors are set out within the Public Sector Internal Audit Standards (PSIAS) produced by the Internal Audit Standards Advisory Board. Supplementary guidance is also provided by CIPFA in their “Local Government Application Note”.
3. The work of Internal Audit forms the basis of an Annual Head of Internal Audit Opinion which is part of the framework of assurances that is received by the City of London Corporation and helps to inform the Annual Governance Statement. Internal Audit also has an independent and objective role to support management in improving governance, control and risk management through the provision of advice and guidance.
4. This report summarises the overall outcomes from Internal Audit work during 2021/22. The report does not include detail in relation to the findings of individual audit reviews, as previously reported to the Audit and Risk Management Committee during the year as part of the routine Internal Audit Update reports.

Basis of Annual Opinion

5. In forming an annual opinion, the Head of Internal Audit has considered:
 - Work completed by the Internal Audit team throughout the year, key issues arising from this and assurance opinions provided
 - Management responses to Internal Audit work, with particular attention to the acceptance of recommendations made to address significant issues (no exceptions reported)
 - Progress made by management in implementing Internal Audit recommendations
 - The effects of any significant changes in the City’s objectives, systems or external factors
 - Any limitations which may have been placed on the scope of Internal Audit (of which there were none)

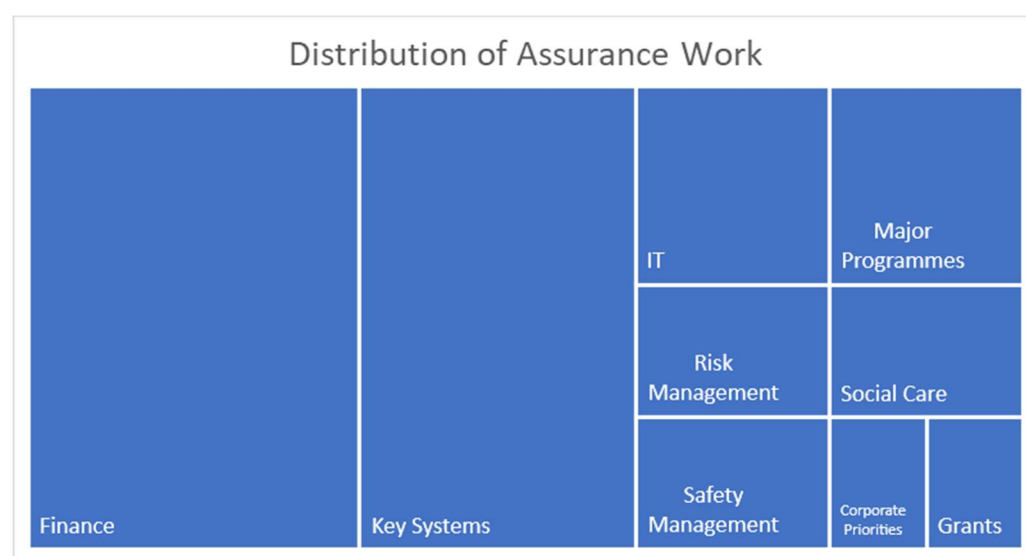
This report is supported, at Appendix 1, by a schedule of all Internal Audit work from 2021/22.

Head of Internal Audit Annual Opinion

6. The Head of Internal Audit is satisfied that the breadth of scope and overall quantity of Internal Audit work undertaken is sufficient to be able to draw a reasonable conclusion as to the adequacy and effectiveness of the City Corporation’s control, governance and risk management processes. It should be

noted, however, that the Internal Audit function has been operating with a reduced level of resources, working within the constraints of the City of London Corporation's Target Operating Model review and making a direct contribution to financial savings target of the Chamberlain's department.

7. The Audit Plan for 2021/22 was actively managed throughout the year to reflect the resources available and also to accommodate emerging priorities. Overall, this has not had any detrimental impact on the ability to provide an annual opinion. A total of 36 final Internal Audit reports were issued in 2021/22, covering Finance, Key Systems, IT, Major Programmes, Risk Management, Safety Management, Social Care, Corporate Priorities and Grants. The proportionate distribution is shown below.



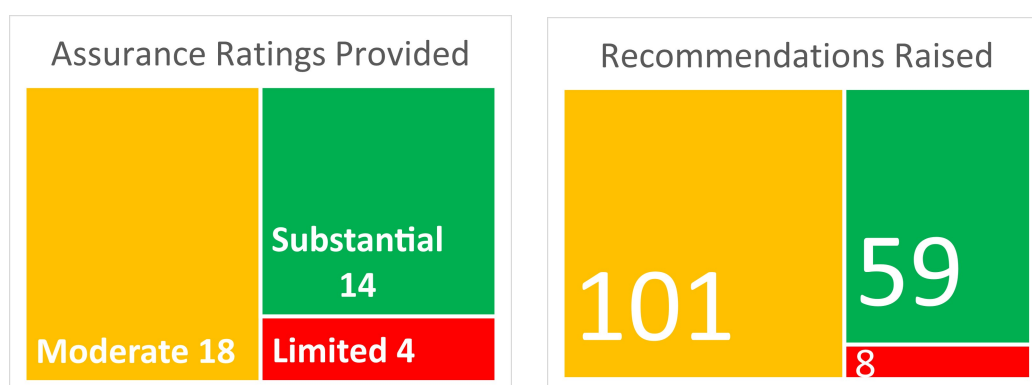
8. Having analysed the findings of completed Internal Audit reviews, the following key themes have been drawn out:

- Roles and Responsibilities
- Education and Awareness
- Formalised Governance
- Compliance and Enforcement
- Poorly Defined Deliverables
- Lessons Learned

None of the above are considered to represent significant or fundamental weaknesses within the overall internal control environment, this analysis has, however, informed the programme and focus of work for 2022/23.

9. On the basis of work undertaken, **it is the Head of Internal Audit's opinion that the City of London Corporation has adequate and effective systems of internal control in place to manage the achievement of its objectives.** In giving this opinion, it should be noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in these processes or that no fraud exists within the systems and processes examined or, indeed, those not examined.
10. Notwithstanding the overall opinion, Internal Audit's work identified a number of opportunities for improving controls and procedures, set out in our Audit reports

to management. The range of assurance levels provided in our audit coverage and the number of Red, Amber and Green priority recommendations made is summarised below.



11. While the number of individual Red, Amber and Green assurance ratings provided is key in forming the Head of Internal Audit annual opinion, there are other factors that must be considered: Responses from management to Audit reviews; the integrity of action/recommendation implementation plans and the timescales agreed for resolving issues raised. Internal Audit reports have been well received and management action plans have been suitably robust. It should also be noted that the current audit follow-up regime results in a prompt second look at the risks and issues raised and, in many cases, provision of a revised (and improved) assurance opinion.
12. Internal Audit follow-up work to verify the implementation of recommendations made has been successful, the team undertaking follow-up reviews in relation to 46 Audits and providing Green revised assurance opinions in 27 cases. While some progress had been made in the remaining instances, further follow-up work will be completed before closing these audits.

External Factors Having a Bearing on the Annual Opinion

13. Financial pressures and organisational redesign have impacted the level of resource available for Internal Audit work. Priority has been given to work which most directly informs the annual opinion.

Conformance with the Public Sector Internal Audit Standards

14. The Public Sector Internal Audit Standards require an External Quality Assessment to be undertaken at least once every 5 years. Conformance with the standards is assessed as one of the following categories (defined in Appendix 2):
 - Generally Conforms
 - Partially Conforms
 - Does Not Conform

15. The most recent review, completed 2017-18, confirmed that the Internal Audit function at the City Corporation *Generally Conforms* to the Public Sector Internal Audit Standards. The Standards require periodic self-assessment in the intervening years, this has been completed in April 2022 by the Head of Audit and Risk Management, using the CIPFA “Checklist for Assessing Conformance with the PSIAS and the Local Government Application Note”. The self-assessment found, similarly, that the Internal Audit function *Generally Conforms* to the standards. An External Quality Assessment is scheduled to take place in quarter 3 of 2022/23.

Corporate & Strategic Implications

16. The Internal Audit Plan is designed to provide assurance as to the adequacy of the City of London Corporation’s systems of internal control and governance. This programme of activity is aligned with the Corporate Plan, Corporate Risk Register and Departmental Top Risks.

Conclusion

17. While Internal Audit work continues to identify improvement areas for management, the overall opinion provided on the City’s internal control environment is that it remains adequate and effective. There is a high level of acceptance of recommendations made and, overall, a high level of implementation has been demonstrated.

Matt Lock

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Internal Audit Reviews Completed in 2021/22

Department/Audit	Original Assurance Rating	Recommendations Made		
		Red	Amber	Green
Barbican Centre - Ticketing System	Amber	0	5	1
Built Environment - Building Control and Planning Income and Expenditure	Green	0	1	0
Chamberlain's - Development of a Corporate Finance Strategy - Debt Financing	Green	0	0	0
Chamberlain's - Corporate Contract Management	Amber	0	3	2
City of London Police - Cyber Security	Green	0	2	2
City of London Corporation - Cyber Security	Amber	0	1	5
Community and Children's Services - Housing Fire Safety	Amber	0	6	1
Community and Children's Services - Social Care Contract Monitoring	Amber	0	7	0
Corporate-Wide - P-Cards	Green	0	3	10
Open Spaces Department - Wayleaves	Amber	0	7	3
Built Environment - Gigabit City	Green	0	2	4
City Surveyors - Rents, Lettings and Vacancies	Amber	0	2	2
Chamberlain's - Supplier Resilience	Green	0	1	0
Built Environment - Waste Collection Income and Expenditure (2020/21)	Green	0	1	0
Community and Children's Services - Unregulated Placements - Children (2020/21)	Amber	0	5	0
City Bridge Trust - Grants Administration and Compliance with Strategy (2020/21)	Green	0	0	4
Guildhall School of Music and Drama -Universities UK Return	Amber	0	7	5
City of London Police - IT Service Provision - Contract Management and Performance	Red	1	4	2
Community and Children's Services - Housing Rents	Green	0	2	2
Chief Operating Officer (IT) - Information Management	Amber	0	7	5
Chamberlain's - Accounts Payable	Green	0	1	1

Appendix 1

Department/Audit	Original Assurance Rating	Recommendations Made		
		Red	Amber	Green
Corporate Wide - Major Projects Governance Arrangements - Salisbury Square Development	Amber	0	6	1
Corporate Wide - Infrastructure/Physical Security	Green	0	0	0
Community and Children's Services - Adult Skills and Education Services Income	Red	5	0	1
City of London Police - Key Financial Controls - Payroll	Amber	0	2	0
Barbican Centre - Retail - Online Shop and Branded Merchandise	Amber	0	5	2
Barbican Centre - ED&I Consultancy	Amber	0	0	0
City of London School - Risk Management	Green	0	0	0
City of London School for Girls - Risk Management	Green	0	0	0
Corporate Wide - Major Projects Governance Arrangements - Smithfield Market Landlord Works	Amber	0	4	0
Corporate Wide - Major Projects Governance Arrangements - New Museum	Red	0	0	0
Innovation and Growth - Project Management Approach	Amber	0	8	1
City of London Police - Funding	Red	2	1	1
Chief Operating Officer - Payroll - Compliance Testing	Amber	0	5	2
Community and Children's Services - Barbican Estates Rents	Green	0	0	1
Guildhall School of Music and Drama - Data Quality - Research	Amber	0	3	1
Total		8	101	59

Public Sector Internal Audit Standards – Definitions of Conformance Assessment

Generally Conforms	The relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, at least comply with the requirements of the section in all material respects.
Partially Conforms	The internal audit service falls short of achieving some elements of practice but is aware of the areas for development. These will usually represent significant opportunities for improvement in delivering effective internal audit.
Does Not Conform	The internal audit service is not aware of, is not making efforts to comply with, or is failing to achieve many/all of the objectives and practice statements within the section or sub-sections. These deficiencies will usually have a significant negative impact on the internal audit service's effectiveness and its potential to add value to the organisation. These will represent significant opportunities for improvement, potentially including actions by senior management or the Audit Committee.

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Committee(s)	Dated:
Audit and Risk Management Committee	24/05/2022
Subject: Internal Audit Update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Head of Internal Audit	For Decision
Report author: Matt Lock	

Summary

This report provides an update on Internal Audit activity since the last update provided to the January meeting of this Committee. The report summarises work completed up to 31 March in accordance with the 2021/22 Internal Audit Plan, work completed so far in the current financial year and the anticipated forward programme of work for the period up to the next Committee meeting.

The report also presents two further items for the attention of the Committee:

- The Internal Audit Charter (updated)
- A protocol for the treatment of financial loss in the event of bank mandate fraud

Recommendation(s)

Members are asked to:

- Note the outcomes of completed Internal Audit work and the forward programme of Internal Audit work
- Approve the updated Internal Audit Charter
- Note the protocol for the treatment of financial loss in the event of bank mandate fraud

Main Report

Background

1. This report provides an update on the work of Internal Audit since the January Committee, covering:
 - An overview of the outcomes from completed Internal Audit reviews

- Outcomes from follow-up reviews undertaken to evaluate the effectiveness of previously raised Audit recommendations
- The Internal Audit Charter, for approval as required by the Public Sector Internal Audit Standards
- An agreed protocol for the treatment of financial loss as a result of bank mandate fraud

Work Completed to 31 March 2022

- 12 Final Audit Reports have been issued between 1 January and 31 March 2022, 3 Green (Substantial) Assurance ratings were given, 7 Amber (Moderate) Assurance ratings and 2 Red (Limited) Assurance ratings. A total of 36 Final Audit reports were issued in 2021/22. The overall outcomes from the recently completed Audit reviews are summarised in the following table:

Department/Audit	Assurance Rating	Recommendations Made		
		Red	Amber	Green
Corporate Wide - Major Programmes Governance Arrangements - New Museum	Red	0	0	0
City of London Police - Funding	Red	2	1	1
City of London Police - Key Financial Controls - Payroll	Amber	0	2	0
Barbican Centre - Retail - Online Shop and Branded Merchandise	Amber	0	5	2
Barbican Centre - ED&I Consultancy	Amber	0	0	0
Corporate Wide - Major Programmes Governance Arrangements - Smithfield Market Landlord Works	Amber	0	4	0
Innovation and Growth - Project Management Approach	Amber	0	8	1
Chief Operating Officer - Payroll - Compliance Testing	Amber	0	5	2
Guildhall School of Music and Drama - Data Quality - Research	Amber	0	3	1
City of London School - Risk Management	Green	0	0	0
City of London School for Girls - Risk Management	Green	0	0	0
Community and Children's Services - Barbican Estates Rents	Green	0	0	1

- Further detail is provided below in relation to the Red Assurance reviews:

Corporate Wide - Major Programmes Governance Arrangements – New Museum

- Delivered alongside the Audit of the Smithfield Market Landlord Works programme, this Audit examined the role and responsibility of the City of London Corporation in relation to delivery and oversight of the New Museum Programme. Roles and responsibilities of the City of London's Members and Officers, in respect of the New Museum Programme's governance and decision making are not clearly defined,

documented or understood. The Audit found that the City of London Corporation appears to be seeking to treat this as a City Corporation programme: this is a programme of the Museum of London, under the control and direction of the Museum of London Board.

5. Internal Audit has no remit to make recommendations to Members, this matter is beyond the control of officers which is the reason the report made no recommendations. It is, however, the role of Internal Audit to provide an opinion on the adequacy and effectiveness of governance arrangements and in this instance it is not possible to provide assurance that the existing arrangements are fit for purpose and will be effective in contributing to the successful delivery of the New Museum Project - at present, there is a risk that existing arrangements will undermine successful delivery of the programme. This is a significant issue that, if left unresolved, may cause delays and increased cost in the delivery of the New Museum, which, given funding arrangements, may impact the City of London Corporation.
6. It is the view of the Head of Internal Audit that a clear protocol must be set out with the New Museum Board and the GLA as the other major funder, and this must be adhered to going forwards.
7. This matter was reported to the Chairman of Audit and Risk Management Committee and subsequently discussed with the Policy and Finance Committee Chairmen of the day along with the current Policy Chairman. Senior Members felt that this was best addressed within the implementation of the Governance Review.

City of London Police - Funding

8. The objectives of this review were to obtain assurance that there were adequate arrangements in place for:
 - Devising the City Police's 2021/22 to 2025/26 Medium Term Financial Plan (MTFP);
 - Determining the 'Funding Gap' in each of the 5 years to 2025/26 and devising income generation and savings activities to close the gap identified for the current financial year;
 - Monitoring the delivery of income generation and savings activities to ensure that they are on target for delivery.
9. The Audit review found that there were adequate arrangements in place for devising the 2021/22 to 2025/26 MTFP, the City of London Police established clear assumptions in relation to determining the funding, income, and expenditure forecasts. It was noted that the plan for 2021/22 was significantly reliant on income generation, which carries less certainty than securing operational efficiencies.
10. Progress against the proposed savings plan for 2021/22 was, at the time of the Audit, limited, although Senior Leadership were confident that the overall savings target of £5.6m would be achieved, albeit via alternate means such as staff vacancy savings. Internal Audit has not verified the year end outturn position.
11. Concern was also raised in relation to the extent to which the City Police will meet Home Office baseline requirements in respect of the headcount of Officers, it was

recommended that a more transparent approach be adopted for monitoring and reporting against this.

12. Recent benchmarking has identified that the overall level of Local Authority funding allocated to the City of London Police is proportionately lower than that provided to other Police Forces. While not examined as part of this Audit review, this is certainly something for the Force to examine further with Police Authority colleagues.

Work Completed Since 1 April 2022

13. 4 Final Audit Reports have been issued since 1 April 2022, Amber Assurance ratings were given in all instances. The overall outcomes from the recently completed Audit reviews are summarised in the following table

Department/Audit	Assurance Rating	Recommendations Made		
		Red	Amber	Green
Barbican Centre - Fire Safety	Amber	1	5	1
Corporate Wide - Emergency Planning - Lessons Learned from Pandemic Response	Amber	0	2	0
Corporate Wide - Climate Action - Data Quality	Amber	0	2	1
Chief Operating Officer - Change Management	Amber	0	3	1

14. At the time of writing this report, there are 6 Audit reviews in progress, the outcomes of which will be reported within the update to the July Committee:

Draft Report stage:

- City of London Police and Police Authority - Governance Arrangements
- Corporate Wide - Major Programmes Governance Arrangements - Markets Consolidation
- Guildhall School of Music and Drama - Data Quality – Finance

Fieldwork stage:

- City of London Police - Transform Programme – The "Golden Thread"
- Barbican Centre - Ticketing - Re-issue, Re-sale and Refund
- Teachers Pensions – Administration Errors

Internal Audit Follow-up Reviews

15. Details of recommendations implementation were last reported to this Committee in January 2022 and since that time, formal follow-up has been completed for 23 Audit reviews. A total of 105 recommendations were subject to follow-up, 60 of which have now been closed, leaving 45 open.
16. Appendix 1 sets out the detailed outcomes and reflects:
 - 8 Audits have received an improved assurance rating as a result of the follow-up exercise, the remaining 15 show no improvement in assurance rating, although noted that 6 of these were already assessed as “substantial assurance”

- 1 Audit has moved from Red assurance to Green, and 1 from Red assurance to Amber
- 6 Audits have moved from Amber assurance to Green
- In 3 instances, individual Audit reviews have now been subject to two follow-ups with a third review now required
- There are 2 outstanding red priority recommendations from the follow-up exercises, 28 amber and 15 green
- 14 audits have live recommendations requiring further follow-up.

Further Work Planned to 30 June 2022

17. It is anticipated that the following work will be initiated before the July meeting of this Committee, further update will be provided at this point:

- Chief Operating Officer - Procurement Category Management - Governance and Effectiveness
- Corporate Wide - IT Asset Management/User Account Management
- The Aldgate School - Schools Financial Values Statement Validation
- Barbican Centre - Cyber Security
- Guildhall School of Music and Drama - Cyber Security
- Identification and assessment of 2nd Line of Defence Functions (on-going programme)
- Corporate Risk Mitigations - assessment of action taken, milestones and effectiveness (on-going programme)

The team will also be completing work for London Councils and the Museum of London, in accordance with the long-standing service level agreements with these organisations for the provision of Internal Audit services.

Other Internal Audit Matters:

Internal Audit Charter 2022

18. The Public Sector Internal Audit Standards (PSIAS) require all Internal Audit services operating within the public sector to produce an Internal Audit Charter. The Charter should be reviewed annually and presented to the Audit and Risk Management Committee for approval.
19. The Internal Audit Charter has been reviewed against the criteria specified in the latest version of the PSIAS and current operational practice. The review resulted in no material amendments in relation to the primary work of Internal Audit, the only change of note is to reflect that the Head of Internal Audit is no longer operationally responsible for the Corporate Risk Management function. The updated Internal Audit Charter is included as Appendix 2 to this report with the updates shown as tracked changes.

Protocol for Treatment of Financial Loss Resulting from Bank Mandate Fraud

20. Following a recently prevented mandate fraud at the City of London Corporation it was deemed sensible to consider how cases would be treated should the organisation suffer a financial loss. The primary driver for considering this was to eliminate ambiguity in approach and remove the potential for internal dispute as to how the cost of any related fraud is met. This scenario was discussed with Chamberlain's senior

finance officers and an agreed approach identified. The resulting protocol is attached as Appendix 3 for Members' information, in short, it was agreed that the cost of fraud should be borne by the fund from which the transaction originated.

Corporate & Strategic Implications

21. The Internal Audit Plan is designed to provide assurance as to the adequacy of the City of London Corporation's systems of internal control and governance. This programme of activity is aligned with the Corporate Plan, Corporate Risk Register and Departmental Top Risks.

Conclusion

22. Delivery of work against the 2021/22 Internal Audit Plan is concluded, this work has informed the overall Head of Internal Audit Annual Opinion as separately reported to this Committee. The findings of Audit work have been well received by Management and appropriate actions have been identified to resolve the control weaknesses raised.
23. The Audit follow-up shows reasonable implementation of Audit recommendations, although often not in accordance with the original agreed timescales.

Appendices

Appendix 1 - Internal Audit Follow-Up Outcomes October to December 2021

Appendix 2 – Internal Audit Charter (marked up version)

Appendix 3 - Protocol for Treatment of Financial Loss Resulting from Bank Mandate Fraud (**not for publication**)

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Internal Audit Follow-Up Outcomes January to April 2022

No.	Audit & Final Report Date	Original Assurance	Total Recs	Follow-Up Report	Updated Assurance	Outstanding Recs	Further Follow-Up
1	IT: Software Development Lifecycle March 2020	Limited	2	Third follow-up: January 2022	Substantial	0	N/A
2	Corporate: Fire Safety Risk Management May 2020	Moderate	7	Third follow-up: January 2022	Substantial	0	N/A
3	HR Pay Gaps January 2021	Moderate	4	Second follow-up: January 2022	Substantial	1	Third follow-up required
4	DCCS: Lone Workers June 2021	Moderate	7	Second follow-up: February 2022	Substantial	2	Third follow-up required
5				Third follow-up: April 2022	Substantial	0	N/A
6	DCCS: Housing Safety November 2020	Moderate	5	Second follow-up: January 2022	Moderate	4	Third follow-up required
7	DCCS: Rough Sleepers March 2021	Substantial	1	First follow-up: January 2022	Substantial	0	N/A
8	IT: Cyber Security May 2021	Moderate	6	First follow-up: February 2022	Moderate	5	Second follow-up required
9	CHB: Accounts Payable September 2021	Substantial	2	First follow-up: February 2022	Substantial	2	Second follow-up required
10	DCCS Social Care Contract Monitoring June 2021	Moderate	7	Second follow-up: March 2022	Substantial	0	N/A
11	Barbican: Spektrix Ticketing System June 2021	Moderate	6	First follow-up: February 2022	Substantial	0	N/A
12	CoLP: IT Service Provision Contract Management & Performance December 2021	Limited	7	First follow-up: March 2022	Limited	4	Second follow-up required
13	DCCS: Adult Skills & Education Service: Financial Management	Limited	8	First follow-up: March 2022	Moderate	3	Second follow-up required

No.	Audit & Final Report Date	Original Assurance	Total Recs	Follow-Up Report	Updated Assurance	Outstanding Recs	Further Follow-Up
	October 2021						
14	Innovation & Growth: Project Management January 2022	Moderate	9	First follow-up: April 2022	Moderate	9	Second follow-up required
15	GSMD: Medium Term Financial Plan February 2021	Moderate	1	Second follow-up: April 2022	Moderate	1	Third follow-up required
16	CoLP: Front Desks December 2019	Moderate	3	First follow-up: April 2022	Moderate	1	Second follow-up required
17	CoLP: Payroll & Overtime June 2020	Moderate	4	First follow-up: April 2022	Moderate	1	Rolling programme of audits now in place
18	DCCS: Barbican Estate Rents March 2022	Substantial	1	First follow-up: April 2022	Substantial	0	N/A
19	Waste Collection Income & Expenditure July 2021	Substantial	1	First follow-up: April 2022	Substantial	0	N/A
20	DCCS: Housing Rents October 2021	Substantial	4	First follow-up: April 2022	Substantial	4	Second follow-up required
21	CoLP: Workforce Planning November 2020	Moderate	5	First follow-up: April 2022	Moderate	2	Second follow-up required
22	DCCS Housing Fire Safety April 2021	Moderate	7	Second follow-up: April 2022	Moderate	6	Third follow-up required
23	DCCS Unregulated Placements July 2021	Moderate	5	Second follow-up: April 2022	Substantial	0	N/A
24	CoLP: Procurement Cards January 2021	Substantial	2	First follow-up: April 2022	Substantial	2	
TOTALS			105	As per latest follow-up exercise		45	

Recommendations Outstanding from Follow-Up

No.	Original Audit	Red	Amber	Green	Total	Internal Audit Comment
3	HR Pay Gaps - January 2021	0	1	0	1	Management update provided. Third follow-up scheduled for October 2022, in line with revised target implementation date.
6	DCCS: Housing Safety - November 2020	0	2	2	4	Management update provided. Third follow-up scheduled for July 2022, in line with revised target implementation dates.
8	IT: Cyber Security - May 2021	0	1	4	5	Second follow-up in progress – May 2022.
9	CHB: Accounts Payable - September 2021	0	0	2	2	Second follow-up in progress – May 2022.
12	CoLP: IT Service Provision Contract Management & Performance December 2021	1	3	0	4	Management updates provided. Second follow-up scheduled for June 2022, in line with revised target implementation dates.
13	DCCS: Adult Skills & Education Service: Financial Management October 2021	0	3	0	3	Timing of the second follow-up to be confirmed, as revised target timescales for demonstration of implementation are required.
14	Innovation & Growth: Project Management - January 2022	0	8	1	9	Management update provided. Second follow-up scheduled for July 2022, in line with revised target implementation dates.
15	GSMD: Medium Term Financial Plan - February 2021	0	1	0	1	Management update provided. Third follow-up scheduled for July 2022, in line with revised target implementation date.
16	CoLP: Front Desks - December 2019	1	0	0	1	Partial implementation of this recommendation has been confirmed. A management update has been provided with a revised target date for demonstration of full implementation; second follow-up scheduled for July 2022 in line with this.
17	CoLP: Payroll & Overtime - June 2020	0	1	0	1	A rolling programme of compliance checks has been introduced in this area and will incorporate follow-up of the remaining recommendation.

No.	Original Audit	Red	Amber	Green	Total	Internal Audit Comment
20	DCCS: Housing Rents - October 2021	0	2	2	4	Timing of the second follow-up to be confirmed, as revised target timescales for demonstration of implementation are required.
21	CoLP: Workforce Planning - November 2020	0	0	2	2	Timing of the second follow-up to be confirmed, as revised target timescales for demonstration of implementation are required.
22	DCCS Housing Fire Safety - April 2021	0	6	0	6	Management update provided. Third follow-up scheduled for September 2022, in line with revised target implementation dates.
24	CoLP: Procurement Cards - January 2021	0	0	2	2	Management update provided and revised target date of December 2022 provided for demonstration of implementation. A compliance audit, part of a rolling programme of checks, will evaluate implementation in line with the revised target date.
TOTAL		2	28	15	45	

Introduction

1. This Charter sets out the purpose, authority, and responsibility of the City Corporation's Internal Audit function, prepared in accordance with the UK Public Sector Internal Audit Standards (PSIAS) (2017) and the CIPFA Local Government Application Note (LGAN).
2. The Charter is reviewed annually and presented to the Audit and Risk Management Committee for approval.
3. The Internal Audit and Counter-Fraud functions at the City of London Corporation are provided to a number of bodies, including the City of London Police, the Barbican Centre, the Guildhall School of Music and Drama and the City Corporation's Independent Schools. Where reference is made to the City Corporation, these bodies will be deemed to be included in the objectives and requirements of this Charter.

Role of Internal Audit

4. The City of London Corporation has adopted the PSIAS mandatory definition of internal auditing, as specified by the Chartered Institute of Internal Auditors' International Professional Practices Framework (IPPF):

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

5. Internal Audit seeks to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight, specifically:
 - Assessing whether all significant risks are identified and reported appropriately to Members and Senior Leadership
 - Assessing the design and operation of key controls to determine whether they are effective at mitigating significant risks
 - Challenging Senior Leadership to improve the effectiveness of governance, risk management and internal controls by providing assurance over the effectiveness of the first and second line of defence functions.

Scope and Purpose

6. The scope of Internal Audit work is unrestricted and is based on Internal Audit's independent assessment of the key risks faced by the City of London Corporation and how effectively these risks are being managed.
7. Internal Audit may undertake assurance projects at the request of Audit and Risk Management Committee or the Audit (Sub) Committees of the institutions. In addition, Internal Audit may undertake lessons learned reviews following significant adverse events.

8. Internal Audit validates that management actions arising from audits have sustainably remediated the control weaknesses identified.
9. The Team provides advice and guidance to management on governance, risk and control and may engage with the City's Corporate and Departmental change projects providing expert independent and objective advice on the design of internal controls. The Head of Internal Audit will ensure that the independence of future Internal Audit assurance work is not compromised through this activity.

Independence and Authority

10. Internal Audit receives its authority from the Audit and Risk Management Committee, this Committee will fulfil the functions of the "board", as defined in the Public Sector Internal Audit Standards.
11. The Internal Audit function has unrestricted access to all Corporation records and information, both manual and computerised, cash, stores and other Corporation property or assets it considers necessary to fulfil its responsibilities. Internal Audit may enter City Corporation property and has unrestricted access to all locations and officers where necessary on demand and without prior notice. Right of access to other bodies funded by the Corporation should be set out in the conditions of funding.
12. Although line-managed by the Chamberlain, the Head of Internal Audit has direct access to the Town Clerk, Comptroller and City Solicitor, the Chairman of Audit and Risk Management Committee and the Chairmen of the Audit (Sub) Committees (or equivalent) for those bodies under the remit of the City Corporation. The Head of Internal Audit regularly attends meetings of the Executive Leadership Board ("senior management" as defined in the PSIAS) in relation to planned and completed Audit work, it is through this that the Head of Internal Audit may raise matters of concern with senior management.
13. In addition to reporting formally to Members at Audit and Risk Management Committee meetings, the Head of Internal Audit has access to all Members of City of London Committees in the reporting and discussion of Internal Audit work.
14. All Internal Audit staff are responsible for being independent, objective, and constructive in the conduct of their work and avoiding conflicts of interest and personal, business or other issues that may impair impartiality.

Head of Internal Audit Responsibilities

15. The Head of Internal Audit fulfils the role of the Chief Audit Executive (as required by the PSIAS) and is required to provide an annual opinion on the adequacy and effectiveness of the system of internal control for the whole Corporation and not limited to financial controls. In order to achieve this, the Internal Audit function has the following objectives:
 - Developing and delivering a programme of audit work that focuses on the key risks to the City Corporation, providing assurance that significant risks to the

Corporation's objectives are being managed and reporting progress on delivery of this plan to Audit and Risk Management Committee

- Attending and presenting reports at the relevant Audit and Risk Committees and to senior management as appropriate. This includes reporting significant findings and their root causes and providing opinions on the effectiveness on the governance, risk management and control environment within systems reviewed
- Provide assurance to management that the Corporation's operations are being conducted in accordance with external regulations, legislation, internal policies and procedures
- Provide advice and support to management to enable an effective control environment to be maintained
- Investigate concerns of irregularity
- Accessing additional expertise and resource through the use of third parties e.g. professional services firms. In appointing third parties the Head of Audit and Risk Management considers the following factors: competence, independence and objectivity.

16. The Head of Internal Audit will report on conformance with the PSIAS in their annual report. An independent peer review will be undertaken at least every five years to assess the Internal Audit function's compliance with these standards.

Standards of Audit Practice

17. The Public Sector Internal Audit Standards (PSIAS), which came into effect on 1 April 2013 and most recently revised in 2017 are **mandatory** for the City of London Corporation, the service is designed and operates within these.
18. This is also in accordance with the IPPF, which includes the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics.
19. Internal Audit officers are required to follow the CIIA's Code of Ethics which is a statement of principles and expectations governing behaviour required in the conduct of internal auditing.
20. In addition, Internal Audit officers must comply with Internal Audit's policies and procedures and those of the City Corporation together with any other relevant professional bodies' standards of conduct. Auditors must possess the knowledge, skills and disciplines necessary to discharge their responsibilities.

Additional Responsibilities of the Head of Internal Audit

21. **Provision of Services to Outside Bodies** - The City of London Corporation Internal Audit function provides Internal Audit services under a service level agreement to London Councils and the Museum of London. In addition, Internal Audit will occasionally provide assurance to Central Government on the appropriate use of ring-fenced grants or performance returns where required by grant conditions.
22. **Counter-Fraud and Corruption** - Promoting fraud awareness and maintaining an effective counter-fraud and corruption function, acting as a central function for the

investigation of irregularities and, where criminal investigation is considered appropriate, to liaise directly with the Police and advise departments on such matters. The Head of Internal Audit is responsible for maintaining the City of London Corporation's confidential whistleblowing channels. The Section plays a specific counter-fraud and investigation role in relation to Housing Tenancy Fraud and the investigation of serious whistleblowing concerns raised through the City of London Whistleblowing policy.

23. Independent assurance as to the adequacy and effectiveness of Counter-Fraud and Corruption arrangements will be provided to senior management and the Audit and Risk Management Committee through periodic external assessment.

Updated 29 April 2022

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

Document is Restricted

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Committee(s): Audit and Risk Management Committee	Dated: 24/05/2022
Subject: Risk Management Update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Chief Strategy Officer	For Information
Report author: Tabitha Swann, Head of Corporate Strategy and Standards, Corporate Strategy and Performance Team	

Summary

This provides the Committee with an update on the corporate and top red departmental risk registers, including any changes since last reported to the Committee in January 2022. Full details on the risks can be found in the appendices listed at the end of this report.

Recommendation

Members are asked to:

- Note the report and the changes to the corporate and the top red departmental risk registers, including:
 - The deactivation of one corporate risk (CR34 COVID-19)
 - The merger of two corporate risks (CR23 Police Funding into CR35 Unsustainable Medium-Term Finances)
 - The addition of one new corporate risk, previously monitored at departmental level (Surveyor's) as SUR SMT 004 Maintenance and Renewal of Physical Assets.

Main Report

Background

1. The corporate and red departmental risks are reported to this Committee on a quarterly basis, enabling the Committee to exercise its role in the monitoring and oversight of risk management within the City of London Corporation.
2. The corporate and red departmental risk registers were reviewed by the Chief Officer Risk Manager Group (CORMG) and the Executive Leadership Board

(ELB) in April 2022 as Senior Officers accountable for CoLC risk management actions, decisions and outcomes.

Current Position

All Risks

- Table 1 below shows the overall number and risk rating of all risks recorded on the Pentana Risk system in May 2022 compared with December 2021.

Risk rating (RAG)	May 2022	December 2021	Difference
Red	69	49	+20
Amber	246	229	+17
Green	141	136	+5
	456	414	+42

Table 1: **May 2022** Overall Risk Numbers by RAG Rating on Pentana

- Table 2 below shows the breakdown of red, amber, and green risks by risk level in May 2022 compared with December 2021. The entries for corporate risks still include the risk being removed from the register (CR34) and the risk being merged with another (CR23), and does not yet include the new corporate risk on physical assets, which is recorded against departmental risks.

Risk rating	Red		Amber		Green	
Risk level	May 2022	Dec 2021	May 2022	Dec 2021	May 2022	Dec 2021
Corporate	1	3	13	12	0	0
Departmental	16	21	90	97	29	31
Service	51	25	143	120	111	105
Team	1	0	0	0	0	0
PPM	0	0	0	0	1	0
Total	69	49	246	229	141	136

Table 2: **May 2022** Breakdown of RAG Risks by Risk Level

Corporate Risks

- The Committee receives a detailed risk register of all corporate risks at their first meeting of the new municipal year, rather than a shorter report focusing on risks above appetite. This risk register can be found at Appendix 1. A summary report of corporate risks is provided at Appendix 2.
- There are currently 14 corporate risks included on the corporate risk register (1x Red and 13x Amber):
 - One risk has increased its risk score by 4 points (CR10 Adverse Political Developments) moving from Amber 8 to Amber 12. This is due to a change in risk likelihood from 2 (unlikely) to 3 (possible), reflecting some negative representation of the financial sector, including the Square Mile, following the Russian invasion of Ukraine and subsequent economic


















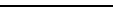









sanctions imposed on individuals and institutions associated with President Putin's regime and allegations that individuals and institutions associated with President Putin's regime are using London for illicit finance.

- b. One risk has decreased in risk score (CR23 Police Funding) moving from Amber 12 to Amber 8 due to a change in risk likelihood from 3 (possible) to 2 (unlikely). This risk will now be managed under CR35 Unsustainable Medium-Term Finances.
- c. All other risks have remained constant at previous scores and ratings.

7. Following the April meetings of the CORMG and ELB:

- a. One risk is being de-activated: CR34 COVID-19 as a specific risk relating to the handling of the COVID pandemic is no longer required given the current situation. Broader risks around the potential impact of a pandemic will be covered within other risks (resilience; public health). The details of CR34 can be found in the Not for Publication part of the agenda at Appendix 3.
- b. One risk previously managed as a departmental red risk will be added to the corporate risk register: SUR SMT 004 Maintenance and Renewal of Physical Assets. This will retain its current risk score of 16 (Red) when moved to the corporate register.
- c. As referenced above, two risks are being merged: CR23 Police Funding into CR35 Unsustainable Medium-Term Finances; and
- d. A new corporate risk (Skills and Capacity of our People) is in the process of being reviewed following input from CORMG/ELB and will be put on the register once finalised.

8. Table 3 below shows a list of the current corporate risks as at May 2022, ordered by risk score. CR23 (merging with CR35) and CR34 (being de-activated) are shown in a separate table (Table 4).

Risk code	Risk title	Current Risk Score	Current Risk Score Indicator	Trend Icon	Flight path
CR36	Protective Security	16			
CR01	Resilience Risk	12			
CR02	Loss of Business Support for the City	12			
CR10	Adverse Political Developments	12			
CR16	Information Security (formerly CHB IT 030)	12			
CR21	Air Quality	12			
CR29	Information Management	12			
CR30	Climate Action	12			
CR33	Major Capital Schemes	12			










Risk code	Risk title	Current Risk Score	Current Risk Score Indicator	Trend Icon	Flight path
CR35	Unsustainable Medium-Term Finances	12			
CR09	Health Safety and Wellbeing Risk (Management System)	8			
CR17	Safeguarding	8			

Table 3: **May 2022** List of Current Corporate Risks by Risk Score (excl. CR23 and CR34)







Risk code	Risk title	Current Risk Score	Current Risk Score Indicator	Trend Icon	Flight path
CR34	COVID-19	12			
CR23	Police Funding	8			

Table 4: **May 2022** CR34 and CR23 to come off the risk register

9. The RAG matrices below show the distribution of corporate risks as at May 2022 (Table 5) and December 2021 (Table 6). Table 5 still includes the Amber risks CR23 and CR34 (to be merged and de-activated, respectively) and does not include the new corporate risk on Physical Assets.



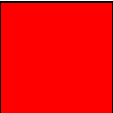
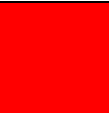

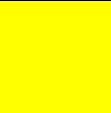
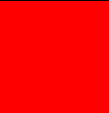





	Minor	Serious	Major	Extreme
Likely				
Possible			10	
Unlikely			2	1
Rare				1

Table 5: **May 2022** Risk Heatmap


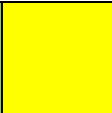
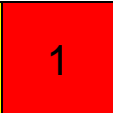

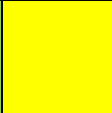





	Minor	Serious	Major	Extreme
Likely			1	
Possible			8	1
Unlikely			3	1
Rare				1

Table 6: **December 2021** Risk Heatmap

Red Departmental Risks

10. There are 16 departmental red risks (down from 21 in December 2021). The two top rated red departmental risks with current risk scores of 24 are:
- ENV-CO TR001** (formerly CR20) Road Safety
 - ENV-PHPP 001** (formerly MCP-PHPP 001) Brexit - Impact on Port Health and Animal Health

All remaining risks have a current risk score of 16 (Red). A summary report of the current departmental red risks is attached at Appendix 4.

11. One of these departmental red risks, SUR SMT 004 which reflects the misalignment between available funds and the demands of our property estates, is being moved to the corporate risk register. Mitigation of this risk spans multiple users and funding streams, requiring cross-CoLC coordination. A summary of the risk can be found below in Table 7 and additional details in Appendix 5.



Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Risk Approach	Flight Path
SUR SMT 004	Maintenance and renewal of Physical Assets– Investment property and Corporate (operational) property (excluding housing assets)	4	4	16		Reduce	

Table 7: **May 2022** Red departmental risk SUR SMT 004 to move to the corporate risk register with a score as above

Corporate & Strategic Implications

Strategic implications – Reporting to the Committee is in line with the CoLC Corporate Risk Management Strategy.

Financial implications – None applicable

Resource implications – None applicable

Legal implications - None applicable

Risk implications – None applicable

Equalities implications – None applicable

Climate implications – None applicable

Security implications – None applicable

Conclusion

12. This risk update and accompanying documents (see appendices) are aimed at providing assurance to the Audit and Risk Management Committee that risks within the City of London Corporation are being effectively handled.

Appendices

- Appendix 1 – Corporate Risk Register excluding completed actions and CR34
- Appendix 2 – Corporate Risk Summary
- Appendix 3 – CR34 (Not For Publication)
- Appendix 4 – Red Departmental Risks Summary

- Appendix 5 – New Corporate Risk Details (SUR SMT 004)

Tabitha Swann

Head of Corporate Strategy and Standards, Corporate Strategy and Performance Team


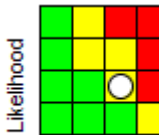

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(This report does not include CR34 COVID 19 which appears in the not for publication part of the agenda; risk score change indicator as against the last time this was reported to the Audit and Risk Management Committee in January 2022)

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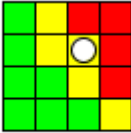
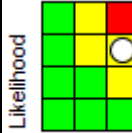

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Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
36 Protective Security Page 73	<p>Cause: Lack of appropriate governance, inadequate security risk assessments, prioritisation, and mitigation plans. Inadequate, poorly maintained or time expired security infrastructure and policies; lack of security culture and protective security mitigation; poor training, inadequate vetting, insufficient staff.</p> <p>Event: Security of an operational property and event space is breached, be that internal threat, protest and/or terrorist attack. Publicly accessible areas for which the Corporation are responsible for are subject to an undisrupted Terrorist attack.</p> <p>Effect: Injury or potential loss of life caused by an undisrupted attack, unauthorised access to our estate by criminals/protestors/terrorists; disruption of business/ high profile events; reputational damage.</p>	 <p>Likelihood</p> <p>Impact</p>	16	<p>There has been a lot of work since 2017 attacks, to mitigate the threats to the Public and our Staff. CR24 focused on our buildings has been closed, due to the mitigations implemented. However, the threat from Terrorism has not gone, it remains a real and enduring threat with multi diverse attack methodologies and target focus. Protest and political unrest are on the increase. This goes wider than CoLC estate that CR24 covered, as seen in the 2017 attacks includes publicly accessible locations. The most recent attacks, including Liverpool November 2021, demonstrate that radicalisation has not stopped and there are persons still intent on carrying out such attacks with the intention to harm. Protests are becoming a regular threat to properties</p>	 <p>Likelihood</p> <p>Impact</p>	8	01-Jan-2024	

10-Jan-2022 John Barradell				<p>and events, such as climate protestors at November 2021 Lord Mayors Show and multiple protests seen across London. This risk is developed to maintain and monitor the holistic threats and risk, mitigation, and governance. 06/01/2022</p> <p>Work continues in all areas, all governance boards have reviewed terms of reference and membership with TOM changes. Meetings are scheduled for key CoLC staff with new COLP decision makers to ensure continuance of work in place since 2017.31/3/22</p> <p>10 May 2022</p>				Reduce	Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR36a	To ensure that there is effective governance across the CoLC with COLP and other partners	<p>Governance structures in place, led by Town Clerk Chief Executive, through Senior Security Board, terms of reference and strategy. With thematic security boards reporting into Senior Board: Protect Security Advisory Board, Protect Public Realm Board, Protect People Board Protect, Digital Security Board, Secure City Board.</p> <p>All governance boards in place, ToR reviewed and TOM changes captured.</p>	John Barradell	10-May-2022	01-Jan-2024
CR36b	Police Contest Board	COLP Police host a biweekly Contest Board, covering HM Government Protect, Prepare, Prevent and Purse agenda. COLC maintain resilience of SC vetted staff from SSB (RW) PSAB (SC) and PPRB (IH) ensure attendance at Contest Board, then cascade appropriately across CoLC.	Richard Woolford	10-May-2022	01-Jan-2024

		Introduction meeting in place for RW, SC, IH to meet with new Cmdr from COLP. Attendance and support to this board continues.			
CR36c	Incident/Event/Protest Command	<p>Training and accreditation of staff to carry out command roles, at Strategic, Silver and Operational roles.</p> <p>Event Risk assessment covering High, Medium, Low risk events.</p> <p>All High-Risk events to be raised at SSB, confirmation of appropriate command team.</p> <p>Tabletop Exercises to be done prior to High-Risk events and in cycle with partners, with learning captured and audit trails maintained by Resilience team.</p> <p>This has included November 2021 Lord Mayors Show. Pre-Christmas all venues High Risk Table Tops exercises including direct action and terrorism.</p> <p>LMS 2021 debriefed with action plans being addressed with all partners.</p> <p>Ongoing planning for Platinum Jubilee, Operation London Bridge.</p> <p>XR protests in April 2022 will be lead by chief officer Gold, with learning from previous events with embedded partnership engagement with MPS and COLP, with all appropriate departments included.</p>	Richard Woolford	10-May-2022	01-Jan-2024
CR36d	Prevent	This multi-agency response led by DCCS in support of HM Government guidance. Ensuring safeguarding is at the heart of Prevent with our communities and families. This is ongoing lead by DCCS		10-May-2022	01-Jan-2024

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CR01 Resilience Risk 20-Mar-2015 John Barradell	Cause - Lack of appropriate planning, leadership and coordination Event - Emergency situation related to terrorism or other serious event/major incident is not managed effectively Effect - Major disruption to City business, failure to support the community, assist in business recovery. Reputational damage to the City as a place to do business.	 Likelihood	12	Clearview BC management tool continues to be implemented , new software package rollout to depts now expected June 2022 04 May 2022	 Likelihood	12	30-Sep-2022	 Constant
							Accept	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR01L	Assurance process with Cabinet Office College 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	<p>The Clearview software Business Continuity product contract has now been signed 1/7/21 as a joint procurement with COLP/Clearview , the implementation of the system and integration of new elements and information into the Col IT system and education process is currently underway , full rollout across Col expected December 2021</p> <p>Implementation process continues with Clearview aiming to introduce key depts to the system April 2022 Implementation process continues due to new software package to be initiated , architecture documentation signed off by IS , rollout across depts now expected late June 2022 data element to be overseen by IMS team</p>	Gary Locker	04-May-2022	30-Jun-2022
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	<p>Training for this session complete process and call out still to be finalised</p> <p>Intranet note to staff to identify new potential LALO March 2022</p> <p>LALO were involved in a City based partnership exercise February 2020, Intranet note seeking further staff support posted March 2022 to boost capabilities</p>	Gary Locker	05-Apr-2022	30-Sep-2022

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		<p>Pan London standards process currently held due to Covid 19 response , Lalo training will be key to capability going forward Feb 2021 LALO training is a rolling programme delivered by London Resilience Group , resilience team ensure capability and numbers of LALO are appropriate for Col response and engage LALO in local/pan London exercise where appropriate</p> <p>No further significant updates at this stage but to note as part of the Pan London Ex safer city , 9th November 2021 one Col Lalo was deployed as part of the ex as part of the deployment & learning process around a collapsed building scenario and wider Col response to the exercise</p>			
01N	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	Gold major incident awareness training day completed for new Col Chief Officers 21/10/21 module 1 included Media implications , Humanitarian aspects , Civil Contingencies Act & Command structure responsibilities . Module 2/3 to follow 2022 Legal Implications & Public Inquiries session New senior staff to be identified for further training and awareness	Gary Locker	04-May-2022	31-May-2022
CR01Q	Plan an annual calendar of IT DR tests, covering critical systems and services	<p>The final draft of the IT BCDR Plan has been produced and is under review prior to being socialised with the business. This includes the new RPO and RTO we can offer the business now our server estate is Azure/hosted.</p> <p>Based on this, the IT Team will create a schedule of DR and resilience/failover tests by the end of April 2022.</p> <p>As it's first test, the COLP IMS team and IT team recently carried out a scenario-led, desktop exercise based on the Ransomware attack which recently impacted the Redcar Local Authority.</p>	Matt Gosden	05-Apr-2022	30-Apr-2022

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- Promotion of UK FPS offer globally: Replacing Lord Mayor and CPR physical international visit programme with virtual visits to key markets including US & North America/Japan/Singapore/Europe/Australia, as well as hosting over 50+ webinars reaching a global audience of over 7000, to continue to promote the strengths of the UK FPS ecosystem and competitive advantages and to share lessons on COVID impact and recovery..
- New competitiveness benchmarking work to assess how well the UK is currently doing relative to other major FPS centres was published this quarter and signifies that London remains the leading global financial centre when measured across 100+ metrics.
- Creation of Retention Campaign in September 21, which seeks to proactively obtain accurate insights from key inward investors to better understand medium term investment plans, opportunities and threats. Linked with key projects on Competitiveness, Benchmarking and Global Mobility
- The Global City campaign showcases the UK's competitiveness strengths in FPS around the world.
- We welcome the European Commission's temporary equivalence decision with regards to UK CCPs. We are disappointed that further equivalence decisions have not yet been taken. We encourage both sides to continue a dialogue with each other, with a hope that further equivalence decisions can be taken by both sides in the future.
- The City of London Corporation have played an active role supporting the independent Review into UK fintech, commissioned by HM Treasury and led by Ron Kalifa (former CEO of Worldpay). The Review published its final report and recommendations on 26 February.

CR02I	<p>Work with colleagues across the Corporation to implement the recommendations of the Covid 19 Recovery Taskforce Report, Square Mile: Future City</p>	<ul style="list-style-type: none"> • The impact of Covid 19 has had and will continue to have a major impact on the role of the City of London as a global financial centre. The City has shown remarkable resilience and ability to adapt to the extraordinary circumstances it faced. However, it is likely that businesses' operating models will evolve and we will see much more flexible working patterns. • The Recovery Taskforce has now published its final report, Square Mile: Future City. Officers from across the Corporation will now be implementing the report's key recommendations, captured as 6 'Big Moves': <ul style="list-style-type: none"> • Enable high potential businesses to start, adapt, and grow • Open London's opportunities to everyone • Curate thriving innovation ecosystems in strategic sectors • Create and sustain a vibrant and engaging City offer • Planning and enabling the future City • World-class streets and public spaces 	Damian Nussbaum	14-Sep-2021	30-Apr-2023
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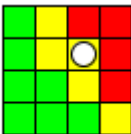
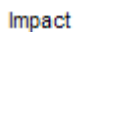
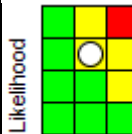


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		<p>departmental officials or amendments tabled in Parliament as required.</p> <p>A new session of Parliament will begin on 10 May 2022. Legislation expected to be announced in The Queen's Speech will cover economic and cybercrime, financial services, energy, levelling up, Northern Ireland border arrangements post Brexit and human rights.</p>			
CR10b	Provision of information to Parliament, Government and the London Assembly on issues of importance to the City.	<p>Making known the broad range of work of the City Corporation among opinion formers, particularly in Parliament and central Government, is 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 a crucial sector of the economy, and for London (and the nation) across a wide spectrum of activity.</p> <p>The Office has continued to provide updates to the relevant departments and Members following major political developments and set piece Parliamentary events. A bulletin will be circulated following the Queen's Speech.</p>	Paul Double	05-May-2022	30-Nov-2024
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.	<p>Liaison with the City's MP and other MPs, Peers and Select Committee of both Houses on matters of importance to the City. Working with other organisations, including TheCityUK, International Law Committee, LawUK and the Financial Markets Law Committee, to analyse the legal and regulatory framework following the UK's departure from the EU.</p> <p>The Office works closely with CPR's office over the CPR's parliamentary engagement programme, including providing content and briefing for regular bilateral meetings with the City's MP.</p> <p>The City's Parliamentary Terrace Reception is due to take place on 15 June following a two year absence.</p>	Paul Double	05-May-2022	30-Nov-2024

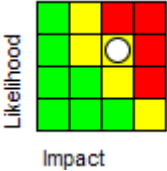
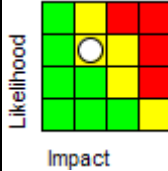
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR16 Information Security (formerly CHB IT 030) <div>Page 83</div> 10-May-2019 Emma Moore	Cause: Breach of IT Systems resulting in unauthorised access to data by internal or external sources. Officer/ Member mishandling of information. Event: The City Corporation does not adequately prepare, maintain robust (and where appropriate improve) effective IT security systems and procedures. 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 2018. Incur a monetary penalty of up to €20M. Compliance enforcement action. Corruption of data. Reputational damage to Corporation as effective body.	<div> <div>Likelihood</div> <div>Impact</div> </div>	12	E5 Licences are now implemented for email malware. Further security features are being implemented until June. Further mandatory training to be required during June 2022 for all staff and Members Work on a simulated cyber attack is being planned with the IT Security Team for completion by the end of June 2022. We have heightened cyber threats with the war in Ukraine with attacks arising from malicious state actors or those sympathetic to those state actors and some near misses. To help further mitigation of this risk we are investigating the options and costs of 24x7 security monitoring with a specialist partner. 20 Apr 2022	<div> <div>Likelihood</div> <div>Impact</div> </div>	6	31-Mar-2023	
							Reduce	Increasing

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
CR16k	Final stages of completing information security projects which will mean that we can assure Members that the City of London Corporation has implemented all the national government recommended security practices and technology achieving a maturity level of 4.	With the agreement of the E5 business case by Members the improvements to our security stance can now begin with resources procured to support implementation – Email Malware protection in place – proceeding with further security functional changes enabled by having E5 licence which we will completing by the end of June			Gary Brailsford-Hart	06-Apr-2022	30-Jun-2022

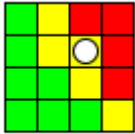
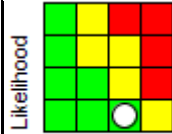

CR16n	Work on a simulated cyber attack is being planned with the IMS Team	A White Hat activity – this is where we employ an Ethical Hacker to try to gain access to COL systems using typical hacking tools and techniques	Gary Brailsford-Hart	06-Apr-2022	30-Jun-2022
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CR21 Air Quality 07-Oct-2015 Ruth Calderwood Page 85	Cause: Levels of air pollution in the City, specifically nitrogen dioxide and fine particles, impact on the health of residents, workers and visitors. The City Corporation has a statutory duty to take action to improve local air quality. Event: The City of London Corporation is insufficiently proactive and resourced, and does not have the right level of competent staff, to be able to fulfil statutory obligations, as a minimum, in order to lower levels of air pollution and reduce the impact of existing air pollution on the health of residents, workers and visitors. Effect: The City Corporation does not fulfil statutory obligations and air pollution remains a problem, impacting on health. Potential for legal action against the Corporation for failure to deliver obligations and protect health. Adverse effect on ability to deliver outcomes 2 and 11 of the Corporate Plan	 Likelihood	12  Impact	The risk remains unchanged . Defra is consulting on proposed new targets for PM2.5 03 May 2022	 Likelihood	6  Impact	31-Dec-2024	 Constant
							Reduce	

Action no	Action description	Latest Note		Action owner	Latest Note Date	Due Date
CR21 001h	Develop baseline model for compliance assessment and publish annual report of air quality data	The 2021 Annual Air Quality report is being prepared		Ruth Calderwood	03-May-2022	31-Dec-2025
CR21 001i	100% of vehicles owned or leased by the CoL are electric or hybrid by 2025	The City Corporation continues to add zero emission vehicles to its fleet with 5 hybrid and 17 pure electric vehicles. A database has been created of fleet carbon and air pollution (NOx and PM) emissions		Ruth Calderwood	03-May-2022	31-Dec-2025
CR21 001j	Develop and support an Emission Reduction Private Members Bill for London local authorities	Meetings continue with DEFRA to discuss options for new powers to deal with non-transport sources of air pollution. This includes direct one -to-one meetings and workshops and commenting on consultation documents. Meeting also held with UK100 to discuss their support.		Ruth Calderwood	03-May-2022	31-Dec-2022
CR211	Assess percentage compliance rate with NO2 target	Compliance for 2020 was 93% of the publicly accessible space in the Square Mile. Data for 2021 is not yet available		Ruth Calderwood	03-May-2022	31-Dec-2024

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/Risk Approach	Current Risk score change indicator
CR29 Information Management 08-Apr-2019 John Barradell Page 86	Cause: Lack of officer commitment and investment of the right resources into organisational information management systems and culture. Event: The City Corporation's IM Strategy (2018-2023) is not fully and effectively implemented Effect: <ul style="list-style-type: none"> • Not being able to use relevant information to draw insights and intelligence and support good decision-making • Vulnerability to personal data and other information rights breaches and non-compliance with possible ICO fines or other legal action • Waste of resources storing information beyond usefulness 		12	W Drive closedown and move to SharePoint completed New role created to lead on IM in the Digital, Information and Technology Team Chief Officers being provided with local SIRO training 10 May 2022		6	30-Jun-2022	Constant
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR29g	IM Audit Actions to be implemented	Several audit actions now need to be considered and planned for implementation up to the end of June. Dependent on a resource uplift bid within the IT TOM proposal.	Sean Green	10-May-2022	30-Jun-2022
CR29h	W Drive moved to Sharepoint	W: Drive now frozen with a view to remove shortly	Sam Collins	10-May-2022	31-Jul-2022
CR29i	Local SIRO training for the Chief Officer Team	Training being delivered to Chief Officers up until the end of May 2022	Nick Senior	10-May-2022	31-May-2022
CR29j	IM Maturity Plan	More detailed mitigation actions for cultural, infrastructure and information tooling to be developed – this is resource dependent and will not start till after the new TOM is implemented in April 2022	Sean Green	10-May-2022	30-Jun-2022

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/Risk Approach	Current Risk score change indicator
CR30 Climate Action <div>Page 87</div> Oct-2019 John Barradell	Cause: Insufficient resources and prioritisation allocated to Climate Action. Event: The City Corporation fails to reduce and mitigate the impact and effect of climate change. PHASE 2: DELIVER AND REFINE ACTION PLAN – To be addressed in completion of phase 1. Impact: As the governing body of the Square Mile dedicated to the City, there are a range of potential impacts including: <ul style="list-style-type: none"> • failing to deliver on the net zero targets in our Climate Action Strategy • reducing our ability to effectively reduce carbon emissions in the next two carbon budget periods (2022 and 2027) • damaging the City's credibility in Green Finance and Insurance markets; • reducing our ability to champion sustainable growth globally and enhance the relevance and reputation of the Square Mile • failing to adequately invest in climate resilience measures leading to negative impacts on social, economic and environmental outcomes • failing to adequately invest in net zero initiatives leading to negative impact on our financial and property investments 	 Likelihood Impact	12	The City of London Corporation's Climate Action Strategy 2020 was approved by the Court of Common Council in October 2020. The year 1 action plan for delivering the strategy was approved on 8th April 2021 at P&R with input from the various Chairs/Deputy Chairs from the relevant committees. Work is underway across 10 workstreams detailed in project plans. Stakeholder engagement plans, performance dashboard and management systems, governance approach are also finalised. Assessment of climate implications now required within all reports to Committees 09 May 2022	 Likelihood Impact	4	31-Mar-2027	 Constant
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR30k	Ongoing political and international relationship management	Strategy picked up by media and helping promote reputation of City financial. Stakeholder engagement plan identifies opportunities for political and international engagement opportunities.	Damian Nussbaum	09-May-2022	31-Mar-2027
CR30l	Deliver programme of works across operational and	13 of the top 15 emitting buildings and 62 of 143 investment properties across our corporate	Paul	09-May-	31-Mar-

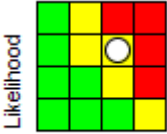
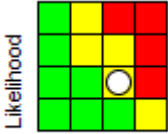
	investment portfolios	<p>and housing estates have been surveyed to inform the operational and capital interventions across our corporate buildings. The remainder will be completed by September 2022 to be drawn up into delivery plans for 22-23 and beyond.</p> <p>It will be essential to secure co-investment into our housing stock. A bid for £800k from the Social Housing Decarbonisation Fund (SHDF) at William Blake and Southwark Estates has been secured. This will provide new lighting, increased insulation, additional glazing and heating controls for 66 properties currently rated EPC D or below. Work is underway to apply for the second wave of SHDF funding.</p> <p>Decisions outstanding on planned stock changes such as disposal strategies and major projects such as the Guildhall Master Plan, Barbican Arts Centre and Markets Co-location continue to create uncertainty in the Corporate Properties Group workstream for CAS. As these buildings are amongst the highest emitters for the operational estate, understanding their future is essential in planning for, and delivery of, the 2027 CAS target.</p> <p>Construction price inflation, both in terms of availability and pricing of materials, and through the availability of labour, will impact the delivery programme. This may result in additional budget pressures. This is an industry-wide issue that the department is tracking closely.</p> <p>Recent unprecedented rises in energy prices and the cost of capital works presents a significant risk to CAS target delivery. CAS delivery is supported by the delivery of planned cyclical maintenance works and the capture of energy cost savings to fund further measures. Avoiding delays due to cost pressures will be necessary to avoid knock-on impacts to CAS targets. The mitigation in place includes introduction of behavioural management programme in buildings and the implementation and potential expansion of the Power Purchase Agreement (PPA).</p>	Wilkinson	2022	2027
CR30m	Monitor and drive performance against net zero and financial targets for financial investments and supply chain, continually refreshing learning	<p>Funded project plans with resources and capability requirements have been updated for FY22/23 and approved at May Policy and Resources Committee.</p> <p>Purchased Goods and Services actions for the coming year:</p> <p>* Implementation of the Carbon Net Zero Procurement Plan; FY 2022 – 2024</p>	Caroline Al-Beyerty	09-May-2022	31-Mar-2027

		<p>* Working with our supply chain to embed Climate Action KPIs into the supply chain through focus on the most impactful contracts.</p> <p>* Focusing on the most impactful contracts, migrate away from proxy values to track carbon performance more accurately.</p> <p>* Developing low carbon, green and circular criteria, and standards to help decouple carbon from spend.</p> <p>Additionally, all work undertaken is with the 55% reduction in supply chain emissions target, from the 2018 baseline, in mind.</p> <p>Financial Investment actions for the coming year:</p> <p>* Formulating and implementing plan to address financial physical and transition risks within the upcoming strategic asset allocation process.</p> <p>* Working with fund managers to ensure robust risk management on the portfolio and timely disclosures.</p> <p>* Annual reporting to external stakeholders via second TCFD Submission by November 2022 and PRI by March 2023.</p> <p>The report 'Managing Climate Risk for our Financial Investments' has been published in October 2021 aligning our financial investments with net zero emissions by 2040</p>			
CR30n	Monitor and drive performance against net zero and resilience targets, continually refreshing learning	<p>Cool Streets & Greening Gateway 3-4 approved for nine Year 1 and six year 2 sites. Implementations complete for six year 1 sites. Evaluation underway using smart sensors. Cubic Mile project underway to map opportunities for climate resilience measures below ground.</p> <p>Phase 1 of pedestrian priority programme has been approved. Phase 2 still needs approval and</p>	Juliemma McLoughlin	09-May-2022	31-Mar-2027

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		has political risk attached to it. If the programme of Pedestrian Priority restrictions and traffic reduction is not delivered this significantly undermines the ability to reach net zero.			
CR30o	Set out carbon removal action plan and mobilise	<p>Current risks are:</p> <p>*Challenge by tenant to termination of farming tenancy which would make one of the key project sites unavailable. To mitigate this, additional consultancy has been retained to support fair and efficient process to negotiations.</p> <p>*The report identifying the land management works that could deliver on the project target reveal the costs/timescales/constraints of these works makes the project unfeasible</p> <p>*Possible issues with gaining access to additional land required for carbon sequestration target.</p> <p>*Underestimation of project costs and costed risks. This is mitigated through detailed quarterly budget reviews.</p> <p>The carbon sequestration study is now completed however additional clarification is required to explore further carbon removal opportunities including creating site plans for Phase 3, pursue of viable opportunities in the wood product markets and developing tender for project monitoring services.</p>	Juliemma McLoughlin	09-May-2022	31-Mar-2027
CR30p	Run overarching engagement programme with our stakeholders and partners (phase 3 of engagement plan) and quality assure engagement for projects	Dedicated stakeholder engagement lead built into PMO function. Stakeholder engagement plan approved at May Policy & Resources Committee. Detailed stakeholder engagement plan socialised with principal members and officers for approval	Damian Nussbaum	09-May-2022	31-Mar-2027
CR30q	Carry out impact assessments and equalities analysis on projects and stakeholder research and use their findings to shape future engagement and delivery	Subject to continuous assessment within implementation plans. A review of the findings from the initial Test of Relevance was conducted at half year and they remain the same. Impacts will be investigated and assessed on an ongoing basis in conjunction with the delivery of the CAS programme of work.	Andrew Carter	09-May-2022	31-Mar-2027
CR30r	Agree to and implement appropriate governance to embed Climate Action in departmental scrutiny. Ensure	In order to measure and report progress against our targets transparently, a Climate Action Dashboard is in the final stages of development and will be live internally later this quarter.	Damian Nussbaum	09-May-2022	31-Mar-2027

	<p>appropriate capacity and capabilities are in place including for regular KPI progress reporting via the CPF. Ensure mechanisms in place for releasing staged financing. Set up regular tracking of impact of our actions on targets.</p>	<p>The dashboard will allow tracking to take place across an initial 25 management KPIs as well as the main reporting KPI of our footprint as expressed in tonnes of CO₂e (Carbon Dioxide Equivalent). Our teams have identified and are evaluating an additional 25 management KPIs to augment this set to further improve ours and our stakeholder's ability to evaluate overall progress to CAS targets and commitments. From July 2022, it is intended that this dashboard will be used as the basis for progress reporting to Committees. The dashboard will be available publicly from September 2022. It is due for its public release alongside the annual report formally outlining CAS scope budgets, timescale, targets and commitments to stakeholders.</p> <p>To manage risk effectively in the programme, all projects have a risk log and the overall risks are reported at a programme level to Policy & Resources Committee and via this CR30 corporate risk update.</p> <p>Project performances are monitored quarterly against their projected achievement trajectories. While some delay is inevitable in the inaugural year of a new programme, these movements are being closely monitored between Member and officer governance.</p>			
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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/Risk Approach	Current Risk score change indicator
CR33 Major Capital Schemes 14-Feb-2020 Gamine Whitehorse; Paul Wilkinson	Risk owner Town Clerk & City Surveyor Cause: The City Corporation has set itself the ambition to deliver at least three landmark multi-million pound capital schemes over the next decade (currently programmed to complete 2028). Event: there is insufficient technical and professional capability and resource to effectively deliver the schemes. Effects: <ul style="list-style-type: none"> Schemes not delivered on time Inability of the organisation to move at the required pace Potential for increased capital costs as a result of delayed decision making Reputational impact on the Corporation vis a vis key stakeholder across London and UK Govt. Potential revenue impact of delayed delivery to services affected (e.g. Markets, Museum of London Grant, City of London Police) failure to deliver on corporate outcomes Note - given that this risk spans several years, the target risk score/date has been set to Oct 2021 when it is expected that, after completion of the related actions, the risk score is anticipated to reach target level and could be considered for de-escalation.	 Likelihood Impact	12	Shape of Chamberlain's ongoing support for Major Programmes has been confirmed as part of the TOM process for the Department. This includes strengthening overall financial support to all Major Programmes, alongside procurement of expertise / professional services to support the assurance and complexity of Major Projects. Target implementation by end of June 2022. 04 May 2022	 Likelihood Impact	8	31-Oct-2022	Constant
							Reduce	

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date

requirement for City Fund. Spend is not aligned to Corporate Plan outcomes resulting in suboptimal use of resources and/or poor performance. Stakeholders experiencing reduced services and service closures.						
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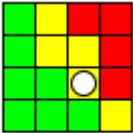
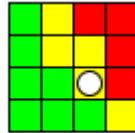

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR 35a	A reduction in key income streams and increase in bad debt	This is being monitored monthly, with action being taken to reduce spend where possible. Budget forecast for 21/22 includes reduced income, with recovery profiled across the medium term. In addition, Chief Officers continue to work with tenants on a payment plan to mitigate potential issues when the moratorium is lifted in March 2022. Top up of Covid contingency is being instigated to support impact on 22/23.	Sonia Virdee	14-Apr-2022	31-Mar-2023
CR 35b	To reduce strain on cash flow.	<ul style="list-style-type: none"> The Corporation remains very liquid and the outlook for near term cash flows is robust. Multi year cash flowing modelling is incorporated into the City's medium term financial planning modelling. 	James Graham; Sonia Virdee	14-Apr-2022	31-Mar-2023
CR 35c	Increased expenditure related to COVID measures- maximise recovery from government <i>Triggers:</i> <ul style="list-style-type: none"> <i>Any changes to funding arrangements below the baseline</i> 	<ul style="list-style-type: none"> Maximising recovery from government- spend is being coded and monitored. Total claim of £11.9m for 20/21 lost fees & charges income on City Fund. This scheme has been extended to cover Q1 of 21/22 and a claim has been made for £3.2m. Furloughing workers where appropriate has been done recovering £6.6m to end of June 21. 	Sonia Virdee	14-Apr-2022	31-Mar-2023
CR 35d	Inability of occupiers to pay rates as their income falls and business models are damaged. A reduction in demand for office space in the square mile, leading to lower occupation and business rate income. The Corporation is currently benefitting from growth in business rates retained income of c£40m. Non-payment of rates across London leading to difficulties in meeting cash flow payments as host of the pool. <i>Triggers</i> <ul style="list-style-type: none"> <i>Change to business rate reset (further deferral will result in a positive impact).</i> <i>Shift from commercial to residential (hot off the press).</i> <i>Reduction in Rateable Value (the risk is minimal).</i> <i>Changes to methodology in business rate calculations.</i> 	<ul style="list-style-type: none"> Monthly monitoring in place. The impact of COVID-19 has been to lower the collection rate for business rates. Collection had dipped during the year due to the ending of the enhanced retail relief but it has now improved to within 3% of pre COVID levels. It is very likely that the collection rate will now exceed 20/21 performance. The Govt is also allowing authorities to spread the impact of 20/21 business rate deficits over 3 years and introduced a tax compensation scheme, for which CoL will receive £8.3m. Residual collection fund deficit will need to be factored into the MTFP. There has been an increase in the amount of empty property resulting in more relief being claimed. Business Rate appeals linked to COVID have been ruled out due to Govt legislation, but we are seeing an increase in appeals on other grounds. Impacts will continue to be monitored. 	Phil Black	14-Apr-2022	31-Mar-2023

	<ul style="list-style-type: none"> • <i>Alternative funding sources e.g. sales tax.</i> 				
CR 35e	<p>Impact on investments: securities/property <i>Triggers:</i></p> <ul style="list-style-type: none"> • <i>Increase in loss of income over £5m p.a.</i> 	<ul style="list-style-type: none"> • The values of the three main financial investment portfolios declined during 2022 Q1, in line with financial markets in general, following several successive quarters of growth. Financial markets have sold off in response to rising inflation levels and expectations that monetary policy will need to be tightened to mollify price rises. Our asset allocation strategy is set with reference to long term capital market expectations and performance will be volatile during the shorter term business cycle. As at 28 February 2022 (the latest performance information available), the Pension Fund, City's Cash and BHE portfolios had generated annual growth of +6.1%, +6.2% and + 6.4%, respectively. . Asset allocation and investment performance is reviewed by the Financial Investment Board at each meeting. • COL's Pension Fund contributions are fixed until 2023, providing some protection, whilst the diversified asset allocation strategies and use of active management across all three funds should continue to deliver some stability if general market moves become extreme again. • The total value of the investment property portfolios equates to £4.2bn. • The House Fund, Bridge House Estates, City's Estate and City Fund all outperformed the MSCI benchmark return and universe return over a 3, 5, 7, 10 and 27 year period. • The total annual rental income from the investment property portfolio for 2021/22 is estimated to increase to £121.620m (September 2021 quarter estimate) from £121.187m (June 2021 quarter estimate). Over the 4 year forecast period the total rents are expected to increase to some £136.730m pa. • The investment property portfolio vacancy rate as at 1st December 2021 represents 2.91% which is lower than the City and West End vacancy rate of 8% and 7% respectively (as reported by JLL). There was an increase of 223,749 sq.ft. compared to 1st June 2021 which relates to the vacant possession on the 10 properties on the Salisbury Square development site. • The total arrears for the investment property portfolio as at March Quarter Day –1 (24/03.2022) stand at 11.46% or £20.25m - a reduction of circa £2m from the previous quarter (against a target of 1.5%). The Government Moratorium against taking enforcement action for non payment of rent etc expired at the end of March 2022 .although lockdown arrears will be ringfenced against action.. Landlords are encouraged to reach a commercial settlement with tenants prior to a binding arbitration process. 	Nicholas Gill; James Graham	14-Apr-2022	31-Mar-2023
CR 35f	Impact on the MTFP	<ul style="list-style-type: none"> • Lower investment income modelled into MTFP, plus one year retention of business rate growth in 22/23. • Sums to mitigate risk are being held in Reserves- £30m on City Fund. Already drawing down on City's Cash Financial Investments by £317m across the planning horizon to 2025/26 (which 	Caroline Al-Beyerty; Sonia Virdee	14-Apr-2022	31-Mar-2023

		<p>is sustainable given modelling of balance sheet recovery).</p> <ul style="list-style-type: none"> • Update on overall financial position for CF and CC was presented to the Joint RASC and E&P Sub Committee on 14th January 2022. • The Finance Committee received the overall financial position on 15th February 2022. • On 10th March 2022 the Court of Common Council approved the budget estimates for CF and CC, including (CF only) 0.4p increase in BRP; 1% increase in social care to address the MTFP gap. 			
CR 35h Page 96	To implement the Fundamental Review project plan- TOM Triggers: <ul style="list-style-type: none"> • <i>Delays/Reduction to 12% savings.</i> • <i>Delays/Reduction to fundamental review savings.</i> 	<ul style="list-style-type: none"> • An exercise is being undertaken and will continue into 22/23 to monitor the achievement of TOM & FR savings across the corporation. • Deep-dive reports on departments savings will be reported to E&P Sub Committee, deep dives will align with the TOM waves. • Monthly TOM tracker reported and scrutinised by Establishment Committee commenced in September 21. • Bilateral meetings held with Service Committee Chair/men and Chair/men of Policy & Resource and Finance Committee and their deputies to ensure savings are being achieved across the board. 14 bilateral meetings have taken place, of which majority of the departments have now had their proposals either fully or partially agreed by Committee/Members under the TOM process. • Additional pressures have been identified through the TOM process, Chamberlain's has proposed how these additional cost pressures are met within the overall envelope to the Joint RASC and E&P Sub Committee on 14th January 2022. Furthermore, this Committee has 	Chrissie Morgan; Sonia Virdee	14-Apr-2022	31-Mar-2023

		received the overall financial position for approval and recommendation to Court of Common Council were approved on 10th March 2022.			
CR 35i	<p>Impact on the HRA</p> <ul style="list-style-type: none"> • Delays in residential units coming on stream delaying income • Increasing bad debt / long term reduction in commercial rent • Expenditure risks around recovery of leaseholder contributions Great Arthur house cladding case <p>Inability to fund future major works programme.</p>	<ul style="list-style-type: none"> • There is small upside in the MTFP • Prudent assumptions have been used in forecasting when income from new residential units will come on stream. • Additional sources of capital funding including climate actions funding for major works and 106 housing for new build • Need to monitor identified expenditure risks around recovery of leaseholder contributions • Current works programme prioritised and fully funded as at December 2021. Future works programme following new Asset condition survey will need to be incorporated towards end of the 5-year planning period. • Housing 30 year Business Plan to be updated by the department by September 2022 alongside a review of existing risks'. Interim update report will go to Housing Sub Committee in May 2022. 	Mark Jarvis; Paul Murtagh	14-Apr-2022	31-Mar-2023
CR 35j	<p>Impact of inflation</p> <ul style="list-style-type: none"> • Rising inflationary pressures on revenue • Rising inflationary pressures on construction and labour costs 	<ul style="list-style-type: none"> • The Court of Common Council approved the MTFP on 10th March 2022, this included the following mitigations relating to inflation: <ol style="list-style-type: none"> 1) Inflation contingency held: 3% 22/23 and 1% 23/24 (23/24 includes 2% inflation increase within departments); 2) CF - £3m contingency ringfenced for construction inflation under Major Projects reserve. 3) CC - £1m contingency ringfenced for construction inflation under capital programme. 	Sonia Virdee	14-Apr-2022	31-Mar-2023
CR35k	The effect of the war in Ukraine on finances and sanctions carried out.	Department of Community & Childrens Services are monitoring the likely demands on services caused by the situation in Ukraine. The experience with Afghan refugees was that the related costs were fully funded by central government grants, although this will not necessarily be the position with the Ukraine.	Sonia Virdee	01-Apr-2022	31-Mar-2023

CR351	Police Funding Risk	To monitor and manage residual risks to the Police MTFP post-BRP increase (including increased inflation, mitigation delivery risks and new areas of pressure or grant reduction).	Alistair Cook	04-May-2022	31-Mar-2023
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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/Risk Approach	Current Risk score change indicator
CR09 Health Safety and Wellbeing Risk (Management System)	<p>Cause: Lack of management grip/attention to effective health and safety in the workplace, management and staff competency, poor supervision and guidance, and ineffective controls and monitoring / feedback systems.</p> <p>Event: Significant breach/non-compliance with Statutory regulations and/ or internal H&S policies and procedures by staff/managers whilst undertaking/delivery of City Corporation functions.</p> <p>Effect: Fatality or life-threatening illness / disease compromising the safety and wellbeing of service users, public or the workforce, potential enforcement action/financial penalties to City Corporation. Adverse effect on the delivery of the Corporate Plan: Especially Outcomes 1 & 2</p>	<p>Likelihood</p>  <p>Impact</p>	8	<ul style="list-style-type: none"> Annual Certificate of Assurance (ACA) reviewed at Nov HSW Committee and issued to Chief Officers 14 December '21 for return by 31st March '22 Report on "Revitalizing the corporate HSW Committee" tabled at HSW Committee 05 November. The Corporate Lone Working / Preventing Violence Policy (HSP 4) has been separated into 2 H&S Policies. Drafts tabled at Nov HSW Committee and subsequently being reviewed to address actions arising from HR audit of the Barbican Centre to reflect an employee focused style. Expected to go to Establishment Committee in May. HSE inquiry into February tree fall fatality at Highgate Woods has been concluded and there will be no formal investigation. HSE will issue findings to the Coroner COVID support and information regularly updated on intranet, to reflect changes in legislation and Government guidance of 'Living with COVID' and departments continue to be supported Recruitment for the new role, Head of Health & Safety reporting into COO has been completed and due to start in June 	<p>Likelihood</p>  <p>Impact</p>	8	31-Jul-2022	

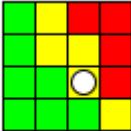
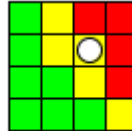

22-Sep-2014 Emma Moore				04 May 2022			Accept	Constant
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR09L	Evidence being collected for submission for Achievement Award for LHWC	Steering group in place with evidence being collected. Pushed back to 2021 due to Covid-19 pandemic. Suspended until 2022 Looking at options to be possible pilot of British Safety Council Wellbeing Audit	Emma Moore	04-May-2022	30-Jun-2022
CR09M	Business as usual HSW suspended due to Covid-19 outbreak	Focus is on supporting the return to work as restrictions are lifted.	Emma Moore	04-May-2022	30-Jun-2022
CR09Q	CR09 is now at Target and the risk treatment is "Accept" the HSW Manager will be monitoring the H&S Management System on behalf of the risk owner and any changes which may impact effectiveness considered when assessing on-going risk scoring	Ongoing review at each HSW committee – to be reviewed again late June/early July 2022	Emma Moore	04-May-2022	31-Jul-2022

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CR17X	Chief Officers have been asked to nominate Safeguarding Champions and to report to the Director of Community and Children's Services every six months on the discharge of their safeguarding responsibilities.	<p>The network of Safeguarding Champions to fully embed safeguarding responsibilities across the organisation has been relaunched. Some of the existing champions have moved on or no longer perform this role. Chief Officers have been asked to nominate a Safeguarding Champion for their departments.</p> <p>The first Safeguarding Champions meeting took place in December. There was good engagement from range of Departments. The group will meet bi- annually going forward. This is now business as usual</p>	Andrew Carter	04-May-2022	30-Jun-2022
CR17y	Monitoring is taking place to ensure that the Children and Adult Social Care Workforce is adequately resourced to tackle the increase in demand which is likely to occur when the Covid-19 lockdown period finishes.	<p>The TOM Proposals for Children and Adult Social Care are going through consultation and seek to provide capacity to meet additional demands. on target. Recruitment into all posts for Children's Social Care has been completed and new Social Workers started in April 2022. Interviews for final principal Social Worker post in Adult Social Care to be completed by the end of May 2022.</p> <p>Temporary pressures such as the impact of the Afghan Support Programme or a return to working restrictions due to the Covid-19 pandemic will be addressed as required. Additional Children's Early Help support was temporarily recruited to. This was required to address increase in demand from Afghan families in hotels - this is being funded by central government.</p>	Chris Pelham	04-May-2022	30-Jun-2022

CR23 is being merged with CR35

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/Risk Approach	Current Risk score change indicator
CR23 Police Funding 21-Nov-2016 Caroline Al-Beyerty	Cause: Reduction in government funding, workforce costs and growing demand in Policing services leading to pressures for the City Fund -Police. Event: Reduction in government funding. Failure to deliver VfM savings. Budget deficit forecast for next 5 years requiring action to balance the budget 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.	 Likelihood Impact	8	This risk will now be managed under CR35 medium term financial risk as mitigations are now in place reducing the overall risk score from 12 to 8. 14 Apr 2022	 Likelihood Impact	12	31-Mar-2022 Accept	 Decreasing

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date

Appendix 2: Corporate Risk Register Summary Report

(This report does not include CR34 COVID 19, which is being removed from the register; CR23 which is being merged with CR35, can be found at the bottom of this document; the trend icon is against the last reporting to Audit and Risk Management Committee in January 2022)

Report Type: Risks Report

Generated on: 11 May 2022



Rows are sorted by Risk Score

Traffic Light: Red 1 Amber 13












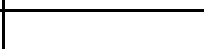


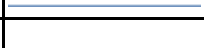


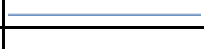



Risk Appetite Level Description Risk above appetite

Traffic Light: Red 1 Amber 5




Risk code	Risk title	Risk Category Description	Approach	Current Risk Score	Current Risk Score Indicator	Trend Icon	Risk flight path (last 12 previous assessments)
CR36	Protective Security	Physical	Reduce	16			
CR01	Resilience Risk	Physical	Accept	12			
CR16	Information Security (formerly CHB IT 030)	Technological	Reduce	12			
CR21	Air Quality	Environmental	Reduce	12			
CR30	Climate Action	Environmental	Reduce	12			

Risk Appetite Level Description Risk below appetite

Traffic Light: Amber 8

Risk code	Risk title	Risk Category Description	Approach	Current Risk Score	Current Risk Score Indicator	Trend Icon	Risk flight path (last 12 previous assessments)
CR02	Loss of Business Support for the City	Reputation	Reduce	12			
CR10	Adverse Political Developments	Reputation	Reduce	12			
CR29	Information Management	Technological	Reduce	12			
CR33	Major Capital Schemes	Financial	Reduce	12			
CR35	Unsustainable Medium Term Finances	Financial	Accept	12			
CR09	Health Safety and Wellbeing Risk (Management System)	Health and Safety	Accept	8			
CR17	Safeguarding	Safeguarding	Accept	8			

Risk merging with CR35 (Risk below appetite)

Risk code	Risk title	Risk Category Description	Approach	Current Risk Score	Current Risk Score Indicator	Trend Icon	Risk flight path (last 12 previous assessments)
CR23	Police Funding	Financial	Accept	8			

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

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Appendix 4: Red Departmental Level Risks Report (by department)

Report Type: Risks Report

Report Author: Tabitha Swann

Generated on: 11 May 2022



Rows are sorted by Risk Score

Department Description Barbican Centre




Department Description: Barbican Centre 2

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
BBC Arts 023	Failure to Manage EDI Correctly	4	4	16		13 Apr 2022	2	2	4		31-Jul-2022	Reduce	
BBC H&S 002	Failure to deal with Emergency /Major Incident or Risk of Terrorism	8	2	16		13 Apr 2022	8	1	8		31-Mar-2023	Reduce	

Department Description City of London School










Department Description: City of London School 1

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
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Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CLS-OPS-002	Cyber security	8	2	16		10 May 2022	8	1	8		31-Aug-2022	Reduce	




Department Description City of London Schools for Girls










Department Description: City of London Schools for Girls 3

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CLSG-01	Inadequate finances or financial plans (SA5-Operations)	4	4	16		29 Apr 2022	4	2	8		31-Aug-2022	Reduce	
CLSG-03	Failure to recruit and retain high quality teaching and support staff (SA4-People)	4	4	16		29 Apr 2022	2	2	4		31-Dec-2021	Reduce	
CLSG-04	Failure of child protection procedures (SA3-Pastoral)	8	2	16		10 May 2022	4	2	8		31-Dec-2022	Reduce	

Department Description City Surveyor's










Department Description: City Surveyor's 4

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
SUR CB	City Bridges: – Substantial	8	2	16		10 May	8	2	16		31-Mar-	Accept	

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
003	vessel strikes					2022					2023		
SUR CB 006	City Bridges: – Wanton Damage / Terrorism	4	4	16		10 May 2022	2	3	6		31-Mar-2023	Reduce	
SUR CB 007	City Bridges: – Tunnelling for the Thames Tideway Tunnel	4	4	16		10 May 2022	4	4	16		31-Mar-2023	Accept	
SUR SMT 005	Construction Price Inflation	4	4	16		10 May 2022	2	3	6		31-Mar-2023	Reduce	







Department Description Environment

Department Description: Environment 3

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
ENV-CO-TR 001 (Formerly CR20)	Road Safety	8	3	24		09 May 2022	8	2	16		31-Mar-2027	Reduce	
ENV-PHPP 001	Brexit – Impact on Port Health and Animal Health	8	3	24		03 May 2022	2	3	6		31-Dec-2023	Reduce	
ENV-CO-GC 002	Road traffic collision caused by City of London staff or contractor who is unfit to drive while on City business	8	2	16		05 May 2022	8	1	8		31-Dec-2022	Reduce	




Department Description Guildhall School of Music and Drama

Department Description: Guildhall School of Music and Drama 2

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
GSMD SUS 001	Inability to Invest in Infrastructure and teaching spaces	4	4	16		31 Mar 2022	2	3	6		31-Mar-2023	Reduce	
GSMD SUS 002	Inability to deliver a balanced and sustainable model over the School's Business Cycle	4	4	16		31 Mar 2022	2	2	4		31-Mar-2023	Reduce	

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to be moved to the Corporate Risk Register: Department Description City Surveyor's:

Department Description: City Surveyor's 1

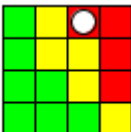
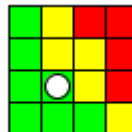

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
SUR SMT 004	Maintenance and renewal of Physical Assets– Investment property and Corporate (operational) property (excluding housing assets)	4	4	16		10 May 2022	2	2	4		31-Mar-2023	Reduce	

Appendix 5: Red departmental risk moving to Corporate Risk Register - detailed report excluding completed actions

Report Author: Tabitha Swann

Generated on: 11 May 2022



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/Risk Approach	Current Risk score change indicator
SUR SMT 004 Maintenance and renewal of physical Assets-Investment property and Corporate (operational) property (excluding housing assets) 04-Nov-2019 Paul Wilkinson	Cause: Poor property condition combined with insufficient budget to maintain assets in line with commitments/expectations. Event: Misalignment between the relevant Asset Management Strategy, City's lease obligations to third parties in occupation and the available funds to reach / maintain this standard Impact: Built estate becomes not fit for purpose/ functions/occupancy. The City becomes in breach of legal repairing covenants. Cost of maintenance and utility costs increases, placing further pressure on City resources. In extreme circumstances there will be H&S implications, leading to potential enforcement action, legal action by tenants or asset failure in whole or part with detrimental effects leading to impact on occupiers	Likelihood  Impact	16	This risk results from both a workshop with the Executive Leadership Board (ELB) and a risk arising from the departmental risk register. The mitigation captures the 5 repairs and maintenance funding streams: . Cyclical Works Programme (CWP) . Ring-fenced properties . Local maintenance budgets . Major Capital projects . Investment estate revenue programme Note that the majority of this risk relates to the Corporate (operational) properties (excluding housing) 10 May 2022	Likelihood  Impact	4	31-Mar-2023	 Constant
							Reduce	

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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 004a	Cyclical Works Programme (CWP)	The CWP bid for 22/23 is valued at £29.8m, and these works are essential to keep the operational properties in a good standard. This bid was subject to a bilateral meeting on 08/10 and following Member steer has subsequently been reduced to c.£11.1million. This funding was approved by RASC in January and progress will be reported through to OPPSC. Peter Collinson & Peter Young will be meeting with Sonia Virdee (Chamberlain's) to discuss the interaction between the Medium-Term Financial Plan (MTFP) and the combination of backlog and deferred maintenance (July 2022). A new bid is being developed (23/24) and will likely be circa £30m, but will need to go through a similar prioritisation process.	Peter Collinson	25-Apr-2022	31-Mar-2023
SUR SMT 004b	Ring fenced properties and budgets (CoLP estate, New Spitalfields, Billingsgate and the three private schools	CSD is communicating with ring fenced departments to identify appropriate building maintenance requirements and spend (forward maintenance). These department occupiers allocate their own funds for the maintenance of the built assets. Whilst the City Surveyor's Department recommends work to be undertaken, it is the occupying department who holds the budget responsibility and thus decides with final control over maintenance activity. This element is being mitigated through the delivery of the recommendations arising from the recent Internal Audit. The master planning of certain sites (such as the Boys' School) helps add clarity around required spend.	Peter Collinson; Peter Young	14-Apr-2022	31-Mar-2023
SUR SMT 004c	Repairs and Maintenance Budget	The local repairs and maintenance budget has come under significant pressure. The intelligent prioritising of works helps mitigate the impact of this issue. This reflects good practice and helps inform the CWP scoring matrix. The implementation of the new Computer Aided Facilities Management (CAFM) system Concerto increases the intelligence that can be drawn from our systems.	Peter Collinson	14-Apr-2022	31-Mar-2023
SUR SMT 004d	Revenue Programme (Investment Estate Only)	The allocation of sufficient funds to maintain our investment portfolio to a high standard is required to maximise income generation and asset appreciation. Discussions are on-going with internal colleagues such that sufficient provision is made from the rent received. For the coming year 4.6% of projected rent has been allocated, broadly in line with the 5% industry 'rule of thumb'. One of the post-Covid trends is a 'flight to quality' from occupiers, making the condition of our assets critical to future income.	Nicholas Gill	14-Apr-2022	31-Mar-2023
SUR SMT 004f	Annual Major Capital Bids	The City Surveyor's Department is progressing major capital projects, and these projects are all essential to keep the operational estate including the Guildhall in a good standard. Significant works have been identified from the recent Smithfield Market Condition Survey and if not funded present a live Health and Safety risk. Some departments submit their own bids based upon advice from the City Surveyor. If more H&S works are required this limits the scope for further improvement projects.	Peter Collinson; Nicholas Gill; Peter Young	14-Apr-2022	31-Mar-2023

Committee(s)	Dated:
Audit & Risk Management Committee	24 May 2022
Subject: Anti-Fraud & Investigations – 2021/22 Annual Report	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending	N/A
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Head of Internal Audit	For Information
Report author: Chris Keesing, Counter Fraud & Investigations Manager	

Summary

In total 26 investigations, across all disciplines have been completed during the reporting year with an associated value of £460,063. Whilst the value of these frauds is in the main notional, we aim to recover £124,919 through a mix of Proceeds of Crime Act investigations, insurance claims and Council tax recoveries.

Returning to more traditional ways of working whilst maintaining the positive aspects of desk-based investigations practiced during the pandemic has resulted in a more agile and productive response by the team. This is demonstrated through the effective triaging of referrals and focus on only those cases where outcomes are likely to be achieved.

The number of cases open for more than one reporting year is low and predominantly relates to prosecution or civil action where we are reliant on the courts service for hearings. Where complex investigations are progressing, these are likely to take a longer period to be finalised.

The procurement and addition of the NFI London Fraud Hub to our counter fraud and investigation armoury provides more resilience to the service and allows us to respond to current and emerging fraud risks by undertaking regular proactive data-matching against core NFI datasets and cross-boundary datasets to detect and prevent fraud at either the point of application or at an early stage.

Recommendation(s)

- Members are asked to note the report.

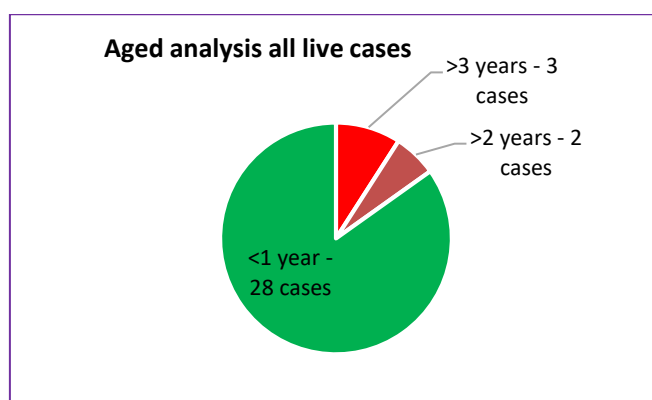
Main Report

Background

1. This report provides Members with an update on the activity of the Anti-Fraud and Investigation team during the 2021/22 reporting year. It also provides Members with an update against key anti-fraud initiatives, developments to assist in the prevention detection and reporting of fraud and any emerging risks.

Investigation Activity Summary

2. An analysis of the number of cases investigated during the 2021/22 reporting year compared to the 2020/21 reporting year can be found at Appendix 1 to this report, showing all fraud types along with the value of frauds detected. An aged analysis of all live cases has been summarised below; there are five cases open for more than one year and these relate to three cases where summonses have issued and we are awaiting progression in the courts, and two complex cases where further investigation activity continues.



3. The total associated value of identified fraud from the 31 completed investigations during this period amounting to £417,382. Whilst the value of these frauds is in the main notional, we aim to recover £124,919 as a result of our investigations, this is calculated as:

Fraud type	Recovery method	Value £
Corporate fraud	Recovery via insurance claims	35,778
Council tax fraud	Recovery via revised billing and penalties	2,663
Housing tenancy fraud	Recovery via Proceeds of Crime Act investigations	86,478
Total £		124,919

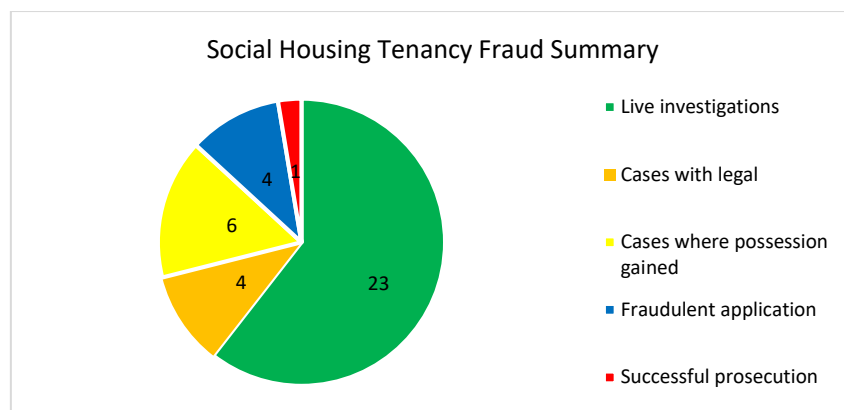
Corporate Investigation Activity

4. Nine corporate investigations have been completed during the reporting year with an associated value of £40,018. Corporate investigations relate to fraud, theft and misconduct allegations investigated by, or investigations supported by, the Corporate Anti-Fraud Team.
5. Where applicable, management reports have been issued detailing the nature and findings from our corporate investigations along with recommendations to improve the control environment and mitigate future risks. A summary of noteworthy cases is included as Appendix 3 to this report.

6. Two corporate fraud cases have been referred to the City of London Police following investigation by the team; these cases were considered suitable for criminal investigation and Police/CPS prosecution and are progressing well. Outcomes in these cases will be provided to Members at their conclusion.
7. The team has been engaged on a high value, complex and sophisticated Business Rates investigation and work on this continues in to 2022/23 with support from colleagues in Chamberlains, Comptroller & City Solicitors, and the City of London Police.

Social Housing Tenancy Fraud

8. The team provides a full investigative response across all aspects of housing, from initial applications to the investigation of civil and criminal tenancy breaches and right to buy screening. We have continued with the positive elements practiced during the pandemic of undertaking desk-based reviews of alleged housing application fraud and smarter triaging of referrals whilst returning to our traditional investigation work and a fraud presence on the City's social housing estates; this has resulted in a 33% increase in the volume of referrals in this key fraud risk when compared to 2020/21, allowed the team to swiftly close 49% of the referrals received where, after triage, the likelihood of a successful outcome was minimal, and has resulted in us being able to devote more time and resource to those cases where an outcome is anticipated.
9. During the reporting year the team recovered seven tenancies, stopped four fraudulent housing applications from progressing and had a guilty plea in one prosecution case. Four further cases are currently subject to criminal (2) and civil (2) action, of which two are awaiting court hearings. The associated loss to the public purse in this fraud risk area is £417,382.
10. One defendant has recently pleaded guilty at the Central Criminal Court to charges under the Fraud Act 2006; the matter is subject to a Proceeds of Crime Act timetable and is awaiting pre-sentence reports, the defendant is listed to be sentenced in August this year.
11. A defendant in another case attended City of London Magistrates Court for a first hearing in April with the matter referred to the Crown; a trial date is to be set in due course. And finally, a defendant in a further case faces a trial at Inner London Crown Court in August.
12. A detailed summary of our work in this area, during the 2021/22 reporting year vs the same period in 2020/21 can be found at Appendix 3 to this report and a summary of noteworthy cases is included as Appendix 4. A snapshot of the tenancy fraud position at 2021/22-year end can be found below.



Council Tax Fraud

13. The Team received 12 Council Tax fraud referrals during the reporting year; five of these failed triage and were closed with no further action, whilst seven investigations, comprising of six Council tax single person discount frauds and one fraudulent student exemption fraud resulting in identified fraud of £2,663.

Whistleblowing

14. The City's Whistleblowing Policy identifies the Head of Audit as one of the main contacts for reporting a concern. Internal Audit is responsible for maintaining a confidential and secure register of all concerns raised through the Whistleblowing Policy.
15. The number of referrals received via whistleblowing channels is relatively low; however, when referrals are received, they are often of high significance leading to further investigation.
16. During the reporting year, six whistleblowing referrals (as defined in the policy) have been received of which five have been concluded.
17. The table below provides an overview of the allegation and outcome of the five completed investigations:

Allegation		Outcome
1	Allegation that staff may have been exposed to asbestos	Health and Safety Manager confirmed that he was aware of this report from other sources and that all appropriate asbestos safety management processes were in place and staff were not exposed to risks. Case closed.
2	Formal complaint about breaches of Health and Safety and Equality	Report passed to Assistant Director of HR and HR Business Partner who confirmed that the matter would be processed in line with the City's staff grievance process. Case closed.
3	External report that residents were being exposed to asbestos risks as part of the fire safety works at Petticoat Tower	Concerns discussed with lead surveyor and Town Clerks complaints team. The report was investigated under the complaint's procedure and the tenant advised accordingly.
4	Concern raised that Open Spaces Sergeant was impersonating a Police	Matter referred to HR Team for further investigation. Case closed.

	Constable to gain a discount on a new car	
5	Concern raised relating to collusion in respect of the employment of consultants and money being spent on Consultancy and sub-consultants.	The engagement of the primary consultant was found to be in breach of the Procurement Code and resulted from the need to extend contracts and short time available to do this. It was found that consideration of VFM at the outset was poor/limited but, retrospectively, the department were able to describe the value that they derived from this. There was no evidence to support wider claims in relation to inappropriate commissioning of sub-consultants.

NFI London Fraud Hub

18. In our update report to this Committee in November 2021, Members were updated on our procurement of the NFI London Fraud Hub, there have now been a further six London Boroughs who have procured and introduced the fraud hub, enabling effective and proactive cross-boundary data-matching to detect and prevent fraud.

19. Initial focus has been on pensions and housing data; for pensions this involves matching against the deceased register to identify pensions that may be in payment to deceased pensioners or surviving partners, and for housing to identify fraudulent housing applications and tenants who may be sub-letting or not using their tenancy as their sole and principal residence. Reviews against the output from this matching is being supported by departmental colleagues.

Emerging Risks

20. The team keep abreast of emerging risks through regional and national networks including the London Borough's Fraud Investigators Group (LBFIG), the National Anti-Fraud Network (NAFN), the National Fraud Intelligence Bureau, and CIFAS. Weekly NAFN Intelligence alerts have predominantly related to mandate fraud risks, and these are routinely shared with colleagues in the Accounts Payable team and disseminated on a risk-based approach.

21. The cost-of-living crisis and the current level of inflation is anticipated to result in increased volumes of fraud or attempted fraud across London as people look for opportunities to defraud public services for personal gain, whether that be for greed or perceived desperation. The Counter Fraud Manager is working with colleagues from LBFIG on horizon scanning to consider those services that may be at an increased fraud risk and how AppCheck (a tool to assist in the identification of fraud at application stage) and regular data-matching through the London Fraud Hub can support in mitigating these risks.

Corporate & Strategic Implications

22. The work of the Team is designed around minimising the risk of fraud across the organisation by providing a comprehensive counter fraud and investigation response with a clear focus on safeguarding the City's assets and recovering any losses due to fraud; this is underpinned by our Anti-Fraud & Corruption Strategy, which gives due regard to the Corporate Plan. Horizon scanning with LBFIG colleagues to identify fraud risks that may emerge from the cost-of-living crisis and inflationary pressures will feed into our counter fraud response and additional data-matching through the London Fraud Hub; we anticipate that with

the addition of this tool and the ability to conduct proactive data-matching at regular intervals we are better placed to prevent and detect fraud at an early stage and safeguard the City's assets. The confidential whistleblowing arrangements managed by the Team ensure that a safe and secure mechanism for raising concerns is maintained and that these concerns are acted upon.

Conclusion

23. The service has returned to some traditional ways of working post pandemic whilst adopting the agile benefits practiced during lockdown, this has resulted in more effective triaging of referrals and allowed the team to focus resources on only those cases where there is a likelihood of securing a positive outcome.
24. The addition of the NFI London Fraud Hub provides a proactive tool to assist in the early identification of fraud and to undertake regular cross-boundary data-matching which has not been possible in the past. We anticipate that as the London fraud hub is adopted by more London Boroughs the benefits of the hub will continue to increase and play a vital role in combatting fraud at City of London and across the London Boroughs, in response to both traditional and emerging fraud risks.
25. The team have increased the use of Proceeds of Crime Act investigations in appropriate cases which is expected to result in the recovery of fraud losses along with investigation and prosecution costs.

Appendices:

- **Appendix 1 – Analysis of the number of cases investigated during the 2021/22 reporting year vs 2020/21.**
- **Appendix 2 – Housing tenancy fraud caseload analysis, 2021/22 reporting year vs 2020/21.**
- **Appendix 3 – Corporate investigations summary.**
- **Appendix 4 – Social housing tenancy fraud investigations summary.**

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Appendix 1 - Analysis of the number of fraud cases investigated during 2021/22 vs 2020/21.

1. The table below provides a detailed analysis of the number of completed investigations during the 2021/22 reporting year showing all fraud and investigation types along with the value of investigated cases, including where these can be quantified, the value of corporate and whistleblowing investigations. It also provides the previous reporting year's data for comparative purposes
2. The nature of the concerns raised under the City's whistleblowing channels mean that not all investigations completed under this discipline result in a financial value, as other outcomes such as disciplinary action, or control environment recommendations result from our whistleblowing investigations.

Activity	Completed Investigations 2021/22	Investigation Value (£'s) 2021/22		Completed Investigations 2020/21	Investigation Value (£'s) 2020/21
Social Housing Tenancy Fraud ¹	7	417,382^(N)		2	119,252^(N)
Right to Buy ²	0	Nil		0	Nil
Housing Application Fraud ³	4	Nil		5	Nil
Blue Badge Fraud	0	Nil		0	Nil
Corporate Investigations ⁴	9	40,018		9	25,220
Council tax investigations	6	2,663		6	6,768
Whistleblowing Referrals	5	Nil		4	Nil
Total	31	460,063		26	151,240

Notes:

¹ Successful possession gained has a notional loss to the public purse of £59,626 as per tenancy fraud values formula designed and produced by the Tenancy Fraud Forum and the London Borough Fraud Investigators Group.

² Right to Buy uses true discount value £112,300 per property.

³ Positive outcomes in respect of housing application fraud investigations result in stopping fraud impacting the City at the point of application and mitigates future investigation costs and losses to the public purse, in essence, avoiding the equivalent cost of a tenancy fraud.

⁴ Corporate Fraud Investigations include cases of fraud, corruption, theft or conduct investigated directly by Internal Audit and/or investigation supported by Internal Audit & Risk Management.

^(N) Denotes Notional Costs

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Appendix 2 – Housing Tenancy Fraud Caseload Analysis 2021/22 vs 2020/21

Housing Tenancy Fraud Case Referrals	01/04/2021 to 31/03/2022	01/04/2020 to 31/03/2021
Housing tenancy fraud referrals received in current year	52	38
Right to buy referrals received in current year	20	18
Housing application referrals received in current year	9	5
Cases carried forward from previous year (all disciplines)	34	19
Total	115	80
Cases/referrals currently under investigation	23	34
Cases/referrals closed with no further action	77	32
Cases with Comptroller & City Solicitor for prosecution ¹	2	3
Cases with Comptroller & City Solicitor for civil recovery ¹	2	4
Cases where successful possession gained ³	6	2
Cases where successful prosecution action taken	1	0
Cases where fraudulent application identified ²	4	5
Dishonest Right to buy fraud identified	0	0
Total	115	80
Total value of losses to the public purse from social housing tenancy fraud³	£417,382 ^(N)	£119,252 ^(N)
Notes: ¹ Cases with the Comptroller & City Solicitor only included as positive outcomes upon completion of successful criminal/civil action as appropriate. Where offences committed are serious enough to warrant criminal/civil proceedings these are progressed under the Prevention of Social Housing Fraud Act 2013 and/or the Fraud Act 2006 and/or the Housing Act 1985. ² Fraudulent application includes housing register applications, dishonest succession applications and mutual exchange applications denied. ³ Successful possession gained has a notional loss to the public purse of £59,626 as per the tenancy fraud values formula designed and produced by the Tenancy Fraud Forum and the London Borough Fraud Investigators Group. Positive outcomes in respect of housing application fraud investigations result in stopping fraud impacting the City at the point of application and mitigates future investigation costs and losses to the public purse. Right to Buy uses true discount value £112,300 per property. ^(N) Denotes Notional Costs		

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Appendix 3 – Corporate Investigations Summary

Nature of Concern	Investigation/Outcome Summary	Value (£)
Business email compromise	<p>Following routine chasing of invoices at year end, the City received an email from a supplier with two invoices and amended bank account details. The change of account request was processed, and the invoices paid. Concerns were raised when the supplier enquired about payment and when advised of the account the payments were made to the supplier claimed to not have any knowledge of the account or the request to amend the bank account.</p> <p>During our investigation we reviewed the background of the reported fraud, analysed the internal documentation and correspondence, and liaised with key internal stakeholders; we found that all email communication had been received from the suppliers recognised email accounts and although the City had not telephoned the supplier to verify the change of account, reasonable actions were taken to verify the validity of the request and the payment was made to the supplier in good faith.</p> <p>Following advice from the Comptroller and City Solicitor, and the need to maintain the supplier relationship, the department decided to make another payment to the supplier to the value of the loss.</p> <p>Our investigation identified that there were opportunities missed that may have helped to identify this fraud and these were reported to management along with three recommendations to improve the control environment and mitigate future risks, all of which have been accepted and are being implemented.</p> <p>Further work was undertaken with City Procurement and the Comptroller and City Solicitor and a new 'Electronic Communications' clause has now been drafted and included in all new procurement terms which sets-out the expectation on suppliers to maintain the integrity and security of its own data storage and transmission systems and provides a defence for the City in any future cases of a similar nature.</p> <p>We are working with the City's Risk & Insurance Manager to recover the losses associated with this fraud.</p>	27,735
Business email compromise	<p>Concerns were raised when Payroll colleagues identified that the email account of a supplier may have been compromised resulting in a request to amend bank account details being received and processed. During our investigation we reviewed the background of the alleged fraud, analysed email correspondence and liaised with the supplier, who confirmed that they had been subject to a cyber-attack.</p>	8,043

	<p>It was found that the City had been a victim of this fraud and that some employee records held by the supplier and used to process the services delivered may have been compromised – this was reported to the City's Information Team.</p> <p>Our investigation identified the owner of the account that the monies were paid in to and these, along with the details of the fraud and our internal investigation were reported to the Police who are undertaking a criminal investigation. We understand that a report has been submitted to the Crown Prosecution Service for a charging decision.</p> <p>The investigation identified that there were opportunities missed that may have helped to identify this fraud and these were reported to management along with four recommendations to improve the control environment and mitigate future risks, all of which have been accepted and are being implemented.</p> <p>We are working with the City's Risk & Insurance Manager to recover the losses associated with this fraud.</p>	
Fraudulent application of discretionary housing payment	<p>A report was received from the City's Housing Benefits Team regarding two applications for discretionary housing payments. The applications were reviewed and found to have been completed by the same person, with counterfeit supporting evidence provided identified through a review of the metadata within the documents. Although the applications were allegedly made by different people it was found that the National Insurance Numbers on the applications did not match official records when checked and the telephone numbers provided on both applications were the same. The applicant was advised that a verification visit to the address listed on the applications would be made and when attempted there was no response. Checks against Council Tax records also identified discrepancies with the information provided on the applications.</p> <p>A decision was made not to award discretionary housing payments on the basis of the concerns identified and the applicant(s) was informed of this decision. No appeal was made against this decision.</p>	1,700
Fraudulent use of the City's Addison Lee account	<p>A report was received from colleagues in the Town Clerks Department in relation to the dishonest use of the City's Addison Lee account post the disbandment of the Pandemic Multi Agency Response Team (PMART) set-up in response to the COVID pandemic. This was a joint investigation undertaken with the Fraud Team at Camden Council and it was found that at least 17 journeys appeared to have been made dishonestly.</p> <p>Further investigations found that there was likely to have been collusion between former employees of Camden Council and instruments used to conceal the identities of those responsible for the misuse. We were also able to gather digital evidence to link the bookings back to the individuals who made the journeys.</p>	950

	<p>The matter was referred to the City of London Police for consideration of criminal investigation, owing to the aggravating factors – these being misuse of a service put in place to provide those seconded to PMART to support grieving families who lost loved ones during the pandemic, and the dishonesty – the use of the Addison Lee account for personal gain, resulting in a loss to public funds.</p> <p>An access PIN has now been set-up to provide an additional level of security before any bookings can be made on the City's Addison Lee account.</p> <p>Further investigations and interviews have been progressed by colleagues at the City of London Police and we understand that a report has been submitted to the Crown Prosecution Service for a charging decision.</p>	
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Appendix 4 – Social Housing Tenancy Fraud Investigations Summary

Nature of Concern	Investigation/Outcome Summary
Property Ownership – Middlesex Street Estate Tenancy	<p>This case was identified via the National Fraud Initiative as a suspicion that a tenant of Middlesex Street Estate owned property elsewhere and was using this as his principal residence. The investigation identified that:</p> <ul style="list-style-type: none"> ▪ A property in Newham was purchased by the tenant after he became a social housing tenant (<i>not evidence of fraud, because tenants are able to purchase other property, as long as it is after they become tenants and they don't use it as their main address, continuing to reside in their social housing</i>). ▪ The tenant initially purchased the Newham property in 2009 with the previous joint tenant, around the same time that he was removed from the tenancy. In 2014, the previous joint tenant was removed from the ownership, which transferred solely to our tenant. ▪ There were financial links with the tenant at the purchased property in Newham, but also at his social housing address. ▪ Checks showed that the tenant had been liable for Council tax at the address in Newham since 2014, when he became the sole proprietor and is liable for council tax at his social housing property. ▪ Bank account evidence in the form of copy statements obtained under POSHFA (Prevention of Social Housing Fraud Act 2013) show that the tenant is receiving rent from two individuals at the property in Newham, who are linked to the address via credit checks. At this time, it was not apparent that the tenant had moved to the property in Newham, so no fraud being perpetrated. ▪ The tenant was actively involved in the resident Committee at Middlesex Street Estate and had previously referred a case to the City's fraud team, providing a witness statement that resulted in the recovery of an adjacent property. ▪ The tenant was aware of tenancy terms and conditions and on the face of it is keen to prevent and report fraud. ▪ Subsequent credit checks showed an increasing financial footprint at the address in Newham, therefore indicating that this was the tenant's principal residence, and a residency check was undertaken at the property but there was no answer – a letter requesting that the tenant contact the fraud team as soon as possible was left and following on

	<p>from this the tenant relinquished possession of his social housing property in October 2021, prior to any interview under caution, and as a direct result of this investigation.</p> <ul style="list-style-type: none"> ▪ The property has now been provided to others in far greater need of affordable housing.
Property Ownership – Iselden House Tenancy	<p>This case was identified via the National Fraud Initiative as a suspicion that a tenant of Iselden House owned property elsewhere and had failed to declare this when making his application for housing and at any other opportunity. The investigation identified that:</p> <ul style="list-style-type: none"> ▪ The tenant failed to declare ownership of a property in Islington, that he had purchased from Islington Council under the right to buy scheme, many years before being awarded a tenancy by the City. ▪ The tenant then went on to rent this property out to other persons from the date he became a City tenant, until he voluntarily relinquished the property – a period of some eight years. ▪ The fraud had afforded him considerable financial benefit over this period and a criminal benefit of £86,000. ▪ The tenant had claimed to be renting his property from his son, providing false tenancy agreement documents and making false declarations in his application. ▪ During subsequent inspections and tenancy audits the tenant failed to declare ownership of any other property despite being afforded the opportunity to do so. ▪ At formal interview under caution the tenant made a full and frank admission of the offence, stating that he was lonely and wanted to be around persons of his own age. ▪ Following interview, the tenant relinquished possession of the property immediately. The tenant has recently pleaded guilty to charges contrary to Section 1 of the Fraud Act 2006. ▪ The now former tenant is subject to a confiscation timetable and must provide details of all his assets in line with the direction of the court. ▪ A hearing at the Central Criminal Court is scheduled for August 2022 for sentencing and confiscation under the Proceeds of Crime Act 2002 (POCA).

	<ul style="list-style-type: none"> ▪ The property has now been provided to others in far greater need of affordable housing.
Property Abandonment – Golden Lane Estate Tenancy	<p>This case was referred by the Golden Lane Estates Manager over suspicion that the property may have been abandoned. The investigation identified that:</p> <ul style="list-style-type: none"> ▪ The tenant never engaged with the estates office and post had been observed stacking up in the letter tray. An individual contacted the rents team to make a payment on the tenants' behalf giving an address in Barnet. ▪ The tenant had not allowed access to the property for a gas safety check for a long time. ▪ Intelligence checks indicated that the tenant is likely to be residing at the address in Barnet and the person who made the payment on the tenants' behalf was the tenants' partner and former joint tenant. ▪ Council Tax Liability enquiries with Barnet Council revealed that the tenants' partner is the liable party for the property in Barnet. ▪ The Golden Lane address was visited on a number of occasions to conduct a residency check and tenancy audit without success. ▪ A visit was made to the Barnet address and the tenants' partner was there with their children. The tenants partner insisted that our tenant was living at the Golden Lane property but often visits. ▪ The tenant was asked to make contact and during informal discussions the tenants refused to disclose what school her children attended. The tenant was invited in for a formal interview on three occasions but failed to attend. ▪ The tenant contacted the fraud team after failing to attend the final appointment opportunity and agreed to relinquish possession of the property; this was accepted, and the case closed as the tenant was considered to be vulnerable and there was no evidence of sub-letting at the Golden lane address. ▪ The property has now been provided to others in far greater need of affordable housing.

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

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