



Audit and Risk Management Committee

Date: MONDAY, 4 NOVEMBER 2024
Time: 11.00 am
Venue: COMMITTEE ROOMS, GUILDHALL

Members: Alderman Prem Goyal, OBE (Chairman) Karen Sanderson (External Member)
Deputy Randall Anderson Ruby Sayed
Alderman Alexander Barr Naresh Hari Sonpar
Deputy Christopher Boden Gail Le Coz (External Member)
Alderswoman Elizabeth Anne King, BEM JP Alderman Kawsar Zaman
Alderman Bronek Masojada James St John Davis, Finance
Judith Pleasance Chairman
Dan Worsley

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<https://www.youtube.com/@CityofLondonCorporation/streams>

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Ian Thomas CBE
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**

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

3. **MINUTES OF THE PREVIOUS MEETING**

To agree the public minutes and non-public summary of the previous meeting held on 23 September 2024.

For Decision
(Pages 5 - 10)

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

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

For Information
(Pages 11 - 14)

5. **COMMITTEE WORK PROGRAMME**

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

For Information
(Pages 15 - 16)

6. **ANNUAL REVIEW OF TERMS OF REFERENCE OF THE AUDIT RISK MANAGEMENT COMMITTEE**

Report of the Town Clerk.

For Decision
(Pages 17 - 20)

7. **EXTERNAL MEMBER APPOINTMENT**

Town Clerk to be heard.

For Decision

8. **INTERNAL AUDIT UPDATE**
Report of the Head of Internal Audit.
For Information
(Pages 21 - 130)
9. **RISK MANAGEMENT UPDATE**
Report of the Chief Strategy Officer.
For Information
(Pages 131 - 166)
10. **COUNTER FRAUD & INVESTIGATIONS – 2024/25 MID-YEAR UPDATE REPORT**
Report of the Head of Internal Audit.
For Information
(Pages 167 - 184)
11. **CITY OF LONDON CORPORATION RISK MANAGEMENT POLICY**
Report of the Chief Strategy Officer.
For Decision
(Pages 185 - 212)
12. **2023-24 CITY'S ESTATE FINANCIAL STATEMENTS**
Report of the Chamberlain.
(To Follow).
For Decision
13. **SUNDRY TRUSTS FINANCIAL STATEMENTS 2023-24**
Report of the Chamberlain.
(To Follow).
For Decision
14. **EXTERNAL AUDITOR'S ANNUAL REPORT 2023-24 - CITY FUND**
Report of the Chamberlain.
(To Follow).
For Information

15. **AUDIT RISK MANAGEMENT ANNUAL REPORT**

Report of the Chamberlain.

For Decision
(Pages 213 - 220)

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

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

Part 3 - Confidential Agenda

21. **CONFIDENTIAL MINUTES**

To agree the confidential minutes of the meeting held on 23 September 2024.

For Decision

AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 23 September 2024

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall, EC2 on Monday, 23 September 2024 at 11.00 am

Present

Members:

Deputy Randall Anderson
Alderman Alexander Barr
Deputy Christopher Boden
Alderman Elizabeth Anne King, BEM JP
Naresh Hari Sonpar
Gail Le Coz (External Member)
Alderman Kawsar Zaman
Dan Worsley

Officers:

Caroline Al-Beyerty	- Chamberlain's Department
Karen Atkinson	- City Bridge Foundation
Dionne Corradine	- Town Clerk's Department
Iain Jenkins	- Chamberlain's Department
Matt Lock	- Chamberlain's Department
Henrietta Martin-Fisher	- City Bridge Foundation
Nathan Omane	- City Bridge Foundation
Daniel Peattie	- Chamberlain's Department
Jennifer Phillips	- Comptroller & City Solicitor
Blair Stringman	- Town Clerk's Department
Sonia Virdee	- Chamberlain's Department
Thomas Wrench	- Town Clerk's Department

Also in attendance:

Sophia Brown	- Grant Thornton
Jasmine Kemp	- Grant Thornton
Grant Patterson	- Grant Thornton

1. APOLOGIES

Apologies for absence were received from the Chairman Alderman Prem Goyal, Ruby Sayed and Karen Sanderson.

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

There were no declarations.

3. MINUTES OF THE PREVIOUS MEETING

RESOLVED – That, the public minutes and non-public summary of the meeting held on 8th July 2024 be agreed as a correct record.

4. **ELECTION OF DEPUTY CHAIR**

RESOLVED – That, in accordance with standing order 30, Alderwoman Elizabeth King be appointed Deputy Chairman for the ensuing year.

5. **OUTSTANDING ACTIONS OF THE COMMITTEE**

The Committee received a report of the Town Clerk concerning outstanding actions.

The following points were noted:

- **Meeting with Chairs of City School Boards on Financial Controls:** Officers noted arranging a meeting had been challenging to arrange due to diary conflicts. Separate meetings are now being scheduled. An extension until October has been requested to finalise the meeting. It is suggested that either the head or the bursar of the schools attend the next Audit Risk Management Committee meeting should diary conflicts not be resolved.
- **Reviewing Induction Process for New Members:** The induction process for new members would be reviewed when new members join. It was suggested to organise a meeting of the nominations and effectiveness sub-committee before the November meeting to discuss ideas for the induction process.
- **Terms of Reference Review:** The terms of reference review will be brought to the next meeting in November. Delegation of authority to deal with any changes outside of the meeting was suggested.

6. **COMMITTEE WORK PROGRAMME**

The Committee received a report of the Town Clerk concerning the Committee Work Programme.

7. **CITY BRIDGE FOUNDATION ANNUAL REPORT AND FINANCIAL STATEMENTS 2023/24**

The Committee considered a report of The City Bridge Foundation Finance Director (representing The Chamberlain) and the Managing Director, City Bridge Foundation concerning the draft Annual Report and Financial Statements for City Bridge Foundation (CBF) for the year ended 31 March 2024.

Officers noted the City Bridge Foundation board has a reference in place with audit and risk, asking for review and feedback on the audit findings report produced by Crowe. Members were informed that the CBF board had already met and discussed the audit findings report with their audit manager.

Key outstanding items included:

- the review of the file
- ISA 240 responses
- related party declarations
- payroll and recharges
- pension scheme review
- investment property valuations
- remaining investment and bank confirmations.

The audit manager confirmed that there were no significant issues with the valuation of investment properties and that the review process was ongoing for other outstanding items.

It was mentioned that there were still 15 declarations of interest which were outstanding. Although it was accepted that this was better than prior years, this was a continued problem and represented around 10% of members. Members agreed that this issue should be escalated to the Chief Commoner due to its recurrence.

RESOLVED – That Members, recommend approval of the CBF Annual Report and Financial Statements for the year ended 31 March 2024 to the CBF Board.

8. INTERNAL AUDIT UPDATE

The Committee received a report of the Chief Strategy Officer concerning an update on Internal Audit activity for the year so far up to 31 August 2024.

The following points were noted:

- **Resolution of Resource Issues:** Significant progress had been made in resolving resource issues within the internal audit team, including the recruitment of two senior auditors and the initiation of a campaign for a new deputy head of internal audit.
- **Financial Resources and Budget:** The internal audit team has secured both short-term and long-term financial resources, ensuring a sustainable and effective audit function. This includes contingency funding for the current year and a right-sized budget for future years.
- **Audit Team Development:** The team has focused on developing auditors in training, with significant progress in apprenticeships and exams, thereby increasing audit capacity.
- **Partnership with Third-Party Organisation:** A partnership with a third-party organisation has been established to support continuous improvement, benchmarking, and professional development, aiming to deliver further efficiencies in audit delivery.
- **Audit Findings and Forward Plan:** The report highlighted recent audit findings, including limited assurance for the Junior Schools Key Control audit, and outlined a forward plan for the next six months.
- **Escalation Mechanism for Outstanding Recommendations:** The committee discussed the need for an effective escalation mechanism for outstanding audit recommendations, proposing that unresolved issues be brought before the committee with relevant chief officers present.

- **Financial Controls in Schools:** Concerns were raised about financial controls in schools, with ongoing efforts to improve these controls through closer collaboration between school teams and corporate accounting.
- **Internal Audit Plan:** The Head of Audit & Risk Management noted that the Internal Audit Plan would be completed by the end of September and circulated to the ARM Committee prior to the next meeting.

9. RISK MANAGEMENT UPDATE

The Committee received a report of the Chief Strategy Officer concerning an update on the corporate and top red departmental risk registers since they were last reported to the Committee in July 2024.

The following points were noted:

- **Health Safety and Well-being:** Recent audits have shown that the City of London Corporation scored 51% in health, safety, and well-being, indicating that basic measures are in place but there is room for improvement.
- **Tree Maintenance Risk:** The tree maintenance risk, which had previously been a top concern, has been reduced due to immediate actions taken, particularly concerning a tree on the M25. Further plans are in place to continue reducing this risk.
- **BT Switch Impact:** The BT Switch to 2027 has been extended for remedial action, but the full scale of its impact on the corporation is still being assessed.
- **Risk Appetite Review:** The risk appetite review is ongoing, with plans to present options to the committee by early 2025. This includes learning from other organisations and integrating risk appetite into decision-making processes.
- **Member Engagement in Risk Management:** There is a concern that members outside the committee do not engage with risk management. Efforts are being made to improve understanding and ownership of risk among all members.
- **Clarification on Target Dates:** There was confusion about target dates for risk reduction, specifically for CR41 (tree maintenance). Officers noted that further clarification and updates would be provided to the next committee.
- **CR36 – Protective Security:** It was agreed that further detail on risk mitigation for CR36 would be provided at the next meeting.

10. CITY FUND AND PENSION FUND – 2023-24 STATEMENT OF ACCOUNTS AND AUDIT FINDINGS UPDATE

The Committee considered a report of the Chamberlain concerning an update on the audit of the 2023-24 Statement of Accounts for the City Fund and Pension Fund.

The committee recommended the approval of the City Fund and Pensions Fund 2023/24 statement of accounts, acknowledging the considerable effort put in by the finance team and auditors. It was noted the final accounts had

undergone extensive audits over the past few months, and the team worked diligently on financial audits, recruitment, training, and improving working practices. Members noted that adjustments were made to correct duplications and an arithmetic error in the fixed asset register, which had no implications for general fund balances.

It was noted that the finance team planned to implement a software-based program, CIPFA Asset Management, for the fixed asset register to reduce human error and improve accuracy in future audits. The auditors praised the finance team for their efficiency and noted that the City Fund was ahead of many local authorities in completing their financial statements.

RESOLVED – That Members,

- a) Recommend approval of the 2023-24 Statement of Accounts to Finance Committee.
- b) Authorise the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee, to approve any material changes to the financial statements required before the signing of the audit opinion by Grant Thornton, which is expected by 30th September 2024.

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

There were no questions.

12. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There was no urgent business.

13. 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.

14. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

RESOLVED – That, the non-public minutes of the meeting held on 8th July 2024 be agreed as a correct record.

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

There was no non-public questions.

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

There was one item of confidential business that the Chamberlain raised.

The meeting ended at 12.42 pm

Chairman

Contact Officer: Blair Stringman
blair.stringman@cityoflondon.gov.uk

AUDIT AND RISK MANAGEMENT COMMITTEE – Action Tracker November – 2024

Items from meeting held on 8 July 2024			
ITEM	Action	Officer and target date	
18. Non-Public Questions	Arrange meeting with the Chairs of the City School Boards on financial controls	<p>Head of Internal Audit – February 2024</p> <p>Update – the Financial Services Director undertook to speak to the Chairs</p> <p>July 2024 Update - A recommendation was made to arrange separate meetings with the heads and chairs of the committees to ensure future meetings take place.</p> <p>September 2024 - An extension until October has been requested to finalise the meeting. It is suggested that either the head or the bursar of the schools attend the next Audit Risk Management Committee meeting should diary conflicts not be resolved.</p>	Officers have still been unable to arrange meetings with the Chairs

AUDIT AND RISK MANAGEMENT COMMITTEE – Action Tracker November – 2024

<p>5. Outstanding Actions</p>	<p>Review Induction Process for New Members</p>	<p>Town Clerk September 2024 -Induction process for new members would be reviewed when new members join. It was suggested to organise a meeting of the nominations and effectiveness sub-committee before the November meeting to discuss ideas for the induction process.</p> <p>November 2024 – Due to diary clashes and close timings, it has not been possible to arrange a NESC meeting. Suggested approach to consider January or February dates for Members to consider.</p>	
<p>5. Outstanding Actions</p>	<p>Terms of Reference Review</p>	<p>Town Clerk September 2024 – Town Clerk suggested that the TOR be brought to Novembers meeting to agree.</p>	

AUDIT AND RISK MANAGEMENT COMMITTEE – Action Tracker November – 2024

<p>7. City Bridge Accounts</p>	<p>Declarations</p>	<p>The Chamberlain September 2024 - it was mentioned that there were still 15 declarations of interest which were outstanding, agreed that this issue should be escalated to the Chief Commoner due to its recurrence.</p>	
<p>8. Internal Audit Update</p>	<p>Internal Audit Plan</p>	<p>Head of Audit & Risk Management September 2024 - Internal Audit Plan to be completed by the end of September and circulated to the ARM Committee prior to the next meeting.</p>	
<p>9. Risk Management</p>	<p>CR36 – Protective Security</p>	<p>Chief Strategy Officer September 2024 – Further detail on risk mitigation for CR36 to be provided at the next meeting.</p>	

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Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

4 November 2024	
Work Item	Link to CIPFA Position Statement
<p>Internal Audit Update Report (information)</p> <p>Regular (approx. quarterly) update from the Head of Internal Audit, covering:</p> <ul style="list-style-type: none"> ▪ key findings from work completed during the period since the last Committee update (including recommendation follow-up) ▪ status update for work in progress <p>intended programme of work for the period up to the next Committee update</p>	<p>In relation to the authority's internal audit functions:</p> <ul style="list-style-type: none"> ▪ oversee its independence, objectivity, performance and conformance to professional standards ▪ support effective arrangements for internal audit ▪ promote the effective use of internal audit within the assurance framework.
<p>Risk Management Update (information)</p> <ul style="list-style-type: none"> ▪ Summary report of corporate risks ▪ Summary report of red departmental risks 	<p>Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.</p>

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City of London Corporation Committee Report

Committee(s): Audit Risk Management Committee – For Decision	Dated: 4 November 2024
Subject: Annual Review of the Terms of Reference of the Audit and Risk Management Committee	Public report: For Decision
This proposal: <ul style="list-style-type: none"> • provides statutory duties • provides business enabling functions 	N/A
Does this proposal require extra revenue and/or capital spending?	No
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:	Ian Thomas, Town Clerk
Report author:	Blair Stringman, Governance Officer

Summary

As part of the implementation of the 2021 Governance Review, it was agreed that the cycle and process of annually reviewing the Terms of Reference of all Committees/Boards should be revised, to provide more time for Committees to consider and discuss changes before they are submitted to the Policy and Resources Committee.

This will enable any proposed changes to be considered at the Policy and Resources Committee in February 2024, in time for the re-appointment of Committees by the Court of Common Council in April.

Recommendation(s)

Members are asked to:

- a) Agree that the terms of reference of the Audit Risk Management Committee, subject to any comments, be approved for submission to the Court of Common Council in April, and that any further changes required in the lead up

to the Court's appointment of Committees be delegated to the Town Clerk in consultation with the Chairman and Deputy Chairman;

- b) Members consider whether any change is required to the frequency of the Committee's meetings.

Appendices

- Appendix 1 – Court Order 2023/24 – Audit and Risk Management Committee

Blair Stringman

Governance Officer
Town Clerk's Department

E: Blair.Stringman@CityofLondon.gov.uk

MAINELLI, Mayor	RESOLVED: That the Court of Common Council holden in the Guildhall of the City of London on Thursday 25 th April 2024, doth hereby appoint the following Committee until the first meeting of the Court in April, 2025
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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 or their representatives (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 2024/25**

- 8 (3) Alexander Robertson Martin Barr, Alderman
- 3 (3) Bronek Masojada, Alderman
- 3 (3) Judith Pleasance
- 5 (3) Ruby Sayed
- 3 (3) Naresh Sonpar
- 8 (2) Randall Anderson, Deputy
- 8 (2) Christopher Boden, Deputy
- 5 (2) Alderman Prem Goyal OBE JP, Alderman
- 1 (1) Elizabeth King BEM JP, Deputy
- 1 (1) Kawsar Zaman, Alderman

together with three external representatives :-

Dan Worsley (*appointed for a three-year term expiring in April 2026*)

Gail Le Coz (*appointed for a three-year term expiring in April 2027*)

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 the annual External Audit Plan.
- (b) 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 and within any time expectations set.
- (c) To meet with the external auditors as necessary 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).
- (d) To report back, as necessary and at least annually, to the Court of Common Council.

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

Risk Management

- (f) To monitor and oversee the City of London Corporation's risk management strategy and to be satisfied that the City Corporation's assurance framework properly reflects the risk environment and that the risk management framework for the identification and mitigation of existing and emerging risks is robust and effective.
- (g) To receive an annual report from the Head of Internal Audit, to include a review of the effectiveness of the City of London's risk management strategy.
- (h) To consider and report back to the Court on any risks related to all governance and value for money issues arising from the operational activities of the City Corporation.
- (i) To undertake periodic reviews of the risk management procedures, financial capabilities, controls, and safeguarding procedures of the City of London School, the City of London School for Girls, the City of London Freemens' School, the City of London Academies Trust (including its embedded academies) and the City Academies which are free-standing entities.

Anti-Fraud and Anti-Corruption Arrangements

- (j) To monitor and oversee the City of London Corporation's anti-fraud and anti-corruption arrangements.

Committee(s): Audit and Risk Management Committee - For Information	Dated: 04/11/2024
Subject: Internal Audit Update	Public
Report of: Matt Lock – Head of Internal Audit	For Information
Report author: Matt Lock, Internal Audit – Chamberlain’s Department	

Summary

This report provides an update on Internal Audit activity during September and since the last update provided to the Committee. 3 Final Reports have been issued and work is in progress at various stages for a number of Audit reviews including 5 Audits at Draft Report stage and 9 reviews at Fieldwork stage. A full Internal Audit Plan has been prepared for the second half of 2024/25, moving away from the rolling programme approach adopted over the past 2 years.

Maturity assessment and gap analysis against the Global Internal Audit Standards confirms broad alignment with expectations and identifies a continuous improvement pathway to achieve best practice within the profession.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. This report provides an update on the work of Internal Audit during September 2024, since the last update provided to the Committee, specifically, an overview of the outcomes from completed Internal Audit reviews. Appendix 1 to the report shows analysis in relation to completed Audit work, including the cumulative report for the year to date.

Current Position

2. Final Audit Reports have been issued in respect of 2 Audit Reviews, resulting one Limited Assurance opinion and one Moderate Assurance opinion. A further Audit report was issued to bring together the findings from the programme of Corporate Risk Assurance reviews completed over the past 2 years. The overall outcomes from the recently completed Audit reviews are summarised in the following table with further information provided below for the Limited Assurance outcomes:

Audit Assignment	Assurance Rating	Recommendations Made		
		Red	Amber	Green
Community and Children's Services – Risk Management	Limited	3	0	0
Innovation and Growth – Operational Expenditure	Moderate	0	7	0
Corporate Wide – Application of the Risk Management Framework	Limited	1	0	0

Community and Children's Services – Risk Management

3. This audit forms part of a rolling programme of departmental risk management reviews, with the Chief Strategy Officer as sponsor. The overall objective of each assignment is to evaluate departmental application of the City's Risk Management Framework, providing assurance in respect of:
- Departmental conformance with corporate expectations i.e. the components of the risk management framework, supporting a consistent approach to identifying, mitigating and managing risks.
 - Effectiveness of departmental arrangements for risk administration, including the extent to which 'risk champions' are deployed to support a strong risk culture.
 - Departmental facilitation of effective risk management governance and oversight, including the quality of risk-related reporting to senior management and Members.
 - The extent to which departmental risk management arrangements ensure linkage with the delivery of strategic objectives/priorities in the City's Corporate Plan and departmental Business Plans.
4. Overall, limited assurance was provided in respect of the areas within the scope of audit – in particular, departmental application of the City's Risk Management Framework, including the maintenance and management of risk registers, and the sufficiency of reporting to Members to facilitate effective risk management oversight. Key findings include the following:
- Inconsistencies were noted in application of the risk management framework through reviews of risk register content and associated information within Ideagen and characterised by variations in articulation of risks and interpretations of key information fields within Ideagen.
 - Internal Audit observed that there was significant reliance on Business Support Managers (Ideagen risk administrators) to ensure the accuracy and completeness of information contained within risk registers, rather than the subject matter experts who own the risks and are responsible for the delivery of mitigating actions - compromising effective deployment of risk champions.
 - The department has not met Risk Management Policy expectations in terms of regular, at least quarterly, reporting of risk registers to Committee; there

was a local lack of awareness of this requirement prior to the audit and therefore no specific reporting in this respect.

- Key departmental risks were broadly reflected in business plans indicating linkage between risk registers and departmental strategic priorities. Arrangements to support collaborative risk management and share key intelligence were observed to be less mature. Internal audit is aware that there is improvement work underway corporately via the Corporate Strategy team to further develop these areas.
5. The department has provided a robust response to the Audit report, with all recommendations agreed to be implemented by the end of the financial year

Application of the Risk Management Framework

6. This report brought together findings and observations in respect of risk management from a range of recent Internal Audit assurance work and related activities. Opportunities are highlighted to improve the application of risk management across the City of London Corporation (CoLC) and it is intended that this will support corporate learning and delivery of the Risk Management Strategy.
7. As previously reported to Committee, the reviews of Corporate Risk identified widespread shortcomings in application of the corporate risk management framework, as indicated by corporate risk register content, associated information within Ideagen, and discussion with risk owners and staff involved in risk administration. In several cases, the risk registers did not accurately reflect the active management of the risks. Further thematic issues were identified such as inconsistencies in the approach to risk articulation, risk categorisation, and determination of target dates.
8. The outcomes of risk specific Internal Audit risk reviews were circulated on an individual review basis to risk owners and Chief Officers as appropriate; improvement principles were highlighted as opposed to formal audit recommendations being made. Whilst improvements have been noted in some instances, recent risk register analysis has highlighted a wider need for action to ensure wholesale alignment with the risk management framework. An overarching audit recommendation has been made for the collective findings, to be incorporated within plans to support delivery of the Risk Management Strategy 2024-2029.

Internal Audit Maturity Assessment

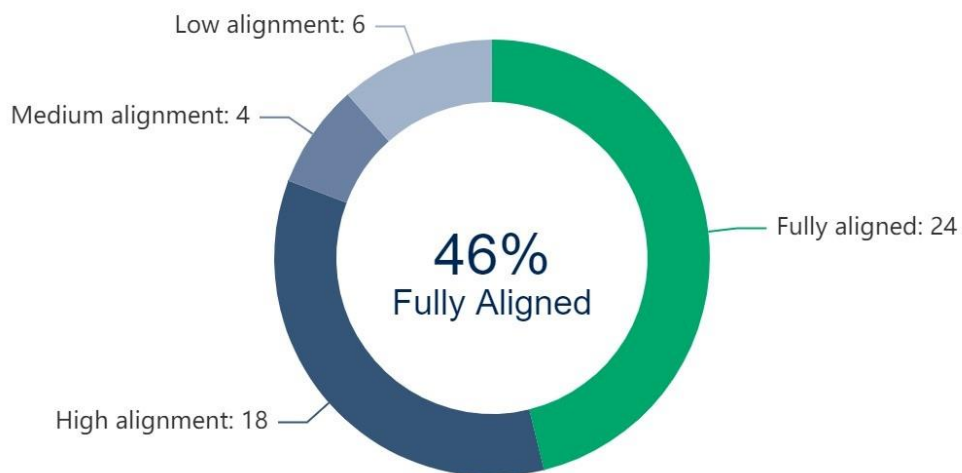
9. The City Corporation's Internal Audit function has been benchmarked against the Gartner UK Audit Score maturity model. Ranking on a 5 tier scale, the function was assessed as level 3, consistent with the peer benchmark. The full outcome report from the assessment is included as Appendix 2 to this report, Members will see that this includes clear guidance as to the steps required to achieve a higher level of maturity and access to a range of materials to support this.

10. The assessment will be used to inform the Internal Audit Quality Assurance and Improvement Plan (a mandatory element of the Internal Audit Standards), oversight and delivery of which will form a key part of the role of the incoming Deputy Head of Internal Audit. There is a high degree of confidence that a maturity level of 4 can be achieved within the existing structure and resources of the Internal Audit function, the likelihood of progression beyond this will be considered in due course although it remains the aspiration to become an exemplary service.

Evaluation Against the Global Internal Audit Standards

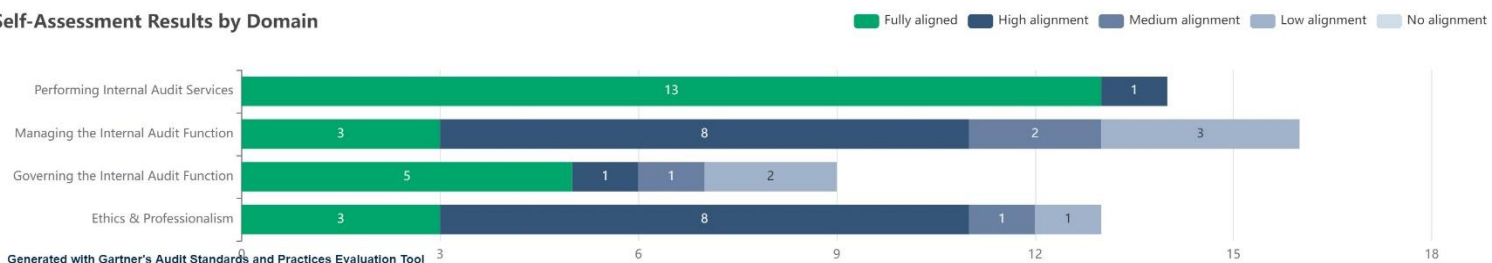
11. Gap analysis has now been completed to evaluate the extent to which existing Internal Audit practices and methodologies align to the Global Internal Audit Standards (effective from January 2025). The full assessment is included as Appendix 3 to this report, however conformance is summarised in the graphics below:

Aggregate Standards and Practices Alignment Results



Generated with Gartner's Audit Standards and Practices Evaluation Tool

Self-Assessment Results by Domain



12. This analysis reflects the overall assessment against the current Internal Audit Standards of “Generally Conforms” and also aligns to the findings of the Internal Audit Maturity Assessment. It is encouraging to note that the areas for enhanced conformance substantially relate to increased expectations within the

professional standards, Members are reminded that it was the intention of the standard setter, in the interests of continuous improvement, to raise the bar for the Internal Audit Profession.

Forward Programme of Work

13. Appendix 1 includes the intended Internal Audit Plan for quarters 3 and 4 of the current financial year. It should be noted, however that this is subject to review and change pending the outcome of detailed Audit assignment planning and engagement with service leaders. Members are asked to share any feedback in relation to the indicative programme of work.

Corporate & Strategic Implications

Strategic implications

14. The work of Internal Audit 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.

Financial implications – None

Resource implications – None

Legal implications – None

Risk implications

15. The work of Internal Audit identifies weaknesses within the internal control environment, risk management and governance processes of the organisation. Internal Audit reports set out the associated risks to the achievement of objectives and make recommendations to mitigate these risks.

Equalities implications – None

Climate implications – None

Security implications – None

Conclusion

16. The Audit and Risk Management Committee should note the outcomes of recently completed Internal Audit work, progress made by the organisation in relation to recommendation implementation and also the forward programme of work for the remainder of the year. While Internal Audit work identifies areas for improvement within the systems and processes examined, the findings of Audit work have been well received by Management and appropriate actions have been identified to resolve the control weaknesses raised.

17. Members should note the outcome of the recent Internal Audit maturity assessment and gap analysis against the Global Internal Audit Standards, both of which confirm broad alignment with expectations and support the continuous improvement of the Internal Audit function.

Appendices

- Appendix 1 – Internal Audit Dashboard
- Appendix 2 – Internal Audit Maturity Assessment
- Appendix 3 – Gap Analysis Against the Global Internal Audit Standards

Background Papers

- Internal Audit Update – September 2024
- Internal Audit Update – May 2024
- Head of Internal Audit Annual Opinion – May 2024

Matt Lock

Head of Internal Audit

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E: matt.lock@cityoflondon.gov.uk



Internal Audit Dashboard: 01/09/2024-30/09/2024

Work completed in period

Final Audit Reports Issued		
Community and Children's Services	Risk Management	Limited Assurance
Innovation and Growth	Operational Expenditure	Moderate
Corporate Strategy and Performance	Application of the Risk Management Framework	Limited Assurance

Follow-up outcomes in period

Total Recommendations Reviewed:	
20	
20 Implemented	0 Outstanding

All Open Recommendations: 120

23 Red	94 Amber	3 Green
--------	----------	---------

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Audit Reviews in Progress:

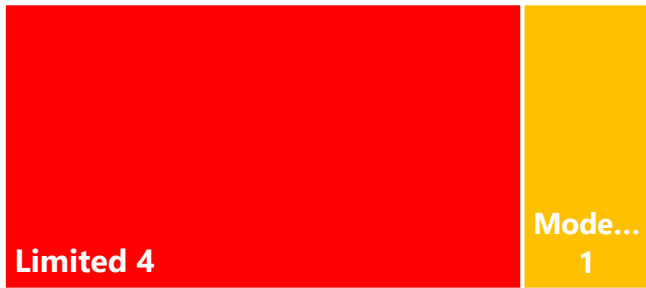
- Corporate Wide – IR35 (**Draft Report**)
- Barbican Centre – Financial Procedures Framework (**Draft Report**)
- Guildhall School – Financial Management (**Draft Report**)
- Chamberlains – Procurement Transparency (PAR) (**Draft Report**)
- Barbican Centre – Contract Management (**Interim Report**)
- Environment – Planning Governance (**Fieldwork**)
- City of London Police – Information and Data Handling (**Fieldwork**)
- City of London Police - Payroll (**Fieldwork**)
- City of London Police – Accommodation (**Fieldwork**)
- Environment Department – Risk Management (City Operations) (**Fieldwork**)
- Chamberlain’s Department – Contractor AP Approval Responsibilities (**Fieldwork**)
- Guildhall School – Non-Substantive Workforce (**Fieldwork**)
- Environment Department – Planning Data (**Fieldwork**)
- City of London Police – Income: Cost Recovery & Collection (**Fieldwork**)

(note also work in progress for London Councils and Museum of London)

Date Prepared: 10/10/2024

Cumulative Dashboard (from 01/04/2024)

Assurance Ratings Provided



Recommendations Raised



Distribution of Assurance Work

- Safeguarding
- Regularity and Compliance
- Asset Management
- Key Systems
- Business Continuity
- Safety Management
- Finance
- Second Line of Defence
- Risk Management



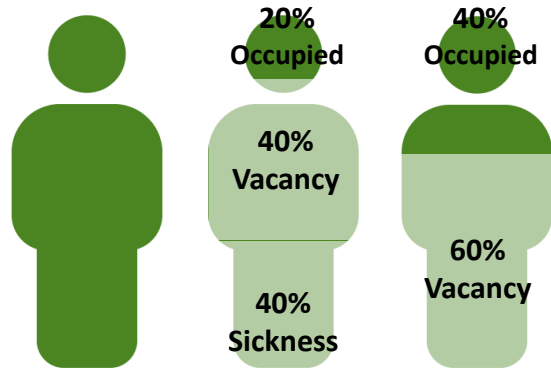
Audit Reviews Completed in 2024/25 (cumulative report)

Department	Audit Title	Assurance Rating	Recommendations Made		
			Red	Amber	Green
City of London Junior School	Key Financial Controls	Limited	0	15	0
Barbican	Business Continuity	Limited	3	7	0
Community and Children's Services	Risk Management	Limited	3	0	0
Innovation and Growth	Operational Expenditure	Moderate	0	7	0
Corporate Strategy and Performance	Application of the Risk Management Framework	Limited	1	0	0

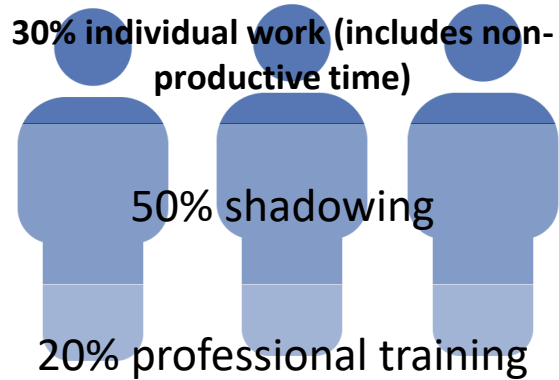
Internal Audit Resources Available in 2024/25

Resources available 01/04/24 - 31/08/24

Senior Auditors



Auditors in training



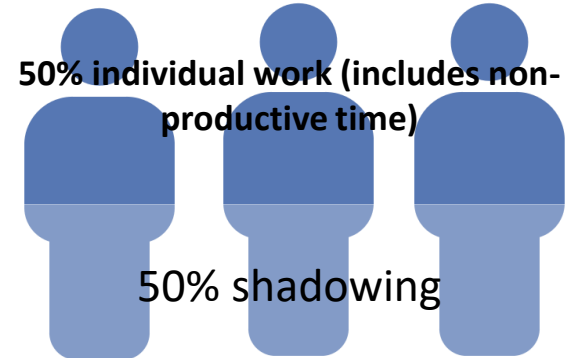
135 Audit Days

Resources available 01/09/24 - 31/03/25

Senior Auditors



Auditors in training



475 Audit Days

Internal Audit Resource Analysis for 2024/25

**Baseline
Target:
600 Audit
Days**

**Current
Capability:
610 Audit
Days**

**Growth
Target:
1000 Audit
Days**

Timeline to Growth Target: 31/03/2026

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Notes:

- A full time Senior Auditor equates to 180 “Audit days”.
- Auditors in training completed current professional studies by 30 September 2024, from which point proportion of “individual work” increased to at least 50%, with the proportion of time shadowing decreasing over the following year.
- Provision of Internal Audit Services to London Councils and Museum of London totals 100 Audit days (55% of 1 FTE)

Additional Resources:

- Currently engaged Temporary Audit Manager to support Internal Audit Planning
- Recruitment campaign for Deputy Head of Internal Audit in progress, expected to complete before November Committee
- Partnered with Gartner UK for Assurance Leaders, providing access to extensive specialist support and advisory services and reference and training materials to support the development of the Internal Audit function

Internal Audit Plan for 2024/25 (Q3 & Q4)

Department	Audit
City of London Police	Income - Cost Recovery and Collection (Part 2)
City of London Police	Information and Data Handling
Environment	Planning Governance
Environment	Planning and Development - Risk Management
City Bridge Foundation	Grants
Community and Children's Services	Commissioning
Environment	Planning - Accuracy of Published Data
Barbican	Health and Safety
Corporate Wide	IR35 Compliance
City Surveyor's	IPG - Commercial Rents
City of London Police	Accommodation
Guildhall School	Non-Substantive Workforce
City of London School	School Income - Including Fees
City of London School for Girls	School Income - Including Fees
City of London Junior School	School Income - Including Fees
City of London Police	Employees
Environment	Port Health and Public Protection - Risk Management
Barbican	Use of Procurement Cards
Guildhall School	Data Quality - HESA
Barbican	Contract Management
Corporate Wide	P-Card Performance
Community and Children's Services	Direct Payments - Social Care
Corporate Wide	Authorisation Limits for AP/I-procurement
Corporate Wide	Procurement - Compliance with PAR Process
Corporate Wide	Contract Management
Environment	City Operations - Risk Management
Chamberlain's	Corporate Income Collection and Debt Management
Corporate Wide	Fees and Charges

Planned Distribution of Internal Audit Work for Q3 and Q4 2024/25

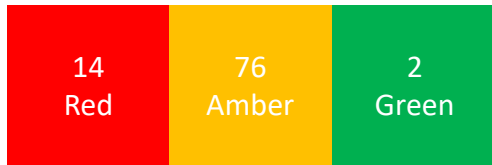
Finance	Regularity and Compliance	Contract	Key Systems	
		Risk Management	Grants	Project and Programme
Safety Management				

Internal Audit Recommendation Analysis

120 Open Recommendations compared to 127 open recommendations at 30/09/2024.

37 recommendations have been raised in the current year 2024/25

Recommendations past their due date: 92



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Current Aged Analysis of overdue recommendations:

Time past due date	Number of Recommendations
< 6 months	35
6-9 months	35
9-12 months	9
12-24 months	7
24-36 months	6
Total	92

Aged Analysis of overdue recommendations at 30/09/2024:

Time past due date	Number of Recommendations
< 6 months	54
6-9 months	30
9-12 months	9
12-24 months	12
24-36 months	1
Total	106

Overdue Red Recommendations

Audit	Recommendation	Target date
City of London School - Key Financial Controls	Proposed management action: Put in place at least termly budget monitoring, with reporting to the Head / SLT.	31/12/2023
	Proposed management action: £188,000 of the £390,000 was written back onto the accounts during 2022/23 although there remain reconciliation issues in 2022/23. Termly reconciliation and improvements in the Shared Services Team including training of staff and clear procedures will help to prevent future reconciliation issues. Further work is required on reconciliation of carried forward balances, which will help determine if the 2021/22 write off can be written back to the accounts or if this is to remain written off.	31/03/2024
	Proposed management action: Resume at least termly budget monitoring reports to governors.	31/12/2023
City of London School for Girls - Key Financial Controls	Proposed management action: Put in place at least termly budget monitoring, with reporting to the Head / SLT.	31/12/2023
	Proposed management action: Resume at least termly budget monitoring reports to governors.	31/12/2023

Overdue Red Recommendations (continued)

Audit	Recommendation	Target date
Community & Children's Services - Housing Fire Safety Management	Regular status updates should be provided at the Sub-Committee at least quarterly in relation to delivery of the programme of inspections and fire risk assessments.	02/10/2023
	Fire Safety status reports should be made to the Sub-Committee at least quarterly, showing timely updates in relation to completed or overdue actions.	02/10/2023
	The status of inspections and fire risk assessments should be reported to the first available Sub-Committee following completion.	02/10/2023
Community & Children's Services - Charges for Repairs and Maintenance	The contract Schedule of Rates must be applied, where this is not possible, works must be specified and costed via quotation and the quotation attached to the works order.	27/11/2023
	The Housing Repairs Team should ensure that market testing (seeking alternate quotes) is undertaken in relation to non-SOR items, management may wish to set a financial threshold for this. Evidence should be retained.	27/11/2023
	The Housing Repairs Team should introduce, as a minimum, spot-checking to validate the completion of works and, for some categories of repair, part-completion. Evidence should be retained to demonstrate this.	27/11/2023
City Surveyor – Corporate Operational Property Management	The work programme for CASC needs to include activity to ensure that the Committee is able to perform its role of oversight for the management of operational property.	31/12/2021
	Committee oversight for operational management of property should be centred around the condition of the property portfolio rather than monitoring an agreed programme of work (although noted that monitoring delivery of this programme is still necessary and useful) and this should be within the remit of a single Committee (CASC within existing Member governance).	31/12/2021
	Roles and responsibilities in relation to operational property management need to be articulated more clearly and explicitly than they are currently, and confirmation obtained that the relevant officers are aware of their accountabilities. This extent to which this recommendation is required is dependent on the standardisation of approach.	31/12/2021

Audit Score

Assessment Name: City of London - Internal
Audit Maturity Assessment 2024

Date created: 30 Sep 2024

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Leveling up isn't something that you do "once and for all." It's something you do constantly...



Report Roadmap



Gartner Score
Overview

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Key Findings

Next Steps for
Increased Maturity

- Path to Maturity – All Activities
- Tables with Findings
 - Activities by Importance
 - Activities by Maturity
 - Activities by API
- Maturity Level Definitions
- Methodology & Score Calculation
- Participant List
- How Gartner Can Help

Introduction

Gartner Score Overview

Introduction

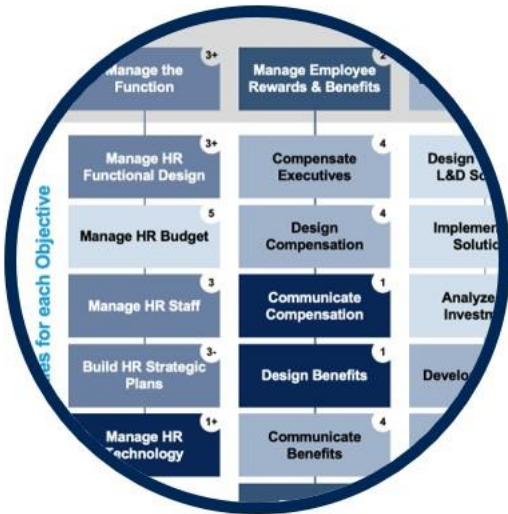
The **Gartner Score** is a proprietary tool that enables organizations to improve functional performance by assessing their performance across a broad set of functional activities. The diagnostic measures two primary dimensions: **importance** and **maturity**.

Score Details Date: 30 Sep 2024

Selected peer group: **Government**

Organization Size: **<5000 Employees**

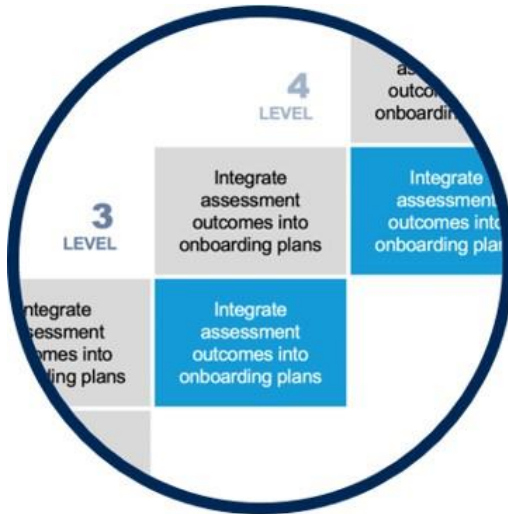
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Executive Summary
Objectives & Activities



Executive Summary
Maturity & Importance



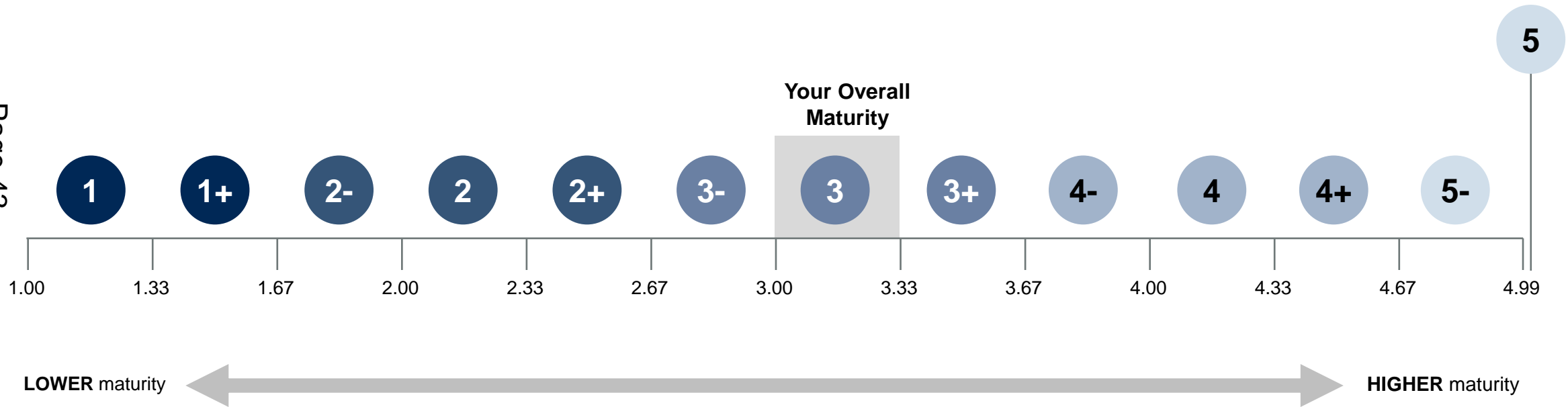
Path to Maturity
Next Steps to Improve

What is your Overall Maturity Level?

Maturity measures how advanced an organization's development is in a functional activity relative to Gartner's best practice research.

- Measured on a scale ranging from **1 (lower)** to **5 (higher)**
- Refined with a **(+)** or **(-)** to indicate intermediate levels of maturity.
- Maturity is best defined as a range. Details are provided in the Methodology & Score Calculation section of the Appendix.

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Respondents included in this assessment: **1**

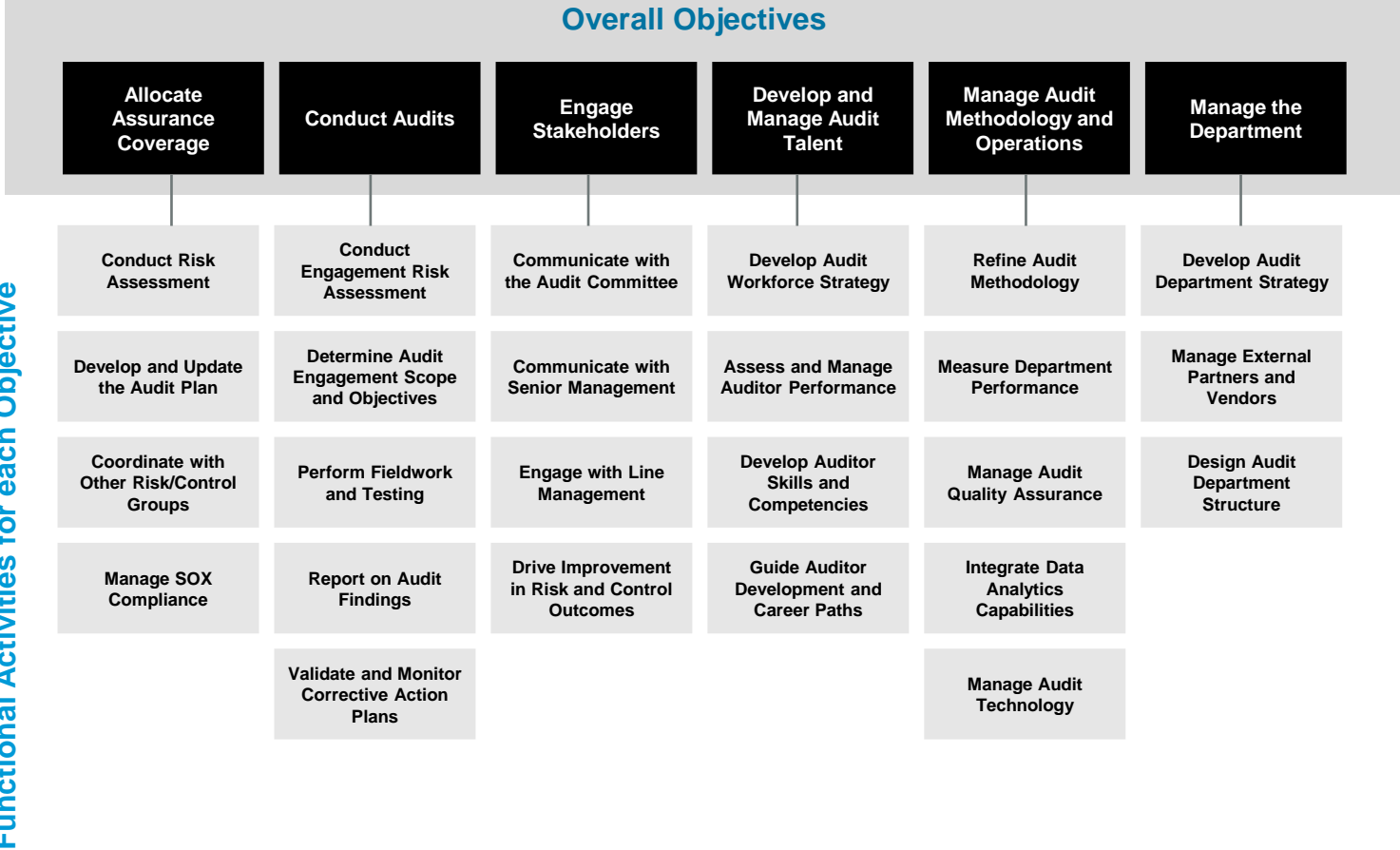
Peer benchmark: **3**

Participating organizations in the peer benchmark: **20**

Executive Summary

Key Findings

Objectives & Functional Activities



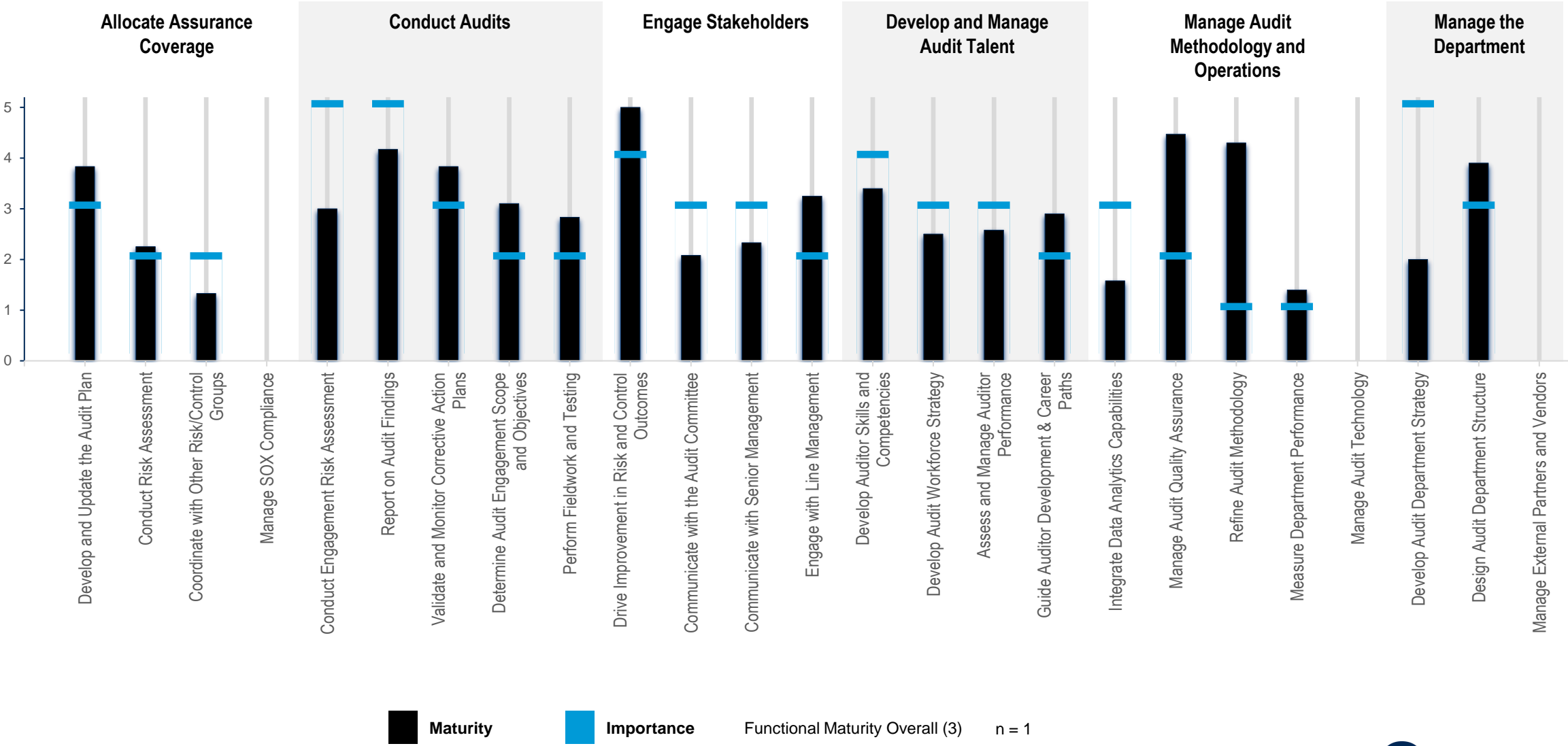
Maturity Levels of Objectives & Activities



Page 46

Maturity & Importance

Page 47



Maturity



Importance

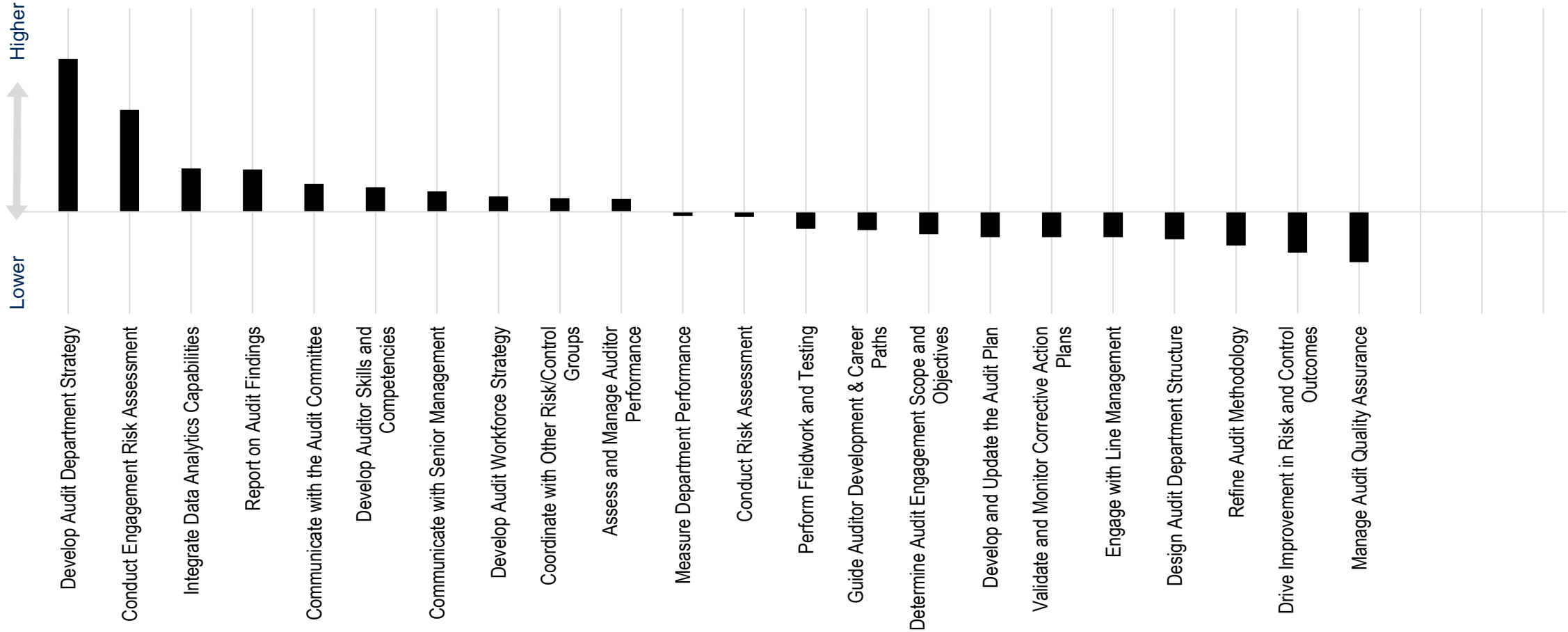
Functional Maturity Overall (3) n = 1

RESTRICTED DISTRIBUTION

Activity Priority Index

The (API) identifies where the function is less mature in activities of greater importance.

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n = 1

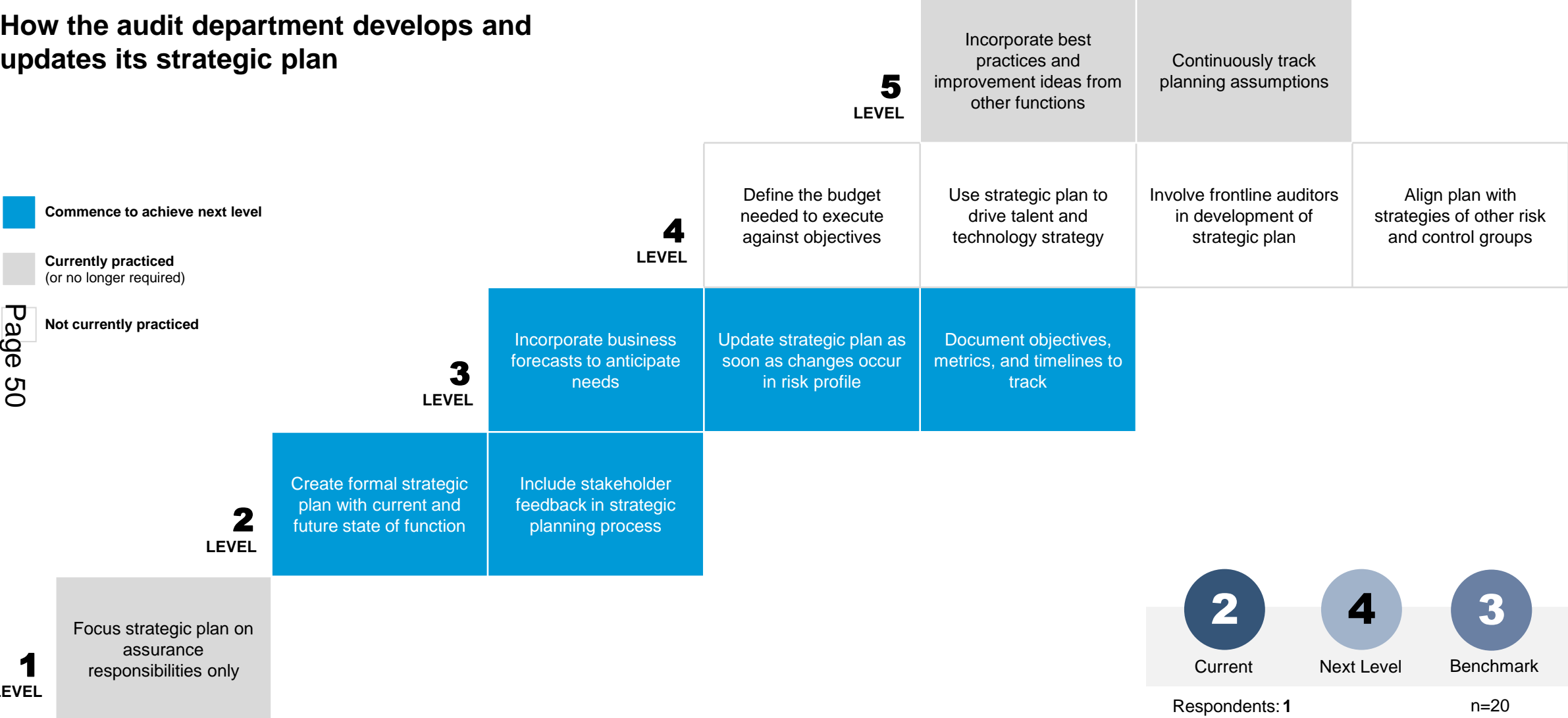
RESTRICTED DISTRIBUTION

Path to Maturity

Next Steps for Increased Maturity

High Priority: Develop Audit Department Strategy

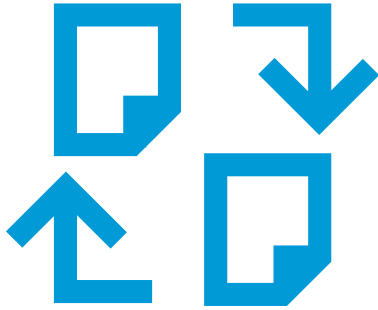
How the audit department develops and updates its strategic plan



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RESTRICTED DISTRIBUTION

Develop Audit Department Strategy



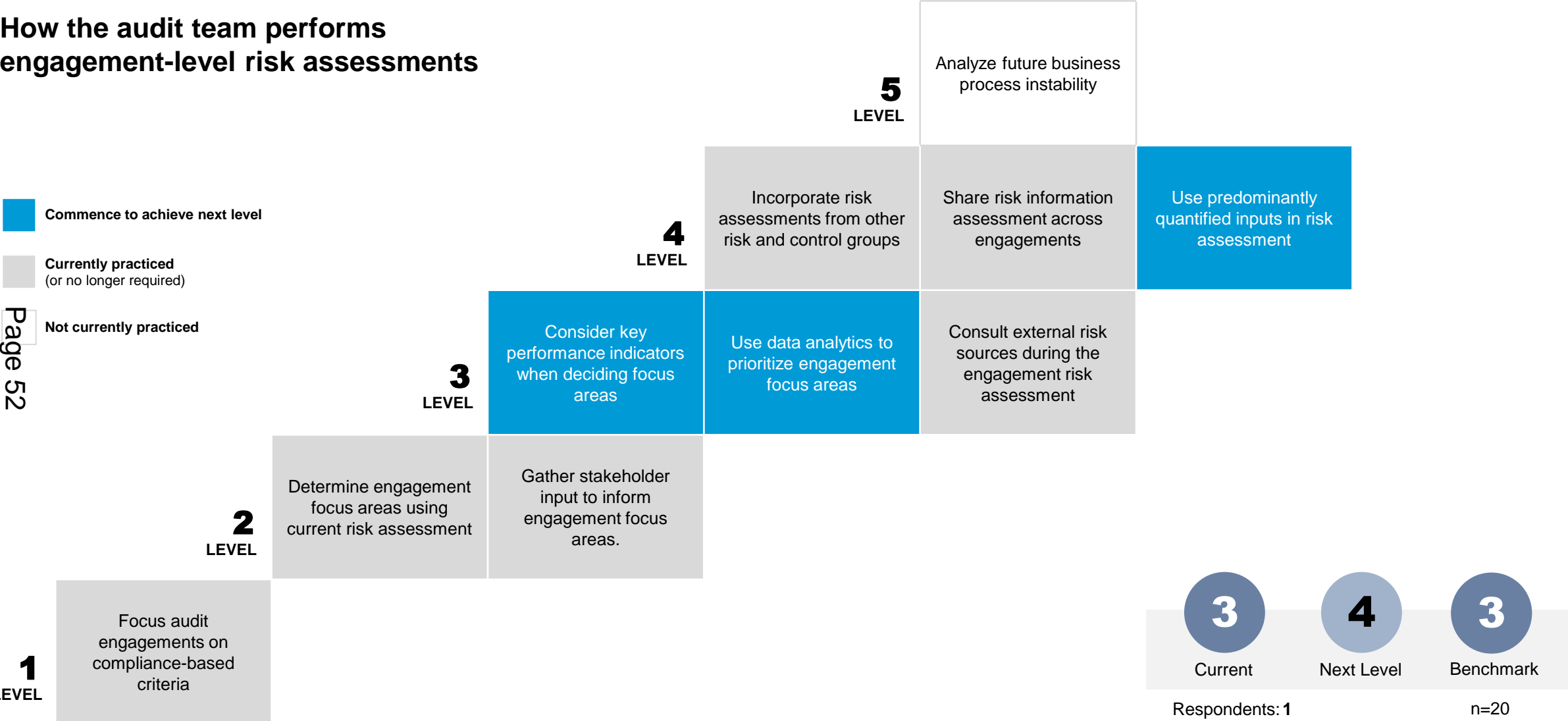
Note: Some documents may not be available as part of your current Gartner subscription.

Resources

- [Audit Budget and Efficiency Benchmark](#): Use online surveys to benchmark your departments staffing, spending, structure and activities against your peers.
- [Leadership Vision for 2022: Chief Audit Executive](#): Learn about the three major trends that are changing how CAEs run audit functions.
- [5 Challenges of Hybrid Auditing — and How to Solve Them](#): Learn the challenges of hybrid and remote audits and how to overcome them.
- [Ignition Guide to Strategic Planning for Audit](#): Utilize this guide to develop a strategic action plan for audit, from prioritizing action steps to developing a plan draft.
- [Audit Strategic Plan and Mission and Vision Statement Library](#): Guide your strategic planning and create documents for your audit department using this collection of strategic audit plans and vision statements.
- [Case Study: Strategy for Digital Innovation Initiatives \(Synchrony\)](#): Use this case to learn strategies to increase audit's use of and expertise on digital innovation.
- [Building an RPA Strategy for Audit](#): Use this guidance to build an effective strategy for implementing robotic process automation (RPA) in audit.
- [Co-Created Analytics Strategy \(Lockheed Martin\)](#): Get team buy-in for change by making them a part of the strategic planning process.

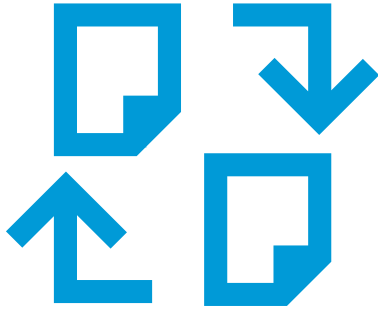
High Priority: Conduct Engagement Risk Assessment

How the audit team performs engagement-level risk assessments



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Conduct Engagement Risk Assessment



Note: Some documents may not be available as part of your current Gartner subscription.

Resources

- [Second-Line Scoping Input \(Realogy\)](#): Use this case study to learn how Realogy ensured that engagements are fully risk targeted.
- [How to Strengthen Objectivity in Audit Through Promoting Awareness of Cognitive Biases](#): Use this guide to teach auditors how to identify and counteract biases when developing audit plans, conducting risk assessments and other procedures.
- [Tool: Risk Culture Assessment](#): Use this checklist to assess the organization's risk awareness and management during a risk culture audit.
- [Forward-Looking Assurance \(Nordstrom\)](#): Consider using instability of process as a risk assessment factor.
- [Risk Tolerance Based Audit Scoping \(McDonald's\)](#): See how McDonald's uses the risk tolerance of auditees to more effectively scope their audit engagements.

High Priority: Integrate Data Analytics Capabilities

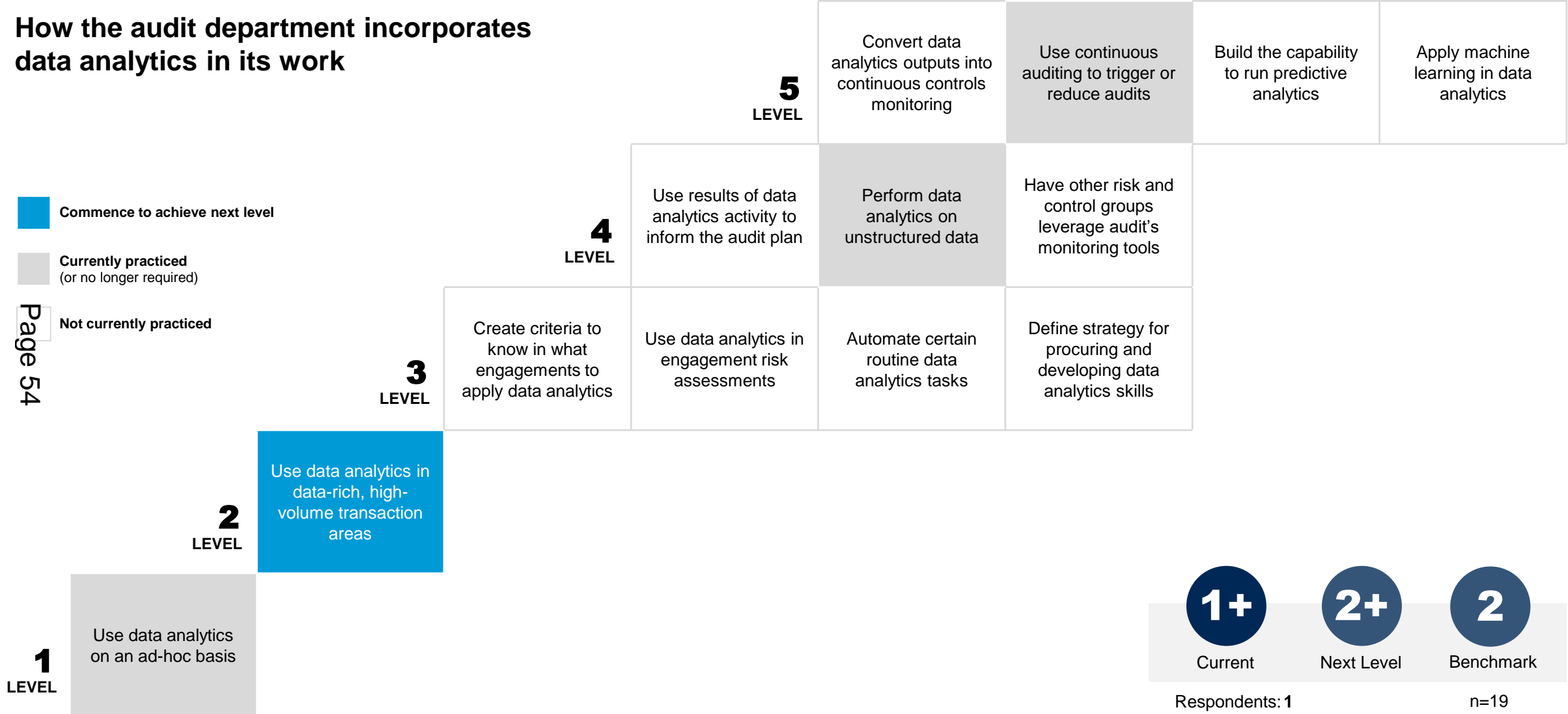
How the audit department incorporates data analytics in its work

Commence to achieve next level

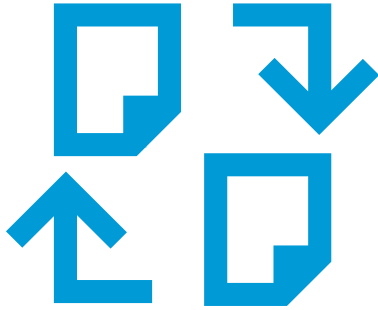
Currently practiced
(or no longer required)

Not currently practiced

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Integrate Data Analytics Capabilities



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Note: Some documents may not be available as part of your current Gartner subscription.

Resources

- [Communicating with Data Visualizations](#): Learn how to better leverage data analytics for communicating insights.
- [Solving the Skills Mismatch: Getting to Data-Driven Insights](#): See how leading audit departments better allocate current talent to maximize data-driven insights.
- [Ignition Guide to Increasing the Use of Data Analytics in Audit](#): Understand the potential uses of audit data analytics and how to embed data analytics in audit's methodology.
- [Advancing Audit's Use of Data Analytics](#): Learn how to embed data analytics in all audit department processes.
- [Structuring an Audit Data Analytics Program](#): Learn the most common audit structures for data analytics to inform the structure of resources in your audit department.
- [Peer-Based Analytics Learning \(ABB\)](#): Learn how to increase the adoption of data analytics among auditors.
- [Capability-Driven Data Use Expectations \(Bunge\)](#): Learn how to expand data-driven insights with tiered data use expectations that expand auditors' data responsibilities.
- [Auditor-Led Data Information Collection \(Swedbank\)](#): Learn how to utilize latent data literacy in auditors by assigning auditors to collect metadata that enables insightful use of data.
- [Scalable Data Toolkit Creation \(Lenovo\)](#): Learn how to derive higher ROI from data analytics by developing automated test scripts (toolkits) for auditors' use.
- [Continuous Rapid Response Audits \(USPS OIG\)](#): Learn how the USPS OIG enabled quick, targeted responses by triaging analytic outputs and deploying a team to highest-risk areas.

Appendix

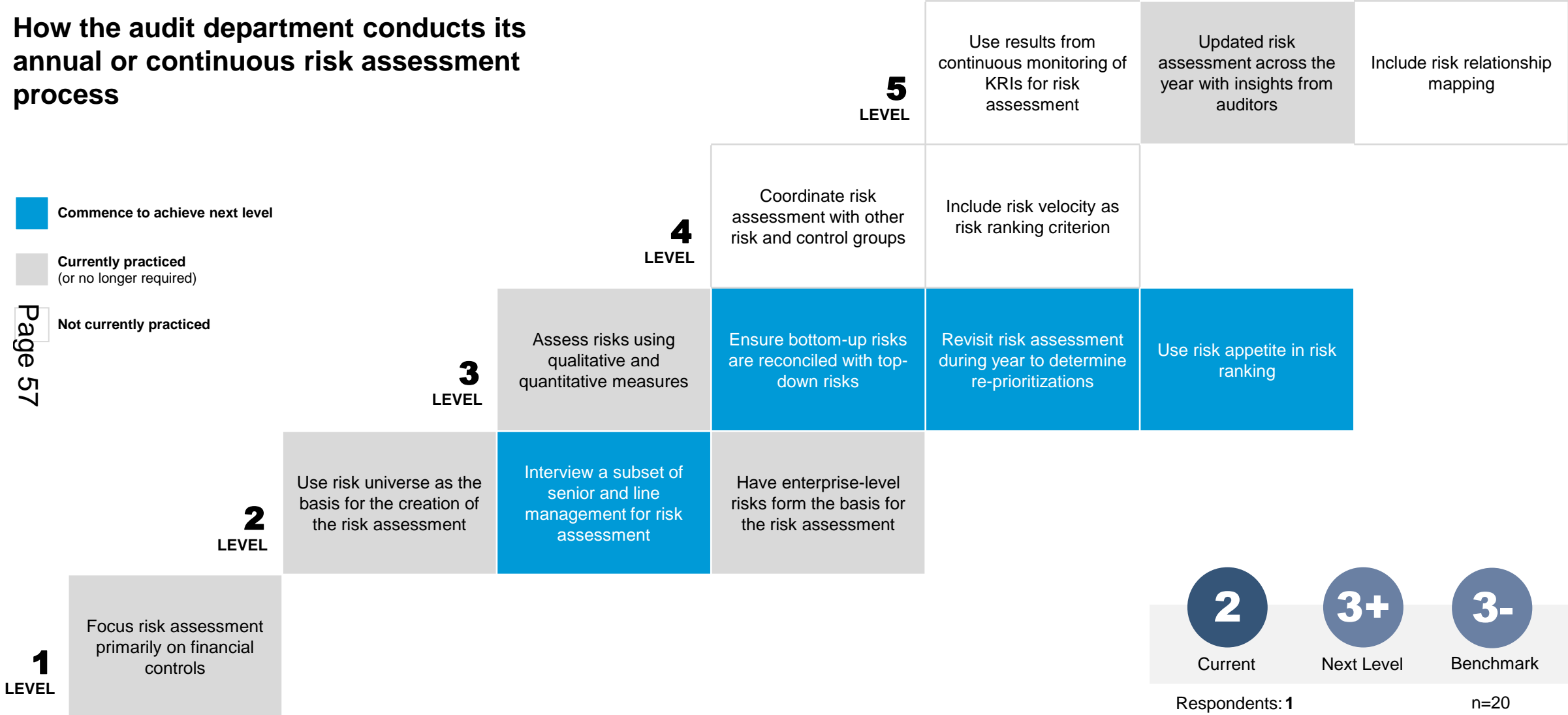
Additional Pathways, Detailed Data & Methodology

Conduct Risk Assessment

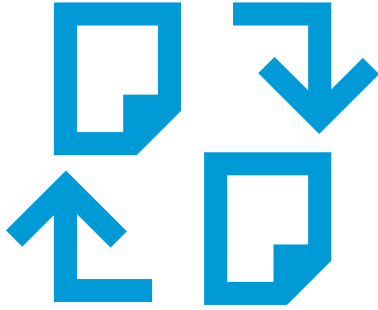
How the audit department conducts its annual or continuous risk assessment process

- Commence to achieve next level
- Currently practiced (or no longer required)
- Not currently practiced

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Conduct Risk Assessment



Note: Some documents may not be available as part of your current Gartner subscription.

Resources

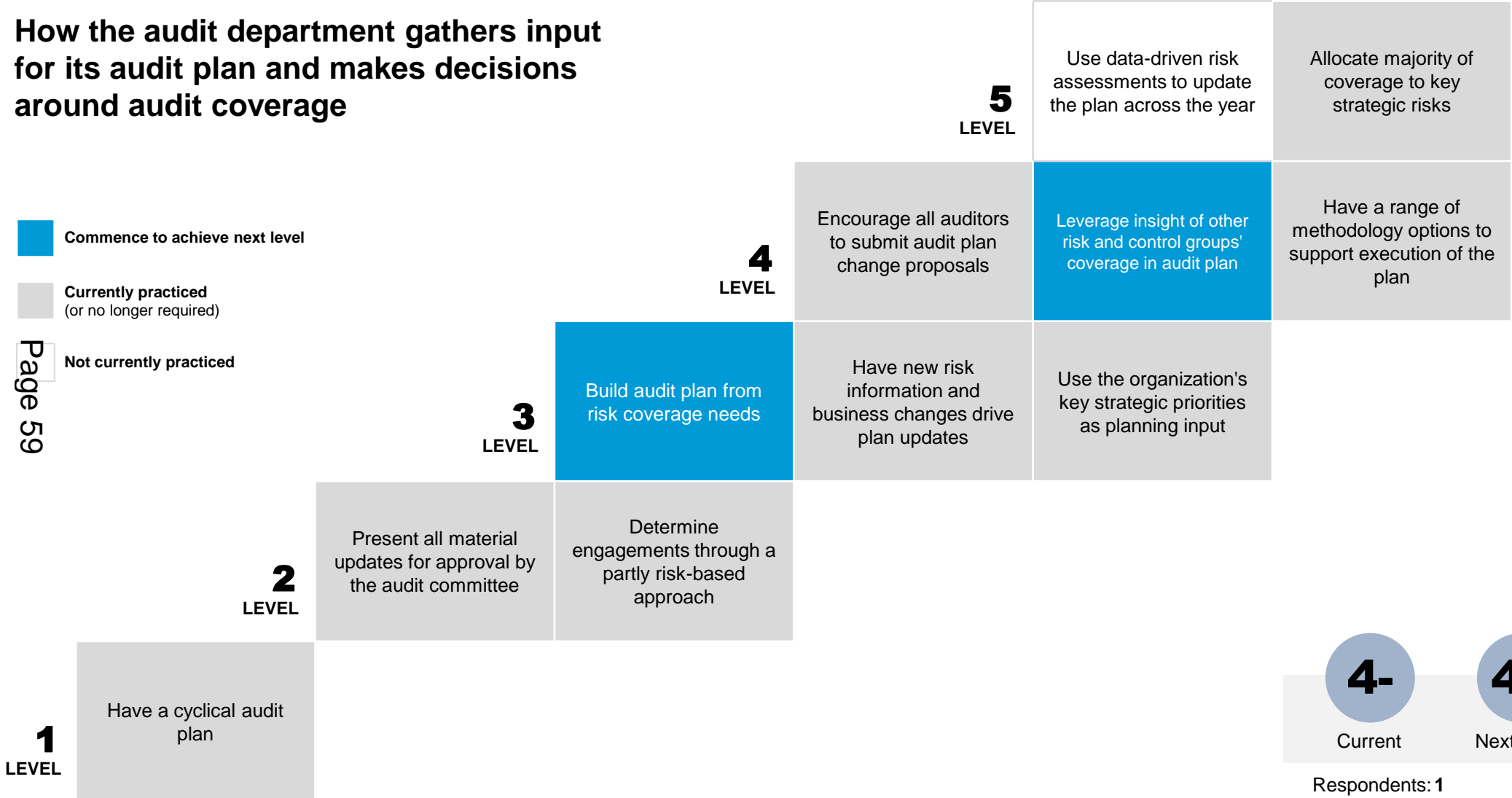
- [2023 Audit Plan Hot Spots](#): Use this list of top risks to get insight on risk trends and compare your coverage to peers.
- [Tool: Key Risk Indicator \(KRI\) Database](#): Use KRIs to track increasing risk exposure, which helps identify the right metrics as indicators for your organizations' key risk areas.
- [Risk Bow Tie Diagrams for Audit](#): Use these bow tie diagrams to help verify whether risk response plans adequately address a risk exposure's true root causes and consequences.
- [Best Practices for Risk Assessment and Audit Planning](#): Continuously refine your approach to risk assessment and audit planning with this guidance on developing best practice approaches.
- [How to Strengthen Objectivity in Audit Through Promoting Awareness of Cognitive Biases](#): Use this guide to teach auditors how to identify and counteract biases when developing audit plans, conducting risk assessments, and other procedures.
- [Case Study: Machine-Learning-Based Risk Detection \(RBC\)](#): Learn how RBC automated the risk assessment process with machine learning to support continuous monitoring of risks and facilitating dynamic planning.
- [Iterative Continuous Risk Assessment Development \(IPG\)](#): Develop a data-driven, real-time continuous risk assessment by hypothesizing, testing and refining key risk indicators (KRIs).
- [Case Study: Enablement-Focused Continuous Risk Monitoring \(The Kraft Heinz Co.\)](#): Use this case study to learn how to scale data analytics and enable continuous monitoring, resulting in a real-time view and analysis of risk.

Develop and Update the Audit Plan

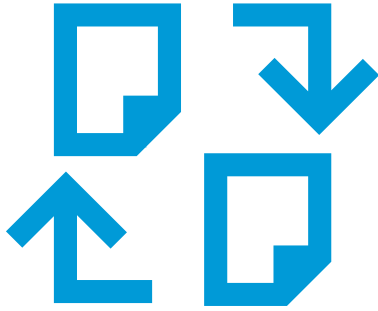
How the audit department gathers input for its audit plan and makes decisions around audit coverage

- Commence to achieve next level
- Currently practiced (or no longer required)
- Not currently practiced

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Develop and Update the Audit Plan



Note: Some documents may not be available as part of your current Gartner subscription.

Resources

- [Customizable Audit Plan \(Uber\)](#): Create a process to facilitate revisions to the audit plan by using priority-centric criteria to enable quick response.
- [How Much Is Enough: Calculating the Right Audit Coverage](#): Learn how to make principled trade-offs in your audit planning process to calculate the right breadth and depth of coverage.
- [Benchmark Report: Risk Assessment and Audit Planning](#): Compare planning process timelines and inputs to industry and revenue peers.
- [Living Audit Methodology \(Prudential Financial, Inc.\)](#): Learn how audit leaders at Prudential Financial frequently adjust the methodology toolkit of audit project options based on key risks.
- [Best Practices for Risk Assessment and Audit Planning](#): Continuously refine your approach to risk assessment and audit planning with this guidance on developing best practice approaches.
- [Data-Triggered Quarterly Plan \(USPS\)](#): Create audit plans on a quarterly basis by using real-time information from a set of risk data models with relevant key risk indicators (KRIs).
- [Case Study: Data-Centric Annual Planning](#): Learn how to use data as an explicit dimension in audit planning to maximize data-driven insights and overcome talent challenges.
- [Analytics-Focused Audit Planning \(NFU Mutual\)](#): See how NFU Mutual dedicated space within its audit plan to include engagements focused on data analytics, giving auditors a chance to learn them.

Coordinate with Other Risk/Control Groups

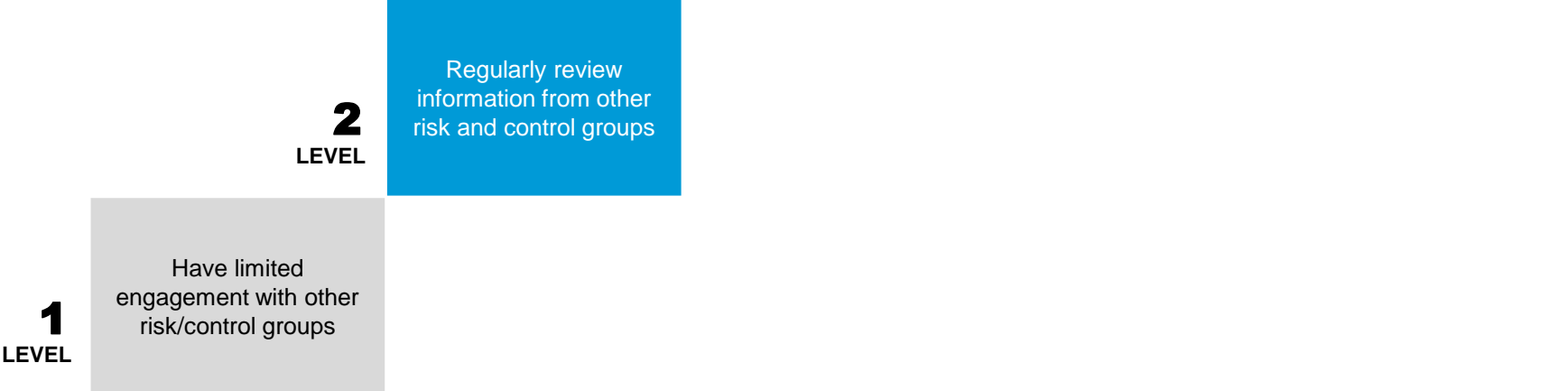
How the audit department collaborates with other risk and control groups (i.e. second-line functions) in the organization

Commence to achieve next level

Currently practiced
(or no longer required)

Not currently practiced

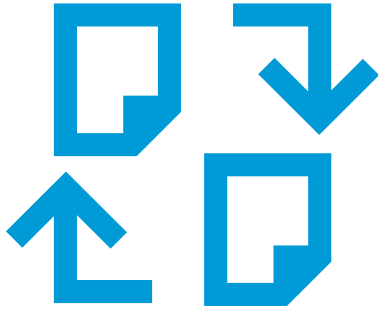
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5 LEVEL	Ensure there is a shared rating framework between assurance functions	Provide operational management with a combined assurance report	Collaborate on data analytics with other risk and control groups
4 LEVEL	Map assurance activity with other risk and control groups	Share issues database with other risk and control groups	Provide Executive Committee or Board with a combined assurance report
3 LEVEL	Conduct regular joint risk assessment with other assurance groups	Coordinate scheduling of onsite assurance reviews	Have a shared risk universe with other risk and control groups
2 LEVEL	Regularly review information from other risk and control groups	Have limited engagement with other risk/control groups	



Coordinate with Other Risk/Control Groups



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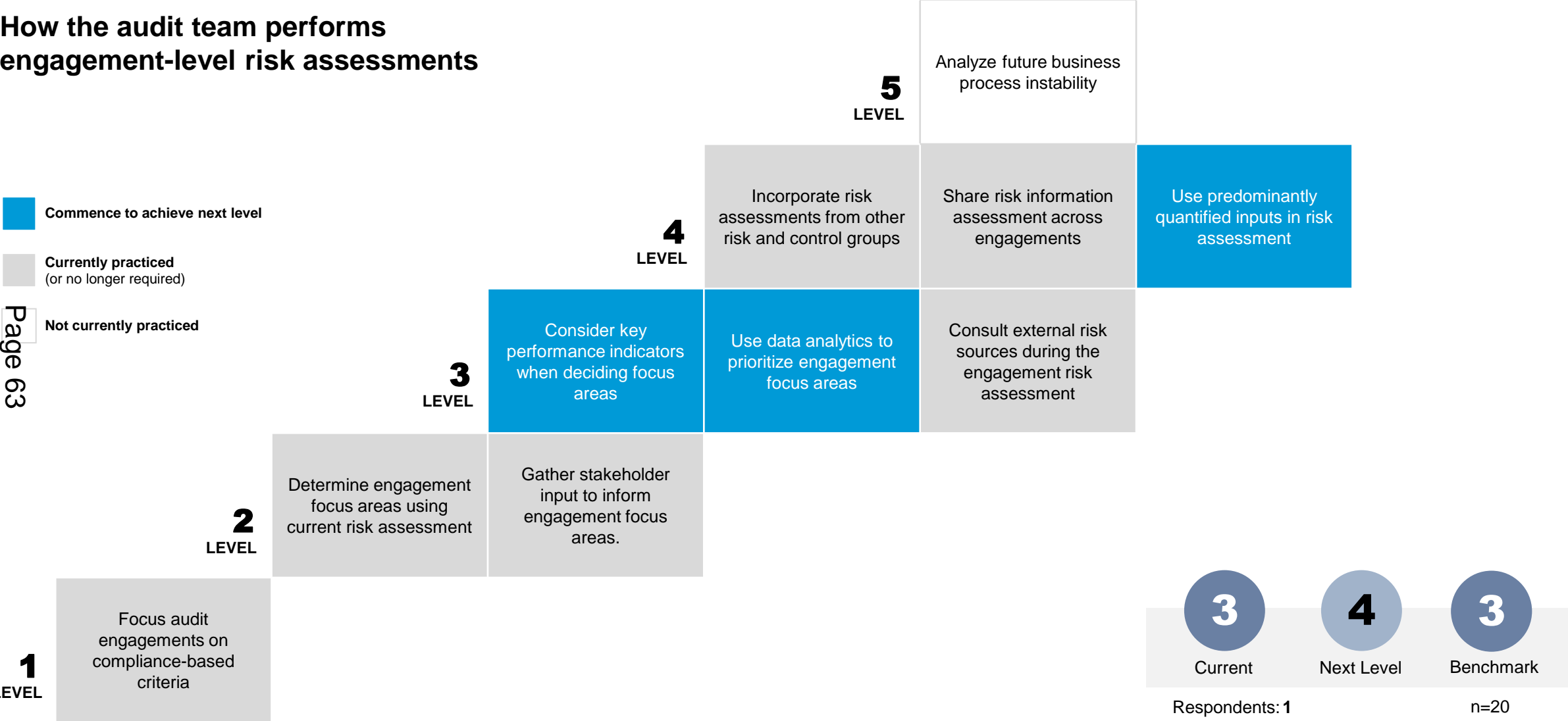
Note: Some documents may not be available as part of your current Gartner subscription.

Resources

- [Implementing Aligned Assurance Part 2: Enabling Aligned Assurance Through Assurance Mapping](#): Learn the elements of an assurance map and how audit can realize the benefits of one.
- [Implementing Aligned Assurance Part 3: Aligned Assurance Reporting and Continuous Improvements](#): Learn how to coordinate reporting with other assurance providers.
- [Six Aligned Assurance Strategies for Audit Departments](#): Learn how audit can coordinate with other assurance functions to more efficiently and effectively cover risks.
- [Real-Time Assurance Alignment \(Majid Al Futtaim Ventures\)](#): Learn how to include assurance activities undertaken by the second line in audit planning.
- [Business Case for Aligned Assurance](#): Use this presentation to achieve buy-in for a more aligned approach among stakeholder groups.
- [Case Study: Risk-Differentiated Risk Governance \(Telia\)](#): See how Telia structures its risk governance approach to ensure management activities reflect organizational strategy and risk appetite.
- [Dynamic Risk Governance Is the New Risk Mandate](#): Learn how to use dynamic risk governance to evolve risk management beyond the three lines of defense model.
- [Use Dynamic Risk Governance to Align Risk Management to Strategy](#): Use this research to manage the upside and downside of risk and evolve of risk management and assurance.
- [Case Study: Collaborative Cybersecurity Audit Approach \(Ingersoll Rand\)](#): See how audit at Ingersoll Rand worked with the CISO on a cybersecurity audit plan that enhanced assurance over existing and emerging risks.

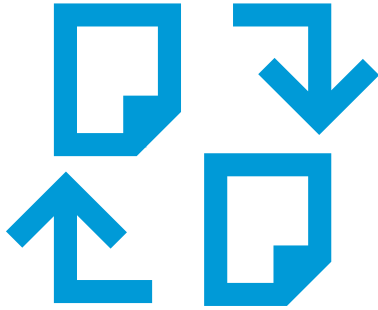
Conduct Engagement Risk Assessment

How the audit team performs engagement-level risk assessments



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Conduct Engagement Risk Assessment



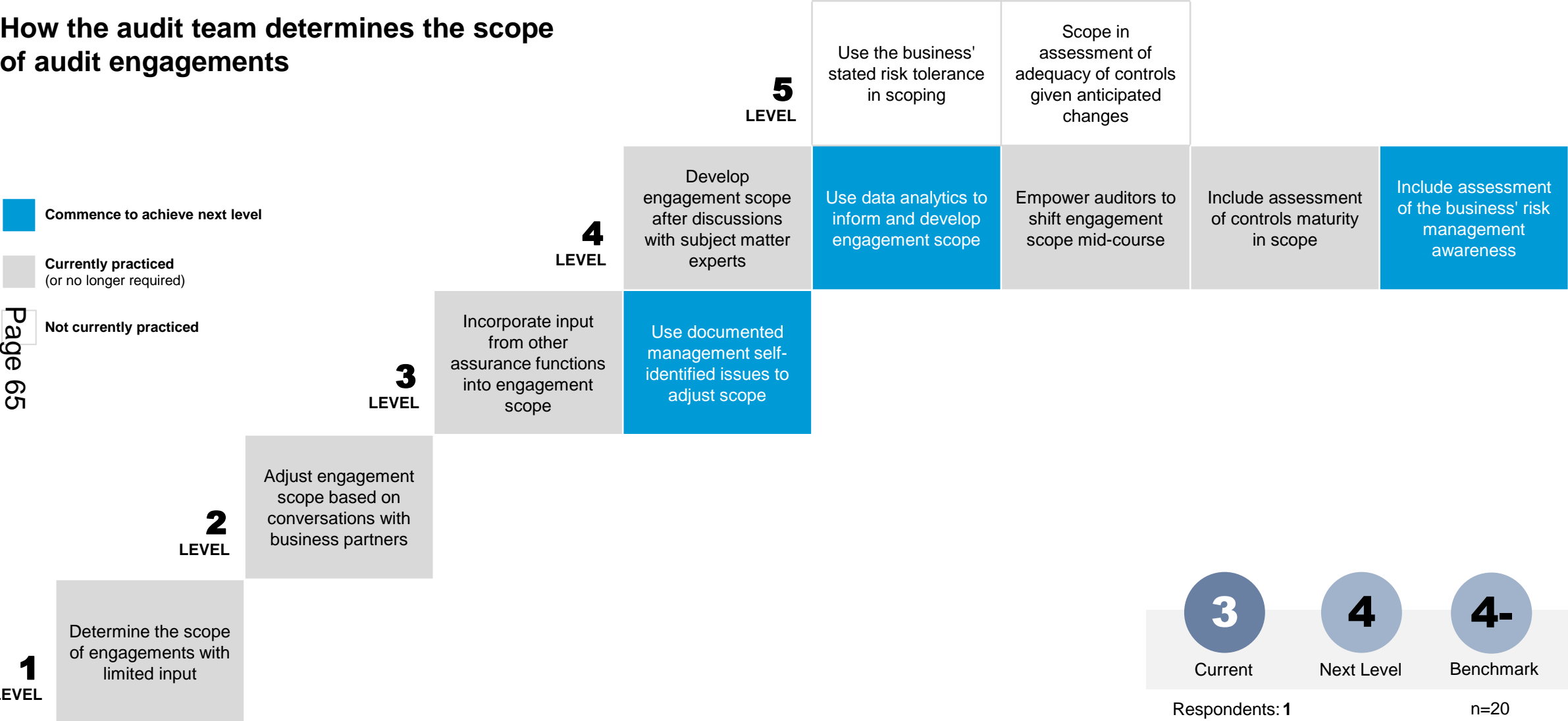
Note: Some documents may not be available as part of your current Gartner subscription.

Resources

- [Second-Line Scoping Input \(Realogy\)](#): Use this case study to learn how Realogy ensured that engagements are fully risk targeted.
- [How to Strengthen Objectivity in Audit Through Promoting Awareness of Cognitive Biases](#): Use this guide to teach auditors how to identify and counteract biases when developing audit plans, conducting risk assessments and other procedures.
- [Tool: Risk Culture Assessment](#): Use this checklist to assess the organization's risk awareness and management during a risk culture audit.
- [Forward-Looking Assurance \(Nordstrom\)](#): Consider using instability of process as a risk assessment factor.
- [Risk Tolerance Based Audit Scoping \(McDonald's\)](#): See how McDonald's uses the risk tolerance of auditees to more effectively scope their audit engagements.

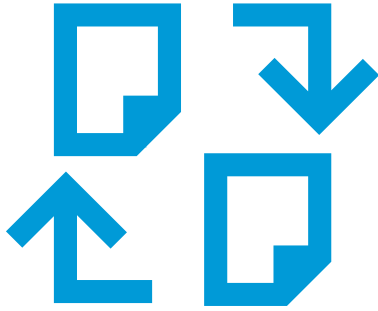
Determine Audit Engagement Scope and Objectives

How the audit team determines the scope of audit engagements



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Determine Audit Engagement Scope and Objectives



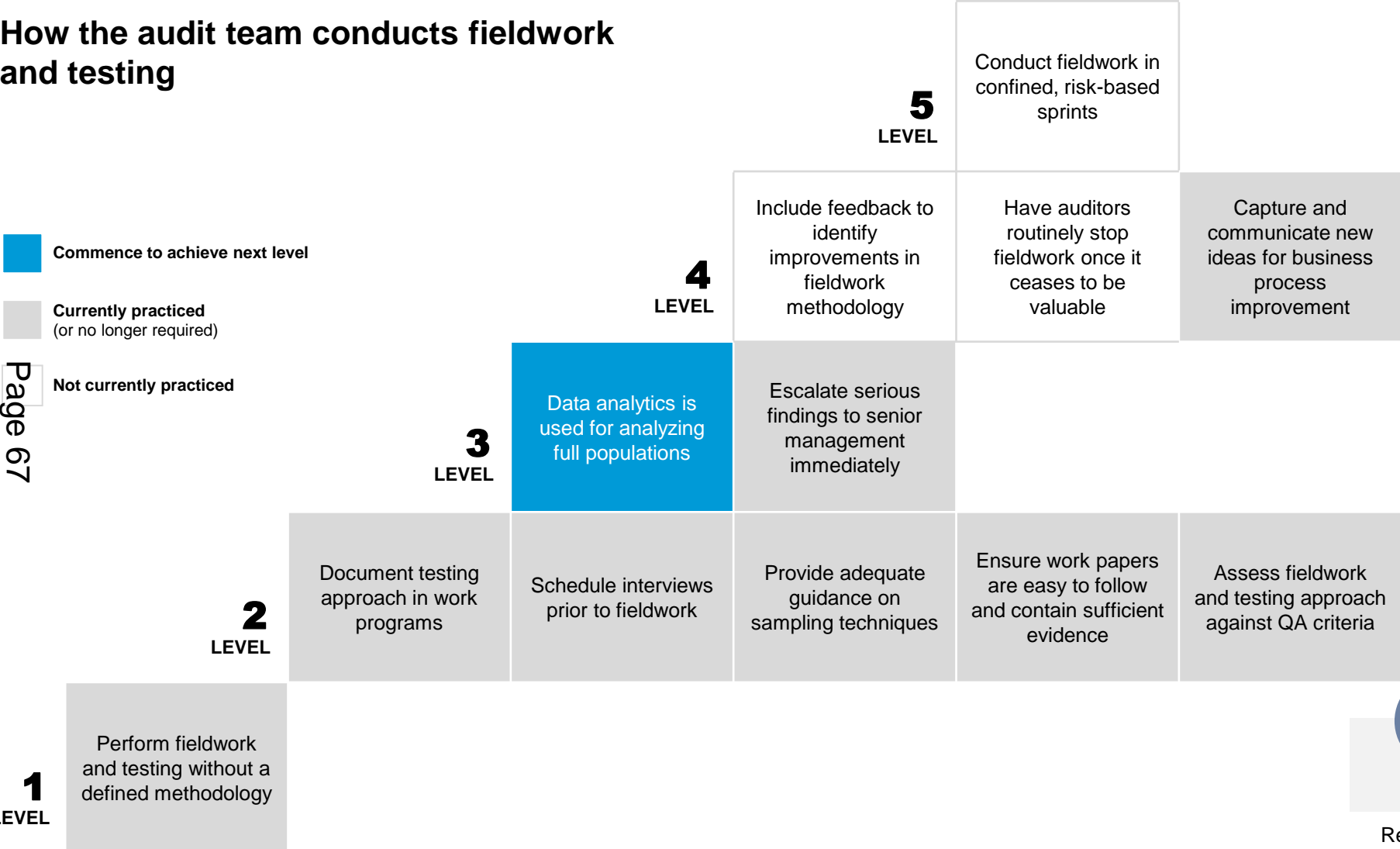
Note: Some documents may not be available as part of your current Gartner subscription.

Resources

- [Brokered Audit Activities \(Acxiom\)](#): Learn how Acxiom acts on new risk information that may not warrant a full audit engagement by brokering activities with previous auditees and experts.
- [Second-Line Scoping Input \(Realogy\)](#): Use this case study to learn how Realogy ensured that engagements are fully risk targeted.
- [Case Study: Auditor-Educating Audit Services Guide \(Principal Financial\)](#): Use this case to help auditors build knowledge to better communicate with management.
- [Audit Types Library](#): Use this collection of client-donated audit type catalogs to benchmark or update those in your department.
- [Tool: Remote Audit Planning Checklist](#): Plan remote audits using this tool, including under emergency conditions like required remote work.
- [Set Shared "Success" Expectations \(Aviva\)](#): Learn how management defines success and align your audit engagement and expectations for action plans with relevant success criteria pre-engagement.
- [How Aligned Assurance Helps with Engagement Planning](#): Learn how to apply core aspects of the aligned assurance model to confirm audit's risk assessment and set the engagement's scope.
- [Guided Scope Prioritization \(Fannie Mae\)](#): Learn how Fannie Mae enables auditors to identify critical areas of review in engagements by leading them in a budget-oriented thought experiment.
- [Risk Management Maturity Ratings \(Principal Financial Group\)](#): Use a maturity spectrum to demonstrate to the business which controls and processes need improvement against objective evaluation criteria.

Perform Fieldwork and Testing

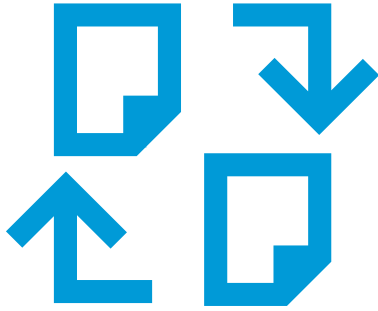
How the audit team conducts fieldwork and testing



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Perform Fieldwork and Testing



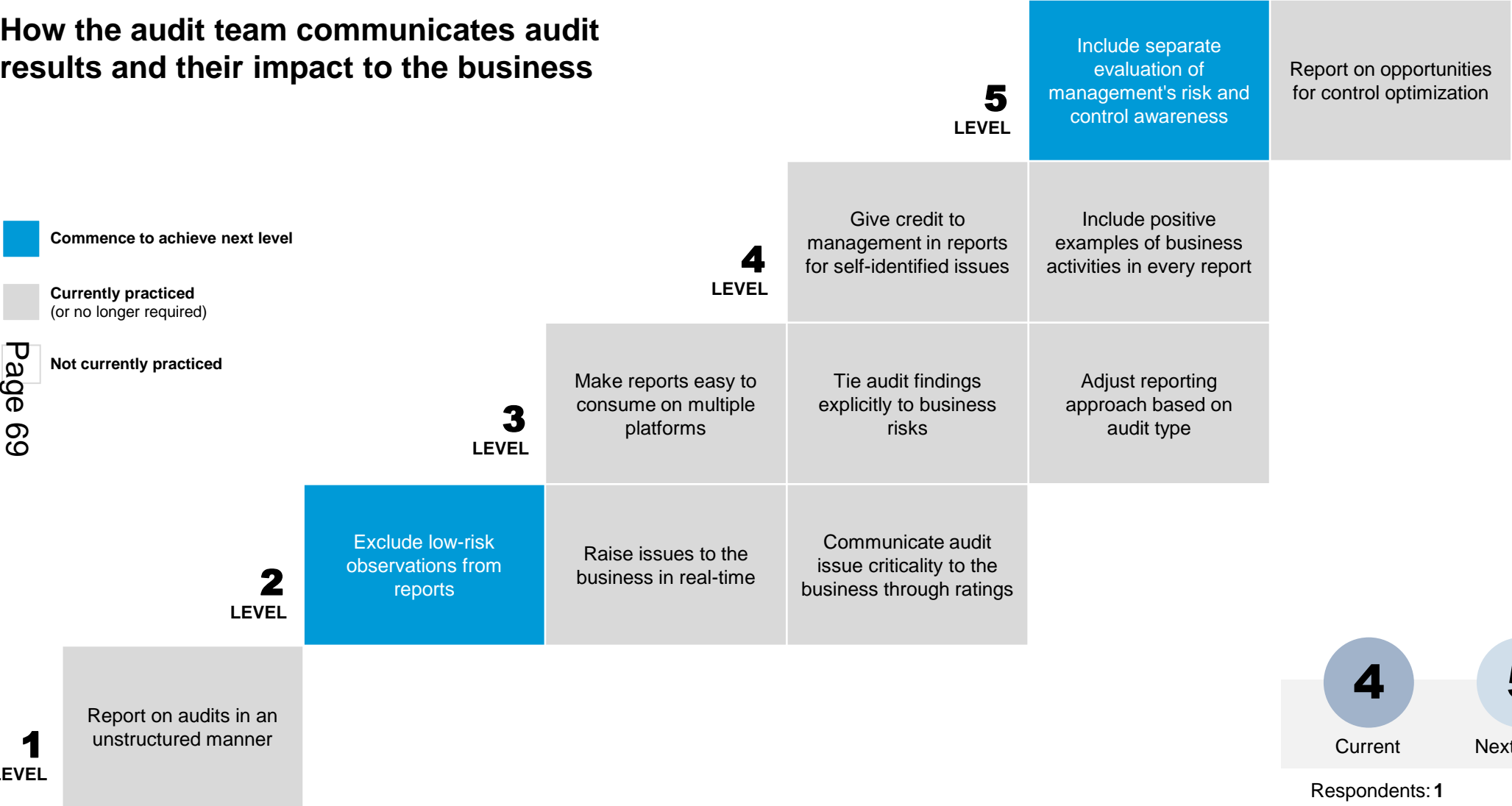
Note: Some documents may not be available as part of your current Gartner subscription.

Resources

- [Agile Document Library](#): Use these peer agile auditing documents for practical guidance and as templates to guide their department's agile implementation.
- [Ignition Guide to Project Auditing](#): Use this guide to access to tools, templates and documents to establish, improve or benchmark your project auditing methodology.
- [Managing a Virtual Audit Interview Process](#): Create a process for conducting effective audit interviews virtually.
- [Toolkit: Remote Auditing Checklist and Communication Tools](#): Use this toolkit to help audit teams operate effectively while remote, including during emergencies with restricted travel and required remote work.
- [Trends in Remote Auditing](#): Learn about approaches and actions taken by audit leaders who rapidly adopted or expanded remote working practices during the COVID-19 pandemic.
- [How Audit Departments Can Improve Audit Engagement Agility](#): Learn to find areas where CAEs can target audit planning, engagement scoping and fieldwork to make their engagements more agile.
- [Applying Lean Six-Sigma in Audit Work](#): Understand which audit tasks or activities are resulting in waste or minimal value within the audit process by applying lean principles.
- [Data Analytics Examples Library](#): See how audit teams are using data analytics throughout audit engagements to assess risk and test hypotheses.

Report on Audit Findings

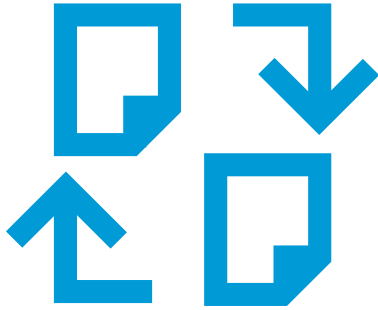
How the audit team communicates audit results and their impact to the business



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Report on Audit Findings



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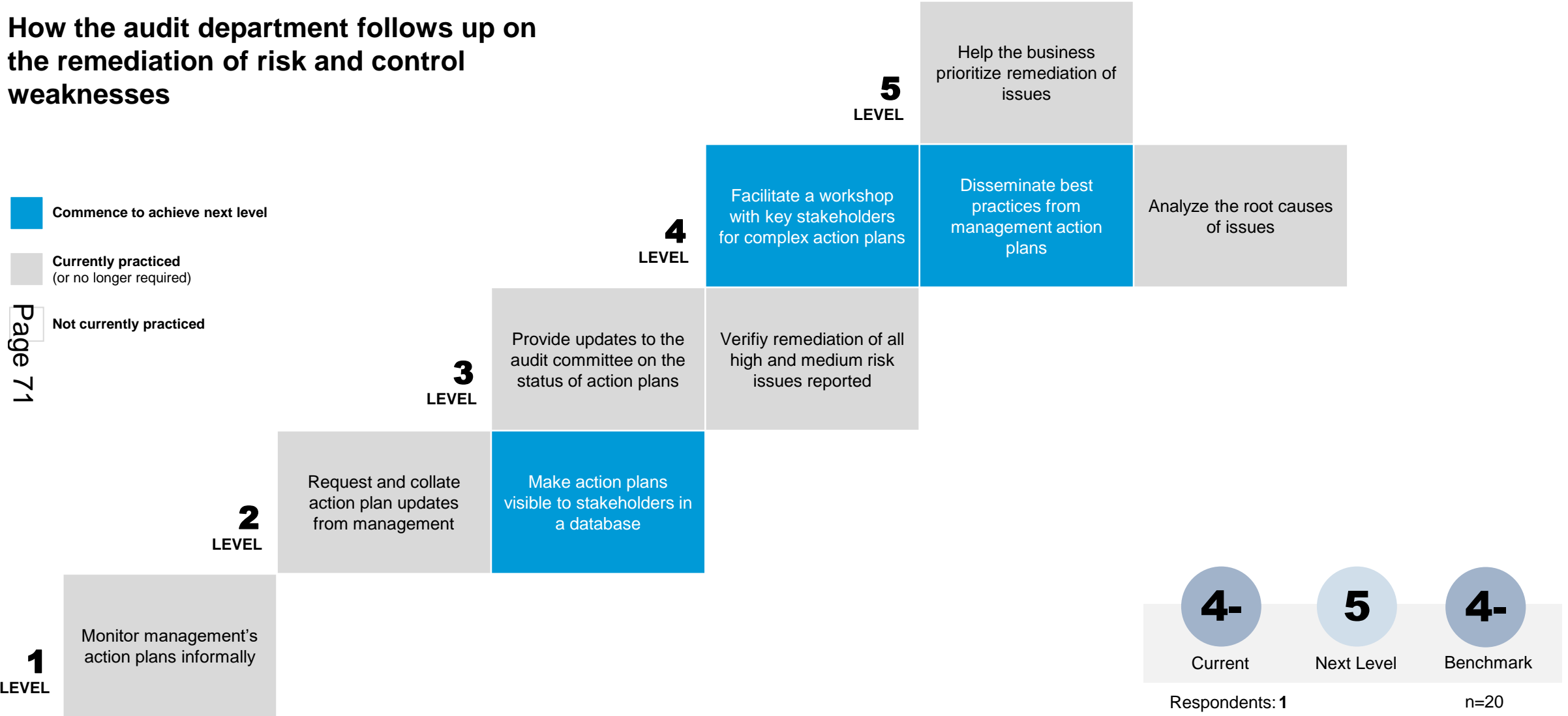
Note: Some documents may not be available as part of your current Gartner subscription.

Resources

- [Improving Audit Reporting](#): Learn about best practices and tactics to help audit leaders and their teams deliver more effective reports.
- [10 Tips to Improve Audit Report Writing](#): Learn about common report-writing challenges and get teachable guidance to enable auditors to overcome them.
- [Communicating with Data Visualizations](#): Use this research to customize visualizations for audit audience's needs, create compelling content and increase the clarity of visualizations.
- [Audit Reporting: From Words to Action](#): Learn how to get business and audit on the same page by consistently producing high-quality reports that clarify the path to action.
- [3 Ways to Build Audit Reports that Drive Action](#): Drive management action on audit findings by creating reports that make it easy for your audience to see the steps they should take to address risks.
- [Overcoming Common Audit Data Visualization Mistakes](#): Learn to tailor your visualizations for various end users, rightsize the level of detail in graphics, and maintain a clear visual data storyline.
- [Assessing Culture in Each Audit Engagement](#): Learn how to link audit findings to root causes to show trending of issues over time.
- [Report Business Insights \(Diageo\)](#): Learn how to provide the business an "Insight Report" along with the audit report to highlight culture, people and process efficiency opportunities.
- [Case Study: Risk Management Maturity Ratings \(Principal Financial\)](#): Use this case study to contextualize audit ratings and guide the business' improvement efforts.

Validate and Monitor Corrective Action Plans

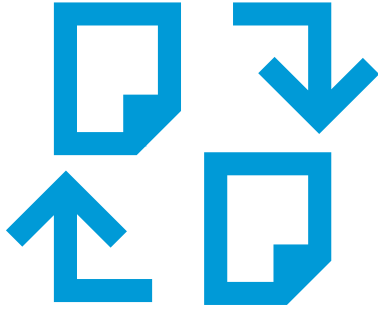
How the audit department follows up on the remediation of risk and control weaknesses



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Validate and Monitor Corrective Action Plans



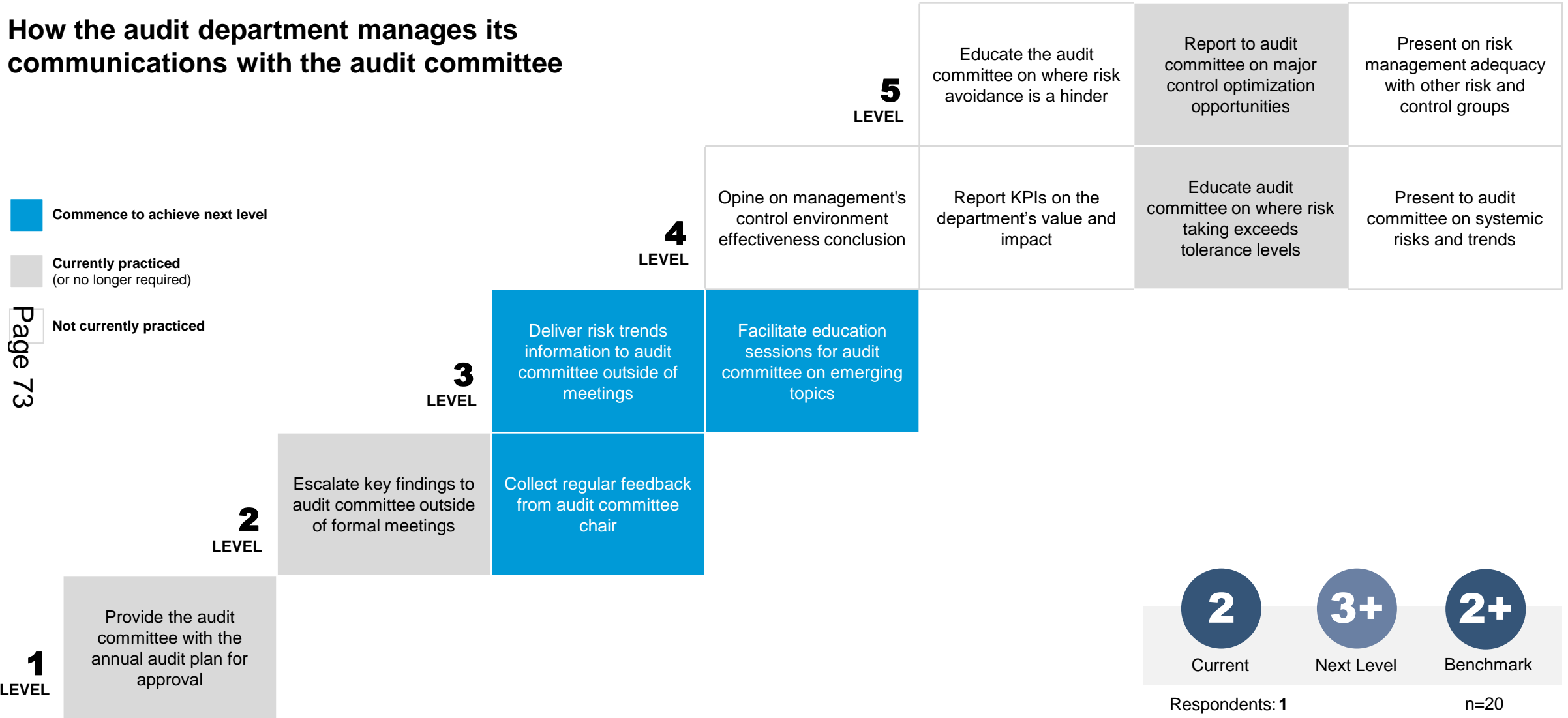
Note: Some documents may not be available as part of your current Gartner subscription.

Resources

- [Raising Risk Awareness in the First Line](#): Use this research to benchmark and upgrade activities to improve management's risk awareness, facilitate communication and enable issue remediation.
- [Set Shared "Success" Expectations \(Aviva\)](#): Pre-engagement, learn how management defines success and align your audit engagement and expectations for action plans with relevant success criteria.
- [Data in Visual Form Drives Management Action](#): Follow these principles of effective data visualization to drive management action and increase their responsiveness to audit's findings.
- [Universal Ratings Framework \(UBS\)](#): Help management focus resources on remediating the most critical control gaps by helping them defer action on less important findings.
- [Facilitate the Design of Management Solutions \(Philips\)](#): Facilitate constructive discussions with management and challenge their thinking to help them overcome obstacles and drive to effective remediation.
- [Case Study: Management Controls Self-Monitoring \(FedEx\)](#): See how FedEx provides controls self-monitoring tools to management, equipping them to monitor the control environment and take corrective action.

Communicate with the Audit Committee

How the audit department manages its communications with the audit committee

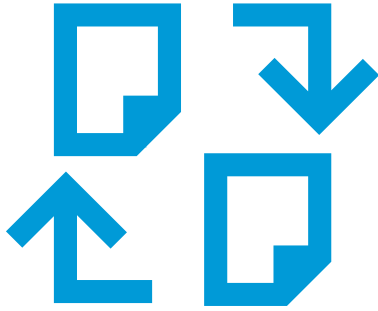


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Communicate with the Audit Committee



Note: Some documents may not be available as part of your current Gartner subscription.

Resources

- [Tool: Audit Committee Presentation Examples and Guidance](#): Use this collection of illustrative reporting examples, derived from presentations to audit committees, to improve audit committee reporting.
- [2023 Audit Plan Hot Spots](#): Use this list of top risks to get insight on risk trends and drivers and compare your coverage to peers.
- [Perspectives on Audit Committee Expectations for CAEs and Audit Departments in 2022](#): Review what CAEs and their audit committees are discussing regarding focus areas, risk coverage and expectations of the CAE.
- [Align Audit Work with Corporate Value Drivers](#): Learn how to show linkage of the audit plan to organizational value drivers and enterprise risks.
- [Communicating With Your Audit Committee During COVID-19: Peer Tactics](#): Learn how peers are keeping their audit committees informed during times of crisis.
- [Customizable Audit Plan \(Uber\)](#): See how Uber's CAE created a process to facilitate revisions to the audit plan by using priority-centric criteria to enable quick response.

Communicate with Senior Management

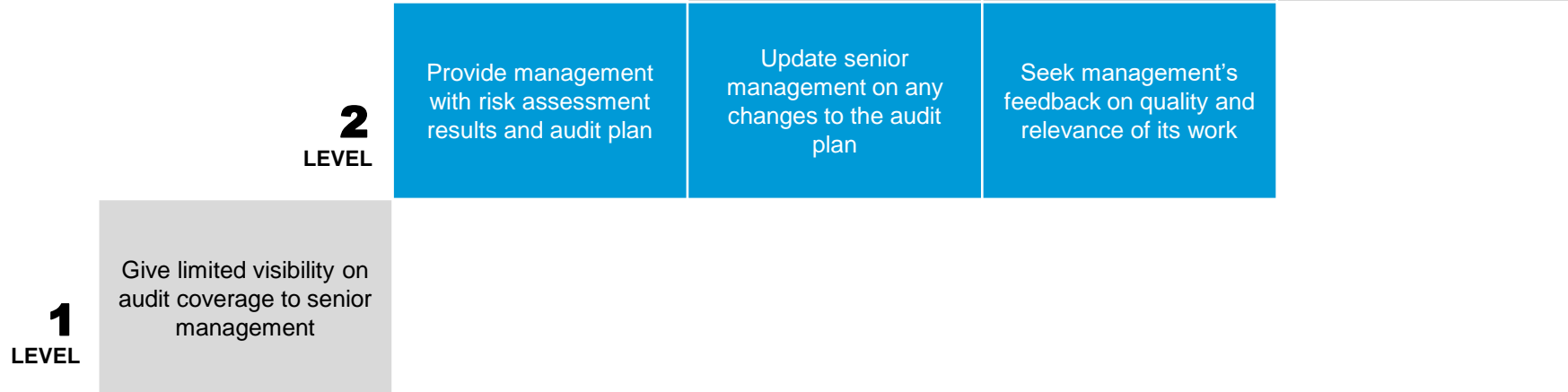
How the audit department communicates with and involves senior management in the audit process

Commence to achieve next level

Currently practiced
(or no longer required)

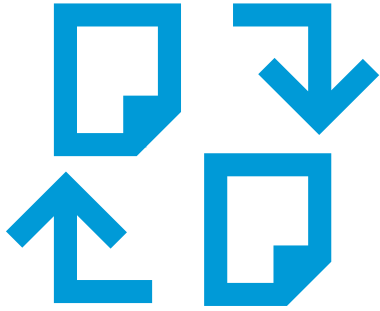
Not currently practiced

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Communicate with Senior Management



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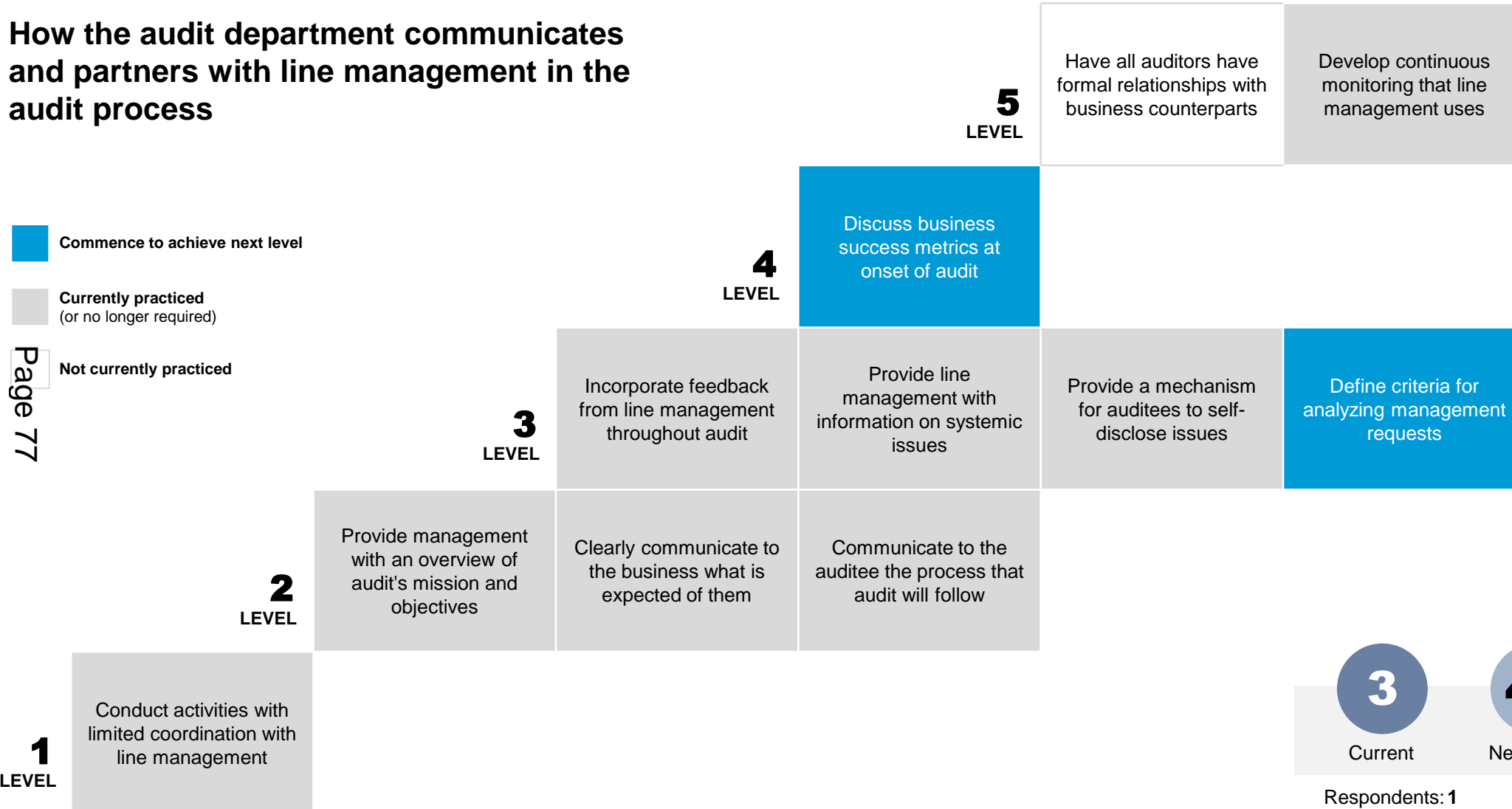
Note: Some documents may not be available as part of your current Gartner subscription.

Resources

- [Defining, Measuring and Communicating the Value of Audit](#): Use this research based on interviews with 60+ audit leaders to learn how they communicate the value of internal audit to stakeholders.
- [Audit at the Speed of Business: The Business's Perspective on Involving Audit in Changing Areas](#): Learn from the business's perspective how audit can become more involved and provide support in changing areas of the business.
- [Report Business Insights \(Diageo\)](#): Deliver 'insight reports' to the business as part of every audit to provide feedback outside standard reporting.
- [Case Study: Management-Educating Audit Services Catalog \(Olympus\)](#): Learn how Olympus uses an audit services catalog to display audit's capabilities and overcome common management objections to involving audit.
- [Stakeholder Communication Examples Library](#): Use this downloadable collection of audit committee presentations and communications to improve and refine day-to-day interactions with stakeholders.
- [Audit Reporting Innovations](#): Learn to use technology to streamline reporting and ensure stakeholders have a clear picture of key findings and management actions in this webinar.

Engage with Line Management

How the audit department communicates and partners with line management in the audit process

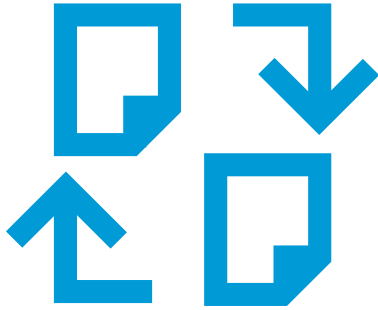


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Engage with Line Management



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Note: Some documents may not be available as part of your current Gartner subscription.


Resources

- [Accelerating Effective Management Action](#): Use this study to learn the key drivers of successful relationships with the business.
- [Raising Risk Awareness in the First Line](#): Use this research to benchmark and upgrade department activities aimed at raising the first line's risk and control awareness.
- [Case Study: Management-Educating Audit Services Catalog \(Olympus\)](#): Leverage this audit services catalog to educate management on audit's capabilities to overcome common management objectives.
- [Case Study: Management Controls Self-Monitoring \(FedEx\)](#): See how FedEx provides controls self-monitoring tools to management, equipping them to monitor the control environment and take corrective action.
- [10 Tips to Improve Audit Report Writing](#): Improve your audit team's reports by using this guide to identifying common problems and learn how to fix them.
- [Case Study: Risk Management Maturity Ratings \(Principal Financial\)](#): Use this case study to contextualize audit ratings and guide the business' improvement efforts.
- [Facilitate the Design of Management Solutions \(Philips\)](#): See how Philips facilitates a solution-building workshop to support and challenge management in designing appropriate action plans.

Drive Improvement in Risk and Control Outcomes

How the audit department drives improvement in the risk and control environment

 Commence to achieve next level

 Currently practiced (or no longer required)

 Not currently practiced

Page 79

1
LEVEL

Provide limited support to the organization for control design

2
LEVEL

Educate the business on designing effective and efficient controls

3
LEVEL

Help business better understand risk exposure during engagements

4
LEVEL

Assess the effectiveness of corporate risk management activities

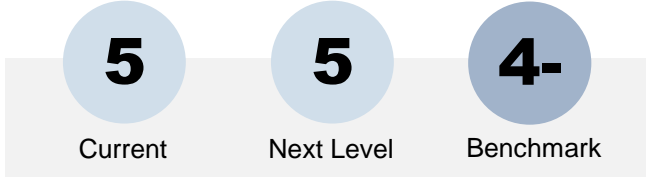
5
LEVEL

Assess how organization's culture impacts the control environment

Educates the business on how to embed risk management activities

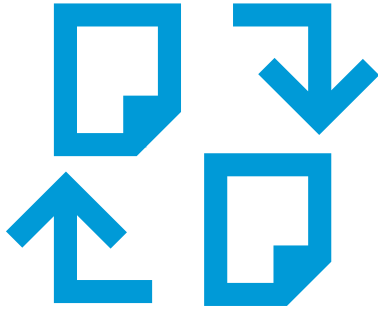
Clarify roles and responsibilities of three lines of defense

Evaluate whether business is over-controlled



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Drive Improvement in Risk and Control Outcomes



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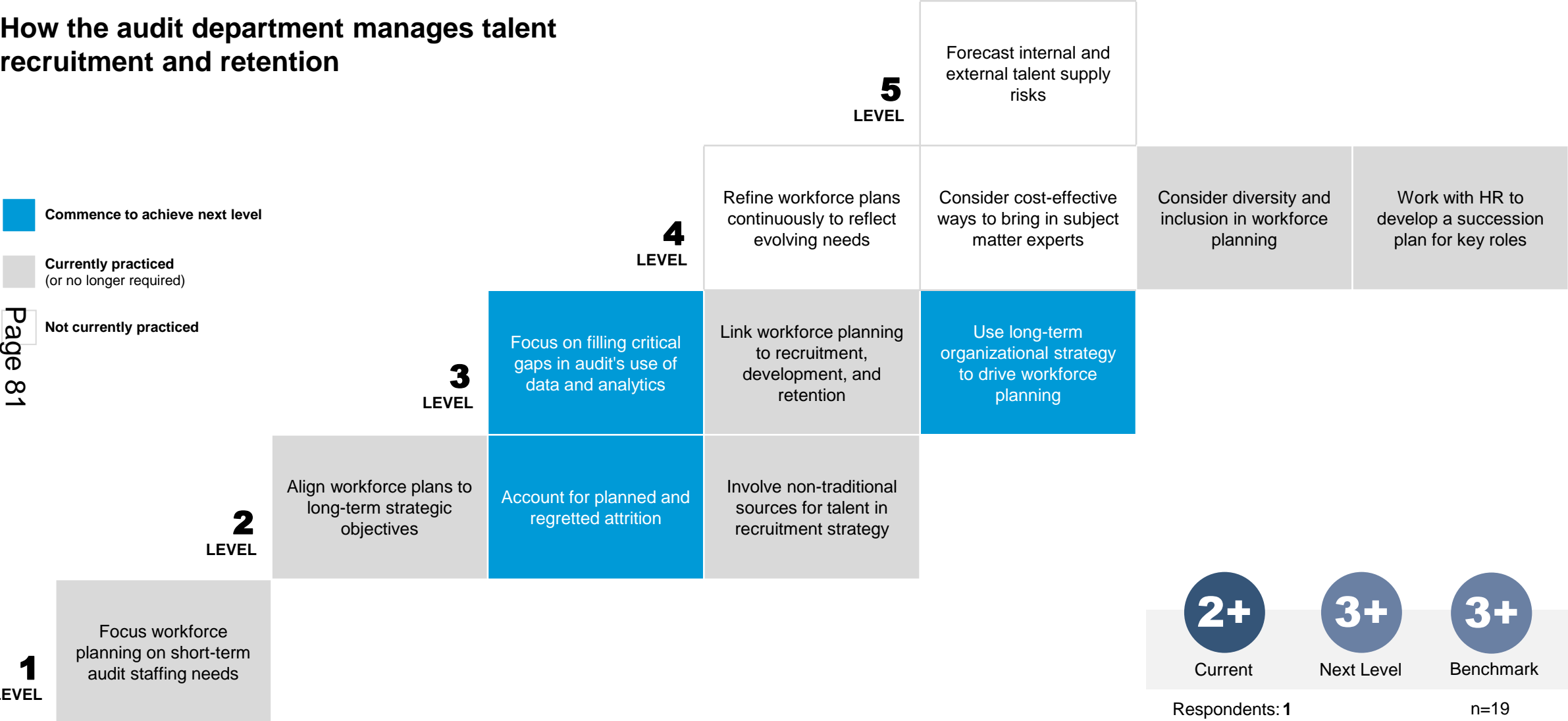
Note: Some documents may not be available as part of your current Gartner subscription.

Resources

- [Case Study: Risk Management Maturity Ratings \(Principal Financial\)](#): Use this case study to contextualize audit ratings and guide the business' improvement efforts.
- [Case Study: Management Controls Self-Monitoring \(FedEx\)](#): See how FedEx provides controls self-monitoring tools to management, equipping them to monitor the control environment and take corrective action.
- [Raising Risk Awareness in the First Line](#): Use this research to benchmark and upgrade department activities aimed at raising the first line's risk and control awareness.
- [Governance Accountability Reviews \(TVA\)](#): Use this case study to learn how TVA used streamlined reviews and rating scales to drive accountability.
- [Accelerating Effective Management Action](#): Use this study to learn the key drivers of successful relationships with the business.
- [Rightsized Risk Report Detail \(Power Co.\)](#): Increase risk and control effectiveness by filtering the number of risks and the level of detail presented to certain stakeholder groups.
- [Case Study: Data-Driven Control Gap Fast Track \(Enterprise Holdings\)](#): Learn how to use data analytics to identify urgent, potential control gaps likely to have a broad impact on the organization.
- [Case Study: Machine Learning-Based Risk Detection \(RBC\)](#): Use this case study to learn how RBC uses machine learning to support continuous risk monitoring.

Develop Audit Workforce Strategy

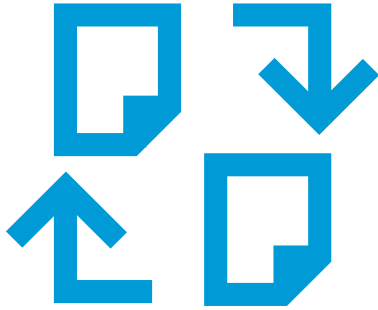
How the audit department manages talent recruitment and retention



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Develop Audit Workforce Strategy



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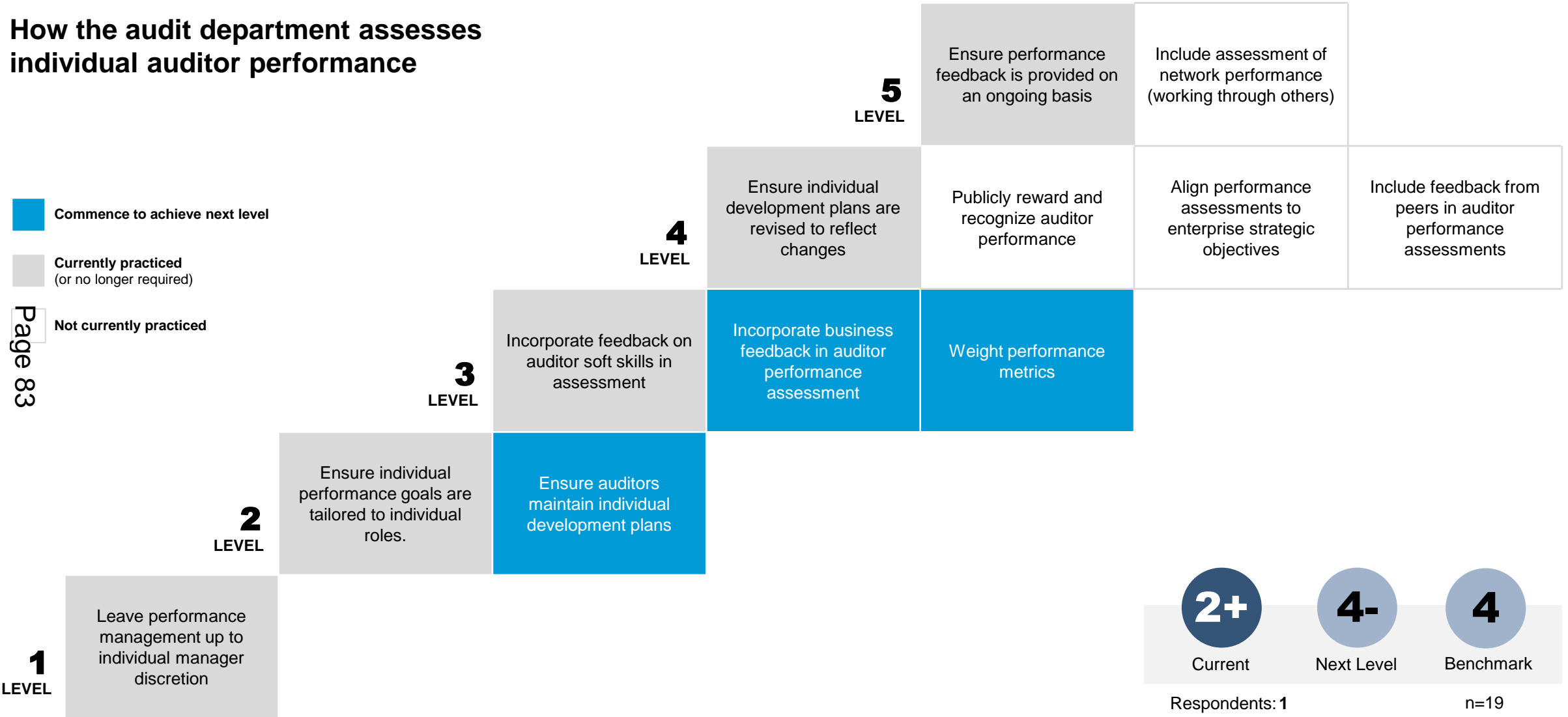
Note: Some documents may not be available as part of your current Gartner subscription.

Resources

- [Internal Audit Interactive Benchmarking Tool](#): Use this tool to filter and customize audit staffing data to help inform department decisions.
- [How the Audit Environment Impacts Auditor Effectiveness](#): Learn how to create an effective audit environment and how it can be used to drive more impactful audits.
- [Overcome Auditor Talent Scarcity by Redesigning Workflows](#): Understand how audit leaders can reduce the talent gap they experience by reimagining work design as it relates to current processes.
- [Business Case for Hiring Analytics Talent in Audit](#): Use these resources to develop a proposal and convince sponsors to hire specialized, advanced analytic talent for the internal audit function.
- [Find Analytics Talent With the Skills to Become Successful Auditors](#): Teach candidates without an audit background core skills to become effective auditors, and learn how to confirm they can apply them during an audit.
- [Ignition Guide to Creating a Competency Model for Audit](#): Use this guide to create a competency model and align it with talent management processes.
- [Case Study: Dynamic Audit Resourcing Team \(Capital One\)](#): Use this case to learn how Capital One created unique work opportunities to attract and retain high-performing talent.

Assess and Manage Auditor Performance

How the audit department assesses individual auditor performance

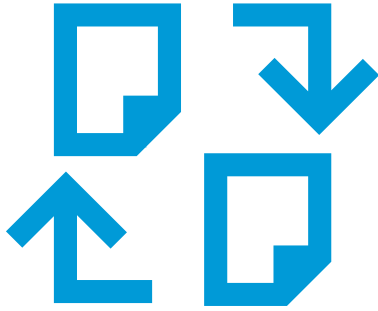


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Assess and Manage Auditor Performance



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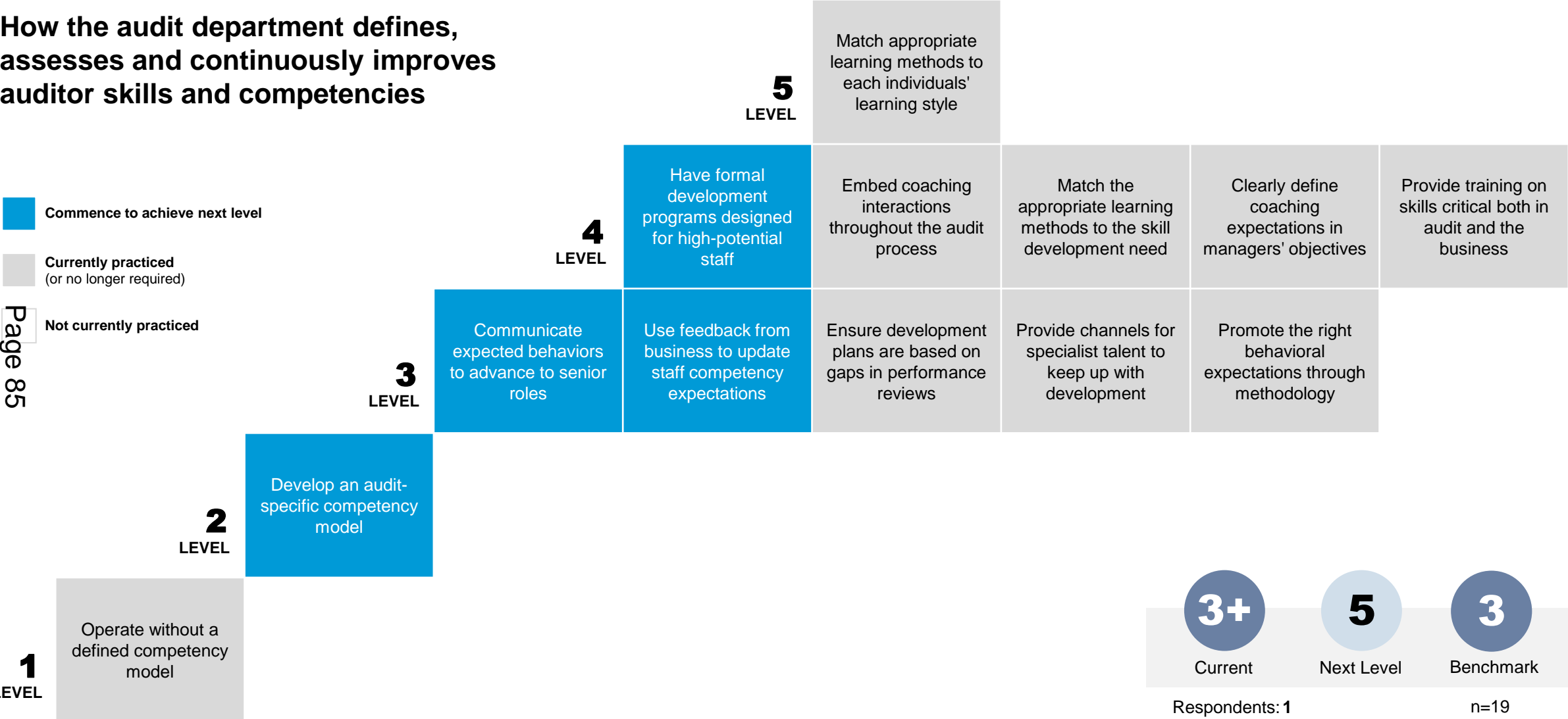
Note: Some documents may not be available as part of your current Gartner subscription.

Resources

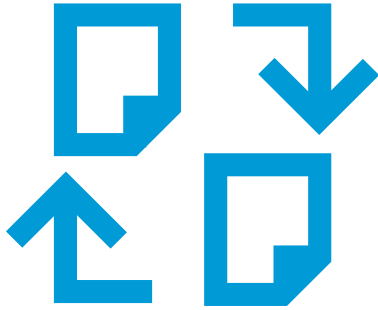
- [Audit Skills Diagnostic](#): Use this online survey-based assessment to help you quickly identify your current audit department competency and skill levels.
- [Toolkit: Auditor Competency Framework and Guidebook](#): Use this list of training resources and the guidebook to guide auditor development and strengthen performance conversations.
- [Tips for Delivering Negative Feedback](#): Use these tips to constructively give negative feedback to direct reports.
- [Example Auditor Competency and Development Documents Library](#): Use this collection of competency models and auditor training tools to assess competencies for all levels and design training curricula.
- [Coaching Tips Compendium](#): Use this tool to provide coaching ideas and tips to audit managers to foster a constructive feedback environment in your department.
- [Tool: Audit Department Data Literacy Assessment](#): Use this example of a data literacy assessment to evaluate the strengths and weaknesses of your staff's data literacy skills.
- [Data Analytics Capability Survey \(Bunge\)](#): Administer this survey to help set realistic data use expectations and create departmentwide data analytics training.
- [How the Audit Environment Impacts Auditor Effectiveness](#): See the importance of setting norms and expectations and rewards and recognition through the effect they can have on auditor performance.

Develop Auditor Skills and Competencies

How the audit department defines, assesses and continuously improves auditor skills and competencies



Develop Auditor Skills and Competencies



Note: Some documents may not be available as part of your current Gartner subscription.

Resources

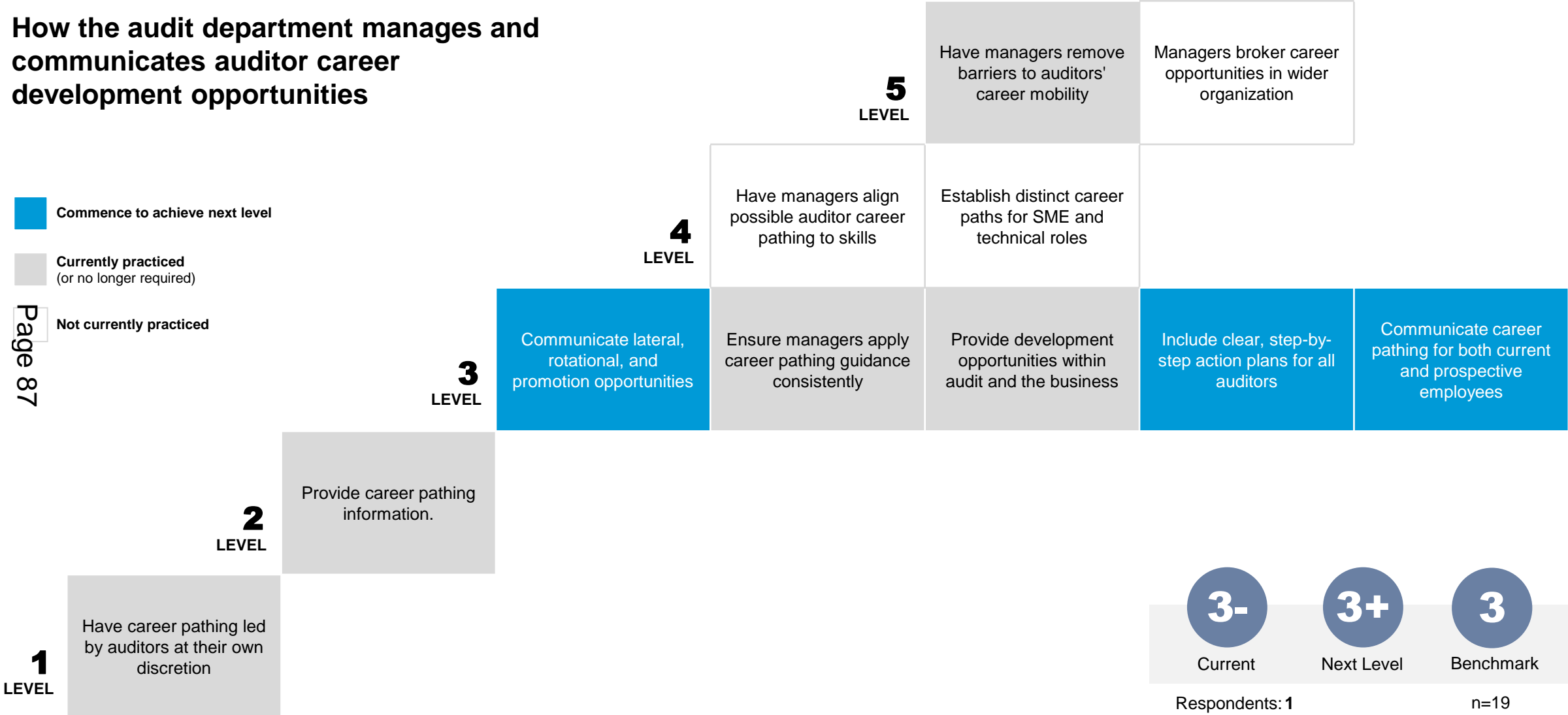
- [Connector Managers Develop Better Audit Talent](#): Learn how to use connector managers to develop audit talent within your team.
- [Audit Skills Diagnostic](#): Gauge your department's competency levels to inform training and development decisions.
- [Case Study: Develop Auditors' Information Security Awareness \(ANZ\)](#): Learn the importance of equipping auditors with foundational technical knowledge and heightened security awareness through this case study of ANZ.
- [Resources to Upskill Audit Staff on Data Literacy](#): Use the resources listed to teach auditors how to both understand and speak about data and analytics.
- [Case Study: Replicable Advisory Toolkit \(Exelon\)](#): Use this toolkit to empower your auditors to successfully execute more advisory services.
- [Peer-Based Analytics Learning \(ABB\)](#): Build auditor data analytics skills through peer-led workshop sessions.
- [Data Analytics Diploma Program \(UBS\)](#): Set clear expectations for new skill development.

Guide Auditor Development & Career Paths

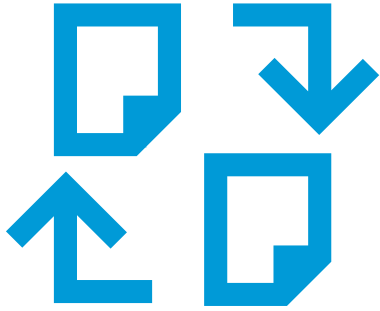
How the audit department manages and communicates auditor career development opportunities

- Commence to achieve next level
- Currently practiced (or no longer required)
- Not currently practiced

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Guide Auditor Development & Career Paths



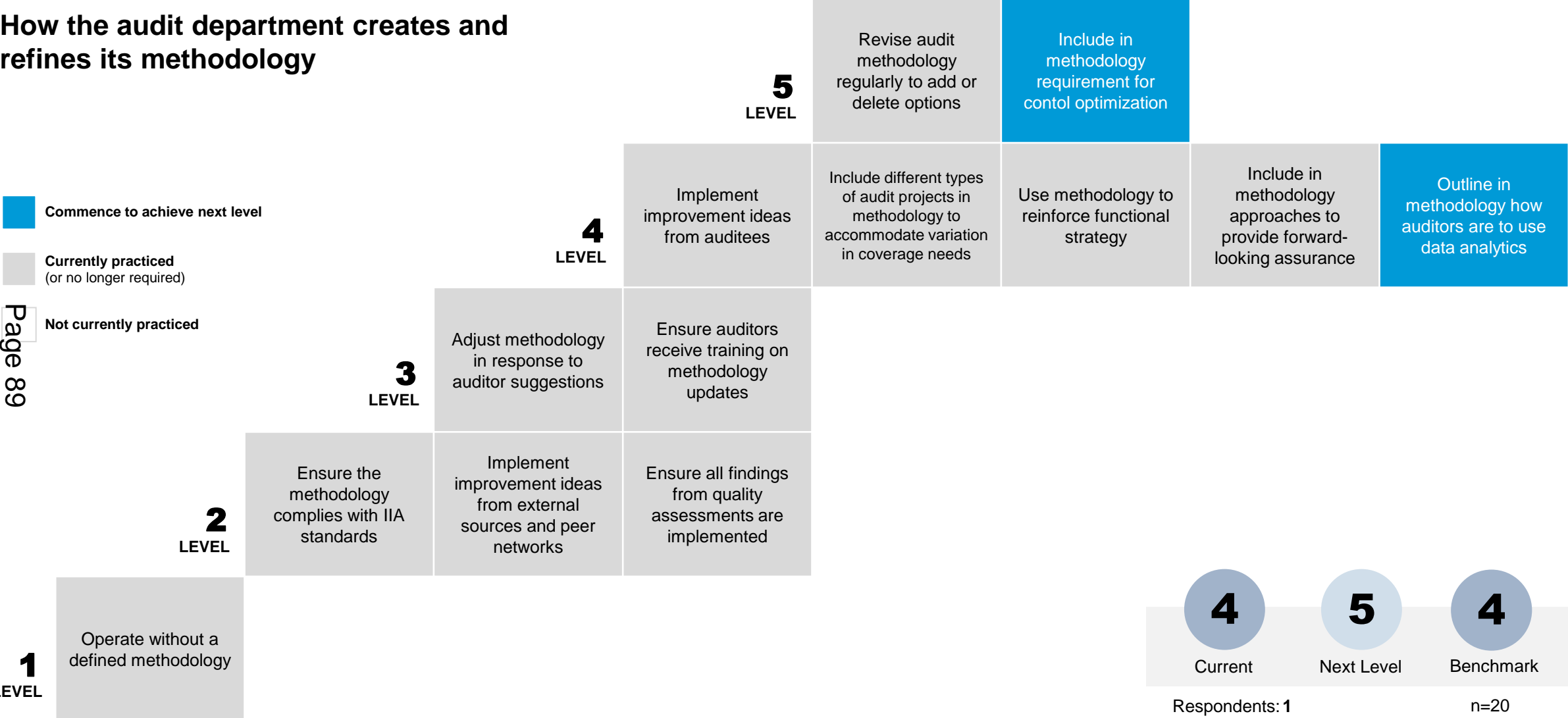
Note: Some documents may not be available as part of your current Gartner subscription.

Resources

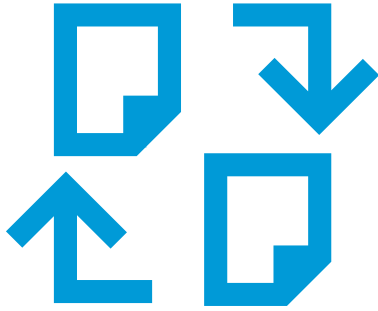
- [Connector Managers Develop Better Audit Talent](#): Learn how to use connector managers to develop audit talent within your team.
- [Toolkit: Auditor Competency Framework and Guidebook](#): Use list of training resources and guidebook to guide auditor development and strengthen performance conversations.
- [Evolve With \(and Keep\) Your Auditors by Redefining Their Relationship With Management](#): Learn how to develop your audit team to build their skills and decrease attrition.
- [Tool: Audit Manager Guide to Conducting Career Conversations](#): Effectively structure career conversations using this guide to career conversations.
- [Coaching Tips Compendium](#): Use tips from this compendium to create development plans and provide constructive feedback to auditors.

Refine Audit Methodology

How the audit department creates and refines its methodology



Refine Audit Methodology



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Note: Some documents may not be available as part of your current Gartner subscription.

Resources

- [Case Study: Replicable Advisory Toolkit \(Exelon\)](#): Use this framework to build a replicable advisory toolkit that enables auditors to execute more frequent advisory services.
- [Audit Types Library](#): Use this collection of client-donated audit type catalogs to benchmark or update those in your department.
- [Audit Project and Advisory Methodology Approaches Library](#): Use this library to benchmark and inform changes to audit department methodologies.
- [Data Analytics Manual \(Standard Bank\)](#): Incorporate expectations for use of analytics into your audit methodology.
- [Adopting Agile in Audit](#): Learn about decisions audit teams make before adopting agile, the implications of such decisions and successful examples of agile approaches in audit.
- [Audit Analytics Opt-Out Methodology \(ANZ\)](#): Set the default to reinforce the adoption of methodology changes and document noted barriers to change.
- [Ignition Guide to Project Auditing](#): Use this guide to access tools, templates and documents to establish, improve or benchmark your project auditing methodology.
- [Living Audit Methodology \(Prudential Financial, Inc.\)](#): Learn how Prudential Financial frequently adjusts the audit methodology toolkit based on key risks.
- [Brokered Audit Activities \(Acxiom\)](#): Learn how Acxiom uses brokered audit activities to strengthen a control over the environment without expending audit resources.
- [Applying Lean Six Sigma in Internal Audit](#): Understand which audit tasks or activities are resulting in waste or low value-add by applying lean principles.

Measure Department Performance

How the audit department uses metrics and objectives to measure the performance of the department

Commence to achieve next level

Currently practiced
(or no longer required)

Not currently practiced

Page 91

1
LEVEL

Measure and communicate operational performance periodically

2
LEVEL

Track and report on operational department metrics

3
LEVEL

Track and report on audit quality metrics

4
LEVEL

Refine metrics annually to reflect changes in the business and audit

5
LEVEL

Use data and analytics to perform trend analysis on metrics

Test metrics for actionability and relevance to the intended audience

Measure impact on risk and control effectiveness.

Track and report on metrics that show coverage of key risks

Tie audit performance objectives to strategic objectives

Use metrics that enable forward-looking planning and reporting

Track and report on metrics that capture value add and business impact



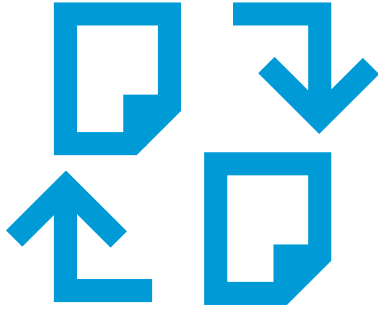
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Measure Department Performance



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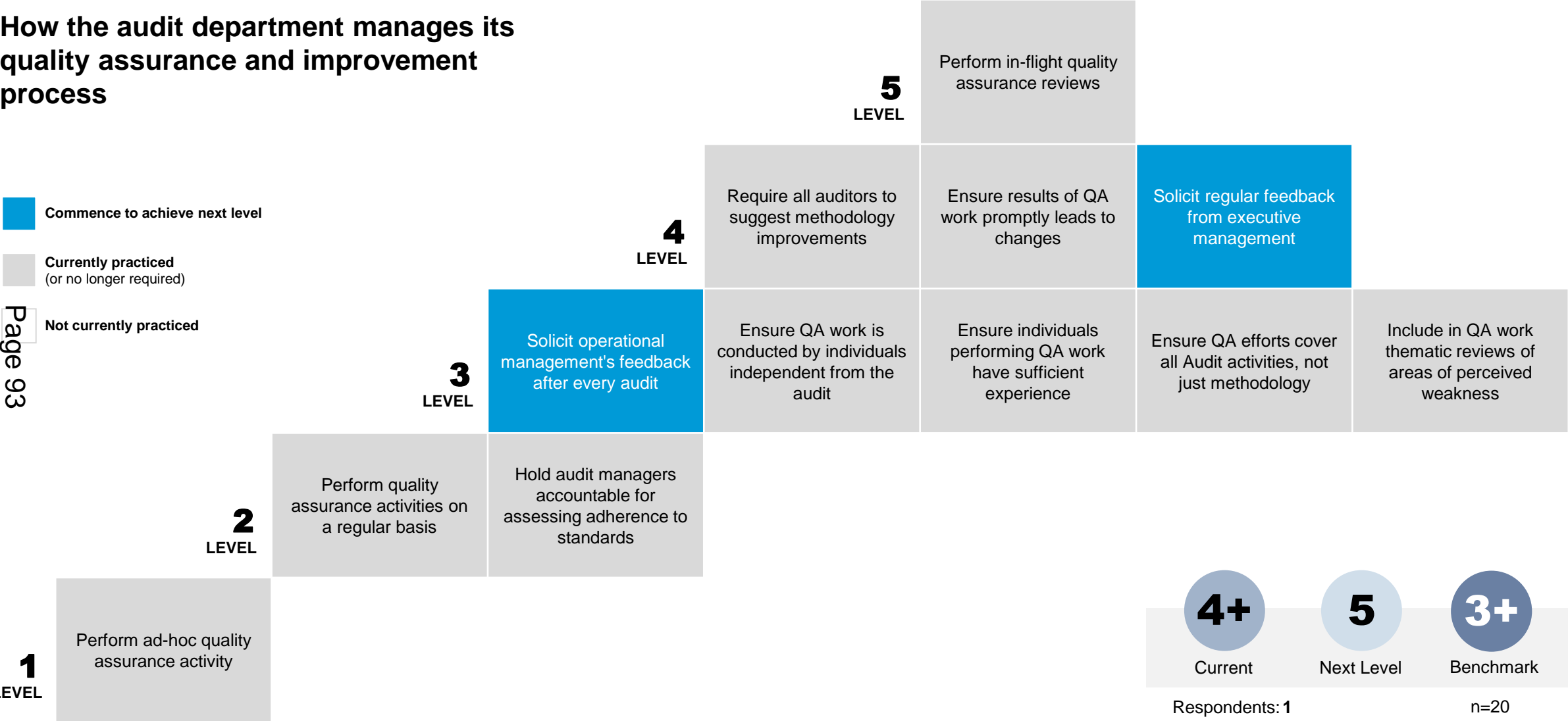
Note: Some documents may not be available as part of your current Gartner subscription.

Resources

- [Ignition Guide to Designing a Performance Framework for Internal Audit](#) : Get step-by-step guidance on developing a performance management framework for audit operations.
- [Defining, Measuring and Communicating the Value of Audit](#): Learn about tactics peers use to define and communicate the value of internal audit to stakeholders.
- [Developing a Balanced Performance Metrics Framework in Audit](#): Learn to develop performance metrics that align with departmental and organizational objectives and help measure the value of assurance work.
- [Trends in Audit Departments' Selection and Use of Performance Metrics](#): Follow these steps to develop and implement effective metrics to measure audit department performance.
- [Tool: Audit Department Key Performance Indicators](#): Reference this collection of KPIs to identify which metrics to use in evaluating audit department performance and activities.
- [Case Study: Strategy for Digital Innovation Initiatives \(Synchrony\)](#): Use this case study to learn how to set up real-time department monitoring.
- [Audit Project Management: Publicly-Displayed Audit Scoreboards \(Nordstrom\)](#): Use Agile principles to ensure auditors understand how audit work ties back to department metrics and business value.
- [Data Analytics and Advanced Technology Use Cases for Audit Internal Quality Assessment](#): Use these examples to see how your peers used automation and continuous monitoring to improve their internal quality assessments.

Manage Audit Quality Assurance

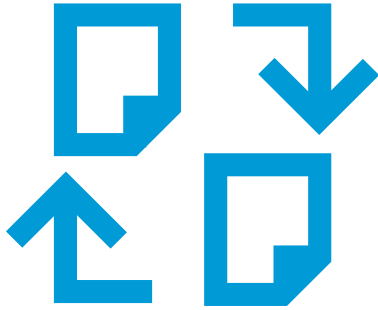
How the audit department manages its quality assurance and improvement process



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Manage Audit Quality Assurance



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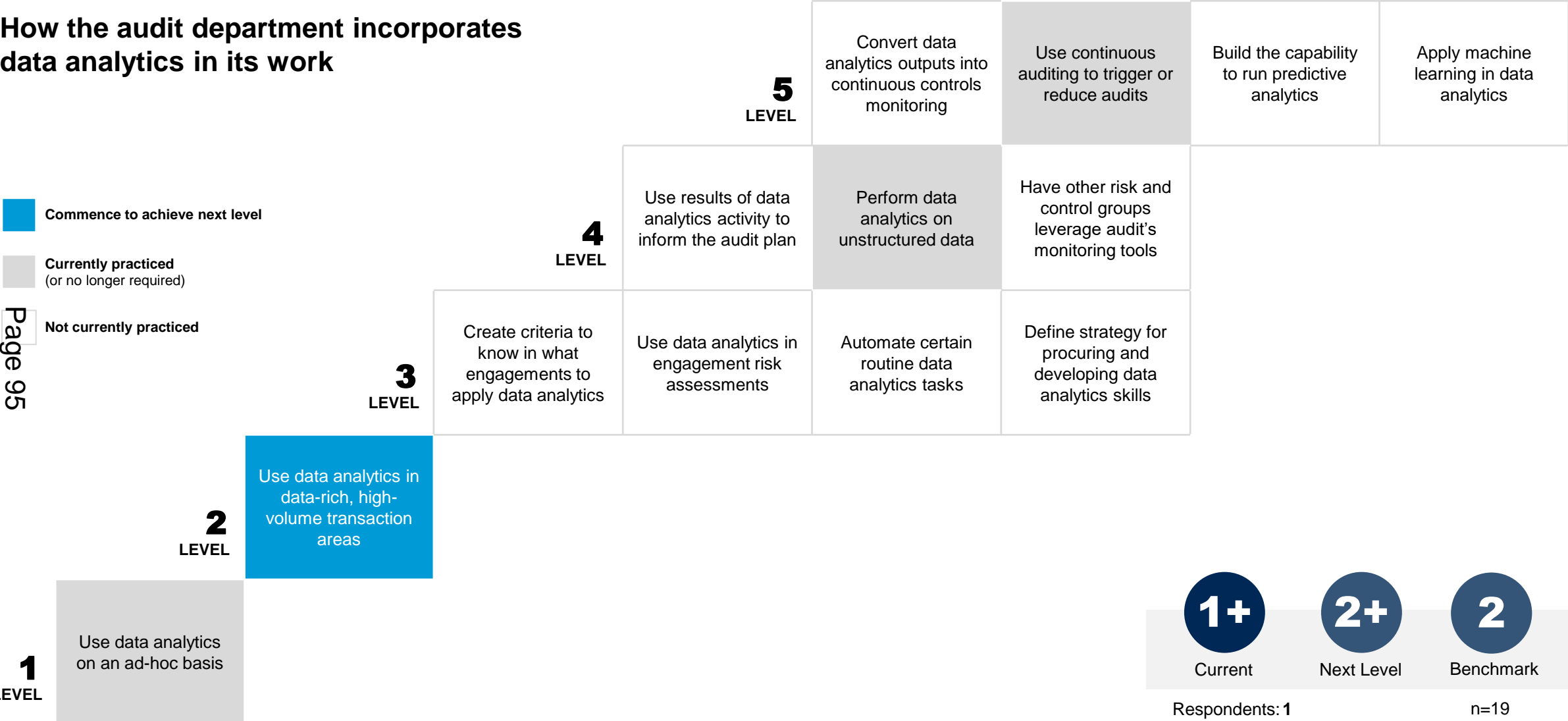
Note: Some documents may not be available as part of your current Gartner subscription.

Resources

- [2021 Audit Quality Assessment Benchmarking Survey Findings](#): Use this report to benchmark your resource investments, methodology and effectiveness of your QAI programs.
- [Trends in Internal Audit Quality Assurance](#): Listen to this webinar replay to learn strategies for structuring and managing quality assurance programs within internal audit departments.
- [Toolkit: Audit Quality Assurance Tools \(Cognizant\)](#): Apply metrics created by Cognizant to measure and track audit department performance.
- [2021 Audit Department Internal Quality Assessment \(IQA\) Benchmarking](#): Use this benchmark report for insight into peer Internal quality assessment practices.
- [2021 Audit Department External Quality Assessment \(EQA\) Benchmarking](#): Use this benchmark report for insight into peer external quality assessment practices.
- [Data Analytics and Advanced Technology Use Cases for Audit Internal Quality Assessment](#): Use these examples to see how your peers used automation and continuous monitoring to improve their internal quality assessments.
- [Case Study: Coaching Checkpoints in Audit Engagements \(ANZ\)](#): See how ANZ embeds real-time coaching and feedback mechanisms by the QA team into audit engagements.

Integrate Data Analytics Capabilities

How the audit department incorporates data analytics in its work



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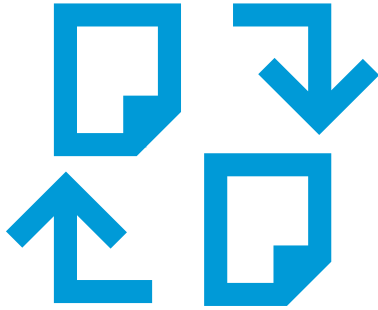


Respondents: 1

n=19

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Integrate Data Analytics Capabilities



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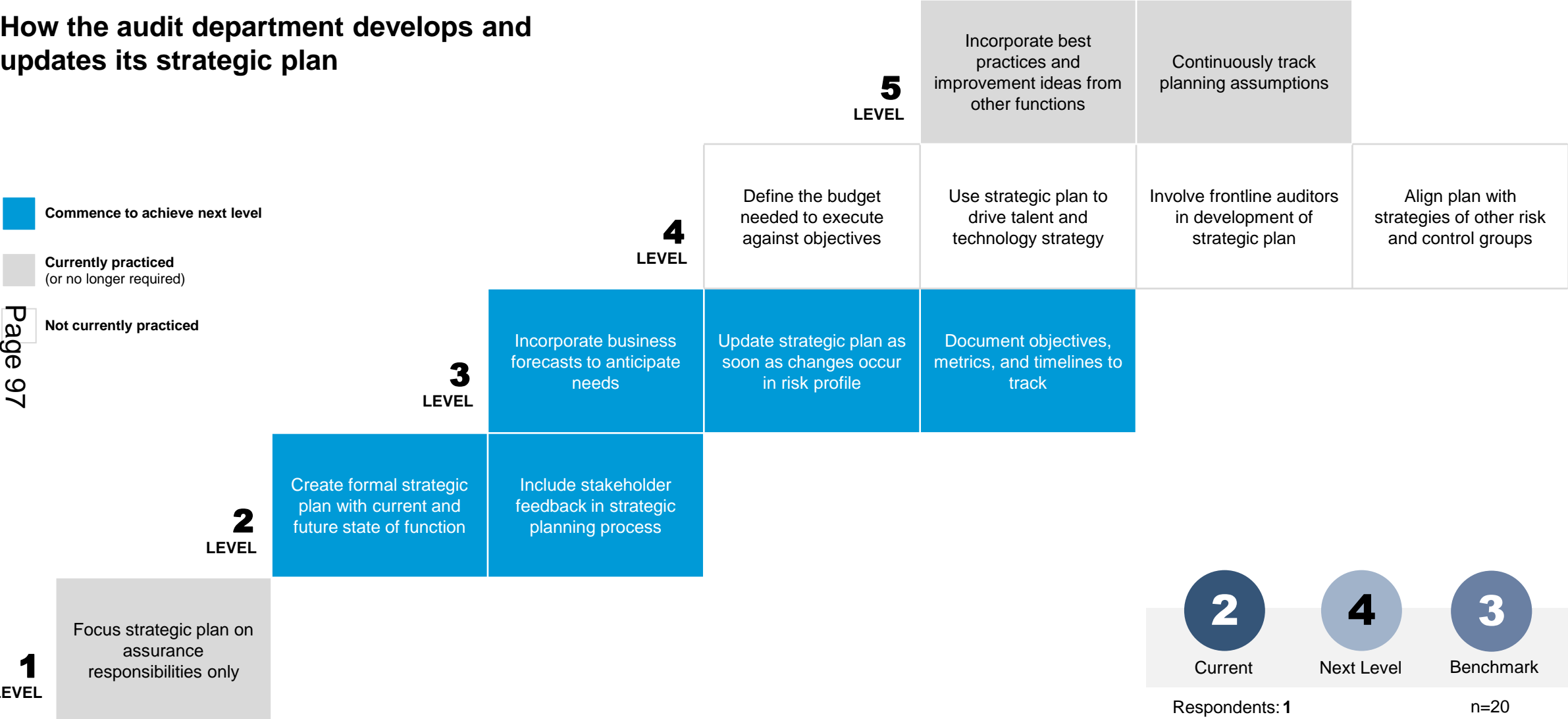
Note: Some documents may not be available as part of your current Gartner subscription.

Resources

- [Communicating with Data Visualizations](#): Learn how to better leverage data analytics for communicating insights.
- [Solving the Skills Mismatch: Getting to Data-Driven Insights](#): See how leading audit departments better allocate current talent to maximize data-driven insights.
- [Ignition Guide to Increasing the Use of Data Analytics in Audit](#): Understand the potential uses of audit data analytics and how to embed data analytics in audit's methodology.
- [Advancing Audit's Use of Data Analytics](#): Learn how to embed data analytics in all audit department processes.
- [Structuring an Audit Data Analytics Program](#): Learn the most common audit structures for data analytics to inform the structure of resources in your audit department.
- [Peer-Based Analytics Learning \(ABB\)](#): Learn how to increase the adoption of data analytics among auditors.
- [Capability-Driven Data Use Expectations \(Bunge\)](#): Learn how to expand data-driven insights with tiered data use expectations that expand auditors' data responsibilities.
- [Auditor-Led Data Information Collection \(Swedbank\)](#): Learn how to utilize latent data literacy in auditors by assigning auditors to collect metadata that enables insightful use of data.
- [Scalable Data Toolkit Creation \(Lenovo\)](#): Learn how to derive higher ROI from data analytics by developing automated test scripts (toolkits) for auditors' use.
- [Continuous Rapid Response Audits \(USPS OIG\)](#): Learn how the USPS OIG enabled quick, targeted responses by triaging analytic outputs and deploying a team to highest-risk areas.

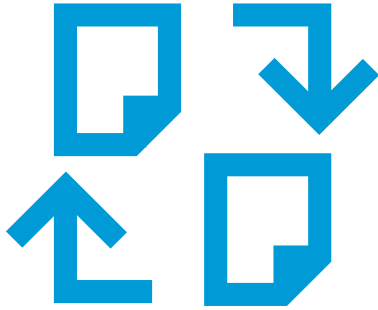
Develop Audit Department Strategy

How the audit department develops and updates its strategic plan



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Develop Audit Department Strategy



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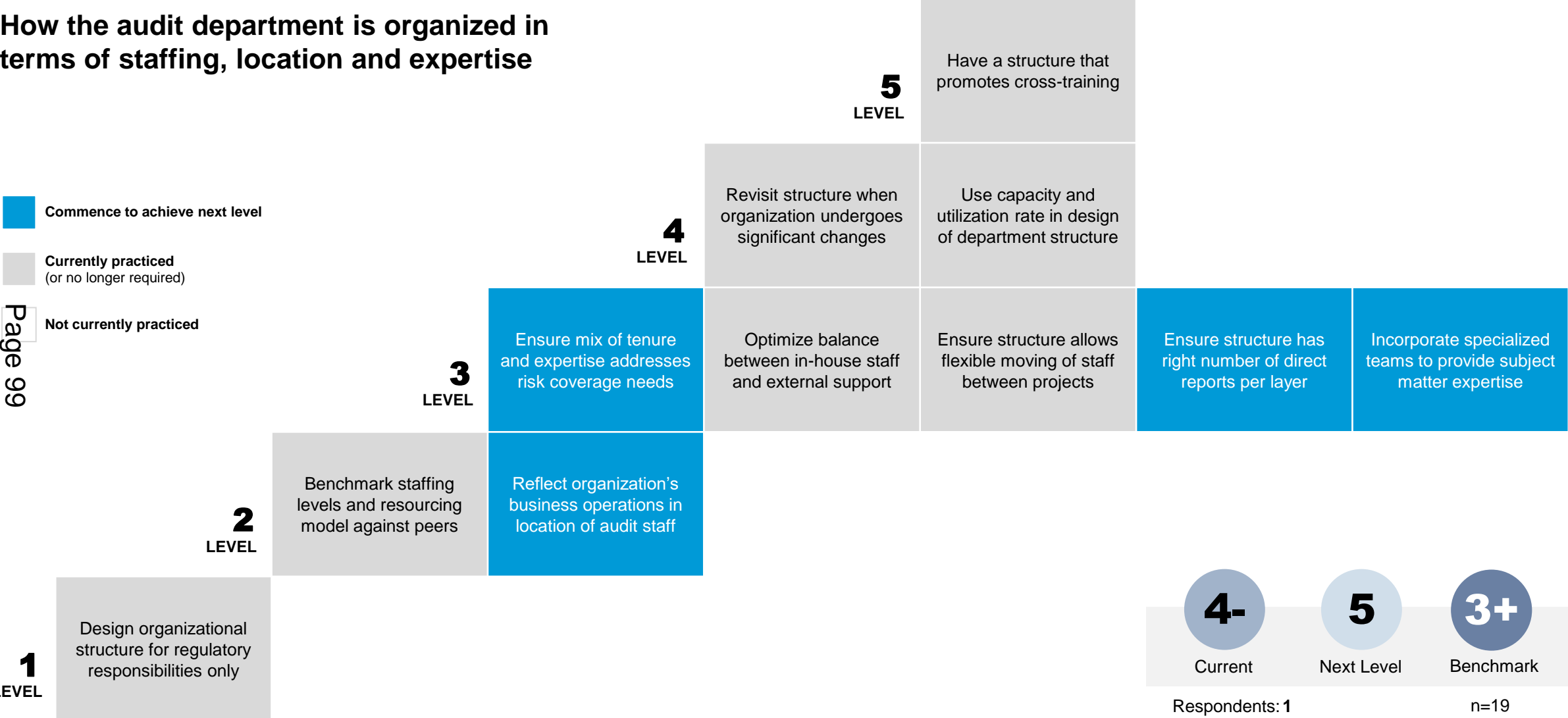
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Resources

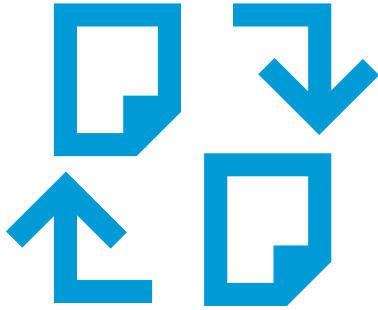
- [Audit Budget and Efficiency Benchmark](#): Use online surveys to benchmark your departments staffing, spending, structure and activities against your peers.
- [Leadership Vision for 2022: Chief Audit Executive](#): Learn about the three major trends that are changing how CAEs run audit functions.
- [5 Challenges of Hybrid Auditing — and How to Solve Them](#): Learn the challenges of hybrid and remote audits and how to overcome them.
- [Ignition Guide to Strategic Planning for Audit](#): Utilize this guide to develop a strategic action plan for audit, from prioritizing action steps to developing a plan draft.
- [Audit Strategic Plan and Mission and Vision Statement Library](#): Guide your strategic planning and create documents for your audit department using this collection of strategic audit plans and vision statements.
- [Case Study: Strategy for Digital Innovation Initiatives \(Synchrony\)](#): Use this case to learn strategies to increase audit's use of and expertise on digital innovation.
- [Building an RPA Strategy for Audit](#): Use this guidance to build an effective strategy for implementing robotic process automation (RPA) in audit.
- [Co-Created Analytics Strategy \(Lockheed Martin\)](#): Get team buy-in for change by making them a part of the strategic planning process.

Design Audit Department Structure

How the audit department is organized in terms of staffing, location and expertise



Design Audit Department Structure



Note: Some documents may not be available as part of your current Gartner subscription.

Resources

- [Internal Audit Interactive Benchmarking Tool](#): Use this tool to filter and customize benchmark data to help inform department decisions.
- [Audit Budget & Efficiency Benchmark](#): Take this survey to benchmark your IA department's technology, staffing, spending, structure, planning and risk assessment processes against peers.
- [Organization Charts Library for Audit Departments With Fewer Than 20 Full-Time Employees](#): Review this collection of organizational charts for departments with fewer than 20 FTEs to benchmark your own organizational structure.
- [Organization Charts Library for Audit Departments With More Than 20 Full-Time Employees](#): Review this collection of organizational charts for departments with more than 20 FTEs to benchmark your own organizational structure.
- [Structuring a Data Analytics Program](#): Use this guide to determine how to structure and use data analytics within your department.
- [Case Study: Dynamic Audit Resourcing Team \(Capital One\)](#): Discover how Capital One leverages a team of general auditors rather than unscheduled hours to respond to urgent audit project needs.
- [Case Study: Modular Audit Staffing \(Aflac\)](#): Learn how Aflac adapted its department structure to standardize individual audit teams, making them uniform and interchangeable.

Activities Ranked by Importance

Objective	Activity	Benchmark (Org = 20)	Overall (n = 1)
Conduct Audits	Conduct Engagement Risk Assessment	3.43	5.00
Conduct Audits	Report on Audit Findings	3.79	5.00
Manage the Department	Develop Audit Department Strategy	3.25	5.00
Engage Stakeholders	Drive Improvement in Risk and Control Outcomes	3.66	4.00
Develop and Manage Audit Talent	Develop Auditor Skills and Competencies	3.08	4.00
Allocate Assurance Coverage	Develop and Update the Audit Plan	3.84	3.00
Conduct Audits	Validate and Monitor Corrective Action Plans	3.55	3.00
Engage Stakeholders	Communicate with the Audit Committee	3.57	3.00
Engage Stakeholders	Communicate with Senior Management	3.77	3.00
Develop and Manage Audit Talent	Develop Audit Workforce Strategy	3.15	3.00
Develop and Manage Audit Talent	Assess and Manage Auditor Performance	3.25	3.00
Manage Audit Methodology and Operations	Integrate Data Analytics Capabilities	3.59	3.00

Activities Ranked by Importance

Objective	Activity	Benchmark (Org = 20)	Overall (n = 1)
Manage the Department	Design Audit Department Structure	2.94	3.00
Allocate Assurance Coverage	Conduct Risk Assessment	3.74	2.00
Allocate Assurance Coverage	Coordinate with Other Risk/Control Groups	3.10	2.00
Conduct Audits	Determine Audit Engagement Scope and Objectives	3.53	2.00
Conduct Audits	Perform Fieldwork and Testing	3.47	2.00
Engage Stakeholders	Engage with Line Management	3.14	2.00
Develop and Manage Audit Talent	Guide Auditor Development & Career Paths	2.66	2.00
Manage Audit Methodology and Operations	Manage Audit Quality Assurance	3.25	2.00
Manage Audit Methodology and Operations	Refine Audit Methodology	3.21	1.00
Manage Audit Methodology and Operations	Measure Department Performance	3.20	1.00
Allocate Assurance Coverage	Manage SOX Compliance	1.44	N/A
Manage Audit Methodology and Operations	Manage Audit Technology	3.01	N/A

Activities Ranked by Importance

Objective	Activity	Benchmark (Org = 20)	Overall (n = 1)
Manage the Department	Manage External Partners and Vendors	2.59	N/A

Activities Ranked by Maturity

Objective	Activity	Benchmark (Org = 20)	Overall (n = 1)
Engage Stakeholders	Drive Improvement in Risk and Control Outcomes	3.78	5.00
Manage Audit Methodology and Operations	Manage Audit Quality Assurance	3.46	4.47
Manage Audit Methodology and Operations	Refine Audit Methodology	4.16	4.30
Conduct Audits	Report on Audit Findings	4.41	4.17
Manage the Department	Design Audit Department Structure	3.53	3.90
Allocate Assurance Coverage	Develop and Update the Audit Plan	4.11	3.83
Conduct Audits	Validate and Monitor Corrective Action Plans	3.82	3.83
Develop and Manage Audit Talent	Develop Auditor Skills and Competencies	3.31	3.40
Engage Stakeholders	Engage with Line Management	3.33	3.25
Conduct Audits	Determine Audit Engagement Scope and Objectives	3.92	3.10
Conduct Audits	Conduct Engagement Risk Assessment	3.32	3.00
Develop and Manage Audit Talent	Guide Auditor Development & Career Paths	3.02	2.90

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Activities Ranked by Maturity

Objective	Activity	Benchmark (Org = 20)	Overall (n = 1)
Conduct Audits	Perform Fieldwork and Testing	3.53	2.83
Develop and Manage Audit Talent	Assess and Manage Auditor Performance	4.05	2.58
Develop and Manage Audit Talent	Develop Audit Workforce Strategy	3.40	2.50
Engage Stakeholders	Communicate with Senior Management	3.47	2.33
Allocate Assurance Coverage	Conduct Risk Assessment	2.76	2.25
Engage Stakeholders	Communicate with the Audit Committee	2.47	2.08
Manage the Department	Develop Audit Department Strategy	3.07	2.00
Manage Audit Methodology and Operations	Integrate Data Analytics Capabilities	2.17	1.58
Manage Audit Methodology and Operations	Measure Department Performance	3.12	1.40
Allocate Assurance Coverage	Coordinate with Other Risk/Control Groups	2.20	1.33
Allocate Assurance Coverage	Manage SOX Compliance	1.18	N/A
Manage Audit Methodology and Operations	Manage Audit Technology	2.98	N/A

Activities Ranked by Maturity

Objective	Activity	Benchmark (Org = 20)	Overall (n = 1)
Manage the Department	Manage External Partners and Vendors	3.32	N/A

Activities Ranked by API

Objective	Activity	Benchmark (Org = 20)	Overall (n = 1)
Manage the Department	Develop Audit Department Strategy	6	15.00
Conduct Audits	Conduct Engagement Risk Assessment	7	10.00
Manage Audit Methodology and Operations	Integrate Data Analytics Capabilities	1	4.26
Conduct Audits	Report on Audit Findings	23	4.15
Engage Stakeholders	Communicate with the Audit Committee	2	2.76
Develop and Manage Audit Talent	Develop Auditor Skills and Competencies	15	2.40
Engage Stakeholders	Communicate with Senior Management	5	2.01
Develop and Manage Audit Talent	Develop Audit Workforce Strategy	16	1.50
Allocate Assurance Coverage	Coordinate with Other Risk/Control Groups	4	1.34
Develop and Manage Audit Talent	Assess and Manage Auditor Performance	24	1.26
Manage Audit Methodology and Operations	Measure Department Performance	9	- 0.40
Allocate Assurance Coverage	Conduct Risk Assessment	3	- 0.50

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Activities Ranked by API

Objective	Activity	Benchmark (Org = 20)	Overall (n = 1)
Conduct Audits	Perform Fieldwork and Testing	11	- 1.66
Develop and Manage Audit Talent	Guide Auditor Development & Career Paths	17	- 1.80
Conduct Audits	Determine Audit Engagement Scope and Objectives	20	- 2.20
Allocate Assurance Coverage	Develop and Update the Audit Plan	19	- 2.49
Conduct Audits	Validate and Monitor Corrective Action Plans	18	- 2.49
Engage Stakeholders	Engage with Line Management	13	- 2.50
Manage the Department	Design Audit Department Structure	21	- 2.70
Manage Audit Methodology and Operations	Refine Audit Methodology	25	- 3.30
Engage Stakeholders	Drive Improvement in Risk and Control Outcomes	12	- 4.00
Manage Audit Methodology and Operations	Manage Audit Quality Assurance	14	- 4.94
Allocate Assurance Coverage	Manage SOX Compliance	8	N/A
Manage Audit Methodology and Operations	Manage Audit Technology	10	N/A

Activities Ranked by API

Objective	Activity	Benchmark (Org = 20)	Overall (n = 1)
Manage the Department	Manage External Partners and Vendors	22	N/A

Maturity Level Definitions: Allocate Assurance Coverage (1 of 2)

Level 1	Level 2	Level 3	Level 4	Level 5
Conduct Risk Assessment				
The risk assessment is primarily focused on financial controls	The risk assessment is comprehensive and top-down	The risk assessment is both top-down and bottom-up	The risk assessment integrates the perspective of other risk and control groups	The risk assessment is updated continuously during the year, using a broad set of inputs
Develop and Update the Audit Plan				
Audit planning is cyclical, focused primarily on financial reporting and compliance risks. The audit plan does not change throughout the year.	Audit planning combines cyclical audits with some risk-based audit planning. The plan is primarily focused on financial or compliance risks. The plan is updated only in rare circumstances.	Audit planning is primarily risk-based. The plan covers primarily financial and compliance risks and certain operational and project risks. The audit plan is revisited at key points throughout the year (e.g., quarterly or every six months).	Audit planning is primarily risk-based and aligned to enterprise risks and strategy. The plan is updated regularly throughout the year and allocates more time to strategic and operational risks than financial and compliance risks.	Audit planning is risk-based and closely aligned with corporate strategy and enterprise risks. The audit plan is updated on a continuous basis, considers work done by other assurance providers, and aligns to the organization's risk tolerance.
Coordinate with Other Risk/Control Groups				
Audit does not share information or help coordinate assurance coverage between risk and control groups (e.g. ERM, Compliance, Legal, Information Security)	Audit shares information with other risk and control groups on an ad-hoc or as needed basis	Audit has an established process for sharing risk and control information with other risk and control groups, and attempts are made to streamline audit and assurance work	Audit has an established approach and criteria by which they assess the quality of other risk and controls groups for the purpose of determining the level of reliance audit can place on their work	Audit works on a consistent basis with other risk and control groups and provides holistic risk reporting

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Maturity Level Definitions: Allocate Assurance Coverage (2 of 2)

Level 1	Level 2	Level 3	Level 4	Level 5
Manage SOX Compliance				
Basic SOX compliance requirements are met	SOX controls are aligned to an established framework and management adheres to attestation requirements	SOX testing is risk based, controls are reviewed periodically to identify efficiencies, and process owners are held accountable for controls	SOX testing is assessed for efficiency and conducted in coordination with external audit procedures	Technology and automation is applied to SOX controls and controls testing

Maturity Level Definitions: Conduct Audits (1 of 2)

Level 1	Level 2	Level 3	Level 4	Level 5
Conduct Engagement Risk Assessment				
Audit engagements focus on a standard set of elements regardless of the risk level	The engagement risk assessment includes stakeholder input to influence engagement focus areas	Data analytics, client KPIs, and external risk sources influence engagement focus areas	The risk assessment incorporates assessments from other risk and control groups	The risk assessment incorporates factors such as business process instability
Determine Audit Engagement Scope and Objectives				
Audit determines the scope of engagements on its own	Audit engagements are scoped through discussion with line management	Audit engagements are scoped leveraging other assurance functions and management self-identified issues	Audit engagement scoping leverage SMEs, data analytics and can change mid-way	Audit engagement scoping take into account risk tolerance and future business changes
Perform Fieldwork and Testing				
Audit performs fieldwork and testing in an ad-hoc manner	Audit's fieldwork and testing methodology provides adequate guidance and is assessed against quality assurance criteria	Audit's fieldwork and testing methodology is robust, including use of data analytics and escalation guidelines	Audit's fieldwork and testing methodology is flexible and continuously improving	Audit's fieldwork and testing methodology allows for iterative execution of audits to focus solely on key risks

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Maturity Level Definitions: Conduct Audits (2 of 2)

Level 1	Level 2	Level 3	Level 4	Level 5
Report on Audit Findings				
Audit reports are delivered to auditees in a timely manner upon completion of the audit	Audit reports are clear and include priorly agreed-upon management action plans	Audit reports are adapted to the audit project, risk-based and easy to consume	Audit reports are balanced, including positive findings and credit for self-identified issues	Audit reports include a risk awareness evaluation and opportunities for control optimization
Validate and Monitor Corrective Action Plans				
Audit monitors management's action plans informally	Audit collects status updates about management action plans and inputs the details into an issues database	Audit reviews the accuracy and timeliness of management's action plans that management inputs into an issues database	Audit disseminates management's action plans and educates management on effective remediation	Audit shares best practice action plans with management to ease the burden of remediation

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Maturity Level Definitions: Engage Stakeholders (1 of 2)

Level 1	Level 2	Level 3	Level 4	Level 5
Communicate with the Audit Committee				
Audit provides the Audit Committee with the annual audit plan for their approval	Audit has regularly scheduled meetings with the audit committee and collects performance feedback from the committee on an ongoing basis	Audit presents the audit committee with information on new, emerging risks and information outside formal meetings	Audit's presentations include insights on systemic risk trends and clearly articulated opinions of risk management	Audit's presentations to the audit committee include joint presentations with other risk and control groups and information on risk avoidance and control optimization
Communicate with Senior Management				
Audit provides senior management with limited visibility into audit planning activities and audit coverage requirements	Audit provides senior management with some visibility into audit planning activities and periodically updates senior management on shifts in audit coverage	Audit has formal business liaisons and provides management with guidance on assurance for strategic projects	Audit communicates risk trends and best practices to senior management	Audit engages with senior management to educate them on risk relationships and management's role in risk assurance
Engage with Line Management				
Audit conducts engagements with limited coordination with line management	Audit coordinates with line management to provide an overview of audit's role and process	Audit works closely with the business, incorporating feedback and providing opportunities for self-disclosure	Audit activities are based on success criteria developed jointly with the business	Audit's clients have ongoing interactions with audit and collaborates on data analytics

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Maturity Level Definitions: Engage Stakeholders (2 of 2)

Level 1	Level 2	Level 3	Level 4	Level 5
Drive Improvement in Risk and Control Outcomes				
Audit raises control issues in their reports	Audit regularly provides the business with recommendations to increase the efficiency of their controls	Audit provides the business with guidance on risks and supports improvement of controls related to change initiatives	Audit assesses broader risk management activities, including potential over-control of business areas	Audit assess culture's impact on risk and routinely improves the business' understanding of risks

Maturity Level Definitions: Develop and Manage Audit Talent (1 of 2)

Level 1	Level 2	Level 3	Level 4	Level 5
Develop Audit Workforce Strategy				
Audit workforce planning identifies short-term audit staffing needs and results in headcount plans for the coming fiscal period	Audit workforce planning is aligned to long-term objectives and includes non-traditional sources of talent	Audit workforce planning is focused on critical audit talent segments and results in short- and long-term plans for employee recruitment, development, and retention.	Audit workforce planning is continuously updated and considers succession planning and diversity	Audit workforce planning incorporates forecasts of internal external talent supply risk
Assess and Manage Auditor Performance				
Performance management is left to individual managers to implement with their own staff	Auditor performance is assessed and managed using audit-specific performance criteria	Auditor performance metrics are weighted and include soft skills	Auditor performance management includes public recognition and peer feedback	Auditor performance management is ongoing and includes assessments of network performance
Develop Auditor Skills and Competencies				
Audit uses a non-audit specific competency framework	Audit has established required skills and behaviors in a competency model	Audit's competency model is regularly updated to reflect the direction of the function	Audit embeds coaching in day-to-day work and provides various skill learning methods	Audit's training is customized for the needs of individual auditors' learning styles

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Maturity Level Definitions: **Develop and Manage Audit Talent (2 of 2)**

Level 1	Level 2	Level 3	Level 4	Level 5
Guide Auditor Development & Career Paths				
Career pathing is informal and led by individuals at their own discretion, guided by their own skills and interests	Career pathing information is available to auditors, but is accessed inconsistently	Career pathing guidance is consistently applied by managers and includes opportunities within audit as well the business	Career pathing guidance is customized for individual auditors and specialist roles	Audit managers remove barriers to organizational mobility and broker career opportunities

Maturity Level Definitions: Manage Audit Methodology and Operations (1 of 2)

Level 1	Level 2	Level 3	Level 4	Level 5
Refine Audit Methodology				
Audit's methodology is undocumented	Audit has a documented methodology that is IIA compliant and is updated based on IQA and EQA results	Audit trains all auditors on methodology and adjusts methodology based on auditor suggestions	Audit's methodology contains different options for different types of audit projects, including forward-looking assurance	Audit's methodology includes control optimization and is revised regularly to add or delete audit project options
Measure Department Performance				
Audit performs ad-hoc performance measurement	Audit measures and communicates performance based on operational metrics	Audit department performance metrics capture quality and are tied to the organization's strategic objectives	Audit measures and communicates performance using metrics reflecting coverage of key risk and impact on improving control effectiveness	Audit measures and communicates performance with metrics that demonstrate value add and business impact
Manage Audit Quality Assurance				
The audit function has an informal quality assurance program	The audit function undertakes quality assurance activities on a regular basis	The audit function has a formalized quality assurance program conducted by independent individuals	The audit function collects feedback from senior management and auditors to make continuous improvements to its methodology	The audit function conducts quality assurance work as part of the execution of audit engagements

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Maturity Level Definitions: Manage Audit Methodology and Operations (2 of 2)

Level 1	Level 2	Level 3	Level 4	Level 5
Integrate Data Analytics Capabilities				
Data analytics is used ad hoc, without any formal policies or procedures. When used, it is limited to scoping individual engagements and/or conduct testing during fieldwork.	Data analytics is used sparingly, predominantly in data-rich, high-volume transaction areas	Data analytics is incorporated into the audit methodology. The department is able to automate routine analytics requests.	Data analytics is used throughout audit's activities and in collaboration with other risk and control groups	Audit uses advanced analytics techniques such as predictive analytics
Manage Audit Technology				
Audit uses technology on a limited, ad-hoc basis to support its workflow.	Audit uses key technology such as an audit management system	Audit makes use of technology used by the business and continuously evaluates new technologies	Audit leverages technology to coordinate with other risk and control groups.	Audit has adopted robotic process automation and supports the business' use of emerging technologies

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Maturity Level Definitions: Manage the Department

Level 1	Level 2	Level 3	Level 4	Level 5
Develop Audit Department Strategy				
Audit's strategic plan, if any, focuses on assurance responsibilities	Audit maintains a documented, long-term strategic plan that focuses on functional improvement priorities and aligns to business objectives	Audit's strategic plan includes forecasts and is updated as risk profile changes	Audit's strategic plan is aligned with the strategies of other risk and control groups	Audit's strategic plan includes tracking of its underlying assumptions and incorporates best practice from elsewhere in the organization
Manage External Partners and Vendors				
Audit's outsourced providers are formally evaluated and managed	Audit has a defined process for managing out/co-sourced providers	Audit has a robust process for managing out/co-sourced providers	Audit's process for managing out/co-sourced providers is updated based on business feedback	Audit's process for managing out/co-sourced providers incorporates an understanding of the risk exposure involved
Design Audit Department Structure				
Audit's organizational structure is designed for the completion of required audit responsibilities (e.g. regulatory compliance)	Audit's organizational structure is designed primarily to focus on required audit activities with some allowance for risk-based coverage.	Audit's organizational structure aligns with business priorities and organizational goals, and allows for a balanced staffing model	Audit's organizational structure reflects the organization's structure and is updated for business changes	Audit's organizational structure reflects the organization's top risks and promotes cross-training of auditors

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Methodology Details

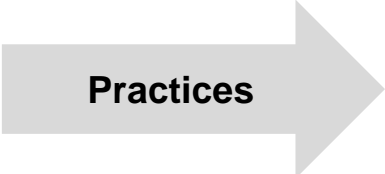
Survey instrument

The diagnostic assesses an organization's functional (e.g., HR, IT, Finance) performance along two dimensions: importance and maturity.

- First, participants are asked to rank the key activities that a function performs as to how important that activity is to the success of the organization's business objectives.
- Second, participants are presented with statements that represent specific activities that the business function is expected to perform and indicate if the activity is being performed **at least 80% of the time**.

Based on an understanding of the activities that are performed, Gartner can determine the level of maturity for the function.

The 5 Levels are founded in best practice research based on Gartner's expertise and experience in the industry.



1
LEVEL

Informal (typically ad hoc)
10th Percentile

2
LEVEL

Foundational
25th Percentile

3
LEVEL

Mainstream
50th Percentile

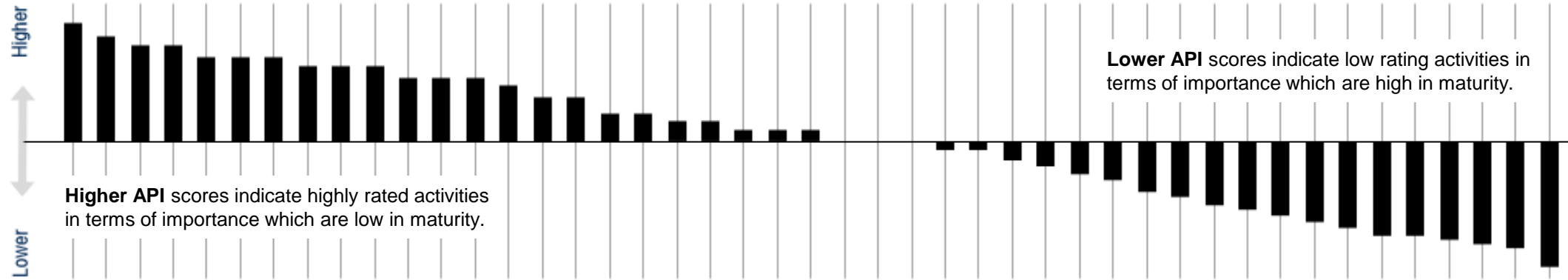
4
LEVEL

Leading
75th Percentile

5
LEVEL

Most advanced
90th Percentile

Score Prioritization (API) Calculation



Setting Priorities using the API Calculation

To understand priorities, Gartner calculates the Activity Priority Index (API), which is weighted by Importance.

The API assumes that highly important activities that are low in maturity should be targeted first to increase functional performance.

The Activity Priority Index is calculated as follows:
API = (Importance – Maturity) x Importance

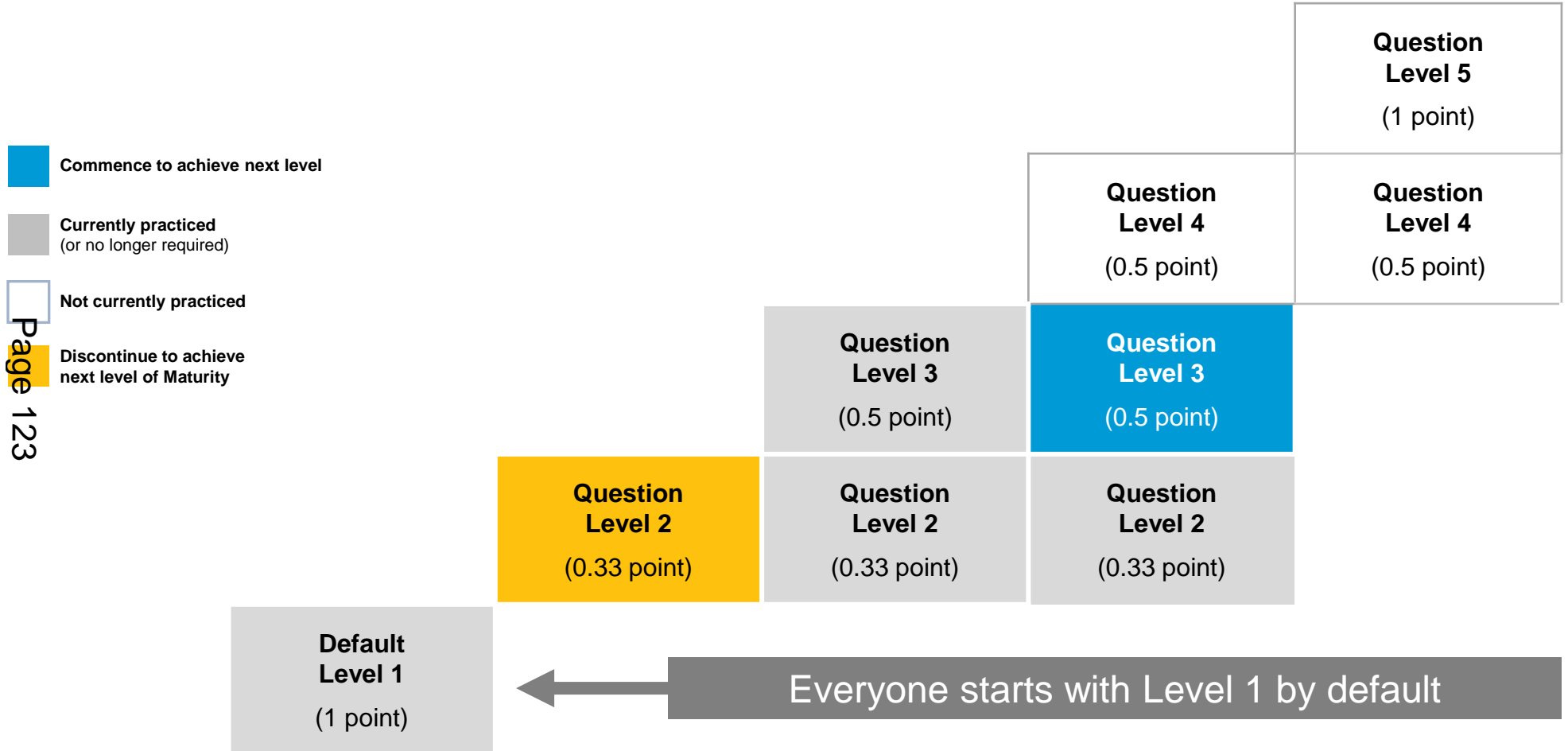
Importance	Rating
Not important to key objectives	1
Somewhat important to key objectives	2
Important to key objectives	3
Very important to key objectives	4
Most important to key objectives	5

The methodology first asks participants to rate an activity based on Importance:

If participants rate more than 1 activity as *Very important to key objectives*, then the tool highlights them and asks the participant to narrow to three activities that they consider as “Most important to key objectives”. These carry a rating of 5.

For precision, the maturity score is reflected as a decimal for this calculation.

Score Maturity Calculation Methodology



Methodology Notes

- Maturity scores follow a consensus methodology where the scoring is based on a majority, meaning that at least 51% of respondents must select Yes to be considered a Yes in the scoring calculation for the maturity level (50/50 does not count).
- The model is set to default to Level 1 – so the calculation is based on the organization having a starting base level of 1.
- Maturity levels are based on Gartner research and expertise in best practices.
- When available, a peer comparison will show how an organization’s score compares relative to a peer group. The peer comparison score is an average of the peer group’s maturity scores for the overall peer comparison as well as at each activity level. Peer groups can be changed within the tool by users to provide multiple peer group comparisons if desired.
- Participants can indicate that they don’t have expertise regarding a specific activity by selecting “Unable to Assess” on the Importance page. This will remove the related maturity questions from the survey for the participant. It will also remove that participant from the calculation for that particular activity. Participants who “opt-out” of an activity are represented by “N/A”, in the Responses Report.
- Additionally, participants can indicate that they do not know the answer to a specific question and can, instead, put “Don’t Know” as their response. This will also remove that participant from the calculation of that specific activity’s question. This is represented by “Don’t Know” in the Responses Report.
- In some activities, the organization must stop doing an activity to advance to the next level. E.g., if the organization was tracking employee time and attendance via worksheets and then updated their process to an online time and attendance system ~ to advance to the next level of maturity, the organization would *stop* tracking via worksheet. This is represented by a yellow square in the path to maturity.

Score Calculation

Based on the number of respondents answering "Yes", divided by the total number of respondents, excluding the respondents answering "Don't Know" (Don't Know does not count in the calculation)

Question	Maturity Level	Assigned Points	Resp. 1	Resp. 2	Resp. 3	Resp. 4	Resp. 5	Resp. 6	% Yes	Final Response*	Earned Points	
Maturity Assessment	1	1.00						Default Position	100%	Yes	1.00	
Maturity Assessment	2	0.33	Y	Y	Y	Y	Y	5	100%	Yes	0.33	
Maturity Assessment	2	0.33	Y	N	Y	Y	Y	5	80%	Yes	0.33	
Maturity Assessment	2	0.33	Y	N	Don't Know	N	Y	4	50%	No	0.00	
Maturity Assessment	3	0.50	Y	Y	Don't Know	N	Y	4	75%	Yes	0.50	
Maturity Assessment	3	0.50	Y	N	Don't Know	Don't Know	Y	3	67%	Yes	0.50	
Maturity Assessment	4	0.50	Y	N	N	Don't Know	Y	4	50%	No	0.00	
Maturity Assessment	4	0.50	N	N	N	N	N	5	0%	No	0.00	
Maturity Assessment	5	1.00	N	N	N	N	N	5	0%	No	0.00	
Total		5.00	3.5 Leader Score								2.66 Team Score	
Maturity Score			3+						2+			

Each level is allocated 1 point. When a level has multiple questions, the 1 point is divided by the number of questions.

* Final response is "Yes" if 51% or more respondents said "Yes" to a survey question

Participants (completed survey)

First Name	Last Name	Level	Role
Matt	Lock	Other	Head of Audit

How Gartner Can Help

Gartner Resources and Membership Support

Reach out to your Gartner representative to:

- Discuss general support and design a long-term service plan based on your priorities for improvement
- Schedule a conversation with a member of the Gartner team to identify specific strategies and resources to address maturity gaps.

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Contact the **Member Support Center** to set up a discussion with your Gartner representative.

+1-866-913-6447 (US and International)

Available Monday – Friday, 7am – 7pm Eastern time

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Domain	Standard No.	Standard Name	Extent of Current Alignment	Effort Needed for Full Alignment
Ethics & Professionalism	1.1	Honesty and Professional Courage	High alignment	Low additional effort
	1.2	Organization's Ethical Expectations	High alignment	Low additional effort
	1.3	Legal and Ethical Behavior	High alignment	Low additional effort
	2.1	Individual Objectivity	High alignment	Low additional effort
	2.2	Safeguarding Objectivity	High alignment	Low additional effort
	2.3	Disclosing Impairments to Objectivity	High alignment	Low additional effort
	3.1	Competency	High alignment	Moderate additional effort
	3.2	Continuing Professional Development	High alignment	Low additional effort
	4.1	Conformance with the Global Internal Audit Standards	Fully aligned	No additional effort
	4.2	Due Professional Care	Fully aligned	No additional effort
	4.3	Professional Skepticism	Fully aligned	No additional effort
	5.1	Use of Information	Medium alignment	Moderate additional effort
	5.2	Protection of Information	Low alignment	Moderate additional effort
	Governing the Internal Audit Function	6.1	Internal Audit Mandate	Fully aligned
6.2		Internal Audit Charter	Fully aligned	No additional effort
6.3		Board and Senior Management Support	Medium alignment	Moderate additional effort
7.1		Organizational Independence	Fully aligned	No additional effort
7.2		Chief Audit Executive Qualifications	Low alignment	Low additional effort
8.1		Board Interaction	Fully aligned	No additional effort
8.2		Resources	High alignment	Low additional effort
8.3		Quality	Low alignment	Moderate additional effort
Managing the Internal Audit Function	8.4	External Quality Assessment	Fully aligned	No additional effort
	9.1	Understanding Governance, Risk Management and Control Processes	High alignment	Moderate additional effort
	9.2	Internal Audit Strategy	Low alignment	Moderate additional effort
	9.3	Methodologies	High alignment	Moderate additional effort
	9.4	Internal Audit Plan	Fully aligned	No additional effort
	9.5	Coordination and Reliance	Low alignment	Very high additional effort
	10.1	Financial Resource Management	High alignment	Low additional effort
	10.2	Human Resources Management	Medium alignment	Moderate additional effort
	10.3	Technological Resources	High alignment	Low additional effort
	11.1	Building Relationships and Communicating with Stakeholders	High alignment	Low additional effort
	11.2	Effective Communication	High alignment	Low additional effort
	11.3	Communicating Results	High alignment	Moderate additional effort
	11.4	Errors and Omissions	Fully aligned	No additional effort

Domain	Standard No.	Standard Name	Extent of Current Alignment	Effort Needed for Full Alignment
	11.5	Communicating the Acceptance of Risks	High alignment	Low additional effort
	12.1	Internal Quality Assessment	Medium alignment	High additional effort
	12.2	Performance Measurement	Low alignment	High additional effort
	12.3	Oversee and Improve Engagement Performance	Fully aligned	No additional effort
Performing Internal Audit Services	13.1	Engagement Communication	Fully aligned	No additional effort
	13.2	Engagement Risk Assessment	Fully aligned	No additional effort
	13.3	Engagement Objectives and Scope	Fully aligned	No additional effort
	13.4	Evaluation Criteria	Fully aligned	No additional effort
	13.5	Engagement Resources	High alignment	Low additional effort
	13.6	Work Program	Fully aligned	No additional effort
	14.1	Gathering Information for Analyses and Evaluation	Fully aligned	No additional effort
	14.2	Analyses and Potential Engagement Findings	Fully aligned	No additional effort
	14.3	Evaluation of Findings	Fully aligned	No additional effort
	14.4	Recommendations and Action Plans	Fully aligned	No additional effort
	14.5	Engagement Conclusions	Fully aligned	No additional effort
	14.6	Engagement Documentation	Fully aligned	No additional effort
	15.1	Final Engagement Communication	Fully aligned	No additional effort
	15.2	Confirming the Implementation of Recommendations or Action Plans	Fully aligned	No additional effort

City of London Corporation Committee Report

Committee(s): Audit and Risk Management Committee – For Information	Dated: 04/11/2024
Subject: Risk Management Update	Public report: For Information
This report supports the successful delivery of all six Corporate Plan outcomes and our statutory obligations through identifying and managing risks in line with our business objectives.	Corporate Risk Management
Does this proposal require extra revenue and/or capital spending?	No
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
Report author:	Thomas Wrench, Corporate Strategy and Performance Team

Summary

This report provides the Committee with an update on the corporate and top red departmental risk registers since they were last reported to the Committee in September 2024. Further details can be found in the appendices listed at the end of this report.

Recommendation(s)

Members are asked to note:

- This report and the corporate and top red departmental risk registers attached to this report. Since the previous update:
 - The number of corporate risks has remained the same at 15 with one risk score decreased.
 - The number of departmental red risks decreased from 21 to 19, with two risks de-escalated.¹
- An update on the refresh of the City Corporation’s risk appetite statements.
- That a new Risk Management Policy has been developed and has been presented to this Committee for endorsement – see separate paper.

¹ Risks de-escalated: *CJS 004 Failure to Maintain Buildings and Site* and *CLSG-07 School facilities*

Main Report

Background

1. The corporate and red departmental risks are reported to this Committee as a minimum on a quarterly basis to enable the Committee to exercise its role in the monitoring and oversight of risk management within the City of London Corporation (CoLC).
2. The corporate and red departmental risk registers were reviewed by the Chief Officer Risk Management Group (CORMG) on 3 October 2024 as Senior Officers accountable for CoLC risk management actions, decisions and outcomes (including consideration of developing risk areas and cross-Corporation risk management themes).

Risk Activity – Process and Culture

3. CoLC risk management culture continues to be developed in line with the Risk Management Strategy 2024-2029. The focus of the first year is on ensuring the right tools and processes are in place and being used effectively. Work underway includes the sharing of risk management best practice from across the City Corporation at Risk Management Forum (RMF) sessions, liaison with Internal Audit (IA) to take forward recommendations and feedback from risk reviews, the delivery of bespoke training sessions for departments and institutions, and a refresh of risk reporting to support Chief Officers' strategic oversight. A summary of the actions completed will be presented to this Committee as part of the Strategy's annual review.
4. In response to feedback from Members at the September meeting, risk leads have been reminded that risk target dates should appropriately reflect the number and complexity of the mitigation actions. The RMF agenda includes a standing item on learning and development to further support accurate reporting and dynamic management of risks.
5. The refresh of the City Corporation's risk appetite continues. In early October, CORMG reviewed and agreed a revised list of strategic-level risk themes, under which will sit a series of risk appetite statements. These statements will be developed over the next few months in consultation with Chief Officers and Heads of Profession, along with Member engagement on the development of the statements and to ensure widespread application of the risk appetite once agreed. A paper detailing the proposed risk appetite themes and statements will be presented to this Committee for their endorsement in February 2025.
6. A Risk Management Policy has been developed in line with the commitment set out in the Risk Management Strategy 2024-2029. This draft Risk Management Policy supports the delivery of this strategy by providing our risk management framework and expectations in relation to our organisational approach – see separate agenda item and accompanying paper seeking Committee endorsement for the policy.

7. As acknowledged in paragraph 3, we continue to work closely with IA colleagues to understand and address issues relating to risk management within the City Corporation. The findings from their recent report on the CoLC Risk Management Framework have enabled us to double-check that our risk activity (previous, current and planned) appropriate addresses these. As the report covers July 2022 to August 2024, some of the IA findings had already been tackled as part of the risk management work during that period. Any remaining issues will be handled through the action plan attached to our Risk Management Strategy 2024-2029. The Corporate Risk Team and CORMG will consider all IA reports to ensure any that issues related to our risk management framework are not missed and that recommendations are actioned.

Current Position

8. Table 1 below shows the overall number and risk ratings of all risks recorded on the Ideagen risk management system as of 16 October 2024 compared with 9 September 2024 (the figures last seen by the Committee).

Risk rating (RAG)	October 2024	September 2024	Difference
Red	55	59	-4
Amber	238	235	+3
Green	119	113	+6
Total	412	407	+5

Table 1: October 2024: Overall Risk Numbers by RAG Rating on Ideagen

9. Table 2 below shows the breakdown of the red, amber and green rated risks by risk level as of 16 October 2024 compared with 9 September 2024.

Risk rating	Red		Amber		Green	
	Oct 2024	Sept 2024	Oct 2024	Sept 2024	Oct 2024	Sept 2024
Risk level						
Corporate	6	6	9	9	0	0
Departmental	19	21	88	84	31	25
Service	30	32	141	142	88	88
Total	55	59	238	235	119	113
Difference	-4		+3		+6	

Table 2: October 2024: Breakdown of RAG Risks by Risk Level (no team or PPM risks recorded as of 16 October)

10. There are currently 15 corporate risks on the corporate risk register (6x Red and 9x Amber). Since the last report to the Committee the number of risks has remained the same with one risk score decreasing (see paragraph 11). Attached to this paper at Appendix 1 is the corporate risk register showing the nine risks above appetite.² Corporate risks are being reviewed by CORMG to ensure they accurately reflect the greatest threats and concerns to the City Corporation.

² We are reviewing the reporting of our above appetite risks as part of the risk appetite refresh.

11. The risk score for *CR41 Tree Maintenance* has decreased from Red 32 (Impact 8 Extreme x Likelihood 4 Likely) to Red 16 (Impact 4 Major x Likelihood 3 Possible) reflecting the mitigating actions, including commencement of a programme of works at Epping Forest and a forward plan for the allocation of additional funding. Further consideration about the appropriate management of this risk is ongoing.

12. The RAG matrices below show the distribution of corporate risks as of 16 October 2024 (Table 3) and 9 September 2024 (Table 4):

	Minor	Serious	Major	Extreme
Likely			4	
Possible			8	1
Unlikely			1	1
Rare				

Table 3: October 2024 Corporate Risk Heatmap

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

Table 4: September 2024 Corporate Risk Heatmap

13. The highest scoring corporate risk is CR16 Information Security at Red 24 (Impact 8 Extreme x Likelihood 3 Possible).

14. Table 5 below shows a summary of all CoLC corporate risks as at 16 October 24:














































Risk reference	Title	Current Risk Score	Current risk score icon	Trend Icon	Risk flight path (last 12 assessments)	Risk Creation Date (Ideagen)	Risk Adds to CR Register (year)
CR16	Information Security (formerly CHB IT 030)	24				10 May 2019	Pre-Pentana (2014)
CR36	Protective Security	16				10 January 2022	2022
CR37	Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets)	16				04 November 2019	2022
CR38	Unsustainable Medium-Term Finances - City's Estate	16				31 October 2022	2024
CR40	PSTN Switch Off 2027 (formerly CHB DITS 045)	16				26 February 2024	2023
CR41	Tree Maintenance	16				23 February 2024	2024
CR01	Resilience Risk	12				20 March 2015	Pre-Pentana (2014)
CR02	Loss of Business Support for the City	12				22 September 2014	Pre-Pentana (2014)
CR09	Health, Safety and Fire Risk Management System	12				22 September 2014	Pre-Pentana (2014)
CR29	Information Management	12				08 April 2019	Pre-Pentana (2014)
CR30	Climate Action	12				07 October 2019	2020
CR33	Major Capital Schemes	12				14 February 2020	2020
CR35	Unsustainable Medium-Term Finances - City Fund	12				19 June 2020	2022
CR39	Recruitment and Retention	12				21 February 2023	2023
CR10	Adverse Political Developments	8				22 September 2014	Pre-Pentana (2014)

Table 5: October 2024: List of Current Corporate Risks by Current Risk Score

Red Departmental Risks

15. There are currently 19 departmental red risks. Since the last report to the Committee, two risks have been de-escalated. A summary of the top red departmental risks can be found at Appendix 2.

16. Changes to the register:

Risks de-escalated:

- i) *CJS 004 Failure to Maintain Buildings and Site* has been de-escalated from Red 16 (Impact 4 Major x Likelihood 4 Likely) to Amber 12 (Impact 4 Major x Likelihood 3 Possible) as projects close out and snagging work proceeds at an improved pace.
- ii) *CLSG-07 School facilities* has been de-escalated from Red 24 (Impact 8 Extreme x Likelihood 3 Possible) to Amber 12 (Impact 4 Major x Likelihood 3 Possible) with ongoing meetings with City Surveyor agreed and evidence of medium-term programme control improving. The target risk score has also been reduced from Amber 12 (Impact 4 Major x Likelihood 3 Possible) to Amber 6 (Impact 2 Serious x Likelihood 3 Possible).

Corporate & Strategic Implications

Strategic implications – Reporting in line with 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

17. This risk update and accompanying document (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 Report – detailed report above appetite only
- Appendix 2: All Red Departmental Risks – short summary report

Thomas Wrench

Corporate Strategic Development Lead

Corporate Risk Detailed Register

EXCLUDING completed actions by risk appetite

Generated on: 18 October 2024



Rows are sorted by Risk Score

Code & Title: CR Corporate Risk Register 9

Risk Appetite Level Description Risk above appetite

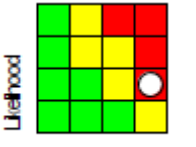
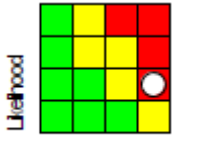

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Risk Trend
CR16 Information Security (formerly CHB IT 030)	<p>Cause: Breach of City of London Corporation IT Systems resulting in unauthorised access to data by internal or external sources.</p> <p>Event: The City Corporation does not adequately prepare, maintain robust (and where appropriate improve) effective IT security systems and procedures.</p> <p>Effect: a) Failure of all or part of the IT Infrastructure with associated business systems failures. b) Harm to individuals. c) A breach of legislation such as the Data Protection Act 2018 and UK-GDPR. d) Incurrence of a monetary penalty. e) Corruption of data. f) Reputational damage to City of London Corporation as an effective body.</p>	 Likelihood Impact	24	<p>The project to implement a raft of new security improvements is complete. A decision was made to define a minimum-security baseline for all parts of the corporation. The Director of DITS will work with IMS to put this together.</p> <p>The security service is now an in-house service, giving greater control and visibility over Security controls. We are committed to increasing our Secure Score month on month, and this is now being reported to Digital Services Committee as well as Information Management Board. A new Cyber Security Improvement Programme has been agreed and is being developed/implemented.</p>	 Likelihood Impact	16	31-Dec-2024	

10-May-2019				16 Oct 2024			Reduce	Constant
Caroline Al-Beyerty								

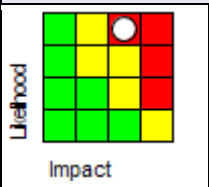
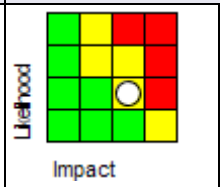
Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR16q User behaviour monitoring	Monitoring user activity on the network for any suspicious or unauthorised behaviour	<p>Currently, our network activity monitoring is operational but lacks a sophisticated behavioural analytics component to detect anomalous behaviour accurately. Integrating a behavioural analytics solution is crucial for enhancing our detection capabilities, significantly reducing the risk of ransomware attacks. This solution will leverage machine learning and AI algorithms to analyse patterns of user behaviour, identifying deviations that could indicate a security threat. Implementing this will not only improve our preventative measures against ransomware attacks but also strengthen our overall cybersecurity posture.</p> <p>Steps for Implementation</p> <p>Market Research Vendor Selection Pilot Testing Training and Awareness Full Deployment Continuous Improvement</p> <p>This approach ensures that the action is not only about monitoring but actively improving our capability to detect and respond to cybersecurity threats, particularly ransomware, through advanced behavioural analytics.</p>	Gary Brailsford-Hart	08-Oct-2024	31-Dec-2024
CR16r Access control monitoring	Monitoring access control systems and processes to ensure that only authorised users have access to sensitive information	<p>Controls are in place to manage the access control to the estate; improvements have been made in the application of multifactor authentication. However, the escalation and acceptance of privileged accounts remains within the IT department and is not subject to independent scrutiny.</p> <p>Steps for implementation</p> <p>Assessment of Current Practices Development of an Independent Oversight Protocol Implementation of a Formal Privileged Access Policy Regular Audits and Reviews Segregation of Duties Training and Awareness Enhanced Authentication and Monitoring for Privileged Accounts Feedback and Continuous Improvement</p> <p>By implementing these steps, the City can strengthen its control over privileged accounts, ensuring they are granted appropriately and are subject to rigorous and independent scrutiny.</p>	Gary Brailsford-Hart	08-Oct-2024	31-Dec-2024
CR16s Incident response	Developing and implementing a plan to respond to any security incidents that occur	We have drafted an organisational Cyber Incident Plan as well as developing operating cyber testing exercises. However, there is a need to produce further playbooks and develop more	Gary Brailsford-	08-Oct-2024	31-Dec-2024

		testing and exercising events. Testing remains outstanding and is a priority for the next quarter.	Hart		
CR16t Security information and event management (SIEM)	Using software tools to collect and analyse data from various security sources to detect and respond to security incidents.	Tooling is in place and operating. Microsoft Sentinel is in place and collecting activity from across CoL. This has been monitored and managed by the InfoSec team who have been detecting and investigating incidents highlighted by the SIEM. Tooling is in place but resources to review, analyse and action remain outstanding.	Gary Brailsford-Hart	08-Oct-2024	31-Dec-2024
CR16u Security awareness training	Providing regular training to staff and employees on cyber security best practices to prevent security breaches.	Over the last 12 months we have deployed cyber security awareness from the information security team through the use of internal communications and training via the MetaCompliance platform. With the expiry of the MetaCompliance platform, the next 12 months will see communications and awareness messages continue from the security team, but structured training will now be dependent on the NCSC "Top Tips for Staff" module. This may present a risk in our ability to provide specific training in response to cyber threats and trends. This is an area under review.	Gary Brailsford-Hart	08-Oct-2024	31-Dec-2024
CR16v Security Baseline assessment – COL/COLP/Institutions	Security Baseline assessment – COL/COLP/Institutions	Initial assessment complete, work is ongoing to identify trends and a developments plans and updates to the CAF will continue. Feedback from the institutions is positive and the NCSC CAF is accepted as a baseline standard. The appetite for review has been agreed as annual owing to resource constraints and the likely timeframes for improvements to be made. Further engagement has taken place and a detailed paper on the subject has been submitted to Committee for consideration (13/05/2024).	Gary Brailsford-Hart	08-Oct-2024	31-Dec-2024
CR16w Cyber Security Improvement Programme	Cyber Security Improvement Programme	In ongoing action to mitigate this risk, agreement has been made to implement a Cyber Security Improvement Programme, consisting of: <ul style="list-style-type: none"> ○ A Cyber Security Review – looking at Cyber Security across the wider organisation and making recommendations to improve our Cyber Security Posture ○ The appointment of a cross-Corporation CISO who will be responsible for Cyber Security across the Corporation and our Institutions ○ Investigating having a single Cyber Security team that works across the wider organisation ○ A single set of Cyber Training across the wider organisation 	Zakki Ghauri	16-Oct-2024	31-Dec-2024

		<ul style="list-style-type: none">○ A 24/7 Managed Detect and Respond service○ Optimising our existing toolset			
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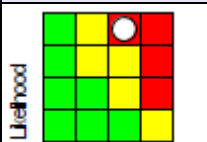
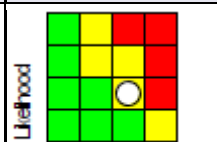

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date	Risk Trend
CR36 Protective Security 10-Jan-2022 Gregory Moore	<p>Cause: Lack of appropriate governance, inadequate security risk 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>	 16	<p>This continues to be led strategically through the Strategic Security Board (SSB) and tactically through the thematic workstreams. There have been multiple high-profile events in recent times where the partnership security plans have been implemented and tested.</p> <p>The Terrorism (Protection of Premises) Bill has had its second reading in Parliament. Head of Security leads on preparedness and is the ‘responsible person’ in relation to the legislation. Leading through the PSAB and will update at next SSB.</p> <p>There is a new bespoke Silver Tactical Commanders training taking place next month and a bespoke MAGIC course in January with multi agency partners. There has recently been a Partnership Table Top Exercise (TTX) and more planned. As agreed previously, this risk will be reviewed at the next SSB, with updates on all work streams.</p> <p>Updated entry 21 Oct 2024</p>	 16	30-Jun-2025	 Accept Constant

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR36c Command and Control	Incident/Event/Protest Command	The on-call system is now in place and running. Development opportunities exist for new Golds. A silver Cadre course is bespoke and being delivered next month. The planning for a bespoke MAGIC course is in place and organised for January 2025. Chief People Officer attended last MAGIC course; Chamberlain has attended a refresher session.	Richard Woolford	21-Oct-2024	30-Jun-2025
CR36d Prevent	Prevent	Prevent continues to be monitored across COLC in support of COLP. This is addressed within the governance board and updates to SSB.	Valeria Cadena	21-Oct-2024	30-Jun-2025
CR36f City of London Corporation Buildings	Protect	PSAB continues to monitor threat and risk and mitigation. This board leads on the Terrorism (Protection of Premises) Bill requirements, in partnership with COLP. VSAT and Ongoing reviews are monitored in this meeting looking at various attack methodology.	Neil Evans	21-Oct-2024	30-Jun-2025
CR36g Protect Public Realm Board	Protect	Partnership working under the umbrella of the Public Realm Protect Board remains crucial, with the City Corporation working alongside colleagues at the City Police and TFL to identify risk and to consider proportionate mitigations. The board's ongoing focus remains new public spaces planning development and the likely implications from the upcoming legislation. Monitored at SSB.	Ian Hughes	21-Oct-2024	30-Jun-2025

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 Trend
<p>CR38 Unsustainable Medium-Term Finances - City's Estate</p> <p>31-Oct-2022 Caroline Al-Beyerty</p>	<p>Causes: The embedded increased impact of inflation, following the peak of 10.7% in Autumn 2022 (as reported by the Office for Budget Responsibility). Aging estate crystallising high levels of expenditure over short time period, putting pressure on Reserves. Reduction in rental income from the property investment portfolio following post pandemic changes in workplace attendance reducing demand for grade B office accommodation.</p> <p>Event: Inability to manage financial pressures within the fiscal year, resulting in an inability to achieve anticipated savings and generate expected income, may necessitate additional reliance on Reserves. Additionally, challenges in controlling construction inflation or the inability to readjust capital projects within budget parameters pose further risks.</p> <p>Effects: The City of London Corporation's reputation could suffer from failure to achieve financial goals or from reduced services to businesses and the community. Experience challenges in delivering the capital program and major projects within budgetary limits. Inability of expenditure to align with the corporate plan, leading to inefficient resource utilisation and reduced corporate performance.</p>		<p>16</p>	<p>Inflation rates to be monitored quarterly and an inflation contingency to be maintained in 2024/25 through carried forward from 2023/24 underspends. Ongoing pressures totalling £3.8m, plus net 3% inflation uplift approved in 2024/25 budgets.</p> <p>The five-year financial plan includes cyclical works programme to cover bow-wave of outstanding works and provision for works going forward totalling £71m.</p> <p>Earning more income from property investment portfolio – diversification of asset portfolio.</p> <p>The funding strategy identifies where best to bring third-party capital, reducing demand on own Reserves.</p> <p>Key mitigations include quarterly monitoring of capital programme against budgets and developing comprehensive business cases and implementation plans for income generation opportunities.</p> <p>Renewed approach to transformation under pinned by a clear communication plan to Members.</p> <p>04 Sep 2024</p>		<p>8</p>	<p>31-Mar-2025</p> <p>Reduce</p>	<p>Constant</p>

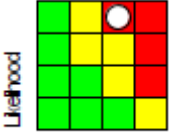
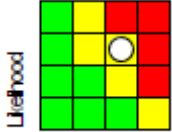

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR38a Impact of inflation	Monitoring the impact of revenue inflationary pressures (including pressures on energy costs, cost of London living wage) and construction inflation impacts on capex programme • Monitor the use of inflation contingency	Regular monitoring the office of budget responsibility's inflation forecasts, the Consumer Prices Index (CPI) rose by 2.2% in the 12 months to July 2024, up from 2.0% in June 2024.	Sonia Virdee	04-Sep-2024	31-Mar-2025
CR38e A reduction in key income streams and increase in bad Debt	Monitoring key income streams • i.e. rental income from the property investment portfolio.	This is being monitored monthly, with action being taken to within the portfolio to maximise income generation opportunities. Ensure income generation schemes are sustainable and on-going opportunities are explored, these include but not limited to; Lord Mayor Show and events across the Corporation, advertising and sponsorship, Filming inside and outside the square mile, Retail opportunities and Fees and Charges. Benchmarking exercises are currently being undertaken to provide a market comparison. An update on individual workstreams will be presented to Efficiency and Performance working party in November 2024.	Sonia Virdee; Genine Whitehorse	04-Sep-2024	31-Mar-2025
CR38f Achievement of Current Savings Programme	Delivering the current savings programme and securing permanent year-on-year savings.	Quarterly revenue monitoring undertaken to ensure departments have appropriate plans in place to meet in-year pressures. High risk departments are undertaking monthly revenue monitoring. Regular updates to Executive Leadership Board / Senior Leadership built into monitoring timetable. Pressures and mitigations are being recorded at a more granular level to improve the tracking and reporting on savings during the year, this information will be incorporated into the budget monitoring reports from Autumn 24 onwards to help inform Members of key risks and progress. Savings programmes/initiatives are being considered as work commences on budget setting for the 2025/26 year.	Sonia Virdee	04-Sep-2024	31-Mar-2025
CR38g Major Projects Financial Envelope	Remain within the financial envelopes approved for major projects.	Monthly updates and budget monitoring on major projects forecasts and issues arising. Projects are routinely reviewed by the Chamberlain's Assurance Board. Cessation of option 10b on Market Co-Location Programme approved by Court of Common Council in July. Further options being drawn up to be presented to Policy and Resources Committee, then Court of Common Council in the Autumn 2024.	Sonia Virdee	04-Sep-2024	31-Mar-2029
CR38h Third Party Capital Funding	Bringing third party capital to surplus operational property opportunities.	Identified initial opportunities which have been supported by Resource Allocation Sub Committee. Proposals for each opportunity to be worked up and submitted for member consideration to relevant Committees, due in Autumn 2024.	Sonia Virdee; Paul Wilkinson	04-Sep-2024	31-Oct-2024

CR38i Charities Review (Natural Environment)	Undertake the Charities Review (Natural Environment)	<p>The ability for charities to fundraise and generate more income to support ambitions for activities and operational property requirements.</p> <p>Update to Efficiency and Performance Working Party scheduled for September 2024 ahead of paper presented to Finance Committee in December 2024.</p>	Emily Brennan; Sonia Virdee	04-Sep-2024	31-Dec-2024
CR38j Plans in place to reduce future deficits.	<p>City's Estate continues to produce annual operating deficits over the 5-year financial plan. Over the planning period, the cumulative deficit is forecast to be £490m (including drawdown of financial asset gain of £158m). This is not sustainable over the longer-term period and radical decisions are needed now on how best to bring down the annual operating deficit, including major changes or stoppages to existing services provision and/or reduction in grants. This will require a renewed approach to transformation, over and above those already identified (income generation). operational property review, investment property review and charity review) underpin by a clear communication plan to all members, so they are aware of the challenges ahead.</p> <p>Review of Executive Leadership Board planning for getting back to balance and operationalising the Corporation plan will be taken to Resource Allocation Sub Away day in July.</p>	<p>City's Estate continues to produce annual operating deficits over the 5-year financial plan. Over the planning period, the cumulative deficit is forecast to be £490m (including drawdown of financial asset gain of £158m). This is not sustainable over the longer-term period and radical decisions are needed now on how best to bring down the annual operating deficit, including major changes or stoppages to existing services provision and/or reduction in grants. This will require a renewed approach to transformation, over and above those already identified (income generation, operational property review, investment property review and charity review) underpinned by a clear communication plan to all members, so they are aware of the challenges ahead.</p> <p>Transformation programme in flight, supported at Resource Allocation Sub away day. Progress reporting to the Efficiency and Performance Working Party to ensure corporate focus and pace.</p>	Sonia Virdee; Genine Whitehorne	04-Sep-2024	31-Mar-2025

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 Trend
CR40 PSTN Switch Off 2027 (formerly CHB DITS 045)	<p>Cause: BT will retire their PSTN (Copper) Network at the end of 31 January 2027. Rendering all current connections redundant.</p> <p>Event: All current PSTN (Copper) connections will become unusable by the 31 January 2027. Forcing an upgrade to digital fibre or mobile services.</p> <p>Effect: All of our PSTN connections will cease on 31 January 2027. This is in the range of 8,500 connections, which are linked to Lift/BMS/Fire Alarms and Door entry systems. Should these systems fail to be upgraded by the end of 2026, this could lead to essential services being inactive, without anyone being aware. This work will have significant financial impact to complete and failure to complete will have significant reputational impact.</p>		<p>16</p>	<p>BT Group announced in May 24, their intention to reset the date for the switching off of the Public Switched Telephone Network (PSTN). The original date we've all been working towards was December 2025. BT Group announced in May 2024 the reset of this date to 31 January 2027 for all PSTN connections, both residential and business.</p> <p>This provides an additional 13 months to the original timeline to migrate our PSTN connections. This switch off date doesn't affect the connections migrated to MPF.</p> <p>Gateway 2 Paper for PSTN has been approved at Corporate Projects Board and Digital Services Committee, and Police Authority Board. The papers will be presented to CBF and Projects and Procurement Sub-Committee in September. The papers seek funding to conduct the audit of all connections across COL, COLP and Institutions, which will identify redundant connections and support discovery activity.</p> <p>As the deadline of the connection switch off has been postponed, a number of mitigations have been mobilised the risk score is being reviewed and recommendations will be presented to the next COMRG. The project team are actively working with the business to cease lines that are not being used. 21 lines have been</p>		<p>8</p>	<p>31-Jan-2027</p>	

26-Feb-2024				terminated so far as at 17 Sep 2024.				
Caroline Al-Beyerty				16 Oct 2024			Reduce	Constant

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR40a Conduct investigations into the entire estate	Investigations into the 8,500 connections identified as part of PSTN sunset in Jan 2027.	The investigation aims to identify the scope and dependency of the 8,500 connections on the PSTN infrastructure. The purpose is to gain insights into the services that are live, understand their criticality, and assess the potential impact of the sunset on each connection. The market is being approached in October 2024 to appoint a supplier to conduct the investigation and service assessment.	Sudeep Chatterjee	16-Oct-2024	30-Nov-2024
CR40e Notify business owner	Business owner notification	By September 2025 a detailed report outlining the findings of the investigation will be compiled. This report will then be distributed to FM (CoL/CoLP), H&S, ED&I and Security Operations. The notification will include information about the potential risks associated with the PSTN sunset, details on the current services in use, and recommended upgrade paths.	Sudeep Chatterjee	08-Oct-2024	30-Sep-2025
CR40f Creating Remediation Plan	Remediation Plan	The Facilities Management (CoL/CoLP), H&S, ED&I and Security Operations will be responsible for developing and implementing a remediation plan for their respective services. This plan will outline the necessary steps to migrate or upgrade the affected connections to alternative and sustainable communication solutions.	Matt Baker; Sudeep Chatterjee	08-Oct-2024	30-Nov-2024
CR40g Review the Remediation Plan	Review Plan	DITS PMO will review the remediation plans with FM (CoL/CoLP), H&S, ED&I and Security Operations. Making sure they are fit for purpose and capture all the relevant details.	Sam Collins	08-Oct-2024	30-Nov-2024
CR40h Order New Lines and Hardware	Order New Lines and Hardware	DITS PMO will place the orders for the new connections along with any hardware requirements identified within the remediation plans	Sam Collins	08-Oct-2024	01-Dec-2024
CR40i Coordinate New Services	New Services	DITS PMO will assist in the co-ordination of the implementation of new services, along with any installation of new hardware required	Sam Collins	08-Oct-2024	31-Oct-2025
CR40j Undertake Testing	Testing	DITS PMO will co-ordinate the post implementation testing for all new services and or hardware.	Sam Collins	08-Oct-2024	15-Nov-2025
CR40k Continuous Monitoring	Continuous Monitoring	DITS will provide continuous monitoring of progress, tracking the remediation efforts to help identify and address any issues promptly. This includes regular communication with business owners, providing support, and adjusting the plan as necessary.	Sam Collins	08-Oct-2024	31-Dec-2025

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 Trend
CR41 Tree Maintenance	<p>Cause:</p> <ul style="list-style-type: none"> Trees are subject to decline, physical damage and infection. As trees deteriorate, they are increasingly likely to shed limbs or fall in strong winds and the potential to cause harm increases. Therefore, a robust programme of proactive and reactive tree inspections is in place at each of the City of London open spaces to identify trees which require works to make them safe. The impact of drought and a rise in tree disease, combined with more frequent extreme weather events due to climate change, is increasing the risk of trees failing. There is, as a result, an increasingly large number of vulnerable trees across our open spaces which will require works to prevent failure. There have been a series of incidents of tree failures where trees have fallen onto vehicles and buildings. Our sites have more than 100 miles of highway verge predominately lined with trees. <p>Event:</p> <ul style="list-style-type: none"> Failure to identify long-term funding to ensure a robust ongoing programme of tree maintenance works across our open spaces. <p>Effect:</p> <ul style="list-style-type: none"> Public safety - serious injury/death. Damage to City of London's physical assets. Disruption to public highways. Damage to cars and adjoining properties with increased exposure to public liability claims. Adverse media attention and significant reputational damage to the City of London Corporation. Financial impact of insurance claims. 		<p>16</p>	<p>Regular tree inspections are carried out at each open space to identify vulnerable trees that require work. Works are then prioritised in order of risk. At all sites, climate change, and the associated greater frequency of severe storms, extreme weather conditions, and tree disease, is resulting in more frequent tree (and tree limb) failures and this will continue to increase over time.</p> <p>Significant progress has been made in reducing the key factors of this risk as follows:</p> <p>Long term funding: Long term funding for tree safety works is being considered as part of the Natural Environment Charity Review and through identification of opportunities to increase income generation across the Natural Environment Division. Officers are also working in collaboration with colleagues in the Chamberlain's Department to consider options for increasing our budgets for tree management in the long term.</p> <p>Epping Forest outstanding works: Work is now underway to clear the outstanding tree safety works at Epping Forest. Annual tree surveys have now been reviewed and the results reprioritised. A 'scheme of works' has been specified to address trees needing attention, in order of priority, and this is progressing on schedule. This activity will resolve the</p>		<p>12</p>	<p>31-Dec-2025</p>	

<p>03-Jul-2024 Katie Stewart</p>			<p>backlog of works within 18 months, using existing resources.</p> <p>Risk assessment: The risk score remains Red 16 (Likely/Major) but we are confident that the risk can be managed at Service Level, and reduced to the target score of Amber 12 by the end of 2025.</p> <p>The risk will be reviewed again by the Chief Officer Risk Management Group to consider whether de-escalation from the Corporate Risk Register is appropriate.</p> <p>17 Oct 2024</p>			<p>Reduce</p>	<p>Constant</p>
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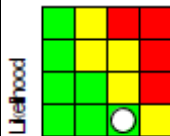

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Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR41 005e Funding for ongoing tree works	Explore options to identify funding for the ongoing management of tree safety across all Environment Department sites.	<p>We are working with colleagues in the Chamberlain's Department to consider options for increasing budgets for tree management at all sites in the long-term.</p> <p>This has also been addressed as part of the income generation strand of the Natural Environment Charity Review.</p>	Katie Stewart	10-Oct-2024	31-Dec-2025
CR41 005f Tree Safety Policy	Review Natural Environment Division Tree Safety Policy.	<p>The Natural Environment Division Tree Safety Policy sets out the requirements and processes that must be in place at all sites for proactive tree inspection programmes, based upon prioritisation criteria, and reactive inspections following incidents such as severe weather events. The Policy is based upon guidance issued by the National Tree Safety Group (NTSG) and has proven effective when tested following previous incidents.</p> <p>The Natural Environment Division's Tree Safety Group will review the Policy to check that it is being implemented fully across the Division and amend the content as necessary to reflect any changes.</p> <p>The NTSG has recently released revised guidance. The Divisional Tree Safety Group will further review the Policy to ensure it aligns with the National Guidance.</p>	Katie Stewart	21-Sep-2024	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 Trend
CR01 Resilience Risk 20-Mar-2015 Gregory Moore	Cause - Lack of appropriate planning, leadership and coordination Event - Emergency situation related to terrorism or other serious event/major incident is not managed effectively Effect - Major disruption to City business, failure to support the community, assist in business recovery. Reputational damage to the City as a place to do business.	 Likelihood Impact	12	Risk is ongoing - Castellan (formerly Clearview) Risk Connect BC management tool continues to be implemented rollout has begun across Col depts – Continues Risk Connect / Castellan is a continuing rollout process with departments implementing their BIA Business Impact Analysis with support of resilience team 31st December 2024. 11 Oct 2024 (actions updated entries 21 Oct 2024)	 Likelihood Impact	8	31-Dec-2024	
	Accept	Constant						

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR01L Business Continuity Management	Assurance process with Cabinet Office Emergency Planning College. Provide refresher and initial training for CoL staff; this training is intended to increase knowledge to ensure BC plans are able to support the CoL maintain its business during a major incident and provide an in-depth independent oversight of the Col business impact analysis, identifying its most critical business areas. Challenges around re-structure of depts/teams identifying business continuity leads; new member of the resilience team joining. Meetings have taken place with Risk Connect to continue supporting moving forward. There is an admin and user training session due to take place 29th January 2024.	The BC software product Risk connect has been built with rollout underway across the CoLC and the onboarding process is now taking place. The intention is for the Dept BC leads / end users to familiarise themselves and be confident using the system over the next few months and to input their BIA. Training set for 29th January 2024. This will also cover admin users and the aim is for key depts staff to support others across the use of the system, this is in development. Work also started on identifying key depts' BIAs. Work also taking place with new member of the resilience team to develop BC policy linked to the BIA development. Work is continuing and going well with departments supporting the BIA and critical services process. To support staff with BC responsibility the resilience team has commissioned a 1-day BC management training event to take place April 24th. Contract renewal for Risk Connect has also been undertaken successfully with Procurement (July 2024).	Gary Locker	21-Oct-2024	31-Dec-2024

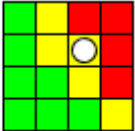
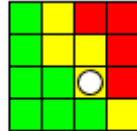

CR01M Review of LALO Local authority liaison officer	Process, training, call out procedure to strengthen the City's capability and resilience in responding to major incident and complying with the wider London boroughs' standardisation programme	LALO support role. This is a revolving process and further refresher and new staff development training and exercise in this role will be sought during 2024 Currently sufficient capability. No further training required - to be reviewed December 2024	Gary Locker	21-Oct-2024	31-Dec-2024
CR01N Standardisation procedures including Gold leadership Training	To increase City capability and resilience in also supporting wider London boroughs during major incident response, covers the key support functions of emergency centres and Gold strategic leadership	GOLD major incident training course completed for all Chief Officers September 22nd 2023, and 26th March 2024. Gold On call rota put in-place further strengthening the out of hours on-call process at strategic Gold level. A bespoke 4-day MAGIC course for all SLT to has been arranged for January 2025 and an additional training day for silver/tactical awareness 27th November 2024 for internal staff nominated by their respective SLT, to strengthen knowledge and resilience across the organisation. Emergency centres staffed by CoL Crisis support team 40 staff currently. Refresher training and call for new volunteers underway, discussion 10th October 2024 with Exec Director DCCS to strengthen crisis support team and test ongoing links to Grenfell resilience recommendations phase 2.	Gary Locker	21-Oct-2024	30-Jun-2025
Page 151 CR01Q Rolling tests	Plan an annual calendar of IT DR tests, covering critical systems and services	A 12-month plan of rolling failover/DR tests has been produced and will commence toward the end of the year. These will each cover a specific area of the technology service, starting with the lower risk, lower impact services and ending with a simulation of a cloud Data centre failure Following final configuration, the secondary Guildhall internet connection has been failover tested and is confirmed running Active/active. This is Scenario 3 in the BCDR Plan, in which we now have 7 scenarios agreed DITS SLT has internally agreed on the critical apps for CoL which will be presented at the next senior security board. Following that it will be presented at the Chamberlin's SLT. This will allow us to then ensure we gather information on the architecture that underpins the critical apps to ensure there are DR capabilities. Officers in IT and Business Continuity have also scheduled regular meetings to better inform the process.	Sudeep Chatterjee	21-Oct-2024	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 Trend
CR30 Climate Action 07-Oct-2019 Damian Nussbaum	<p>Cause: Insufficient resources and prioritisation allocated to Climate Action.</p> <p>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.</p> <p>Impact: As the governing body of the Square Mile dedicated to the City, there are a range of potential impacts including:</p> <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 	 Lifelihood Impact	12 We remain off track to meet our net zero target in 2027 but are implementing additional mitigating measures. Slower than planned decarbonisation of the national grid (external factor outside of our control) has had a significant impact on our performance against interim targets, requiring us to deliver more emissions reduction activity than initially planned in order to meet the 2027 target. We continue to frequently assess performance and mitigate as needed, reporting accordingly.	 Lifelihood Impact	31-Mar-2027	
					Reduce	Constant

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR30k Impact on City financial and ability to	Ongoing political and international relationship management	Progress towards net-zero and climate resilience targets and other sustainability reporting (e.g. Climate Action Scorecards, CDP) fuels positive media coverage. Stakeholder engagement plan unlocks political & international collaboration avenues enabling positive influence. Completion of action is expected in 2027 when first net zero target is met, and risk is	Damian Nussbaum	04-Sep-2024	31-Mar-2027

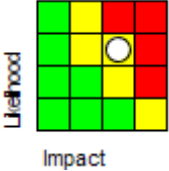
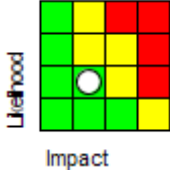

champion sustainable growth if not hitting net zero targets / maintaining resilience		mitigated.			
CR30l Risk of not hitting net zero and resilience targets for City Corporation operational and investment assets, whilst maximising returns	Deliver programme of works across operational and investment portfolios	<p>Progress remains low due to volume of capital works still to be deployed.</p> <p>Delays in decision making on the corporate asset stock changes (i.e. Guildhall Master Plan, Barbican Arts Centre, Markets Co-location) has delayed decarbonising efforts here and requires additional investment elsewhere in the portfolio in order to meet 2027 target.</p> <p>The national grid has decarbonised slower than emission models predicted, with an increase in emissions factor in 2023. This requires even more energy consumption reduction to outweigh the increase in emissions.</p> <p>Recent increases to the cost of capital works present a significant risk to CAS target delivery.</p> <p>Unprecedented rises in energy prices limit actual financial savings seen by capital projects delivered, meaning limited funds are returned to the Build Back Better Fund for future deployment on capital works.</p> <p>Mitigation in place includes introduction of behavioural management programme in buildings, procurement of additional contractors to speed up delivery of capital works.</p>	Paul Wilkinson	04-Sep-2024	31-Mar-2027
CR30m Risk of not hitting net zero targets for financial investments and supply chain	Monitor and drive performance against net zero and financial targets for financial investments and supply chain, continually refreshing learning	<p>Continually improving calculation methodologies for emissions from supply chain and financial investments clouds real progress made but this is to be expected. Opportunity for further engagement with particular suppliers to drive significant change.</p> <p>On track for interim target in 2027 and net zero in 2040.</p>	Caroline Al-Beyerty	04-Sep-2024	31-Mar-2027
CR30n Resilience risks of Square Mile infrastructure and public realm and risk of not hitting net zero targets for developments	Monitor and drive performance against net zero and resilience targets, continually refreshing learning	<p>On track to deliver planned climate resilience mitigation measures.</p> <p>Cool Streets & Greening continue to deliver climate resilient measures, including new projects (including tree planning, replanting, landscaping, and SuDS), making use of the completed Cubic Mile (below ground mapping) project.</p> <p>Phase 2 of pedestrian priority programme is very important to reach net zero in the City.</p>	Katie Stewart	04-Sep-2024	31-Mar-2027

and transport					
CR30o Reaching carbon removal targets through open spaces	Set out carbon removal action plan and mobilise	New Project Manager and Project Officer have been appointed, and works have commenced with deer management and wildflower replanting. Baseline measurements and surveys are taken to improve data quality - an ongoing challenge with sequestration.	Katie Stewart	04-Sep-2024	31-Mar-2027
CR30p Delivery delays and failures due to stakeholder / public action / inaction	Run overarching engagement programme with our stakeholders and partners (phase 3 of engagement plan) and quality assure engagement for projects	Stakeholder engagement is incorporated as part of the Strategy Implementation Support plan, delivered in conjunction with colleagues across the Corporation. This is supported by a dedicated engagement plan under each project. Dedicated stakeholder engagement lead built into PMO function.	Damian Nussbaum	04-Sep-2024	31-Mar-2027
CR30q Protecting vulnerable groups who are most likely to be impacted by climate change and fulfilling Public Sector Equalities Duty	Carry out impact assessments and equalities analysis on projects and stakeholder research and use their findings to shape future engagement and delivery	All CAS project deliverables are assessed, and equality assessment tests are completed as part of project delivery. Purchased Goods & Services are due to complete an Equality Impact Assessment in Q2 2024.	Judith Finlay	04-Sep-2024	31-Mar-2027
CR30r That the scope, budget, timescales, targets and/or commitments of the climate action strategy are not delivered upon through the climate action programme of work	Agree to and implement appropriate governance to embed Climate Action in departmental scrutiny. Ensure 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.	Mitigating actions to bring the 2027 net zero target are underway, including scoping and delivery of additional works required to overcome lack of grid decarbonisation. Tightened officer level governance and increased frequency of project-level reporting will provide oversight to delivery, alongside provision of additional resourcing. Smoothing and speeding up access to capital codes through improved forms and communication with relevant teams should also speed delivery, enabling more work to be done. Progress against the target will still be assessed on an annual basis but project delivery will be assessed monthly and quarterly.	Damian Nussbaum	18-Oct-2024	31-Mar-2027

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 Trend
CR35 Unsustainable Medium-Term Finances - City Fund 19 Jun-2020 Proline Al- erty Page 155	Causes: Persistent high inflation, as reported and forecast by the Office for Budget Responsibility. Aging estate crystallising high levels of expenditure over short time period, putting pressure on Reserves. Reduction in rental income from the property investment portfolio to support Major Projects programmes. Anticipated reductions in public sector funding (local government and Police), escalating demands (both revenue and capital), and an ambitious program for major project delivery pose a threat to sustaining the Square Mile's vibrancy and growth. The Police Transform program fails to achieve anticipated budget mitigations outlined in the MTFP. Event: The failure to manage financial pressures within the fiscal year and achieve sustainable savings as planned, or to boost income generation to address the Corporation's projected medium-term financial deficit. Effect: Inability to establish a balanced budget, which is a statutory requirement for the City Fund. The City of London Corporation's reputation could suffer due to failure to meet financial objectives or the necessity to curtail services provided to businesses and the community. Challenges in executing the capital program and major projects within affordable limits.		12	Inflation rates to be monitored quarterly and an inflation contingency to be maintained in 2024/25 through carried forward from 2023/24 underspends. Pressures on adult social care, children services, security and policing addressed through increase in taxes and business rates premium. Other on-going pressures totalling £3.2m, plus net 3% inflation uplift approved in 2024/25 budgets. The medium-term financial plan includes cyclical works programme to cover bow-wave of outstanding works and provision for works going forward, totalling £62.7m. Funding strategy identifies where best to bring third party capital into surplus operational property opportunities, reducing demand on own Reserves. Quarterly monitoring of capital programme against budgets. Developing income generation opportunities. Renewed approach to transformation underpinned by a clear communication plan to Members. 04 Sep 2024		8	31-Mar-2026	
	Reduce	Constant						

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR35a Impact of inflation	Monitoring the impact of inflationary pressures (including pressures on energy costs) and construction inflation impacts on capex programme <ul style="list-style-type: none"> Use of inflation contingency 	<ul style="list-style-type: none"> Regular monitoring the office of budget responsibility's inflation forecasts, the Consumer Prices Index (CPI) rose by 2.2% in the 12 months to July 2024, up from 2.0% in June 2024. Identify areas that are forecasting to exceed budget envelope due to inflation increases. 	Sonia Virdee	04-Sep-2024	31-Mar-2026
CR35c Major Projects	Remain within the financial envelopes approved for major projects.	<p>Monthly update on major projects forecasts and issues arising.</p> <p>Major projects are presented monthly to the Chamberlain's Assurance Board with an update to the Portfolio Board chaired by the Town Clerk/Chief Executive.</p> <p>Regular reporting to Capital Buildings Board, Finance Committee, and Policy and Resources Committee.</p>	Sonia Virdee	04-Sep-2024	31-Mar-2029
CR35f Achievement of current Savings Programme	Delivering the current savings programme and securing permanent year-on-year savings (including Police Authority) <ul style="list-style-type: none"> Develop income generation opportunities 	<p>Court of Common Council approved reprofiling of remaining fundamental review savings, to allow sufficient time to embed these through income generation opportunities.</p> <p>Ensure income generation schemes are sustainable and on-going opportunities are explored, these include but not limited to Lord Mayor Show and events across the Corporation. Advertising and sponsorship, Filming inside and outside the square mile, Retail opportunities and Fees and Charges.</p> <p>; Remaining £0.4m unidentified savings from the 12% savings programme is being worked on and expected to be delivered during 2024/25.</p> <p>Pressures and mitigations are being recorded at a more granular level to improve the tracking and reporting on savings during the year, this information will be incorporated into the budget monitoring reports from Autumn 24 onwards to help inform Members of key risks and progress.</p> <p>Savings programmes/initiatives are being considered as work commences on budget setting for the 2025/26 year.</p>	Alistair Cook; Sonia Virdee; Genine Whitehorse	04-Sep-2024	31-Mar-2026
CR35p Plans in place to reduce future deficits	Plans in place to reduce future deficits.	The medium-term financial plan is only balanced over the next four years with the use of general fund reserves and further savings and/or revenue raising by increasing Council Tax and Business Rate Premium. City Fund moves into deficit position from 2026/27 onwards. However, with the change of Government it is now expected that the business rates reset will come later than expected in the existing MTFP. As such the current MTFP will be updated as part of the 25/26 budget process.	Sonia Virdee; Genine Whitehorse	04-Sep-2024	31-Mar-2026

		<p>Whilst some positives may come from the 25/26 budget setting process, this does not address future deficits, previously the business rate growth had been kept separate to fund the major projects and not relied on to balance the in-year position, due to increases in inflation and reductions in property income forecasts this is no longer possible. Radical decisions are now needed on how best to bring down the annual operating deficit, over and above those already identified (income generation, operational property review, investment property review), including major changes or stoppages to existing services provision and/or reduction in grants. This will require a renewed approach to transformation underpin by a clear communication plan to all members, so they are aware of the challenges ahead.</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 Trend
CR39 Recruitment and Retention 21-Feb-2023 Alison Littlewood	Cause: The Corporation had an employee turnover rate of 18.69% for the period 1 January to 31 December 2022. This is a high and is affected by a wide range of factors including labour market shortages and high levels of employment in the wider economy. Like many employers, the Corporation is competing for scarce talent, particularly in highly skilled areas such professional services. Event: Unable to attract and retain the best talent due to factors such as remuneration, working conditions and benefits becoming out of line with competitor organisations. Effect: The corporation is at risk of failing to deliver its corporate objectives. Costs of delivering services increase due to high turnover, and increased reliance on agency workers and interims, particularly in shortage areas. This means our ability to deliver objectives is at risk. This affects both outcomes for policy objectives and statutory functions, as well as the brand and reputation of the organisation.		12 Risk reviewed and actions updated. No change to score. 17 Oct 2024		31-Jul-2025	 Constant
					Reduce	

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR39b Ambition 25 Reward Review	Full review of pay, terms and conditions to update working patterns and reward to improve recruitment and retention. Phase 1 completed by April 2023 with options for change. Phase 2 implementation of agreed options for change by Autumn 2025	Risk reviewed, Employee comms update to be released at then of October 2024. Options for change to be shared with SLT by end of November 2024.	Alison Littlewood	18-Oct-2024	30-Apr-2025
CR39c Alternative Service Delivery models and the Contingent Labour review project	To assure the Corporation that a robust contingent labour provider and process is implemented, a review of the current service will be undertaken. Amongst other benefits this is to support with temporary workers to cover hard to fill roles and provide additional capacity when in house capacity is stretched. Options will be shared with SLT, ELB and CSC between February and April 2024 with a view to commissioning a new managed service supplier to supply both temporary	Confirmation Stage 2 Award paper for the new Managed Services for Temporary Labour contract was approved at Court of Common Council. We will now progress to implement the exit strategy of the current contract and mobilisation of the new supplier.	Alison Littlewood ; Dionne Williams-Dodoo	18-Oct-2024	31-Jul-2025

	and permanent workers by July 2025.				
CR39j Vision and Values	We recognise that having a positive employment brand helps to attract potential candidates. This also relates closely to defining our employee offer and the work set out as part of The My Talent, My Development workstream of the 2024-2029 People Strategy sets out the elements of work associated with this important work. This work will help us to better define what it means to be an employee and sell the Corporation to future candidates.	Corporate Services Committee approved progressing procurement in Sep 24 for an external partner to create new values and behaviours. Soft market testing is underway, and a draft programme specification will be shared with SLT and ELB by early Nov. Confirmation of budget is underway with Finance in parallel and formal procurement will then follow.		18-Oct-2024	31-Mar-2025
CR39k Staff engagement survey	Our next Our People Survey which will measure staff engagement and provide feedback on working experiences at the City of London will launch on the 15th of April 2024. Through the survey we will do the follow: <ul style="list-style-type: none"> • Understand the drivers that are contributing to any potential negative experiences at working at the city. • Understand what City of London corporation is doing well for its employees. • Understand themes and develop action plans that will enable us to position ourselves as the employer of choice. • With a view that the summary of findings will feed into keeping the People Strategy as a living breathing document. 	Departmental action plans to be returned to People and HR by the end of October 2024, The actions plans are being collated where actions undertaken and quick wins will be added to the intranet page and feed into the CSC paper for November as an update. The corporate response to the staff survey will be also collated and added as an appendix to the CSC paper in November. This will be followed by bimonthly updates on completed actions from departments to People and HR, this will provide detail on actions taken following the survey results in May of 2024. All staff updates being held 4th December 2024. Strategic and tangible actions plans for ELB will be shared by end of November 2024.		18-Oct-2024	31-Dec-2024
CR39M Approach the hard to fill roles	Approach to hard to fill roles - We have recruited a Strategic Campaigns and Resourcing Projects Lead on a 12-month FTC. This post will support with creating targeted and bespoke recruitment campaigns for senior/ exec recruitment and hard to fill posts at the City of London Corporation. A range of methods, including the use of appropriate search and select agencies, proactive candidate search and engagement, events etc. will be used to promote the City of London Corporation as a destination to work at. We will be looking to raise the employer profile of the City of London Corporation. We will also consider how and where we look for supply of talent e.g. engaging with our competitors as needed.	Following on from last update we have been progressing with supporting a significant number of live recruitment roles. Our uptake has significantly increased and being promoted internally within the organisation. From full campaign support and bespoke advertising, media support and marketplace intelligence we are raising the profile of (HR recruitment) within the corporation internally. Enhancing our branding externally by promoting our employee value proposition by connecting with a wider audience by designing creative adverts and being able to connect with candidates directly to enhance the candidate experience. The results in terms of LinkedIn engagement have significantly enhanced our presence in the marketplace as an employer of choice. Headhunting is proving successful. Due to the recruitment tool (LinkedIn) being procured internally we now have relevant and		18-Oct-2024	31-Mar-2025

		<p>insightful data to support with recruitment and analyse our ROI. Data that is being shared for each campaign. We are also collecting data for each campaign outside of the LinkedIn tool to track successes and trends.</p> <p>In addition to LinkedIn campaigns, we are also being asked to work on senior level campaigns most recently to act as a head-hunter for a member led piece of recruitment which is proving very successful.</p> <p>By keeping recruitment in-house rather than to expensive agencies we have already seen a significant reduction on spend in those areas as well as with our external advertising company.</p>			
CR39N Pay Award 2024/2025	Alongside our broader review of the existing pay architecture and approach to Reward underway, we have been working with Members, our senior leadership and our Trade Unions to agree the Pay Award for 2024/25. This is with a view to achieving the best possible outcome in line with our affordability on pay within our existing structures.	Discussions with the trade unions are still ongoing and so the target end date has been revised to reflect this. Incremental progression arrangements were implemented for all eligible staff in October 2024, implementation of contribution pay, and recognition award schemes has been deferred until a pay award agreement has been reached, as these are interrelated in terms of total package. Due Date 31st December 2024.		18-Oct-2024	31-Dec-2024

Red Departmental Risks

Short summary by department

Generated on: 16 October 2024






Rows are sorted by Risk Score

Barbican Centre (4 risks)



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Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
BBC Buildgs 027	Failure to maintain and renew Buildings and Estates Infrastructure	8	4	32		05 Sep 2024	4	1	4		31 Dec 2025	Reduce	
BBC Buildings 010	BBC Conservatory Glazing	8	3	24		05 Sep 2024	8	2	16		31 Dec 2026	Reduce	
BBC H&S 002	Failure to deal with Emergency/Major Incident/Risk of Terrorism	8	2	16		05 Sep 2024	8	1	8		30 Jun 2025	Reduce	
BBC H&S 005	Fire Regulation Compliance	8	2	16		05 Sep 2024	2	1	2		31 Dec 2025	Reduce	




Chamberlain's Department (1 risk)

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CHB 002	Housing Revenue Account Financials	4	4	16		04 Sep 2024	4	2	8		31 May 2025	Reduce	







City of London Freemen's School (1 risk)

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
F-016	Financial Sustainability	4	4	16		29 Aug 2024	2	2	4		31 Aug 2025	Reduce	







City Junior School (1 risk)












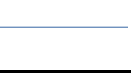
Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CJS 001	Inadequate finances or financial plans	4	4	16		20 Sep 2024	2	3	6		31 Dec 2024	Reduce	

City of London Schools for Girls (2 risks)




Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CLSG-01	External pressures on financial model (SA5-Operations)	4	4	16		02 Oct 2024	4	3	12		31 Dec 2024	Reduce	
CLSG-13	Governance	4	4	16		04 Oct 2024	4	3	12		31 Dec 2024	Reduce	

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City Surveyor's Department (6 risks)




Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
SUR SMT 017	MCP disruption necessitating the Markets remaining in existing buildings, requiring further investment in maintenance works.	8	3	24		02 Sep 2024	4	1	4		31 Dec 2026	Reduce	
SUR SMT 005	Construction and Service Contracts Price Inflation beyond that which was anticipated or planned	4	4	16		21 Aug 2024	2	3	6		31 Mar 2025	Reduce	

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
SUR SMT 006	Construction Consultancy Management	4	4	16		21 Aug 2024	4	1	4		31 Mar 2025	Reduce	
SUR SMT 009	Recruitment and retention of property professional	4	4	16		21 Aug 2024	4	2	8		31 Mar 2025	Reduce	
SUR SMT 011	Contractor Failure	4	4	16		21 Aug 2024	2	2	4		31 Mar 2025	Reduce	
SUR SMT 016	Investment Property Group staffing and Capacity	4	4	16		20 Aug 2024	2	1	2		31 Mar 2025	Reduce	




Department of Community & Children's Services (1 risk)

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CCS HS 007	Blake Tower – Barbican Estate	4	4	16		29 Aug 2024	2	2	4		31 Mar 2025	Reduce	




Environment Department (1 risk)

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
ENV-SLT 001	Maintenance and renewal of physical assets	4	4	16		08 Oct 2024	2	3	6		31 Mar 2025	Reduce	

Guildhall School of Music and Drama (1 risk)

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
GSMD DDP 002	Reduced Recruitment and Retention of Key Staff	4	4	16		07 Oct 2024	2	2	4		31 Dec 2024	Reduce	

Town Clerk's Department (1 risk)

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
DTC PA	Fraud and Cyber Crime Reporting & Analysis Service (FCCRAS) Procurement	8	3	24		29 Aug 2024	8	2	16		31 Dec 2024	Reduce	

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City of London Corporation Committee Report

Committee(s): Audit & Risk Management Committee – For Information	Dated: 04/11/2024
Subject: Counter Fraud & Investigations – 2024/25 Mid-Year Update Report	Public report: N/A
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	£
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
Report author:	Chris Keesing, Counter Fraud & Investigations Manager

Summary

In total 42 investigations, across all disciplines, have been completed during the first six months of this reporting year with an associated value of £376,761. The bulk of this relates to the recovery of six social housing tenancies with an associated loss to the public purse of £357,756.

Development of the London NFI Fraud Hub continues with a programme of work to innovate and collaborate with London Borough Fraud Teams to tackle high risk areas including small business rates relief fraud, social housing tenancy fraud and a business-as-usual approach to the multiple employment fraud risks.

The Counter Fraud & Investigations Manager is undertaking a series of fraud risk workshops and fraud risk assessments in high-risk areas, designed to allow departments to better understand their fraud risks and consider controls to further mitigate the risk of fraud.

Recommendation(s)

Members are asked to:

- Note the report and Member Briefing

Main Report

Background

1. This report provides Members with a mid-year update on the activity of the Counter Fraud and Investigation team during the first half of 2024/25. It also provides Members with an update against key anti-fraud initiatives and proactive measures 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 2024/25 reporting year to date, compared to the same period during 2023/24 can be found at Appendix 1 to this report, showing all fraud types along with the value of frauds detected.
3. The associated value of all completed investigations concluded so far this reporting year is £376,761, with the majority of this associated to notional savings of £368,051.
4. There are currently 10 live cases across all disciplines, with all but one case open in the current reporting year. Two cases are subject to civil (1) short-term letting abuse, and criminal (1) action, with a trial in a subletting fraud commencing on 04th November 2024.

Investigation Activity

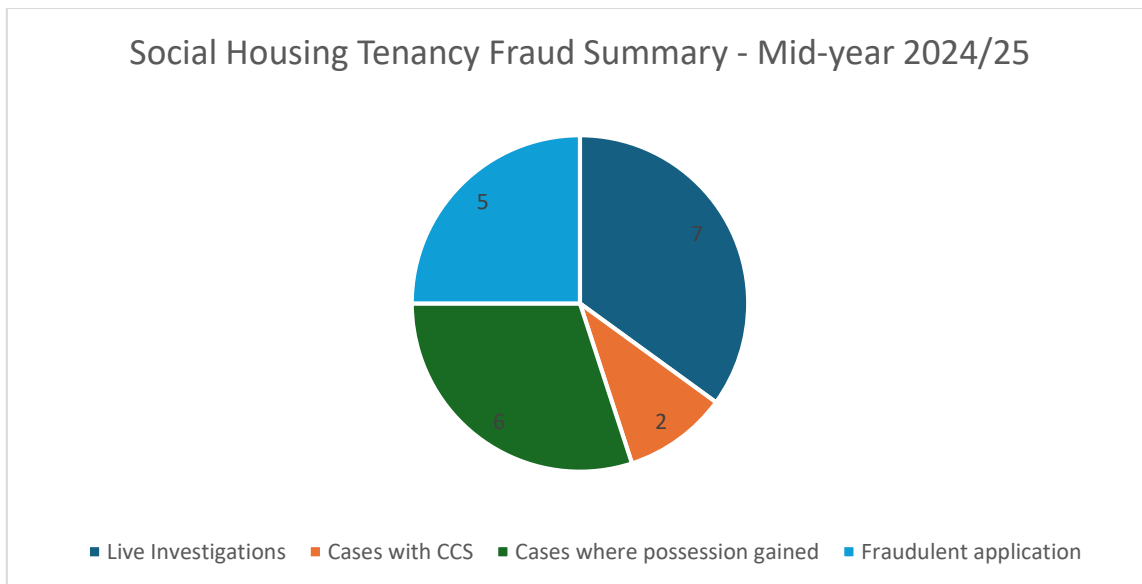
Corporate Investigations

5. Four corporate investigations have been completed during the reporting year with an associated investigation value of £9,720. Corporate investigations relate to fraud, theft, error, and misconduct allegations investigated by, or investigations supported by, the Counter Fraud Team.

Social Housing Tenancy Fraud

6. Social housing tenancy fraud remains a key fraud risk for the City of London; the team provides full investigative support across all aspects of housing, from initial applications to the investigation of tenancy breaches and succession and right to buy application screening.
7. The volume of tenancy fraud referrals received in this reporting year has reduced by 50%, however, the number of right to buy application screening referrals, and housing application concerns referred to the team has increased significantly, from three in the same period last year to 22 this year. In response to a drop in tenancy fraud referrals the team have agreed a tenancy fraud awareness campaign where posters and flyers will be used across the City's housing estates encouraging residents to report tenancy fraud concerns.
8. We currently have two cases with the Comptroller & City Solicitor, one for prosecution is listed for a Crown Court trial in November 2024, whilst the second, a civil recovery, relates to a short-term letting fraud.

9. A detailed summary of our work in this area, during the 2023/24 reporting year to date vs. the same period last year can be found at Appendix 2 to this report, whilst a snapshot can be found in the chart below.



National Fraud Initiative (NFI) & London NFI Fraud Hub

10. The Counter Fraud & Investigations Manager is the Key Contact for the City Corporation and the City of London Police participation in the NFI. The 2024/25 NFI biennial exercise has now commenced, with all mandatory datasets for both organisations uploaded to the NFI secure servers in October. Data matches are timetabled for release from 20th December, with Council Tax single person discount matches following later from 17th January 2025. The bulk of these matches will be subject to review by departmental NFI contacts, and where appropriate and in the case of identified fraud concerns, investigated further by the Counter Fraud Team.
11. The Team's Tenancy Fraud Investigator has been reviewing matches from a tenancy fraud pilot exercise involving the use of multiple public and private sector datasets to identify fraud, 27 matches have been reviewed so far, with two investigations leading to the recovery of tenancies, included in the summary at Appendix 2, as a direct result of this data matching.

London NFI Fraud Hub

12. Members were advised of the multiple employment fraud project as part of earlier reports to Committee. This project has now successfully concluded with the exercise now moving to business-as-usual match within the London NFI Fraud Hub from January 2025; we are working with the other Fraud Hub members and our Contingent Worker suppliers to develop a timetable for regular screening of worker data from January.
13. The findings for the City Corporation from this project are summarised below.

No. of matches	12
No issue or worker already left	11
Fraud Identified	1
Fraud value	£8,650

14. The identified fraud for the City Corporation relates to an employee who was found to have worked for another Local Authority exclusively via a temporary contract for a period of twelve weeks, whilst employed on a permanent basis by the City. The employee was interviewed under caution and resigned at the conclusion after admitting their guilt. An overpayment of salary amounting to £8,650 was calculated and is subject to repayment by the now former employee.
15. A programme of London-wide data matching via the London NFI Fraud Hub is under development and will focus on risk areas including housing and business rates, with a small business rates relief project starting in the New Year, this is in addition to the continuation of the current Fraud Hub work, retrospective matching against deceased data and building on the successes of the multiple employment fraud project.

Council Tax SPD Fraud

16. Two Council Tax SPD applications have been investigated by the team in the first half of the reporting year; both were found to be dishonest applications and as such no award was made.
17. We have recently surveyed the position regarding Council Tax single person discount fraud with London Borough Fraud Teams, we had responses from 11 boroughs and found that two had each prosecuted one offender for this fraud type in the past six years, and only when linked to more serious offences subjected to prosecution action, as a standalone none had prosecuted for Council Tax SPD fraud, nor had the intention of doing so in the future at this stage.

Speak Up Concerns (whistleblowing)

18. Three concerns have been received during the first half of this reporting year and treated as whistleblowing under the legal definition. Following triage by Internal Audit, all three were referred to Corporate HR and relevant service areas for investigation, two have been concluded, whilst one remains subject to ongoing investigation – details of the two concluded investigations can be found below.

No.	Detail of concern	Findings
1	Allegation of assault by an employee at the North Wing reception	The matter was investigated by the Guildhall Security Manager who found that upon a review of the information and evidence available, it is considered that the employee acted within the law, using force, which was reasonable, proportionate, necessary and justified. No further action was taken, and the concern was closed.

2	Concern that an employee was claiming for hours not worked on a weekend and making dishonest submissions for overtime payments	The matter was investigated by an Assistant Director in the appropriate Department, who reviewed all available evidence, conducted a spot check and interviewed line managers. It was found that the concern was likely malicious, and they employee in question had an exemplary record. The spot check found the employee on duty as they should have been on the Sunday and through interview with the employee no concerns could be substantiated. No further action was taken, and the concern was closed.
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19. Internal Audit are working with Corporate HR on the development of a new and 'Speak Up' policy and procedure to replace the current whistleblowing policy. This new policy and procedure will encourage colleagues to report concerns via a new electronic form that allows for two-way engagement for anonymous reports and is supported by a new electronic case management system, based on the fraud case management system allowing far better capture and management of concerns from referral to conclusion.

Fraud Risk Assessments

20. The Counter Fraud & Investigations Manager continues to support Departments and Service Areas to better understand their fraud risks and identify weaknesses in controls that need further mitigation to reduce the risk of fraud through a programme of fraud risk assessments (FRA's).

21. FRA's are currently underway in the following areas

- City of London School
- Barbican Housing
- Social Housing
- Chamberlains Transactional Finance

22. Primary focus is on frontline areas and following recent agreement with the Senior Management Team in the Department of Children and Community Services, this is a main focus for FRA's at this stage.

23. It is envisaged that once completed risks will be recorded within INCASE – the City's fraud investigation case management system, with FRA's reviewed periodically by Departments with the support of the Counter Fraud Manager.

Member Briefing – Counter Fraud Activities

24. A Member Briefing paper is provided as Appendix 3 to this report. The Member Briefing provides a high-level summary of the work undertaken by the Counter Fraud Team, along with the key work streams and key challenges faced.

Corporate & Strategic Implications

25. 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 understanding our fraud risks, mitigating the risks of fraud by 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

Financial implications

26. None.

Resource implications

27. None.

Legal implications

28. With regards paragraph 19, regarding the new Speak Up Policy and Procedure, the legal position concerning protected disclosures will be reviewed by the Comptroller & City Solicitor prior to its launch and replacement of the current Whistleblowing Policy.

Risk implications

29. The new Speak Up Policy and Procedure is being drafted in collaboration with Corporate HR's Policy Manager, and will ensure that appropriate and lawful protections are in place and offered to all staff and will comply with our public sector equality duties.

Climate implications

30. None.

Security implications

31. None.

Conclusion

32. The team continues to perform well with 42 investigations completed during the period with an associated value of £376,761. We continue to innovate and collaborate with our partners through the London NFI Fraud Hub to identify and tackle fraud risks.

33. Through our programme of fraud risk assessments, we are aiming to capture and map the key fraud risks faced by each Department and more widely the Corporate fraud risks for the City Corporation. This work will take considerable time and will be impacted by unforeseen and urgent responses to fraud investigations and other

priority work of the Counter Fraud & Investigations Manager, as there is limited capacity and capability in the team to take on this work.

Appendices

- Appendix 1 – Analysis of the number of cases investigated between 01/04/2024 and 30/09/2024
- Appendix 2 - Housing Tenancy Fraud Caseload Analysis 01/04/2024 to 30/09/2024
- Appendix 3 – Member Briefing: Counter Fraud Activities

Chris Keesing

Counter Fraud & Investigations Manager, Chamberlains Department

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Appendix 1 - Analysis of the number of cases investigated between 01/04/2024 and 30/09/2024

1. The chart below provides a detailed analysis of the number of completed investigations, during the 2024/25 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 full year reporting 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 will have a financial value attached but may instead result in other outcomes such as disciplinary action, or control environment recommendations.

Activity	Completed Investigations 01/04/2024 – 30/09/2024	Value (£'s) 01/04/2024 – 30/09/2024		Completed Investigations 01/04/2023 – 30/09/2023	Value (£'s) 01/04/2023 – 30/09/2023
Social Housing Tenancy Fraud ¹	10	357,756 ^(N)		10	539,634 ^(N)
Right to Buy ²	14	Nil		2	Nil
Housing Application Fraud ³	8	9,720 ^(N)		1	3,240 ^(N)
Blue Badge Fraud	1	575		0	Nil
Corporate Investigations ⁴	4	8,710		15	110,616
Council tax investigations	2	Nil		5	4,843
Whistleblowing Disclosures	3	Nil		1	Nil
Total (£)	42	376,761		34	658,333

Notes:

¹ Successful possession gained has a notional cost of £59,626 loss to the public purse 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 fraud proven uses true discount value £112,300 per property | nil value - application screening completed by Counter Fraud Team.

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. Associated NFI value £3,240 per outcome.

⁴ Corporate Fraud Investigations include cases of fraud, error, corruption, theft or conduct investigated directly by Internal Audit and/or investigation supported by Internal Audit & Risk Management and are not necessarily cashable savings.

^(N) Denotes Notional Costs

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Appendix 2 – Housing Tenancy Fraud Caseload Analysis 01/04/2024 to 30/09/2024

Housing Tenancy Fraud Case Referrals	01/04/2024 to 30/09/2024	01/04/2023 to 30/09/2023
Housing tenancy fraud referrals received in current year	10	24
Right to buy referrals received in current year	14	2
Housing application referrals received in current year	8	3
Cases carried forward from previous year (all disciplines)	10	17
Total	42	45
Cases/Referrals Currently Under Investigation		
Cases/referrals currently under investigation	7	12
Cases/referrals closed with no further action	22	19
Cases with Comptroller & City Solicitor for prosecution ¹	1	2
Cases with Comptroller & City Solicitor for civil recovery ¹	1	1
Cases where successful possession gained ³	6	9
Cases where successful prosecution action taken	0	1
Cases where fraudulent application identified ²	5	1
Dishonest Right to buy fraud identified	0	0
Total	42	45
Total value of losses to the public purse from social housing tenancy fraud³		
	£373,956^(N)	£539,624^(N)
Notes:		
<p>¹Cases 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.</p> <p>²Fraudulent application includes housing register applications, dishonest succession applications and mutual exchange applications denied.</p> <p>³Successful possession gained has a notional cost of £59,626 loss to the public purse as per 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.</p> <p>^(N)Denotes Notional Costs</p>		

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Counter Fraud Activities A&RMC Member Briefing

Chris Keesing – Counter Fraud &
Investigations Manager

November 2024

Key work streams

- Reactive Investigations – where fraud concerns have been reported directly.
- Proactive counter fraud work and use of ‘big data’ – primarily data-matching through the NFI and the London NFI Fraud Hub.
- Expert and Professional Counter Fraud & investigation advice and support, organisation wide. Head of Profession response for Counter Fraud.
- Fraud risk assessment activity – supporting the organisation to understand and mitigate fraud risks, whilst meeting its legal obligations to do so.
- Ownership of key counter fraud policy.
- Oversight for the corporate policy and procedure for receiving concerns from employees.
- RIPA subject matter experts – supporting departments to undertake lawful and risk assessed directed surveillance.
- Cross-cutting function - our works covers all City Corporation departments/institutions and supports the Corporate Plan.
- Fraud Prevention Activity – designing out fraud by default.



Proactive Counter Fraud Work

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• **National Fraud Initiative (NFI):**

- Biennial exercise – mandatory for City Corporation & City Police.
- Counter Fraud Manager is Key Contact and responsible for the NFI for both the City Corporation & City Police
- Datasets cover: Payroll, Pensions, Housing, Council Tax, Electoral Registration, Blue Badge, Housing Benefits, Creditors, Social Care Recipients.
- Pilot Exercises – recently housing data to HMRC and Credit Reference data to identify tenancy fraud.
- NFI AppCheck – a tool available to front line service areas to help detect and prevent fraud from entering the system at point of application.

London NFI Fraud Hub:

- Allows for continuous auditing of key fraud risks datasets, including housing and council tax.
- London NFI Fraud Hub now hosts 26 London Boroughs (inc. CoL), enabling a collaborative and innovative approach to tackling cross boundary fraud.
- Uses all of the NFI datasets and has regular updates of additional data, including benefits, deceased records, Amberhill (known fraud) data.
- Retrospective matching identifies matches for review when new data is digested into the hub; these are triaged by the fraud team and retained or assigned to departmental NFI stakeholders for review.
- Collaborative and innovative approach to tackling fraud risk – for example the agency staff fraud risks project.

Proactive Counter Fraud Work

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Policy & Procedure:

- Anti-Fraud & Corruption Strategy
- Prosecution & Sanctions Policy
- Social Housing Tenancy Fraud - Anti-Fraud & Prosecutions Policy
- Money Laundering Policy
- Bribery Act Response Procedure
- Fraud Manual

• Fraud Risk Assessments:

- Allows the organisation to understand its exposure to fraud, and to identify areas where further mitigation through process or procedure is necessary.
- Departmental and/or divisional fraud risk workshops
- Development of fraud risk registers with periodic review
- Specific function and/or activity fraud risk assessments.
- Initial fraud risk assessments for major spends/projects
- Directly responds to the City Corporations duty to prevent the risks of fraud against the organisation, as set-out the in the Economic Crime & Corporate Transparency Act

Fraud Awareness:

- Fraud awareness eLearning
- Fraud awareness presentations
- Tailored fraud awareness – team/group sessions
- Member fraud awareness sessions (as desired)

Proactive Counter Fraud Work

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Regulation of Investigatory Powers Act (RIPA):

- Counter Fraud Manager – RIPA Gatekeeper.
- Head of Internal Audit – RIPA Authorising Officer.
- The team oversees all RIPA activity for directed surveillance at the City Corporation.
- Allows for officer challenge
- Helps to protect the City Corporation both legally and reputationally by having a professional response to directed surveillance.
- Supports and compliments the activity of other teams across the City Corporation.

Speak Up Procedure:

- HR Procedure and Policy - IA & Counter Fraud Team oversees the response for the City Corporation, including the triaging of concerns with HR colleagues to include determination of whether protected disclosure rights apply to the employee raising a concern.
- Current IA/Counter Fraud and HR working group in place with support from ELB to redesign and refresh our approach to whistleblowing with new Policy & Procedure and new system and electronic reporting tool.
- Electronic reporting form under development – this will allow for a two-way anonymous exchange of information, should the person submitting the concern not feel comfortable providing their personal details.

INCASE – Fraud Case Management System:

- All referrals now logged electronically and triaged through INCASE.
- All fraud investigations now managed through their lifecycle within INCASE.
- Electronic fraud reporting form launched – this allows for a two way anonymous exchange of information, should the person submitting the concern not feel comfortable providing their personal details.

Fraudits:

- Counter Fraud Team reports summarising the findings and risk exposure following corporate investigations.
- Recommendations to improve control frameworks where fraud has been reported and investigated.
- Monitoring of implementation of recommendations.
- Work in this area promotes fraud risk assessment activity.

Key Challenges & Limited Capacity

- Reactive fraud investigations can take time to progress to outcome owing to volume of work and workloads, however, delivery of professional reactive investigations in all cases is not impacted.
- Output from proactive counter fraud activity not always reviewed in full owing to volume and availability of resource.
- Many positives have been delivered from the work of the team in preventing fraud, whether through improved controls and processes, or by providing the tools to assist front line services to identify fraud. It is very challenging to quantify fraud prevention activity and assigning a value to this work.
- Can at times be challenging to respond to new and emerging fraud risks effectively in a timely manner due to counter fraud resource and competing priorities.
- Geographical spread of housing sites across London significantly increases the number of external data providers the Investigator must work with.
- Implementation of counter fraud recommendations need pushing on occasions.
- Obtaining evidence from third parties – other LA's, banks, utilities etc. is often time consuming and can impact delivery of work. Chasing providers for essential data and evidence is time consuming.
- Large cases can easily wipe out a counter fraud resource for a period of time.
- Can be challenging to manage workload due to the nature of counter fraud work – it is not always possible to manage and respond effectively to the volume of referrals made to the team, particularly reactive investigations.
- Crown court trials are currently listed for 1.5 – 2 years time impacting closure of cases.

City of London Corporation Committee Report

Committee(s): Audit and Risk Management Committee – For Decision City Bridge Foundation Board– For Decision City of London Police Authority Board– For Decision	Dated: 4 November 2024 26 November 2024 4 December 2024
Subject: City of London Corporation Risk Management Policy	Public report: For Decision
This proposal supports the successful delivery of all six Corporate Plan outcomes and our statutory obligations through providing a business enabling function and framework to identify and manage risks to our objectives.	Corporate Risk Management
Does this proposal require extra revenue and/or capital spending?	No
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
Report author:	Jess Roberts, Corporate Strategy Officer (Engagement)

Summary

The draft Risk Management Policy outlines the City of London Corporation’s risk management framework and expectations. It has been updated in line with the overarching approach in the City Corporation’s Risk Management Strategy 2024-2029, taking account of other key strategic and risk-related documents (internal and external).¹ It applies to the whole of the City Corporation and helps support the successful delivery of our services and strategic objectives.

Input has been received from across City Corporation when preparing this policy to ensure it provides applicable guidance across our remit and reflects points made by Officers and Members on the risk management process.

This report seeks endorsement of this draft policy from the Audit and Risk Management Committee. As it applies across City Corporation and noting their separate risk reporting governance structures, endorsement is also sought from the City Bridge Foundation Board and City of London Police Authority Board.

¹ e.g. City of London Corporation Corporate Plan 2024-2029; City of London Police Risk Management Framework; City of London Corporation Charity Risk Management Protocol; UK Government - The Orange Book; Charity Commission CC26 Charities and Risk Guidance

Recommendation(s)

Members are asked to:

The **Audit & Risk Management Committee**:

- Endorse the draft Risk Management Policy
- Authorise the Chair and Deputy Chair of Audit and Risk Management Committee to agree any minor changes to the content of the draft document, subject to comments from the City Bridge Foundation Board and City of London Police Authority Board.

The **City Bridge Foundation Board**, in the discharge of functions for the City Corporation as Trustee of City Bridge Foundation and solely in the charity's best interests:

- Endorse the draft Risk Management Policy to apply to City Bridge Foundation.

The **Policy Authority Board**, in the discharge of functions for the City Corporation as Police Authority:

- Endorse the draft Risk Management Policy to apply to the City of London Police.

Main Report

Background

1. The City Corporation's current risk management policy was last endorsed by the Audit and Risk Management Committee in May 2021 as part of the City of London Corporation's Risk Management Policy and Strategy.² When working on the update last year, it was decided that subsequent versions would be better divided into separate strategy and policy documents, reinforced by standalone guidance. This helps us to clearly outline our overarching aims in this area, whilst also providing the right structure and support to City Corporation.
2. A new Risk Management Strategy 2024-2029 was endorsed on 13 May 2024 by the Audit and Risk Management Committee.³ This draft Risk Management Policy supports the delivery of this strategy by providing our risk management framework and expectations in relation to our organisational approach.
3. The policy was developed in consultation with risk leads and practitioners from across the City Corporation's Departments and Institutions. This included targeted engagement with the Chief Officer Risk Management Group, the Risk Management Forum and risk leads within Departments and Institutions that hold a substantial number of risks or have different risk reporting mechanisms, such as City of London Police and City Bridge Foundation. It also reflects the input

² [Agenda item - City of London Corporation Risk Management Policy and Strategy - Modern Council](#)

³ [Agenda item - City of London Corporation Risk Management Strategy 2024-2029 - Modern Council](#),

received from Members on any gaps and/or opportunities to improve our risk management structure and processes.

The Policy

4. A robust risk management culture and framework is key to achieving our strategic objectives, not least in ensuring that decision-makers have the information they need to make strategic and operational decisions. This policy details the risk management responsibilities and processes required to identify and mitigate risks on a day-to-day basis. It highlights best practice, introduces risk identification techniques and outlines our governance and lines of reporting.
5. The following assumptions underpinned the development of the policy:
 - a. The overarching risk management framework and expectations should apply across the City Corporation's Departments and Institutions to ensure commonality of approach and underpin development of the right organisational risk culture.
 - b. There can be flexibility in the way in which the framework is applied within each area to achieve the required outcomes, according to their structure and reporting requirements.
 - c. Chief Officers and Heads of Institutions will be collectively responsible for upholding the policy and ensuring it is applied within their areas.
 - d. All Officers should be aware of the policy and how this helps us to achieve our objectives.
 - e. Regular reporting (to Officers and Members) is essential, both for assurance purposes and to extract strategic benefits.
 - f. Our commitment to openness and transparency in governance should be appropriately reflected in risk management reporting.
6. The Draft Risk Management Policy consists of:
 - a. Risk Management Policy Statement
 - b. Snapshot - What is risk management?
 - c. **Section 1:** Risk Application, Roles and Responsibilities
 - d. Snapshot - Thinking about risk – a beginner's guide
 - e. **Section 2:** Risk Management Process
 - f. Snapshot - What are 'positive opportunity' risks?
 - g. **Section 3:** Risk Management Governance and Reporting
 - h. Annex - Further Reading
7. The draft Risk Management Policy differs from the 2021 policy as follows:
 - a. Separation of the overarching Risk Management Strategy from the Risk Management Policy to improve ease of access and clarity of messaging.
 - b. The content, style and format reflect officer feedback to improve its useability and increased understanding of risk management (supporting an approach led by culture, not process alone).
 - c. The sections are designed to stand alone to assist with ease of reference for specific queries.
 - d. Risk appetite statements are being developed separately and will sit alongside the policy (not within it), subject to frequent review to ensure they remain relevant.

8. The Risk Management Policy together with the overarching Risk Management Strategy, helps address the findings and recommendations flagged by both internal and external audit reports. In addition to socialisation activities to ensure the Policy is embedded within City Corporation (see paragraph 13), we will also be monitoring adherence/compliance through the data on our electronic risk management system (qualitative as well as quantitative), as well as through interaction and engagement with Officers. Progress will be flagged to the Chief Officer Risk Management Group and the Executive Leadership Board/Senior Leadership Team, as required. It will also be included in annual reporting on the Risk Management Strategy 2024-2029 action plan.

Governance

9. The Risk Management Policy was discussed and approved by the Chief Officer Risk Management Group on 3 October 2024.
10. The City of London Police and City Bridge Foundation produce standalone risk reports and their risks are not routinely reported into Audit & Risk Management Committee. The City of London Police Authority Board and the City Bridge Foundation Board are therefore being asked to endorse the policy to reflect our united approach on risk management aims, framework and process, while enabling flexibility in relation to local needs.
11. We have taken account of any differences in governance (e.g. in relation to charity risks) when drafting the policy and ensured that these are reflected in the document, consulting with the relevant areas and Governance and Member Services on this aspect.
12. The policy will be reviewed on an annual basis. Any significant changes will be reported back through the appropriate governance channels.

Next steps

13. Once approved, the Risk Management Policy will be socialised within the City Corporation. This will include publication on intranet pages, dissemination via internal communications channels and targeted engagement with risk leads (via Chief Officer Risk Management Group and the Risk Management Forum).
14. Additional risk management training and guidance will be developed by officers in the Corporate Strategy and Performance Team to support both the Risk Management Policy and the Strategy. Progress on this will be reported to the Audit & Risk Management Committee within regular Risk Management Update reports.

Corporate & Strategic Implications

Strategic implications

The Risk Management Policy supports the delivery of the City of London Corporation's Corporate Plan 2024-2029 outcomes and our statutory obligations by ensuring we have the right framework to identify and manage our risks.

For City Bridge Foundation, the Risk Management Policy supports the delivery of its overarching strategy, Bridging London 2020–2045.

Financial implications: None

Resource implications; None

Legal implications

The Risk Management Policy seeks to meet its obligations in line with the Accounts and Audit Regulations 2015 to have “effective arrangements for the management of risk”, as well as legal responsibilities in relation to Charity Trustees.

Risk implications

The Risk Management Policy is a key element of the City Corporation's corporate governance and internal control framework, alongside the Risk Management Strategy 2024-2029 and forthcoming guidance, and will help to ensure appropriate and comprehensive management of all City Corporation risks.

Equalities implications; None

Climate implications: None

Security implications: None

Conclusion

15. This report provides the draft Risk Management Policy and outlines the approach to its development and the socialisation of this once agreed.

16. Committee endorsement will enable the Risk Management Policy to be finalised for adoption across the City Corporation, underpinning the risk management approach, processes and culture.

Appendices

Appendix 1 – Draft Risk Management Policy

Background Papers

- [Endorsement of previous Risk Management Policy and Strategy](#) – Audit and Risk Management Committee 25 May 2021
- [Endorsement of Risk Management Strategy 2024-2029](#) – Audit and Risk Management Committee 13 May 2024.

Jess Roberts

Corporate Strategy Officer (Engagement)

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Risk Management Policy



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The following documents were consulted during the development of this policy

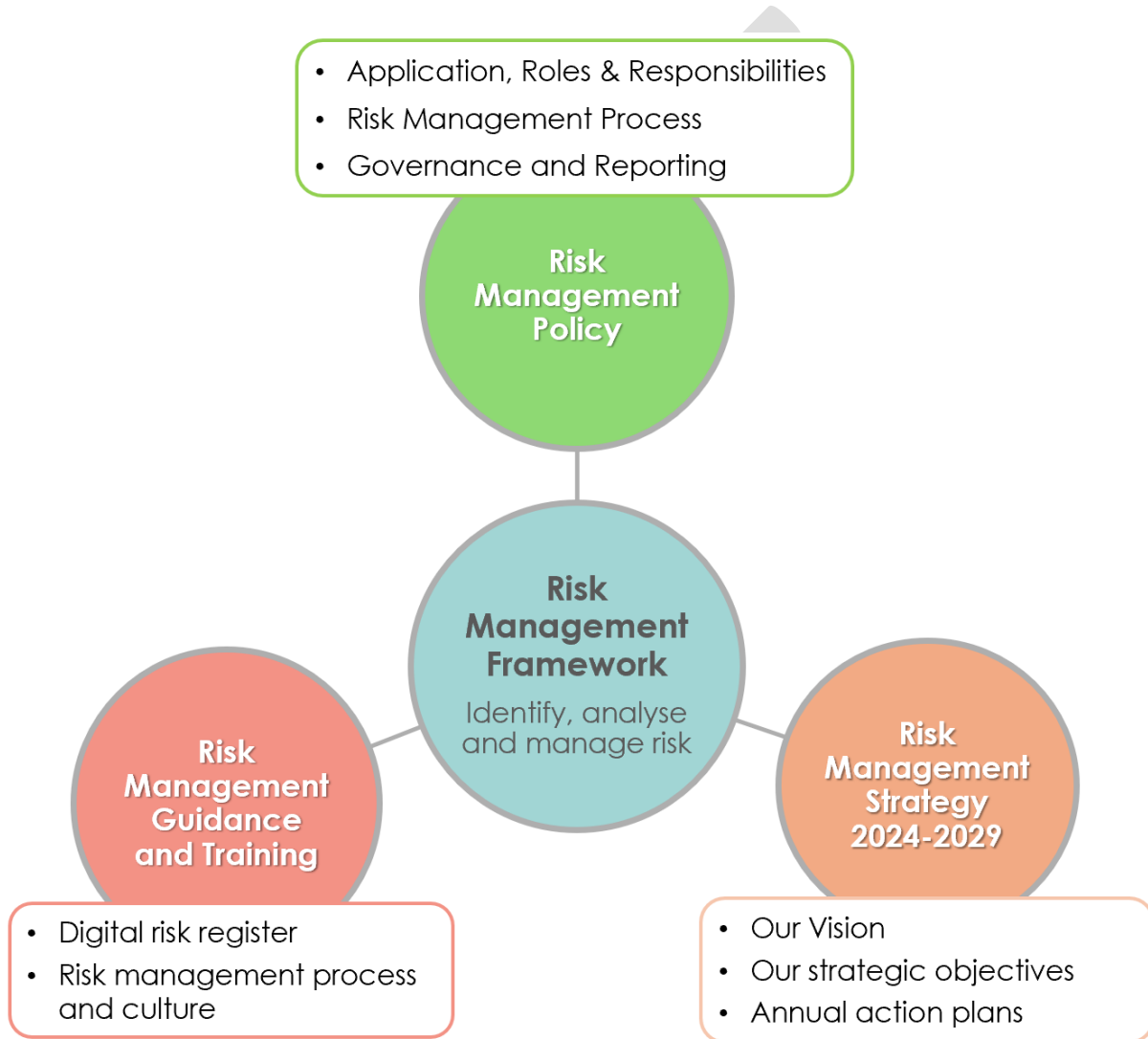
UK Government - The Orange Book	Charity Commission CC26 Charities and Risk Guidance
Airmic Risk and Managing Risk Explained	City of London Corporation Risk Management Strategy 2024-2029
COSO Enterprise Risk Management, June 2017	City of London Police Risk Management Framework
British Standards Institution, ISO 31000; 2018	City of London Corporation Corporate Plan 2024-2029

Policy Owners: Chief Strategy Officer (Senior Responsible Officer for Corporate Risk and Head of Profession for Risk Management); Corporate Strategy and Risk Team in Corporate Strategy and Performance Team: CSPT@cityoflondon.gov.uk

Version 1.0, Dated [October] 2024

Our Vision

A world class leader in dynamic risk management, best practice embedded and used in strategic decision-making, future proofing successful delivery of outcomes]



Risk Management Policy Statement

The City of London Corporation is committed to proactive and dynamic risk management as a fundamental part of good governance and effective business operations. This is reflected in our overarching approach to identifying and managing risk, as laid out in our [Risk Management Strategy 2024-2029](#).

Effective risk management is critical to the successful delivery of our services and Corporate Plan 2024-2029 strategic outcomes.¹ Our Risk Management Policy helps set the risk management framework and culture to achieve this. It also ensures that we comply with our statutory duties in relation to managing risks as seen in Regulation 4 of *Accounts and Audit Regulations 2015* for local government in England and Wales² and, where relevant, the City Corporation's responsibilities as trustees to effectively manage our charity risks in accordance with the Charity Commission's *Charities and Risk Guidance, CC26*.³

Our Risk Management Policy applies to all City of London Corporation

Departments and Institutions and covers:

1. Risk Application, Roles and Responsibilities
2. Risk Management Process
3. Risk Management Governance and Reporting

These sections outline the City Corporation's overarching approach and requirements in risk management. It is for Departments and Institutions to ensure that these are reflected and adhered to in their practices and any local policies, including:

- **Regularly discussing and reviewing risks within business areas** so that risks accurately reflect current challenges (and opportunities), are regularly assessed and proactively used to achieve successful business outcomes. This should include discussion with relevant stakeholders (internal and/or external) on risks and mitigations.
- **Reporting risks into the relevant Boards and Committees** ensuring Officer and Member oversight of risk management and supporting our commitment to openness and transparency in our risk management process.

¹ See [Our Corporate Plan 2024-29 - City of London](#)

² [The Accounts and Audit Regulations 2015 \(legislation.gov.uk\)](#)

³ [Charities and risk management \(CC26\) - GOV.UK \(www.gov.uk\)](#)

What is risk management?

What is risk management?

Risk management is the way in which we identify events in the future that may impact the delivery of our objectives, assess how important these may be and put measures in place to manage this.

Essentially it is the process by which risks are identified, evaluated and controlled (mitigated) or accepted.

What is risk?

A risk is an *uncertain future-oriented event* that hasn't happened yet but has the potential to occur and, if it did, would have an impact on achieving our objectives. Risks can be a negative threat or a positive opportunity.

- **Negative threats** are blockers to both the short and long-term achievement of our objectives.
- **Positive opportunities** are events or occurrences that could be beneficial to the successful delivery of our aims.

What is the difference between a risk and an issue?

If a risk is an *uncertain future-oriented event* that hasn't happened yet, then an issue is an event *that has already happened/is happening* and impacting outcomes. One way to determine the difference between a risk and an issue is to consider how you will manage it.

- Are you putting in place proactive and/or preventative measures? **Risk**
- Are you applying reactive responses to try to manage the effect? **Issue**

Risk registers should be used for recording our risks, and not our issues.

What is risk appetite and risk tolerance?

Risk appetite is the amount of risk that an organisation is willing to seek or accept in the pursuit of its long-term objectives. **Risk tolerance** is the amount of risk an organisation could actually take, usually from a financial perspective, before it is significantly impacted. Understanding risk appetite and risk tolerance supports informed decision-making and helps us to focus on priority areas. See the City Corporation's intranet site for more information.

Section 1: Risk Application, Roles and Responsibilities

This policy and the associated guidance should be used to inform thinking about risk and management of risk across all Departments and Institutions and at all levels. Within City Corporation on a daily basis, we use risk to inform decision making and help us achieve our objectives. This is as true for routine business activities as it is for more strategic risk planning. The ability to understand and manage risk is something that impacts multiple aspects of our everyday work, such as (but not limited to):

- Business Planning
- Financial Forecasting
- Projects and Programmes
- Service Delivery (including through our various facilities)
- Event Planning and Management

Everyone at City Corporation has a role to play in effective risk management, although some people will have additional direct risk management responsibilities.

All Officers should:

- Understand how risk plays a role in helping the City Corporation achieve its objectives at multiple levels throughout the organisation and in their own day-to-day activities.
- Play their part in risk management by reporting potential risks, blockers and/or opportunities to managers and/or senior leaders.

Officers in risk management-related roles should:

- Familiarise and understand the risk management framework and process using this Risk Management Policy, supporting guidance and our Risk Management Strategy 2024-2029.
- Actively participate in the Risk Management Forum⁴ to help manage risk with City Corporation and receive regular updates on risk management culture and practices.

⁴ Further details on [Risk Management pages on the intranet](#). Please contact CSPT@cityoflondon.gov.uk to join the Risk Management Forum.

- Use available risk management learning and training to keep up to date with risk management practices, information and any local policies that apply directly to their area of work.⁵
- Champion the risk management process by taking a proactive approach, ensuring that risks are identified, evaluated, and controlled effectively.

Chief Officers and Heads of Institutions must:

- Ensure their risk management function runs effectively and is adequately resourced.
- This includes the work internally to identify and manage risk as well as the ownership of specific risks, with staff and Senior Leadership Teams taking a proactive role in risk processes and governance (see risk roles in the section below).

Our **Members play a key part in effective and efficient risk management**, inputting to this via the Committee process. More information on their role can be found in Section 3: Risk Management Governance and Reporting.

Risk Roles and Responsibilities

As Officers, we are accountable for City Corporation risk management, including what risks go onto the risk registers. Whatever the local set-up, the roles supporting this risk function must cover the following:

- Considering and inputting new risks to the risk register
- Agreeing risks and mitigations, and taking actions forward
- Ensuring risks are regularly reviewed by Senior Leadership Teams and used to help drive forward local and/or strategic business objectives
- Proactively updating the risk register in response to current circumstances
- Preparing reports for Boards, Committees and other meetings
- Utilising risk knowledge, undertaking the relevant training and understanding risk guidance

There is a difference between 'owners' of the specific risks recorded on the risk registers and the day-to-day contacts for risk management.

⁵ Further information can be found by looking at the [Risk Management pages on the intranet](#) or by contacting the Corporate Strategy and Performance Team.

Risk Administrators/Risk Coordinators support the day-to-day running of the risk management process within a business area.

They need to:

- Understand risk management and the risk process and provide guidance and advice to management teams and senior Officers
- Support the risk management process by instigating regular risk reviews
- Provide risk updates which are well written with sufficient information, on our risk management information system and if required in person
- (Risk Coordinators) Act as a central point of contact for risk
- (Risk Coordinators) Oversee and contribute to risk discussions within their areas – at team or wider levels
- (Risk Coordinators) Regularly produce and report risk analysis to Senior Leadership Teams or for Boards/Committees

Risk Managers and Risk Owners will have been assigned a risk on the risk register – either overall or in part (e.g. mitigating controls and actions). A risk manager is the subject matter expert who will deal with the risk and related actions on a day-to-day basis, while a risk owner carries final accountability for that risk and potentially others in their area.

Both roles will take responsibility for the effective handling of risk by:

- Proactively ensuring risks and/or risk actions are effectively and appropriately addressed
- Regularly reviewing their risk(s) and associated actions to reflect current circumstances (internal and external)
- Ensuring Risk Administrators/Coordinators are provided with all necessary information, and on a timely basis, for them to be effective in their roles
- (Risk Manager) Acting as a point of contact for their risk
- (Risk Manager) Making recommendations to the risk owner regarding the management of the risk/actions (e.g. escalation or score change)
- (Risk Owner) Ensuring continuity of risk management across areas

N.B. Chief Officers are the overarching owners of any strategic level risk, such as corporate risks, within their business areas and have overarching accountability for the management of all their risks.

In addition to the above, there are some supporting/cross-cutting roles that can help with risk management across the City Corporation, e.g., input on risk

impact, likelihood and mitigation discussions. This includes Heads of Profession or those with expertise in a particular area (e.g. safeguarding, climate action etc).

The Corporate Strategy and Risk Team within the Corporate Strategy and Performance Team (CSPT) looks across and supports the risks management function in City Corporation, as follows:

- Acting as a point of contact for risk training, guidance and support
- Preparing risk management updates for the Senior Leadership Team and Executive Leadership Board⁶
- Secretariat to the Chief Officer Risk Management Group (CORMG), chaired by the Chief Strategy Officer
- Submitting regular corporate risk management reporting to Audit and Risk Management Committee

Further information on the team and risk management in general can be found on the City of London intranet

⁶ [Senior Officer Governance \(sharepoint.com\)](#)

Thinking about risk – a beginner's guide

1. **Understand your team, department, institutions, charity's and/or our cross-cutting strategic objectives** – you need to know what you want to achieve before you can consider any threats, blockers or opportunities.
2. **Want to go a little wider?**
 - a. **Horizon scanning:** Examining potential future scenarios helps to better comprehend uncertainties and assess if the organisation is well-prepared for possible opportunities and risks.
 - b. **PESTLE analysis:** Exploring six key categories (Political, Economic, Social, Technological, Legal and Environmental) to examine opportunities and threats that you may hold.
3. **Getting a risk conversation started.**
 - a. **Workshops and mind mapping:** Bring teams together to build off each other's ideas, look at the bigger picture and help each other better understand their risk landscape.
 - b. **Use audit reports:** Whether as a review carried out by your own team or as part of a formalised process by the Internal Audit function, audits can help identify gaps and how to solve them.
 - c. **Flowcharts and dependency analysis:** These can be particularly helpful for areas with supply chains to see where there are critical components exposed to threats and/or opportunities for expansion.
4. **Think about who needs to be involved in the risk process.**
 - a. Who will be responsible for ensuring risks are appropriately updated and reported?
 - b. Who are the content experts that will be reviewing and monitoring the risk landscape?
 - c. Do you have the right people in the right roles to ensure risk management is consistent and appropriately applied?
5. **Make sure you consider Equity, Equality, Diversity, and Inclusion (EEDI)** when assessing risk and planning subsequent actions. This ensures a comprehensive evaluation of risks and that we comply with our [Public Sector Equality Duty](#), leading to appropriate mitigations and next steps.

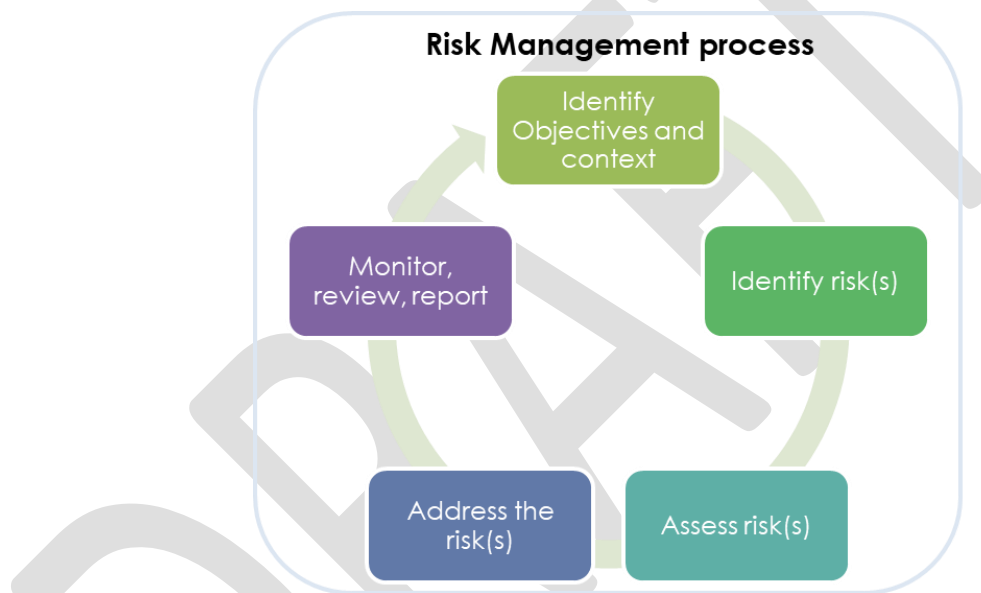
More information can be found on the City of London Corporation intranet site [Risk Management Pages](#).

Section 2: Risk Management Process

Our City of London Corporation risk management processes help us identify, analyse and manage risks. We keep our risks in risk registers on our electronic risk management information system (Ideagen), recording their nature (e.g. cause), potential impact and mitigation actions.

It is crucial that registers are up to date for risk reporting and auditing, and informed decision-making.

Using the following steps, we can ensure our risks are correctly identified, agreed, drafted and managed using the risk registers:



1. Identify objectives and context

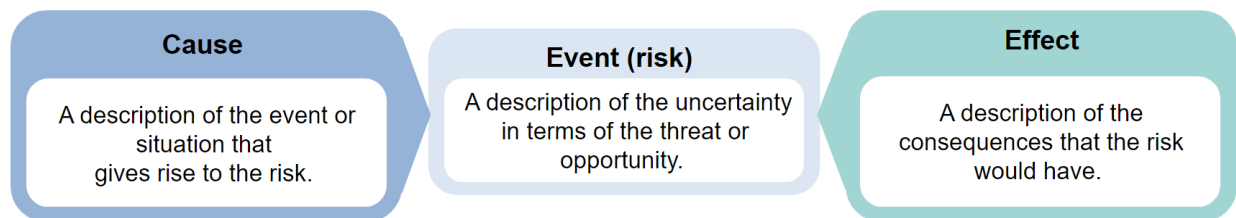
Examine the internal and external context of the organisation and think about how this may impact your business outcomes. Consider all your activities at various levels – budget setting, business plans, any relevant strategies (you use or that are in development), or projects and programmes in your team and/or department and what objectives these aim to achieve. Also think about how these relate to wider strategic outcomes be these departmental, corporate or relating to cross-cutting.

As part of this you should also consider risk appetite (the amount of risk we are willing to pursue or accept to achieve our goals). Understanding this will help

inform your decisions around risk and the actions you will take to either pursue or limit your exposure to it.

2. Identify risk(s)

Use your objectives to find and clearly articulate your risks, thinking about what will block or threaten the achievement of these objectives. Also think about where there are opportunities to pursue risk to better help achieve these objectives. When describing our risks we use the Cause, Event (risk), Effect modal - also known as the bowtie model:



Using this model helps to ensure we are capturing risks and not issues. This is vital to ensuring a robust and effective risk management process. If risk registers are filled with issues, the ability to use them to help achieve strategic aims is hampered by the need for an immediate response. Having the right risks on the register helps unlock strategic success.

Remember risk registers may be made public through Committee reporting. This must be considered when drafting the risk.

3. Assess risk(s)

a. Classify the risk level

The risk level determines who oversees and monitors the risks. Consider which objectives this risk will affect and who will need to be involved with managing the risk. There are different levels of organisational risk covering strategic, departmental, operational, and projects. Making sure the risk is assessed at the appropriate level will ensure it is managed proportionately and appropriately.

b. Score the risk – original, current and target

Scoring a risk involves evaluating two main factors: **likelihood** and **impact**.⁷

⁷ Further guidance on risk scoring can be found here: [Risk Management \(sharepoint.com\)](#).

- **Likelihood:** Consider *reasonable* likelihood of this risk occurring in the current situation. This likelihood is then assigned a numerical score on a scale from **1** (rare), **2** (unlikely), **3** (possible) and **4** (likely).
- **Impact:** Assess the *reasonable* potential impact if the risk does occur. This is also rated on a scale from **1** (minor), **2** (serious), **4** (major) and **8** (extreme). The impact score is scaled higher than likelihood as it is often will result in worse outcomes, as such we prioritise high impact risks for management.

Risk score: The total risk score is calculated by multiplying the likelihood score by the impact score. The risk score helps to prioritise risks for treatment in terms of their significance and inform resource allocation and decision making.

We assess the risk score at three different points:

- **Inherent/original:** The risk score on the day the risk is identified. This is the level of risk before any controls have been put in place or actions taken to manage the risk and change the likelihood or impact.
- **Current:** This is the level of risk at the time of review, taking into account the actions in place to manage it.
- **Target:** This is the score where the risk would be considered as at an acceptable level in accordance with our risk appetite. This reflects what the risk should look like once mitigating actions have been carried out and the risk is being successfully managed.

Risk Score Matrix

		Impact			
		Minor 1	Serious 2	Major 4	Extreme 8
Likelihood	Likely 4	4	8	16	32
	Possible 3	3	6	12	24
	Unlikely 2	2	4	8	16
	Rare 1	1	2	4	8

Where there is more than one potential impact, the highest impact score should be used to plot the risk onto the risk matrix. **Do not average out the scores - this misrepresents the real effect of risk.**

It is important for risk assessments to be **reasonable and proportionate**. When risk scores and levels are overstated (e.g. to bump something up an agenda or get additional funding), it can hinder effective risk management and makes our risk registers less reliable for strategic decision making.

4. Address the risk(s)

a. Determine risk treatment:

Reflecting on the risk identification and assessment completed and acknowledging the risk appetite we might hold, we will either **tolerate, transfer, terminate** or **treat** our risk (4T method).

- **Tolerate:** Accept likelihood and impact of risk as it stands, acknowledging we cannot change this.⁸
- **Transfer:** Responsibility for risk is transferred to another party (e.g. insurance).⁹
- **Terminate:** The risk posed is too high for the organisation so related activities do not take place - e.g. ending a business relationship if it causes more harm than good (such as legal or reputational issues) or amending objectives if they cannot be achieved without sizable risk.
- **Treat:** Use mitigating actions and internal controls to manage the risk according to likelihood and impact assessment (risk score). This is the most common choice.

b. Outline controls and related actions (mitigations)

If treating the risk, put in place **controls and related actions** (mitigations) that will reduce the likelihood of the risk occurring and the severity of its impact to bring it into line with the target risk score.

⁸ Risks requiring ongoing controls to maintain their current level should be added to the risk register to ensure appropriate review.

⁹ At times there may be ongoing controls necessary to ensure appropriate handling, including in some cases, remaining actions for City Corporation after transfer. These should be added to the risk register as risks in their own right for routine review.

Controls are typically either:

- **Preventive** – an internal control that seeks to avoid the risk occurring (e.g., data security training and removing hazards).
- **Corrective** – designed to be put in place if the risk occurs to lessen its impact (e.g., fire alarms and regular auditing of projects).

The controls and actions should be proportionate and cost-effective. The implementation of these should not exceed the cost and impact of the risk itself. Mitigations may affect likelihood, impact or both – it is important that both are considered when deciding on the next steps in risk management.

c. Clarify risk and controls ownership

As highlighted in Section 1, risk owners and managers are vital for ensuring accountability and proactive risk management. Each risk and associated control (mitigating action) needs to have an assigned owner and manager that is appropriate for the level and scoring of the risk.

5. Monitor, review, report

Effective risk management is more than identifying risks and putting them on the register. It requires the ongoing observation and assessment of risks, controls, root causes, consequences, and any changes in our context and goals.

This regular review process should occur both in response to changes and, in the absence of changes, to confirm that the current assessments remain valid and appropriate. Risks are also not stagnant in their original assessments and classification. As our objectives and context change risks may need to be escalated or de-escalated from their current level to ensure they continue to receive suitable and proportionate management.

What are 'positive opportunity' risks?

Opportunity risks are usually deliberately sought or embraced by the organisation. These risks arise from the organisation's efforts to better achieve our objectives, though they may have negative consequences if the risks associated with the opportunity materialise. **This type of strategic risk-taking is important to the long-term success of any organisation.**

Opportunity risks can be identified in the same way as regular risks - by understanding our context and objectives. Where an opportunity for innovation or increased success has been identified it should be assessed using the 5E method of **Exploit, Expand, Exit, Exist** and **Explore** (as opposed to threat risks, which use the tolerate, transfer, terminate, treat 4T method).

The 5E method weighs potential risks against potential rewards to determine whether an opportunity should be undertaken.



- **Explore, Expand, Exploit** and **Exist** are the treatment options, outlined in the diagram above, this diagram can also be seen as a flowchart as the opportunity is pursued and progressed from one stage to the next.
- **Exit** should be activated if, during the process of pursuing the opportunity, the risk levels increases and it is therefore no longer viable.
- Effective risk management decreases potential threats by applying actions and controls increasing the chances of success.

Section 3: Risk Management Governance and Reporting

To ensure our risk management process is robust, the risks on our risk registers must be regularly reviewed by and reported to a variety of internal stakeholders – both Officers and Members. These fulfil different but complimentary roles in our risk reporting:

- **Officers** (and our Town Clerk and Chief Executive) are responsible - and ultimately accountable - for identifying and managing risk within City Corporation. This includes what risks should be put onto the risk register, updating these in timely and responsive manner and managing any mitigating actions.
- **Members** monitor and oversee City Corporation's risk management strategy and arrangements. They play an essential role in scrutinising our risk management and its effectiveness. This is distinct from operational decision-making on risks/officer actions to identify and manage risk but works in tandem with this to ensure sound and appropriate risk management.



Officer Governance

Business Areas: Chief Officers and Heads of Institutions are accountable for their departmental/institution's risks and the handling of these, including what is put onto their risk registers. They may delegate responsibility for the oversight and management of this to others in their area - for example the discussion, handing and input onto the risk registers at divisional, service or charity risk level. However, their top-level business area risks (including any strategic risks they own such as Corporate Risks) and any notable changes to lower-level risk registers (team, service, divisional etc) should be a recurring agenda item at Senior Leadership Team meetings. This should include whether a risk is escalated, de-escalated or should be on the risk register at all.

Strategic Oversight: The Chief Officer Risk Management Group (CORMG) – a sub-committee of the Executive Leadership Board – contains reps from across the City Corporation¹⁰ and meets at least once every two months to review the management of corporate and top red departmental risks. CORMG discuss developing risk areas and consider wider aspects of risk management such as our overarching risk management culture and compliance with risk management processes and procedures. They decide on changes to the City Corporation's Corporate Risks, including what goes onto the Corporate Risk Register (e.g. when a risk should be escalated and/or de-escalated or a new risk put on). CORMG regularly report risk management into the Town Clerk's Senior Leadership Team and the Executive Leadership Board.

Member Governance

For Members to fulfil their risk management oversight and scrutiny function, risks should be regularly reported into committees. Our risk management is reviewed and scrutinised in numerous committees (covering service, departmental and charity risks to the cross-cutting strategic risks like Corporate Risks). The way in which this is presented (e.g. summaries, fuller reports) and the frequency of reporting may differ by Committee. Attention should be paid to the relevant Committee Terms of Reference (TORs) when deciding the approach, but a

¹⁰ Chief Officer Risk Management Group attendees (Oct 2024): Chief Strategy Officer (CoLC SRO for Corporate Risk) – Chair; Chamberlain; City Surveyor; Deputy Town Clerk; Executive Director Community and Children's Services; Executive Director of Environment; Comptroller & City Solicitor and Deputy Chief Executive; Executive Director HR & Chief People Officer; Chief Operating Officer, City Bridge Foundation; Chief Operating Officer City of London Police; Chief Executive Officer, Barbican Centre.

report about once every quarter would be ideal, where possible. TORs are held by Member Services.

To set this in context, under current arrangements, the Audit and Risk Management Committee receive a risk management update at least once a quarter. This includes the full Corporate Risk Register once a year. At other times they receive corporate risks above appetite and any new corporate risks. They are also given a summary list of the City Corporation's red departmental risks.¹¹

Charity-related risk

Some risks held by City Corporation are linked to our role as a corporate Charity Trustee - such as for City Bridge Foundation, City of London Almshouses or otherwise e.g. open spaces charities administered within Natural Environment.¹² The Court of Common Council acts on behalf of the City Corporation as Trustee and is ultimately responsible for discharging the City Corporation's Trustee functions. However, whilst the Court retains oversight and ultimate responsibility, it substantively delegates these Trustee functions to Committees of the Court.¹³

Members of these Committees are not charity trustees themselves but are collectively responsible for the day-to-day administration and management of the charity within their remit (TORs) – including oversight of those matters they have further delegated to its sub-committees or to officers, which would include risk management.

Chief Officers remain responsible for risk management in delivering their Department/Institution's functions for the City Corporation, in accordance with the terms of their delegated authority as set out in the Officer Scheme of Delegations, or, where granted on a case-by-case basis, by the responsible Committee (see above paragraph). Under the City Corporation's corporate governance framework (including the Risk Management Framework), Chief

¹¹ This does not include the City of London Police or City Bridge Foundation red risks or 'strategic' or 'priority' risks which are reported to their own Committees along a separate governance line.

¹² The City Corporation acting by the Court of Alderman is also the corporate Trustee of the Emanuel Hospital charity, the legal and risk framework operating similarly.

¹³ As sole corporate trustee of City Bridge Foundation/other charities, the City Corporation is subject to the legal duties which apply to charity trustees. This includes a duty to promote the charitable purposes for the public benefit, comply with the charity's governing documents and the law, act in the best interests of the charity and manage any conflicts, ensure the charity is accountable, manage the charity's resources responsibly, and to act with reasonable care and skill.

Officers are accountable to their responsible service and corporate Committees, and ultimately to the Court.

Further information on how to manage risks relating to charities can be found by contacting Member Services or speaking to the relevant Department or Institution.¹⁴

Reporting Risks to Committees

Risk oversight routinely forms part of the public sessions of committee meetings, in support of open and transparent governance. Risk titles, descriptions and updates should be written with this in mind. Sometimes there may be a need to report details of risks in non-public or even confidential session. This must conform to advice from Member Services in line with our statutory and other commitments, but for some initial guidance:

Non-Public: Under the stipulations of the Local Government Act 12A Part 1, the grounds for restricting items are as follows:

- 1) Information relating to any individual.
- 2) Information which is likely to reveal the identity of an individual.
- 3) Information relating to the financial or business affairs of any particular person or body (including the authority holding that information).
- 4) Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
- 5) Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
- 6) Information which reveals that the authority proposes to give a statutory notice under or by virtue of which requirements are imposed on a person; or to make an order or direction under any enactment.
- 7) Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

¹⁴ You can also find details in the external document, [Charity Commission CC26 Charities and Risk Guidance](#).

Risk information that does not fall into these brackets would be reported in public session. Although this Act specifically applies to our duties as a Local Authority, in the spirit of open governance as part of the democratic process, we apply this more widely to the work of City Corporation. Member Services should be consulted if you are in doubt about the way in which your risks should be reported – with the relevant Chief Officer/Heads of Institutions input also.

Confidential: At certain times, risks and the management of our risks (mitigating controls and actions etc) may include information that needs additional protection due to specific sensitivities (e.g. personal data, commercial in confidence, sensitive security vulnerabilities). There is the option to discuss these in a 'confidential session' – which usually includes all Committee Members, but with reduced Officer attendance on a 'need to know' basis. Again, Member Services can advise on the appropriate way to proceed.¹⁵

¹⁵ [Member Services information](#), including contact details for the committee clerks, can be found on the intranet.

Annex: Further Reading

Links below to resources that can aid further understanding (October 2024)

Internal

We have outlined the importance of thinking about risks outside of departmental silos. These internal points of contact and/or policies can help set risk thinking in a wider context:

- **City of London Corporation Heads of Profession:** [Risk Management \(sharepoint.com\)](#)
- **Health, Safety and Wellbeing Team** - [Policies, Guidance and Template \(sharepoint.com\)](#)
- **Internal Audit colleagues** - [Internal Audit](#)
- **Member Services for Governance Arrangements** - [Committee and Member services information on the intranet](#)

In addition, there are some [supplementary risk documents](#) for those working on charities and in City of London Police. These are:

- [City Bridge Foundation Risk Protocol](#)
- [City of London Corporation Risk Management Protocol for Charities¹⁶](#)
- [City of London Police Risk Management Framework](#)

External

For those wanting to learn more about risk management in general and/or help to think about wider risk themes (e.g., in horizon scanning):

- [Orange Book - GOV.UK \(www.gov.uk\)](#) – UK Government publication on risk management
- [London Risk Register](#) - lays out potential risks facing London
- [National Risk Register](#) – an external version of the National Security Risk Assessment (NSRA), which is an assessment of the most serious risks facing the UK (as at 2023).
- [Charity Commission CC26 Charities and Risk Guidance](#) – provides further context to our obligations as a charity trustee in the risk management space.

¹⁶ Does not include all of City of London Corporation charities – see Appendix 1 for list of charities that fall within its remit.

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City of London Corporation Committee Report

Committee(s): Audit Risk Management Committee – For Decision Court of Common Council – For Information	Dated: 4 November 2024 5 December 2024
Subject: Annual Report of the Audit and Risk Management Committee	Public report: For Decision
This proposal: <ul style="list-style-type: none"> • provides business enabling functions 	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:	Caroline Al-Beyerty, Chamberlain
Report author:	Matt Lock, Head of Audit & Risk Management

Summary

The Chairman of the Audit and Risk Management Committee presents to the Committee the 2022/23 Annual Report of the Audit and Risk Management Committee, reporting on activity up to 31 March 2023.

Recommendation(s)

Members are asked to:

- Agree the 2022/23 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 2023/24 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 – 2023/24 Annual Report of the Audit and Risk Management Committee

Matt Lock

Head of Audit & Risk Management

AUDIT & RISK MANAGEMENT COMMITTEE

Annual Report 2023/24

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.
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. The Committee has continued to play an important and integral part in ensuring key risks are reviewed through regular risk updates and deep dives of corporate risks (carried out by Internal Audit Team) on a rolling basis. The Committee has also served to improve engagement with the work of Internal Audit through receiving regular reports on completed work and monitoring 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 2023 to 31 March 2024 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 12 Members, together with three external members who provide additional knowledge and skills to support the function. Table 1 details the Committee Members during 2023/24.

Table 1: Members of the Audit & Risk Management Committee 2024/25

Alderman Prem Goyal (Chairman)
Alderwoman Elizabeth King (Deputy Chairman)
Gail Le Coz (Deputy Chair, External Member)

Randall Anderson, Deputy
Christopher Boden, Deputy

Appendix 1

Henry Nicholas Almroth Colthurst, Deputy (Ex-Officio, Chairman of the Finance Committee)

Alderman Bronek Masojada
Judith Pleasance
Karen Sanderson (External Member)
Ruby Sayed

Naresh Sonpar
Dan Worsley (External Member)
Alderman Alexander Barr
Alderman Kawsar Zaman

5. The three external members are each appointed for a three-year term, which can be renewed twice:
- Karen Sanderson (appointed for a three-year term expiring April 2025)
 - Dan Worsley (appointed for a three-year term expiring in April 2026)
 - Gail Le Coz (appointed for a three-year term expiring in April 2027)

Changes Within the Year

6. There were no specific change events that require mention here.

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 draft AGS for 2022/23 was presented at the 13 May meeting. Members of the Committee said an addition to the AGS should be made to reflect the importance of member induction, with forthcoming elections in March 2025. The AGS was approved at this meeting for signing by the Chairman of the Policy and Resources Committee and the Town Clerk and Chief Executive.

Internal Audit

9. The Committee received the Head of Audit & Risk Management's Annual Audit Opinion for the year ended 31 March 2024 in May 2024:

Appendix 1

“On the basis of Internal Audit work undertaken in 2023/24, I am able 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.”

10. The programme of Internal Audit work 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 four cases. Those recommendations raised have been accepted by management and the Committee monitors the progress in recommendation implementation. The Committee has worked with the Head of Internal Audit to develop reporting information and the mechanisms for tracking implementation.
11. The programme of Internal Audit work for 2023/24 was subject to review throughout the year. The Committee recognised the resourcing challenges faced by the Internal Audit function during the year and noted the resulting impact on the scale and spread of Internal Audit coverage. A proposal was supported to request an increase to the resource base for Internal Audit.

Risk Management

12. 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.
13. The City Corporation’s Risk Management Strategy was reviewed over this period, with Audit and Risk Management Committee endorsing the new five-year strategy in May 2024. The review was informed by the Committee’s feedback on culture and approach, by Internal and External Audit reviews and best practice, and by input from the Chief Officer Risk Management Group (CORMG), the Executive Leadership Board and the City Corporation’s Risk Management Forum (RMF).
14. The Risk Management Strategy 2024-2029 differs from the previous iteration in:
 - The articulation of four strategic objectives delivered across the five years and aligned with the Corporate Plan and People Strategy
 - *An agile and effective risk management approach*
 - *Enhanced risk culture*
 - *Informed decision making*
 - *An appetite for risk*
 - The inclusion of an action plan to guide work to achieve the strategic objectives
 - Measurements to help assess progress and success of the strategy
 - Separation of the overarching Risk Management Strategy from the Risk Management Policy document. The policy is being updated in FY24/25 and will outline the City Corporation’s risk management structure and processes

Appendix 1

which, together with guidance and training, will help realise the strategic objectives in this space.

15. A review into City Corporation risk appetite requested by Members was carried out in Q4 by Zurich Resilience Solutions' Risk and Resilience Team, with the findings and follow-on work reported to the Committee in FY2024/25. The Chief Officer Risk Management Group (CORMG) met regularly during this period with their work on risks and overarching themes feeding into Committee update reports and the challenges/questions raised by Members during committee meetings on risk management incorporated into CORMG discussions.
16. In addition, over the course of 2023/24, the Committee has exercised its oversight role by:
 - Receiving and reviewing quarterly risk update reports in relation to the corporate and red departmental level risks, including any corporate risks added or removed from the register and wider risk management topics identified by officer governance processes
 - Deep-dive review of individual corporate risks of which six were considered by the Committee in 2023/24.

Counter-Fraud

17. During 2023/24, the Corporate Anti-Fraud team completed 56 investigations across all fraud disciplines, with an associated value of £977,174. The majority of this relates to notional or preventative savings.
18. The team have increased their focus on supporting business units to better understand their fraud risks and develop fraud risk registers, through fraud risk workshops, helping to design out the risks of fraud in high-risk areas, such as transactional finance operations.
19. Single Person Discount and Social housing tenancy fraud remains a key fraud risk area for the Corporate Anti-Fraud team and a concern for the Committee; the team has had an increased focus on utilising the London NFI fraud hub, with a 20% increase in referrals as a direct result of data-matching in this area, whilst allowing for continuous auditing of tenant data to identify concerns for further review – this has been particularly successful in identifying, at an early stage, tenants that have passed away and mitigating the risk that the City will not be informed of a tenants death, and ensuring enhanced vetting of tenancy succession applications to prevent fraud.
20. The City's Counter Fraud team led on a pan-London collaboration to tackle the risk of staff working across multiple permanent and agency roles, resulting in the release of 968 referrals to 26 London NFI Fraud Hub members for further investigation.

Financial Reporting

21. Significant progress has been made in clearing the outstanding statements of accounts during 2023/24. At the beginning of the year, the 2020/21 City Fund and Pension Fund Statements had been approved back in November 2021, but the final sign off was delayed due to a late query regarding the accounting of infrastructure assets – a national issue. This technical issue was resolved with the release of temporary variations to the accounting code by CIPFA in January 2023. In line with the previous approval in 2021, the 20/21 City Fund accounts were also signed off during 23/24 in order to enable the signing of future years.
22. During the year the Audit and Risk Management Committee were presented with the audit findings report for City Fund (21/22) and Pension Fund (21/22 and 22/23) in the November meeting. The Audit Findings Report for the City Fund 22/23 was then presented to the Committee in the February 2024 meeting.
23. The audit findings report for City's Estate (formerly City's Cash), was presented to Audit and Risk Management Committee in November for the 22/23 accounts.
24. Having completed its review, the Audit and Risk Management Committee recommended approval of the following statements to the relevant Committees and trustees as follows:
 - Statements for City Fund and Pension Fund accounts (21/22 and 22/23) in the November 2023 meeting.
 - Statements for City's Estate, the City's Estate charities, City Bridge Foundation (formerly Bridge House Estates) and 14 sundry trusts at the November 23 Committee meeting
25. The City of London has successfully addressed the entire backlog of statements of account, largely due to the exceptional efforts of both management and the auditors.

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