

Committee(s)	Dated:
Corporate Assets Sub-Committee	30/09/2021
Subject: Operational Property Management Internal Audit – Update Report	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
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: Chamberlain	For Information
Report author: Matt Lock, Head of Audit and Risk Management	

Summary

An interim review has been undertaken to assess progress in implementing the recommendations made in the Internal Audit review of Operational Property Management. It is the view of the Head of Audit and Risk Management that satisfactory progress is being made.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. Following a number of successive property incidents at a single City of London operational property site, an Internal Audit review was requested to examine the adequacy of arrangements in place for property management. The Final Audit report was issued in February, making a number of recommendations requiring significant change to the existing approach, all of which were all accepted by Senior Leadership.
2. At the time of finalising the Internal Audit Report, management actions and target implementation dates were determined on the basis of the best knowledge available. Members should note that a core dependency exists in relation to the Target Operating Model (TOM) review and its implementation timescale, target dates were made and accepted in the knowledge that these may flex.

Current Position

3. Internal Audit has, at the request of the Committee, undertaken a brief interim review to assess and report on progress in implementing recommendations from the Audit review. The overall conclusion is that satisfactory progress is being made, the key points to note are:
 - i. The TOM process, specifically the review of the breadth and nature of services provided by the City Surveyor incorporates operational property management.

- ii. The City Surveyor has developed draft “Principles of Occupancy” for occupying departments, clarifying roles, responsibilities and accountabilities between Chief Officers in relation to operational property management, including building repair and maintenance. This is currently under peer review and will be considered as part of the Enabling Services element of the TOM to help remove ambiguity and inconsistency.
 - iii. The Executive Leadership Board has been identified as the ‘Corporate Landlord’, recognising the collective accountability of the organisation at the highest level, with the City Surveyor as “Head of Profession” for Estates and Facilities Management, it is anticipated that this will address the key issue around corporate oversight and control.
 - iv. The City Surveyor’s Operations Group Director has confirmed that the annual condition report to CASC (covering the overall condition of the operational property portfolio excluding housing), due to be made to a subsequent meeting of CASC, will incorporate the detail specified in the Internal Audit report. Specifically, this will state the condition of the various property assets as well as providing an update on delivery of the Cyclical Works Programme and major works programme.
4. There are further points that are dependent on the implementation of the above and so these have not been reviewed at this point. This Audit review will be subject to formal follow-up review in accordance with the usual protocol, to be undertaken promptly following the agreed implementation dates.
5. The Head of Audit and Risk Management discussed with City Surveyor’s Senior Leadership the fact that some of the Audit recommendations may not be implemented as explicitly stated. The Head of Audit and Risk Management confirmed that this was not a particular concern, more important instead to evaluate whether the action taken is effective in resolving the issues raised. Given the inherent complexity of this system across numerous departments, service areas and Institutions, this needs to be tackled as an iterative process and so a degree of change at each milestone is expected.

Corporate & Strategic Implications

6. 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. The wider programme of Internal Audit activity is aligned with the Corporate Plan, Corporate Risk Register and Departmental Top Risks.

Conclusion

7. Following completion of an interim review, the Head of Audit and Risk Management considers that satisfactory progress is being made towards addressing the issues raised in the Audit review of Operational Property Management. A formal follow-up will be undertaken early in 2022, at which point the majority of the recommendations made are due to have been implemented.

Matt Lock

Head of Audit and Risk Management, Chamberlain’s Department

E: matt.lock@cityoflondon.gov.uk

T: 020 7332 1276