

Audit Committee

14 September 2023: 10:30am

Location: Meeting Room 1, 59½ Southwark Street, London SE1 OAL

Contact Officer: Alan Edwards

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Agenda items

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* Declarations of Interests

If you are present at a meeting of London Councils' or any of its associated joint committees or their sub-committees and you have a disclosable pecuniary interest* relating to any business that is or will be considered at the meeting you must not:

- participate in any discussion of the business at the meeting, or if you become aware of your disclosable pecuniary interest during the meeting, participate further in any discussion of the business, or
- participate in any vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

It is a matter for each member to decide whether they should leave the room while an item that they have an interest in is being discussed. In arriving at a decision as to whether to leave the room they may wish to have regard to their home authority's code of conduct and/or the Seven (Nolan) Principles of Public Life.

*as defined by the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012

If you have any queries regarding this agenda or are unable to attend this meeting, please contact:

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Minutes of the Audit Committee meeting held on 15 June 2023

Minutes of the London Councils' Audit Committee held on 15 June 2023.

Councillor Peray Ahmet was in the Chair.

Members Present:

Cllr Peray Ahmet (LB Haringey)
Cllr David Gardner (RB Greenwich)
Cllr Stephen Alambritis MBE (LB Merton)
Cllr Robin Brown (LB Richmond)
Cllr Jonathan Cook (LB Wandsworth)

In Attendance:

Matt Lock, Head of Internal Audit, City of London Corporation
Syed Ahmad, Senior Manager, PKF Littlejohn (External Auditors)
London Councils' officers were in attendance.

1. Apologies for Absence

There were no apologies for absence.

2. Declarations of Interest

There were no declarations of interest.

3. Minutes of the Audit Committee meeting held on 16 March 2023

The minutes of the Audit Committee meeting held on 16 March 2023 were approved as being an accurate record.

4. Review of Annual Governance Statement (AGS) 2022/23

The Audit Committee received a report that:

- Reviewed each element of the current Annual Governance Statement (AGS);
- Highlighted any continuing and potentially new areas for development (and those from previous years that had been addressed); and
- Made recommendations for revisions that would be contained in the AGS to be included in the audited accounts for 2022/23.

Richard Merrington, Chief Accountant, London Councils, introduced the AGS report. He said that track changes to the AGS could be found in red at Appendix A of the report. Appendix C in the report gave the "clean" version. Richard Merrington said that changes to the AGS included a reference to London Councils' Shared Ambitions and the updated roadmap, which had been presented to the Leaders' Committee. References to Covid-19 had now been deleted. The roadmap would be updated again twice a year. The risk framework is currently under review and would be presented to the Audit Committee in September 2023. Richard Merrington said that there were also changes in the areas for development. Cyber security had been removed as it had been fully implemented and a new area on Declarations of Interest had been included and would be discussed later on the agenda.

Councillor Brown thanked Richard Merrington for providing all the track changes. He said that the Head of Internal Audit's annual opinion made references to the fact that the Internal Audit service "Generally Conforms" to the Public Sector Internal Audit Standards. He asked whether this was reasonable. Matt Lock, Head of Internal Audit, City of London, confirmed that "Generally Conforms" refers to the highest level of compliance to the standards, although this does not mean that every area of the standards had been met. David Sanni, Director of Corporate Resources, London Councils, said virtual meetings that took place during Covid-19 were now the new normal and this was reflected in the AGS.

The Audit Committee:

- Noted the opinion of the Head of Audit and Risk Management at the City of London on the overall control environment detailed, as detailed in Appendix B, and
- Approved the recommended changes to the AGS for 2021/22, as detailed in Appendix A, to produce the AGS for 2022/23 for inclusion in London Councils' accounts for 2022/23, as detailed in Appendix C.

5. Internal Audit Update

The Committee received a report that provided an update in relation to the work of Internal Audit since the last update report made to the March 2023 meeting. The report also provided an overall status update on progress against the current internal audit plan. There have been no Audit reviews completed since the last update.

Matt Lock introduced the report informing Members that there was slippage on the 2022/23 audit plan. Matt Lock said that there were resource challenges in the internal audit team following the resignation of a senior auditor who played a key role on London Councils' audits. He said they are actively recruiting to fill the vacancy and hope to get back on track when the posts are filled.

Matt Lock said that the City of London was close to agreeing the dates for the Procurement of Goods and Services audit which should commence in July 2023. The audit of the Pension Scheme Administration could also be carried out in July/August 2023. The reviews for Information Governance and Data Security and ICT Remote Access and Mobile Devices can be carried out in tandem due to some common aspects of the audits. It is hoped that this work will commence in October 2023.

Councillor Brown asked if the delay in carrying out the audit will affect the annual opinion on the systems of internal control. Matt Lock said that sufficient work had been done to express an opinion on the 2022/23 financial year. However, if insufficient work was done during the current financial year, this would have an impact on his ability to provide an opinion on the systems of internal control. He said that if the City continued to encounter difficulties delivering aspects of the audit plan, it would seek to engage interim staff to complete the work.

The Chair said that it would be beneficial to have an update on progress of the internal audit plan. Matt Lock said the extent of progress would be dependent on the success of the recruitment exercise. He said there was a commitment to carry out a number of reviews before the Audit Committee's next meeting in September 2023. Matt Lock said there were recruitment challenges within the audit industry and the use of interims was an expensive option. Councillor Brown said that most boroughs have had to deal with staffing issues and consideration should be given to the use of interims, if necessary, to ensure sufficient work is done to assess the adequacy of internal controls. He said the Audit Committee is reliant on both internal and external audit to provide assurance on the organisation's affairs. Matt Lock said he would have to consult with London Councils officers before engaging additional resource to complete the work. The Chair said that an update should be provided at the next meeting of the Audit Committee in September 2023.

Councillor Gardner asked for an update on the 17 recommendations referred to in the Summary of Internal Audit Work Completed in 2022/23. David Sanni said that he was unable to confirm the

status of some of the recommendations and would provide the Committee with a full update in due course.

The Audit Committee noted the Internal Audit Update report.

6. External Audit Plan 2022/23

The Audit Committee considered a report that presented the draft external audit plan for 2022/23 prepared by London Councils' external auditor, PKF Littlejohn. The draft audit plan informed the Audit Committee of the scope of the external audit for London Councils for 2022/23. Syed Ahmad from PKF Littlejohn would attend the meeting to present the plan and answer any questions the Audit Committee may have.

Syed Ahmad, Senior Manager, PKF Littlejohn, introduced the audit plan. He said that a risk-based strategy would be adopted for the audit of the financial statements. The proposed timetable was set out on page 7 of the audit plan and shows the timing of the various stages of the audit. Syed Ahmad said that he would meet with London Councils' officers on 10 July 2023 to go through the initial planning steps. The audit findings, along with the letters of representation, would be presented to the Committee at the meeting scheduled for 14 September 2023.

Syed Ahmad said that three significant risks had been identified, namely: (i) Management override (financial statements), (ii) revenue recognition, and (iii) opening balances. Other areas of risk that had been identified included: going concern; defined benefit pension schemes; and related party transactions. Syed Ahmad said that PKF Littlejohn would test a sample of year-end transactions ("cut off testing") to ensure they are allocated to the correct financial year. He said the PKF Littlejohn would contact the pension administrator as part of its review of the pension assets and liabilities. Information on the quality and independence of the firm and its work were covered on pages 17 to 18 of the plan. The audit fees were outlined on page 20 of the plan.

Councillor Gardner said that the external audit plan, along with the proposed timetable, looked very good. He said that this was PKF Littlejohn's first audit of London Councils and it would take a while for the new external auditor to become familiar with the organisation. Councillor Gardner said that London Councils had experienced delays in the completion of its external audit in recent years. He asked Syed Ahmad how confident he was that PKF Littlejohn would be able to complete the audit within the agreed timescale. Syed Ahmad said that PKF Littlejohn already had a level of knowledge of London Councils financial arrangements gained during the audit of the subsidiary company, London Councils Limited. He said that he and his team would work closely with David Sanni and Richard Merrington to ensure the audit progressed in a timely manner. Syed Ahmad informed Members that he had already gone through the external audit timetable with Richard Merrington and regular catch-ups would take place to discuss any issues that arise during the course of the audit.

Councillor Brown enquired why London Councils had a limited company. David Sanni explained that London Councils consisted of the three joint committees (Leaders, TEC and Grants) and the limited company. He said that the company exists to enter into property transactions and employ the three political advisers. Councillor Brown asked who was responsible for employing all the other staff at London Councils. David Sanni said that all the other staff at London Councils were directly employed by the joint committees. He said that London Councils had sought legal advice which confirmed that as a joint committee, it could employ staff and enter into contracts. It was decided that a briefing note should be provided to the Committee which describes London Councils governance structures and the limitations of joint committees.

Councillor Brown asked whether materiality levels in the audit plan had been set at the same level as in previous years. David Sanni said that the materiality levels were fairly consistent with previous years. Syed Ahmad said that in addition to the amounts quoted in the plan, performance materiality levels, which are lower, are used when carrying out transaction testing to address the

probability that the total value of uncorrected and undetected errors is greater than materiality. He said that the materiality levels are based on the 2021/22 accounts and they would be reviewed during the course of the audit and the final levels applied will be reported in the audit findings report.

The Audit Committee:

- Approved the draft external audit plan for 2022/23 (Appendix A); and
- Agreed that the Committee should be provided with a briefing on London Councils governance structures.

7. London Councils Policies: Code of Conduct & Declarations of Interest

The Committee received a report that provided Members with an update in relation to the review of Members and officers' declarations of interests following the summary of findings of the completed internal audit presented to the Committee in September 2022.

Reuben Segal, Head of Governance and Data Protection, London Councils, introduced the report which Richard Merrington had already referred to in the AGS item on the agenda. He said that a review of the Declaration of Interest policy was undertaken following the recommendation included in the internal audit report. The review of the policy had led to a decision to discontinue the retention of a register of Members' declaration of interests as set out in Section 3 of the report. Reuben Segal said that Section 2 of the report set out the changes to Officers' declaration of interests. He said that that Leaders' Committee had already agreed to the changes detailed in the report.

The Audit Committee noted the report.

The meeting finished at 11:14am

Action Points

	Action	Progress
5. Internal Audit Update	<i>The Committee to be provided with an update on outstanding internal audit recommendations</i>	
6. External Audit Plan	<i>The Committee to be provided with a briefing on London Councils' governance structures</i>	

Audit Committee

Annual Audit Report 2022/23

Item no: 05

Report by: David Sanni

Job title: Director, Corporate Resources

Date: 14 September 2023

Contact Officer: David Sanni

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Summary

This report presents the annual audit report to those charged with governance (ISA260) prepared by PKF Littlejohn (PKF), London Councils' external auditor, in respect of the 2022/23 financial year.

Alastair Duke and Syed Ahmad, from PKF, will attend the meeting to present the report to members.

Recommendations

The Audit Committee is asked to note the contents of the annual audit report included at Appendix A.

Annual Audit Report 2022/23

Introduction

1. At its meeting on 15 June 2023, the Audit Committee approved an external audit plan prepared by PKF which set out the scope and approach for the audit of London Councils 2022/23 accounts. PKF has completed majority of its audit work and is required to report the outcome of its audit to those charged with governance in accordance with the International Standards of Auditing (UK and Ireland). The audit report summarises the key findings arising from the audit of London Councils 2022/23 accounts and is included at Appendix A to this report.

Audit outcome

2. PKF anticipate issuing an unqualified opinion on the financial statements subject to the satisfactory conclusion of outstanding issues listed on page 4 of the audit report. PKF will provide an oral update on these matters.
3. The committee accounts for 2022/23 include a net pension asset which has occurred for the for the first time since reporting the net value of the pension scheme under the accounting standard IAS19 (previously FRS17), Employee Benefits. PKF intend to review the criteria that sets out when an asset can be recognised on the balance sheet to ensure the accounting treatment in the accounts is in line with the financial reporting framework. This is an area that is still outstanding.
4. PKF has made two recommendations in respect of internal control deficiencies which are detailed on page 10 of the audit report. The recommendations relate to unsigned employment contracts and evidence to support the payment of liabilities. Officers have accepted the recommendations and will take appropriate action to address the control deficiencies.

Management representation

5. PKF will require a management representation letter to be signed by the Director of Corporate Resources. The letter declares, to the best of the management's knowledge, that the financial statements and other information provided to the auditor are sufficient and appropriate and have not omitted any facts that are material to the financial statements. A management representation letter will be required for all three sets of accounts.

Financial Implications for London Councils

None

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Appendices

Appendix A – PKF Audit Findings Report for 2022/23

Background Papers

Final accounts working files 2022/23

London Councils External Audit Plan for 2022/23

Audit Committee

Financial Accounts 2022/23

Item no: 06

Report by:	Richard Merrington	Job title:	Chief Accountant
Date:	14 September 2023		
Contact Officer:	David Sanni		
Telephone:	020 7934 9704	Email:	david.sanni@londoncouncils.gov.uk

Summary

This report presents the pre-audited statement of accounts for 2022/23 for approval. The accounts to be approved comprise of London Councils Consolidated Statement of Accounts for 2022/23, London Councils Transport and Environment Committee Statement of Accounts for 2022/23 and London Councils Grants Committee Statement of Accounts for 2022/23.

Recommendations

The Audit Committee is asked:

- To approve the statement of accounts, as detailed at Appendices A to C of this report subject to the satisfactory conclusion of outstanding audit work.

Introduction

1. This report presents the pre-audited annual statements of accounts for approval. The accounts to be approved comprise of London Councils Consolidated Statement of Accounts for 2022/23, London Councils Transport and Environment Committee Statement of Accounts for 2022/23 and London Councils Grants Committee Statement of Accounts for 2022/23.
2. London Councils' financial regulations require the Director of Corporate Resources to present the audited statement of accounts to the Audit Committee for approval by 30 September each year. The audit of the accounts commenced on 24 July 2023 and at the time of reporting is largely complete, however some completion items are still to be finalised.
3. The Audit Committee is asked to approve the annual accounts subject to the satisfactory conclusion of the outstanding audit work. The Committee will be informed of any recommended changes to the statement of accounts following completion of the audit.

Financial Results 2022/23

4. The London Councils' Executive noted the pre-audited financial results for 2022/23 at its meeting on 20 June 2023. This report details the provisional levels of income and expenditure for the year and compares the results against the approved budget. The movement in the provisional surplus of £62,000 from £748,000 inclusive of a one-off write back, as reported to that meeting, and the surplus of £686,000 included in the statement of accounts, is summarised in Table 1 below:

Table 1 – Movement in surplus position for 2022/23

	£000
Provisional surplus reported to the Executive	(691)
Write back of one-off funds	(51)
HR Metrics Receipt in Advance	37
Additional Joint Committee year-end creditor	80
Adjustment to year-end RUCA debtor in relation to historic fixed and variable costs	(43)
ESF Grants Committee debtor	(12)
Pre-audited surplus reported in the accounts	(686)

5. The version of accounts presented to PKF Littlejohn for their final audit were adjusted to reflect the movements above which relate to:
 - a write back of £51,000 of residual funds in relation to the former MPS project. This was reported to the Executive on 20 June 2023;
 - an amount of income collected in relation to the HR Metrics service which is treated as a receipt in advance of the service being carried out;
 - a creditor raised to recognise the 2018/19 City of London SLA costs relating to Legal services;

- an adjustment to GLA/TfL fixed and variable cost debtors in respect of the Road User Charging Adjudication (RUCA) service; and
- Recognition of an ESF debtor within the Grants Committee of £12,000.

6. The finalised revenue outturn for 2022/23, split across the three funding streams, is highlighted in Table 2 below:

Table 2 - Surplus for 2022/23 split across funding streams

	Grants	TEC	Core	Consolidated
	£000	£000	£000	£000
Total Expenditure	6,673	34,649	15,058	56,380
Total Income	(6,676)	(32,863)	(11,537)	(51,076)
Interest income/expense	(10)	51	391	432
(Surplus)/Deficit for the year before transfer from reserves	(13)	1,837	3,912	5,736
Transfer from General Reserves	-	(740)	(1,250)	(1,990)
Net transfer from Specific Reserves	-	(838)	-	(838)
Transfer from Unusable Reserves	(120)	(867)	(2,607)	(3,594)
(Surplus)/Deficit for the year after transfers from reserves	(133)	(608)	55	(686)

7. In accordance with Local Authority Accounting (LAA), the use of reserves during the year is excluded from each of the Comprehensive Income and Expenditure Statements featured in the audited accounts so that the statements only reflect the income and expenditure due in the relevant financial year. LAA also requires that actuarial gains or losses on the pension scheme during the year are included in the statement to derive the Total Comprehensive Income and Expenditure. These gains or losses which have not been realised arise due to the actual experience or events differing from the assumptions adopted by the actuary at the previous valuation. The effect of these requirements on the audited accounts is summarised in Table 3 below:

Table 3 – Adjusted position 2022/23 as shown in the statutory accounts

	Grants	TEC	Core	Consolidated
	£000	£000	£000	£000
Deficit/(surplus) for the year before transfer from reserves	(13)	1,837	3,912	5,736
Actuarial gain on pension assets/liabilities	(1,332)	(10,437)	(27,740)	(39,905)
Total Comprehensive Income and Expenditure	(1,345)	(8,600)	(23,828)	(33,773)

8. London Councils set a balanced budget for all three funding streams for 2022/23. An analysis of the main variances was included in the pre-audited report presented to the Executive in June. An analysis of the main variances that contributed to the surplus of £686,000 is included for information for the Committee in Table 4 below:

Table 4 – Analysis of revenue account surplus 2022/23

	£000
Grants Committee	
Underspend on payments to providers of commissioned services	(158)
Overspend on administration costs	25
Transport & Environment Committee	
Underspend on Freedom Pass non-TfL bus services	(448)
Net surplus on Lorry Control Scheme administration & PCN income	(291)
Overspend on Freedom Pass issue costs	282
Investment income	(97)
Core Joint Committee	
Underspend on employee costs	(29)
Overspend on Running Cost – Backdated annual rent costs	416
Underspend on commissioning and other priority work	(243)
Investment Income	(202)
Residual variances across all funding streams	59
Surplus for the year	(686)

9. Detailed explanation of these variances can be found in the Narrative Report on pages 13 to 15 of the Consolidated Statement of Accounts at Appendix A.
10. Another requirement of LAA is the separation of reserves between Usable Reserves and Unusable Reserves. Usable Reserves comprise of resources that can be used in the provision of services including reserves with spending restrictions. London Councils' Usable Reserves consist of the General Reserve, the Freedom Pass Renewal Specific Reserve and the TEC Special Projects Reserve. The Unusable Reserves cannot be used in the provision of services and are set up to deal with instances where income and expenditure are recognised against General Fund balances on a statutory basis which is different from that expected by accounting standards adopted by LAA. London Councils' Unusable Reserves consist of the Pensions Reserve and the Accumulated Absence Reserve which serve to offset the impact of the IAS19 Pension Liability and Accumulated Absence Liability on the General Reserve.
11. The level of Usable Reserves for each funding stream as at 31 March 2023 has been confirmed as follows:

Table 5 –Usable Reserves as at 31 March 2023

	Grants	TEC	Core	Consolidated
	£000	£000	£000	£000
Usable Reserves at 1 April 2022	745	5,770	5,916	12,431
Transfer from General Reserve	-	(740)	(1,250)	(1,990)
Net transfer from Specific Reserves	-	(838)	-	(838)
Surplus for the Year	133	608	(55)	686
Usable Reserves at 31 March 2023	878	4,800	4,611	10,289

12. The Unusable Reserves at 31 March 2023 amounted to a positive balance of £4.560 million consisting of a Pension Reserve of £4.725 million and an Accumulated Absences Reserve of £165,000. As mentioned in paragraph 10 above, the reserves offset the impact of their associated assets or liabilities on the General Reserve.
13. The Pension Reserve has decreased from a liability of £31.189 million as at 31 March 2022 to an asset of £4.725 million as at 31 March 2023, a reduction of £35.914 million. The reason for this change in the pensions liability is an increase in the discount rate which reduces the value of the pension obligation offset by an increase in the rate of inflation which increases the value of the obligation. The net effect of these changes to the financial assumptions contributes to the overall decrease in the defined benefit obligation of £35.213 million. The return on pension scheme assets during the period was higher than the discount rate assumed at 31 March 2023 which contributed to an increase in asset values of £701,000.

The Audited Accounts

14. The audited accounts can be found at Appendices A – C. The accounts consist of the following core statements:
- **Comprehensive Income and Expenditure Statement**
This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.
 - **Movement in Reserves Statement**
This statement shows the movement in the year on the different reserves held by the Committee, analysed into usable reserves and unusable reserves.
 - **Balance Sheet**
The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Committee. The net assets of the Committee (assets less liabilities) are matched by the reserves held by the Committee.
 - **Cash Flow Statement**
The Cash Flow Statement shows the changes in cash and cash equivalents of the Committee during the reporting period.
15. The statement of accounts include a number of notes that provide further detail to the cost, income and balances shown within the core statements.

16. Each statement also contains a Narrative Report which provides a review of the Committee's activities during the year, and a summary of the financial outturn. It also includes an Annual Governance Statement (AGS) which is a description of the key elements of the systems and processes that comprise the governance arrangements and the procedures applied to maintain and review their effectiveness. The pre-audited AGS for 2022/23 was approved by the Audit Committee at its meeting on 15 June 2023.
-

Financial Implications

The financial implications are contained in the body of the report.

Legal Implications

London Councils' financial regulations require the Director of Corporate Resources to present the audited statement of accounts to the Audit Committee for approval by 30 September each year.

Equalities Implications

None

Appendices

- Appendix A: London Councils Joint Committee Consolidated Statement of Accounts for the year ended 31 March 2023
- Appendix B: London Councils Transport and Environment Committee Statement of Accounts for the year ended 31 March 2023
- Appendix C: London Councils Grants Committee Statement of Accounts for the year ended 31 March 2023

Background papers

2022/23 Final accounts working files

Audit Committee

Internal Audit Update

Item no: 07

Report by: Matt Lock

Job title: Head of Audit & Risk Management
(City of London Corporation)

Date: 14 September 2023

Contact Officer: Matt Lock, Head of Audit & Risk Management (City of London Corporation)

Email: matt.lock@cityoflondon.gov.uk

Summary

The purpose of this report is to provide the Committee with an update in relation to the work of Internal Audit since the last update report made to the June 2023 meeting.

The report also provides an overall status update on progress against the current Internal Audit Plan. One Audit review has been completed to Draft Report stage since the last meeting.

Recommendations The Audit Committee is asked to note and comment on the contents of the report.

Background

Internal Audit Plan 2023/24

1. 1. At its meeting on 15 June 2023 the Audit Committee noted resourcing constraints within the City of London Corporation's Internal Audit team and the impact this was having on delivery of the Internal Audit Plan for 2023/24. This report provides an update on the overall status of delivery of the Audit Plan; since the last meeting, 1 Audit has been delivered to Draft Report stage and Terms of Reference agreed for one further Audit review.

2. The table below summarises the overall status of the plan:

Planned Audits	Status
Procurement of Goods and Services	Draft Report Issued
Information Governance and Data Security	Terms of Reference Agreed
Grants (including probity checks)	Not Started
Pension Scheme Administration	Draft Terms of Reference Issued
Disaster Recovery and Business Continuity Arrangements	Not Started
Governance Arrangements for Externally Funded Projects	Not Started
ICT Remote Access and Mobile Devices	Not Started
Follow Up of Audit Recommendations	In progress (update included in this report)

3. The Audit review of Procurement of Goods and Services is now substantially completed, with a Draft report issued to management in August. Owing to the timing of completion of the audit review and the deadline for preparation of this report, it is not possible to incorporate a summary of the findings of the audit here. It is anticipated that the audit will be finalised ahead of the Committee meeting and so a verbal update will be provided and, if possible, a summary report tabled, reflecting the management response to our findings.

4. Draft Terms of Reference have now been agreed for the Pension Scheme Administration Audit, as a result there are now two pieces of work that are ready to initiate.
5. Further to the discussion at the previous meeting regarding Internal Audit resourcing, the Head of Internal Audit is pleased to report that the July recruitment campaign was successful and the City of London has appointed 2 Senior Internal Auditors. Both bring considerable experience and will be in post by 1st October 2023, from which point delivery will increase significantly as we work towards full completion of the agreed programme of work.

Conclusion

6. Members should note the status of work in relation to the 2023/24 Internal Audit Plan.

Financial Implications for London Councils

None

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Appendices

None

Audit Committee

Internal Audit Recommendations

Item no: 08

Report by:	David Sanni	Job title:	Director, Corporate Resources
Date:	14 September 2023		
Contact Officer:	David Sanni		
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- | | |
|------------------------|---|
| Summary | This report provides an update on the status of the 17 outstanding internal audit recommendations referred to in the Head of Internal Audit's annual opinion on the adequacy and effectiveness of London Councils' control, governance and risk management processes. |
| Recommendations | The Committee is asked to note the contents of the internal audit recommendations schedule which can be found at Appendix A. |

Background

1. At its meeting on 15 June 2023, the Committee requested an update on the 17 internal audit recommendations referred to in the Head of Internal Audit's annual opinion on the adequacy and effectiveness of London Councils' control, governance and risk management processes.
 2. A schedule of internal audit recommendations can be found at Appendix A and shows the status of the 17 internal audit recommendations. It shows 15 recommendations have been implemented or alternative mitigation processes have been accepted by the internal audit team, one recommendation has been partially implemented and one recommendation is still outstanding.
 3. An updated management response has been provided for the recommendations completed since the March meeting and the two that have not been fully implemented.
 4. The Committee is asked to note the status of the 17 internal audit recommendations detailed in Appendix A.
-

Financial Implications for London Councils

None

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Appendices

Appendix A – Schedule of Internal Audit Recommendations

Background Papers

Report to Audit Committee on Internal Audit Update dated 16 March 2023

2022/23 Annual Internal Audit Report and Head of Internal Audit Annual Opinion

London Councils Recommendations for Follow-Up End of March 2023

Audit Name	Recommendation	Assurance Rating	Management Response/Update	Agreed Implementation Date	Status
2018-19 London Councils - PAN London Mobility Schemes	Management should establish whether the CMS system can be enabled to produce performance management information such as number of days taken to process a taxicard application. The system should also allow for officers to record the reason for card processing delays (over the 15 days target).	Amber	<p>The reporting functionality built as part of the new Taxicard release did not work as intended. It is currently being redeveloped so that it meets requirements. London Councils has asked for this item to be put on the development back log, as the current focus is on improving the user journeys for Taxicard applicants. In the meantime, London Councils are able to produce average processing times using a manual count.</p> <p>Responsible Officer: Chief Operating Officer</p>	01/09/2020	<p>Partially Implemented</p> <p>Revised implementation date 31/12/2023</p>
2021-22 LC PAN London Mobility Schemes	London Councils, in conjunction with Borough Officers, need to determine if the passport requested as a proof of identity should be a current one and amend the application form and other relevant guidance and information	Green	London Councils accepts that there needs to be some clarity on the passport proofs. London Councils will amend the application form and liaise with the boroughs. LC will also ensure that instructions regarding scanning of supporting information is dealt with appropriately.	31/05/2022	Implemented

Audit Name	Recommendation	Assurance Rating	Management Response/Update	Agreed Implementation Date	Status
	online accordingly. LC should also remind staff of the need to ensure that supporting information is scanned on the system appropriately.		Responsible Officer: Mobility Services Manager Implementation Date: By May 2022		
2020-21 LC - Risk Management	London Councils should benchmark their Risk Management Framework to the ISO 3000 2018 standards to identify any gaps and form a view as to whether the framework could be slightly amended to fix any issues or hold any changes needed until the next review.	Green	A review of London Councils Risk Management Strategy and Framework was undertaken during 2023. The review was undertaken against ISO 31000, Risk Management. The outcome of the review has been considered by the Corporate Management Team (CMT). The revised strategy and framework will be presented to the Audit Committee for approval in September 2023. Responsibility: Chief Operating Officer	31/07/2021	Implemented

Audit Name	Recommendation	Assurance Rating	Management Response/Update	Agreed Implementation Date	Status
2022-23 LC – Financial Management	London Councils should ensure that the updated Financial Regulations are approved by the Leaders Committee and that going forward, compliance with the period stated for review and approval is ensured.	Green	<p>The financial regulations were reviewed by officers and approved by the Leaders Committee at its AGM in June 2023.</p> <p>Responsible Officer: Chief Accountant</p>	31/03/2023	Implemented
2022-23 LC – Financial Management	Management should review and where appropriate, refresh the financial procedures, ensuring that the latest ones are made available to staff. This should be done systematically at each review and update of the financial regulations.	Green	<p>The financial regulations were reviewed by officers and approved by the Leaders Committee at its AGM in June 2023.</p> <p>The revised financial regulations have been made available to all staff.</p> <p>Responsible Officer: Chief Accountant</p>	31/03/2023	Implemented

Audit Name	Recommendation	Assurance Rating	Management Response/Update	Agreed Implementation Date	Status
2022-23 LC – Financial Management	The debt management procedure should be amended to reflect the process agreed in respect of reporting of debts to the Executive Committee going forward.	Green	<p>The debtors report will be presented to the Executive on a 6 monthly basis. However, where there is not a meeting the report will be issued by correspondence, the first of which will be in March 2023 and it is currently being drafted.</p> <p>Responsible Officer: Chief Accountant</p>	31/03/2023	Implemented
2021-22 LC Cyber Security	A cyber strategy should be drawn up with the help of CoL IT, formally reviewed, approved and be accessible for transparency. The strategy can be contained within an existing relevant document if appropriate. The documentation should contain cyber strategy ownership and typical document controls such as document version, review frequency, approval information and relevant dates.	Amber	<p>London Councils Cyber Security Strategy 2021-2024 was approved by the Corporate Management Team and launched in July 2022</p> <p>Responsible Officer: Head of ICT and Facilities Management</p>	31/01/2022	Implemented

Audit Name	Recommendation	Assurance Rating	Management Response/Update	Agreed Implementation Date	Status
2021-22 LC Cyber Security	London Councils should verify that an extended support agreement with Microsoft is in place for this system otherwise an action plan should be drawn up to address this vulnerability.	Amber	<p>Response: Migration of the Taxi Card CMS is complete and new CMS went live January 2023 cloud architecture document detailing new Microsoft Azure and Power Apps security provided.</p> <p>The Freedom Pass service will be provided and hosted by the same hosting provider, ESP Group and go live during May 2023. The following remains in place to provide security on the current platform;</p> <ul style="list-style-type: none"> • IP\Port Restrictions at a Network Security Group level (acts like a firewall) • IP Restrictions in IIS as a second layer • All IP's added are logged • Kaspersky anti-virus and patch management are utilised <p>Responsible Officer: Mobility Services Manager / Director, Transport and Mobility</p>	30/04/2022	Implemented

Audit Name	Recommendation	Assurance Rating	Management Response/Update	Agreed Implementation Date	Status
2021-22 LC Cyber Security	Consideration should be given to upgrading to the Windows 2019 to benefit from the greater level of protection offered by this later version.	Amber	<p>Server consolidation during 2022 has reduced the number of required servers in Azure to 13. Monthly cloud management report is healthy and all servers patched and up to date, as per attached January 23 managed cloud service report. The current Windows Server 2016 VM's work with our present line of business systems and Microsoft has extended life-cycle support for Windows Server 2016 until January 2027</p> <p>Responsible Officer: Head of ICT and Facilities Management / Technology Support Manager, City of London Implementation Date: October 2022</p>	31/01/2022	Implemented

Audit Name	Recommendation	Assurance Rating	Management Response/Update	Agreed Implementation Date	Status
2021-22 Parking and Traffic Services	<p>London Tribunals' Head of Support Services should:</p> <ul style="list-style-type: none"> • determine an appropriate target for the proportion of tasks that are required to be completed within the three-day requirement; • regularly monitor the extent to which the target is being achieved by individual members of the Proper Officer Team, taking steps to address performance issues as required. 	Amber	<p>The proper officer team manages all tasks and the priority level associated with different tasks can not only vary, but change quickly, as can the distribution of tasks within the team. Taking this into consideration and to effectively deliver the service, there may be differing requirements on task completion on a day-to-day basis, and these may fall to different members of the team on any given day.</p> <p>Furthermore, the Head of Support Services favours giving the proper officer team autonomy to manage tasks in the way that they choose if on average all tasks are completed within 1-3 days.</p> <p>It should be noted that the head of support service has oversight daily of all task types and volumes received as well as the completion rates by proper officer. There are also monthly reports with data inclusive for each proper officer of the amount, type and time taken to completion by task. This therefore informs of areas for improvement in performance management across the disciplines of</p>	30/06/2022	Alternative Mitigation Accepted

			<p>the proper officer role.</p> <p>Responsible Officer: Head of Support Services</p>		
Audit Name	Recommendation	Assurance Rating	Management Response/Update	Agreed Implementation Date	Status

2021-22 Parking and Traffic Services	<p>The Transport Manager should:</p> <ul style="list-style-type: none"> • determine appropriate targets to facilitate performance management in relation to delivering these duties; • regularly monitor the extent to which the targets are being achieved, taking steps to address performance issues as required. 	Amber	<p>We are still yet to see the full update of reports as anticipated and continue to work with the service provider (Sagoss) to get these implemented. This is regularly discussed during monthly contract meetings and has been escalated so that the Contract Manager receives bi-weekly updates of progress. Some of the Information that the revised reports will provide can be obtained through other means but, this is resource intensive.</p> <p>Responsible Officer: Transport Manager</p>	30/04/2022	<p>Not Implemented</p> <p>Revised Implementation date 28 October 2023</p>
2021-22 Parking and Traffic Services	<p>The Transport Manager should review the extent to which London Lorry Control Scheme performance measures 'LLCS 1' and 'LLCS 14' are measured on a fair basis, making changes to the approach to measurement, as appropriate.</p>	Green	<p>The service provider (Sagoss) have addressed the issue LLCS1. An electronic mechanism is in place showing the timescale for initial response from London Councils.</p> <p>LLCS14 – the KPI has been changed to reflect how many appeals are heard within a specific month.</p> <p>Both were implemented by the agreed deadline in 2022.</p> <p>Responsible Officer: Transport Manager</p>	30/04/2022	Implemented

Audit Name	Recommendation	Assurance Rating	Management Response/Update	Agreed Implementation Date	Status
2021-22 Parking and Traffic Services	The Acting Director, Transport and Mobility, should ensure that quarterly London Tribunals Performance Reviews are reinstated.	Green	<p>Points noted and accepted.</p> <p>It should be noted that since August 2022, there has been a vacancy for the chief contracts officer role. This has meant that the quarterly departmental reviews (including, but not limited to London Tribunals) have not been held.</p> <p>Nevertheless, London Tribunals performance has been reviewed at departmental management team meetings. Therefore, the director of transport and mobility is happy that there is sufficient oversight of performance despite the quarterly reviews not taking place.</p> <p>Responsible Officer: Director, Transport and Mobility</p>	30/06/2022	Implemented

Audit Name	Recommendation	Assurance Rating	Management Response/Update	Agreed Implementation Date	Status
2021-22 Parking and Traffic Services	The Transport Manager should enhance monitoring arrangements to ensure that NSL and Sagoss, Parking and Traffic Services Contractors, report against their respective performance requirements in full.	Green	<p>The inputting of observation data was previously monitored by the LLCS manager and fed back to the contractor upon the production of a report from Sagoss from 2022. However, since May 2023, NSL have been adding the required additional information to their monthly report to show data input within 24 hours of the observation by their Enforcement Officers. This was the outstanding element.</p> <p>Responsible Officer: Director, Transport and Mobility</p>	30/04/2022	<p>Implemented</p> <p>May 2023 (NSL report)</p> <p>Reports all now contain the required level of information.</p>

Audit Name	Recommendation	Assurance Rating	Management Response/Update	Agreed Implementation Date	Status
2021-22 Parking and Traffic Services	The Director of Corporate Resources of nominated Officer should devise clear and transparent arrangements for the scrutiny and reporting of known departures from the Procurement Regulations set out in London Councils Procurement Toolkit.	Amber	<p>Recommendation accepted: All staff are required to comply with London Councils financial regulations, including the guidance contained in the Procurement Toolkit. Clear instructions will be included in the toolkit requiring staff to report all known departures from the regulations to the Director, Corporate Resources explaining why it occurred and the steps to be taken to rectify the matter to ensure compliance with the regulations. Existing monitoring arrangements will be reviewed to ensure they identify contracts approaching their expiry dates and trigger a review to establish the contract manager's plans for retendering the service.</p> <p>Responsible Officer: Director, Corporate Resources</p>	30/06/2022	Implemented

Audit Name	Recommendation	Assurance Rating	Management Response/Update	Agreed Implementation Date	Status
2022-23 LC – Declarations of Interests	London Councils needs to assess the current requirements, in respect of Members Declarations of Interests, in light of their legal obligations and proportionality within the context of the organisation and decide whether to either adapt the approach or improve existing mechanisms, to ensure compliance with current rules.	Amber	<p>A review of Members, Declaration of Interest was carried out and a recommendation was made to the Leaders Committee to discontinue the retention of a register of members' declaration of interests. The Leaders Committee approved the recommendation at its AGM in June 2023.</p> <p>Responsible Officer: Head of Governance and Data Protection</p>	31/03/2023	Implemented
2022-23 LC – Declarations of Interests	London Councils Declarations of Interest Policy for Officers needs to establish the group of officers - i.e. Senior Managers, Officers dealing with grant giving and/or Procurement/buying activities - that are required to complete a regular declaration of interest form and the regularity and timeliness for this to happen.	Amber	<p>A review of the Declaration of Interests Policy for Officers was undertaken and revisions made to the officers code of conduct and declaration of interest policy requiring grants officers to make an annual declaration.</p> <p>Responsible Officer: Head of Governance and Data Protection</p>	31/03/2023	Implemented

Audit Committee

2022/23 Risk Management Review

Item no: 09

Report by: Reuben Segal **Job title:** Head of Governance & Data Protection
Date: 14 September 2023
Contact Officer: Reuben Segal
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Summary This report summarises the review of the current Risk Management Strategy & Framework

Recommendations That Audit Committee:

- approve the updated Risk Management Strategy & Framework
- agree the recommendation to receive an annual report on risk management, which will include the strategic risk register

1. Background

1.1 In an internal audit of London Councils Risk Management and Business Continuity Planning agreed by Audit Committee in May 2016, it was recommended that the Strategy be reviewed 'on a periodic basis.'

London Councils' Risk Management Strategy & Framework (RMF) was last reviewed and approved (by CMB and Audit Committee) in 2019.

1.2 In accordance with the agreement to periodically review the documentation a further review has been carried out of the current strategy and framework by Corporate Governance in consultation with the Corporate Governance Group (CGG) and the Corporate Management Team (CMT). This review has been carried out based on an assessment of current practice against the existing strategy.

2. Review

2.1 In carrying out the review, the overall conclusion is that:

- Individual risks in the registers have been consistently and effectively reviewed;
- Risks and their respective ratings have been revised, new risks added and other risks deleted;
- The reporting mechanism to Audit Committee has been revised to reflect direction of travel of risk ratings

2.2 However, officers considered that the overall Strategy and Framework, while continuing to be very effective in identifying and managing risk, needed to be updated to reflect the changes which have taken place in the organisation.

3. Going forward

3.1 The Corporate Management Team recommend:

- The retention of a 'two tier' "corporate" and operational risk register framework; and
- The retention of the CGG.

With the following proposed changes:

- Risks in the "Strategic" Risk Register to be organised around the six Shared Ambitions themes. A draft mapping of the existing corporate/strategic risks has shown that further risks need to be identified to be able to capture the most important risks against each of the objectives;
- Risks in the "Operational Risk Registers" which will also reflect the six Shared Ambitions Themes to be organised around the functions of the new structures as follows:
 - London's Future and Places (including Climate Change)
 - London's Communities
 - Local Government, Finance & Improvement
 - Communications and Public Affairs (including LOTI)
 - Transport & Mobility
 - Corporate Governance (including Information Management)
 - Corporate Resources (Finance, IT and Facilities)

Again, for some of the newer areas of work operational risks need to be captured.

- That only the Strategic Risk Register which focuses on risks of particular strategic importance, those which are particularly high profile or those which affect the efficiency of the organisation is presented to London Councils Audit Committee on an annual basis. The more specific and detailed risks of which will be reflected in the operational risk registers.

- 3.2** The risk management strategy and framework has now been reviewed and is attached to this report at Appendix A. The review was undertaken against the ISO 31000 in line with Internal Audit's recommendation following the last audit in 2020-21 which received a 'green' assurance rating; no substantive amendments to the framework have been required following the review.
- 3.3** The changes to the Strategy & Framework include references to the Shared Ambitions agreed by Leaders' Committee and the inclusion of a target risk rating for each risk which should take into account of the level of risk appetite i.e. what level of risk is acceptable. Furthermore, the document has been edited and condensed to make it easier for officers to understand.
- 3.4** Separately, the Terms of Reference (TOR) of the CGG were also reviewed and it was proposed that these remain largely unchanged other than to take account of the new structures within the organisation, the presentation of the Strategic Risk Register only on an annual basis and to review its membership.
- 3.5** Work continues to refresh the strategic risk register around the six Shared Ambitions with a first report on the management of the strategic risk register been presented to CMT in September, with all existing risk registers being reviewed and, those registers not currently in existence, created in time for consideration at the CGG in October.

4. Next Steps

- 4.1** Subject to the Committee's approval of the updated Risk Management Strategy & Framework, it is proposed to promote awareness of the revised document to all staff, drawing all staff attention to their responsibilities.
- 4.2** Additionally, guidance notes for officers which accompany the Risk Management Strategy & Framework will be reviewed and updated accordingly to ensure that they are consistent with the proposed changes.

5. Recommendation

- 5.1** That Audit Committee:
- approve the updated Risk Management Strategy & Framework
 - agree the recommendation to receive an annual report on risk management, which will include the strategic risk register

Appendices:

- **Appendix A** - Risk Management Strategy & Framework dated June 2023
- **Appendix B** - A tracked changed version of the amendments to the Risk Management Strategy & Framework dated 21 March 2019.

LONDON COUNCILS RISK MANAGEMENT STRATEGY & FRAMEWORK June 2023

Introduction and Purpose

The active management of risk is a key element of the business planning activities of London Councils. The strategy and framework underpins the aspirations of the organisation's Shared Ambitions programme, allowing us to manage both threats and opportunities and creating an environment where unexpected events do not render an organisation ineffective. By managing threats London Councils will be in a stronger position to deliver its Shared Ambitions priorities. By managing opportunities, the organisation will be in a better position to provide improved services and better value for money.

The risk management strategy and framework of London Councils operates within a number of principles:

- Risk is managed at different levels within London Councils. It is a shared activity where macro and micro risks are appropriately managed and monitored. However all staff are, relevant to their own level/function, responsible for risk management and the resources that support the framework are there to support this
- Risk management is a positive value-added activity, focused on achievement and successes – by changing the perception and raising awareness officers will have increased confidence when managing operational risks
- Documenting and reporting risks, and the process for their review will be simple and transparent for all to understand

When management of risk goes well it often remains unnoticed. When it fails, the consequences can be significant and high-profile. Any responsible organisation needs to avoid this – hence the need for effective risk management. A risk management strategy is an essential element of strategic planning and good performance management.

In producing this strategy and framework, London Councils has drawn on the risk management toolkit of ALARM, The Public Risk Management Association and the ISO 31000 risk management standard.

This strategy describes the processes which integrate risk management into the work of the organisation. It describes the steps that are in place to identify, assess, address, review and report risks. The strategy is supported by three stand alone elements:

- A risk management framework which defines our risk management processes, the frequency of review for our risk registers, the scoring mechanism used for assessing risks and the roles and responsibilities of Officers within that process
- A short guide to risk management, to assist all staff in the general understanding of risk management, the identification of risks and mitigating actions
- A guide to using a formal risk register, to assist all staff in understanding and using a formal risk register effectively in their own work and in the context of the whole organisation

The guides may be updated as and when required to reflect the needs of the organisation. The risk management strategy and framework can only be updated with the approval of the Corporate Management Team and London Councils Audit Committee.

In addition, the risk management framework also directly links to the Business Continuity Plan, which is formally reviewed as part of the Corporate Governance Group/Audit Committee reporting cycle and should be read alongside this strategy and framework.

Risk management at London Councils

At the head of the organisation, risk management is embedded into the workings of London Councils via the Committee structure and the organisation's cross party business planning processes.

Under this, the framework includes a two tier system for risk registers. A strategic risk register is maintained by the Corporate Management Team, which includes risks of particular strategic importance, those which are particularly high profile or those which affect the efficiency of the organisation. These risks are organised around the Shared Ambitions.

Below this are a number of functional risk registers covering the teams making up London Councils.

As a cross party, pan London organisation all our policy decisions are essentially risk based, determined by current circumstances, impact on London and the focus of our member boroughs at a particular time. The risk appetite of our member organisations is a constant consideration and will always have a bearing on the policy direction taken by the organisation. These considerations can be seen within reports to Members which will often outline the case for focusing attention on a particular policy or a campaign on particular issues.

A number of these areas of work will appear on risk registers but equally, the decisions made are sometimes dynamic ones which do not benefit from consideration in a cyclical review timetable. Instead the intrinsic risks of policy work, such as ineffective lobbying, are noted within our registers and generic mitigating actions are listed which are then applied to all areas of Policy work.

In contrast, the risks related to the services which London Councils delivers on behalf of the Boroughs are recorded in more detail in a risk register. These risks are far more specific, detailed and delivery focused than the risks identified for policy work. They are consequently monitored more regularly as management considers that this approach enables the most effective management and mitigation of risks.

Risks relating to information management and security will, in addition to the risk register, be monitored by the Data Protection Officer (DPO) and Senior Information Risk Owner (SIRO) roles as part of the regular checks of information security procedures.

This flexible approach to risk management is implemented with the support of the senior management and members, in acknowledgement of the type of risks and nature of the work undertaken by London Councils. In this way, our risk management strategy enables the diverse nature of the organisation to be accommodated within an effective approach to risk management which ultimately ensures that decisions are made pro-actively and with proper consideration of the nature of the risks involved.

What is acceptable risk?

Good risk management is about avoiding or minimising failure or loss but is also about dealing positively with opportunities. Good risk management encourages an organisation to think about undertaking potentially risky actions in order to maximise opportunities and result in improved outcome.

In terms of service provision, London Councils will look to mitigate the risk to the lowest possible level for both service users and the stakeholders for whom we provide the service taking into account the financial and resource impact of our mitigating actions. At the same time, the organisation has a commitment to supporting London local government and to assist in identifying innovative solutions and new approaches to service delivery, which is likely to carry a level of risk.

Where London Councils recognises a risk of damage to the organisation's reputation or the reputation of its stakeholders, it will seek to mitigate it to the lowest possible level taking into account the financial and resource impact of our mitigating actions.

The nature of London Councils work also means that sometimes the organisation will take on a high level of risk and the emphasis in these cases is being risk aware rather than risk averse. This is particularly true when it comes to 'opportunity risks' where the organisation will choose to promote a policy or support a course of action that may not have a high likelihood of success but which, if it did succeed, would bring significant gain.

It should also be recognised that on occasion, the organisation will run a campaign which is unlikely to achieve everything it argues for but the cause is too important to ignore and the action must be taken to promote the viewpoint of our stakeholders. In such cases, clarity on the organisation's objectives is essential to ensure appropriate mitigating actions are taken. The risk in such cases would not be the failure of a policy campaign but failing to ensure that stakeholders understand and support the tactics behind the activities. This is an intrinsic aspect of policy work in a political environment and fundamental to the success of the organisation in terms of determining risk appetite.

Decisions about managing risk, therefore, need to be made with a practical view of the amount of risk that can be accepted at a particular point in time. The acceptable amount of risk will vary according to the perceived importance of particular risks.

Risk Management – the framework

The key objectives of London Councils risk management framework are that the organisation has a clear and understood process for identifying, managing and monitoring risks. The framework provides a structured approach to the management of intrinsic, long term and service delivery risks, providing assurance that the organisation is able to function effectively and achieve its aims.

London Councils risk registers will contain, for each risk registered:

- The nature of the risk;
- The description of the risk, including the consequences if the risk is realised;
- The controls in place to prevent the risk being realised or contingencies in place to deal with it if it is realised
- Future plans for further mitigating against the occurrence of the risk
- The job title of the risk owner/team;
- Scores for the likelihood, impact and combined rating for the risk before and after countermeasures are applied

- a target risk rating for each risk which should take account of the level of risk appetite i.e. what level of risk is acceptable

Identifying risks

A 'risk' is something that may have an impact on the achievement of our priorities. It may come from outside the organisation, or may arise from shortcomings of our own systems and procedures. Risks will be assessed in terms of how likely they are and the magnitude of the consequences if they were to occur. Risk assessment seeks to answer five simple related questions:

1. What can go wrong?
2. How bad could it be?
3. What controls are already in place?
4. Is there a need for additional action?
5. How often does it need control?

The main types of risk that London Councils is likely to encounter are:

Risk	Definition
Compliance	Risk of failing to comply with statutory requirements.
External	Risks from changing public or government attitudes.
Financial	Risks arising from insufficient funding, losing monetary resources, spending, fraud or impropriety, or incurring unacceptable liabilities
Operational	Risks associated with the delivery of services to the public and boroughs arising, for example, from recruitment difficulties, diversion of staff to other duties, or IT failures, loss or inaccuracy of data systems or reported information
Project	Risks of specific projects missing deadlines or failing to meet stakeholder expectations.
Reputation	Risks from damage to the organisation's credibility and reputation.
London	Risks to our stakeholders that need to be taken into account in our planning and service provision
Strategic	Risks arising from policy decisions or major decisions affecting organisational priorities; risks arising from senior-level decisions on priorities.
Contractual Risks	Risks related to the management of service contracts
Internal	Risks that relate to HR/People risks associated with employees, management and organisational development

Officers should note the difference between risks and issues. Risks MAY occur and you can put in place controls to stop that happening. Issues HAVE occurred and cannot be stopped so decisions must be made. The risk management process is focussed on issues that MAY occur.

Officers will identify risks applicable to their areas of work. Throughout the risk management process, the general rule of *escalation* will apply – if it cannot be managed satisfactorily at its current level, it needs to be passed up to the next level of management to be owned and addressed, and potentially placed on the directorate/divisional or corporate risk register. Officers may also decide that a separate risk register is required for an individual piece of work or project.

This will be left to the discretion of individual Officers and their managers although guidance is available on the intranet and support is available from Corporate Governance. While project/team risk registers do not form part of the formal risk management process, Officers should follow the steps outlined in the framework to ensure consistency in our approach to risk across the organisation.

The decision on whether an individual risk should be included in the directorate or divisional risk register sits with the respective management teams. Decisions on risks to be included in the strategic risk register sits with the Corporate Management Team.

A 'risk owner' will be identified who will be responsible for reviewing and accepting the assessment that will be entered onto the risk register.

Assessing and scoring risks

To assess risks adequately London Councils will identify the *consequences* of a risk occurring and give each risk a score or *risk rating*.

A means of comparing risks is needed so that efforts can be concentrated on addressing those that are most important. Each risk will be given a score, depending on its likelihood and its impact, as shown below. A risk may meet some, or all, of a description of likelihood or impact. These descriptions provide guidance rather than a prescriptive formula for determining risk ratings. Scoring a risk is a judgement call based on knowledge, understanding and prediction based on past experience.

Any risks which are both very likely to occur and will have a high impact are the ones that demand immediate attention.

Note that emerging risks (ie risks around new areas of work, projects etc) may initially be scored higher on the register before scoring is adjusted once the risk is fully assessed.

Risk assessment			
Rating	Likelihood	Impact	Rating
Very High 4	70% chance of occurrence Almost certain (the risk is likely to occur within 6 months or at a frequent intervals). The event is expected to occur as there is a history of regular occurrence.	Huge financial loss; key deadlines missed or priorities unmet; very serious legal concerns (e.g. high risk of successful legal challenge, with substantial implications for London Councils); major impact on Boroughs or Londoners; loss of stakeholder public confidence.	Very High 4
High 3	40% - 70% chance of occurrence Probable, the risk is likely to occur more than once in the next 12 months. A reasonable possibility the event will occur as there is a history of frequent occurrence.	Major financial loss; need to renegotiate business plan priorities; changes to some organisational practices due to legislative amendments; potentially serious legal implications (e.g. risk of successful legal challenge); significant impact on the Boroughs or Londoners; longer-term damage to reputation.	High 3

<i>Medium</i> 2	20% - 39% chance of occurrence Possible, the risk may occur in the next 18 months. Not expected but there's a possibility it may occur as there is a history of casual occurrence.	Medium financial losses; reprioritising of services required; minor legal concerns raised; minor impact on the Boroughs or Londoners; short-term reputation damage.	<i>Medium</i> 2
<i>Low</i> 1	<20% chance of occurrence Rare, the risk may occur in exceptional circumstances.	Minimal financial losses; service delivery unaffected; no legal implications; unlikely to affect the Boroughs or Londoners; unlikely to damage reputation.	<i>Low</i> 1

Risk scores

Risk Assessment				
Very High (4)	4	8	12	16
High (3)	3	6	9	12
Medium (2)	2	4	6	8
Low (1)	1	2	3	4
	Low (1)	Medium (2)	High (3)	Very High (4)
Impact				

It is recognised that the scores at different levels of the register (project/team, directorate/divisional, corporate) will reflect the importance of the risk in the context of the level of the register. For example, an individual officer's project register may reflect a high impact score on the project if an element is delivered late, but this will not necessarily correspond to a high impact on the organisation as a whole. This incremental approach to impact allows risks to be appropriately scored at each level to enable effective prioritisation of management and mitigation actions.

Controls in Place

For each risk a set of appropriate controls should be in place. Examples of controls might include:

- Regulations including Standing Orders, Financial Regulations
- Policies and Procedures
- Performance Indicators and reporting
- Business planning elements
- Staff (including training and development)
- Contracts with suppliers
- IT Systems
- Stakeholder involvement

Additional Controls

As well as existing controls, the practical management of risk may involve additional mitigation if the existing controls do not adequately mitigate against the risk. In addressing risks, a

proportionate response will be adopted – reducing risks to ‘As Low a Level as is Reasonably Practicable’ in the particular circumstances (known as the ALARP approach).

Reviewing the risk registers

Risk management is a dynamic process – new risks will be identified, some will be terminated, contingency plans and countermeasures will need to be updated in response to changing internal and external events, and the assessment of likelihood and impact will need to be reviewed. The diagram below outlines review cycle for London Councils risk registers, including the minimum timescales for review of the risk registers. Officers may choose to review them more frequently.

The focus of the risk review cycle is on ensuring London Councils risk registers remain up to date and responsive to changing circumstances. It enables the organisation to identify and mitigate risks and maintain acceptable levels of residual risk, agreed through discussion. The purpose of review at each stage is to ensure that risks are identified, scored appropriately, that mitigating actions are identified and implemented and that the organisation is willing to accept the level of residual risk left after mitigating actions have been implemented.

Questions which may be considered when reviewing the risk registers include;

- what evidence is there that risk assessments are accurate?
- what evidence is there that the ways of dealing with risks listed in the register are appropriate and have worked?
- are new risks being identified and dealt with as they arise?
- where risks have been realised, have contingencies worked?
- are the ways of dealing with risks listed in the register still appropriate?

Arrangement of the Risk registers

There is one overall strategic risk register, supported by a range of operational risks

Roles and responsibilities

The identification of risks is a continuous process and all staff have a part to play. This section details the particular roles and responsibilities of groups and individuals within the risk management framework.

Audit Committee will

- review and agree the processes for managing London Councils Risk Management Strategy & Framework;
- take responsibility for maintaining an overview of the risk management process at member level, and advising the Chief Executive of any concerns;
- receive an annual report from the Chief Operating Officer on risk management, which will include the current version of the strategic risk register

Corporate Management Team will

- review and agree the processes for managing risk in London Councils prior to approval being sought from the Audit Committee.

- note and comment on the divisional/directorate risk registers and approve the strategic risk register every 6 months;
- take responsibility, either individually or collectively, for the management of the risks in the strategic risk register.
- take a lead on determining the risk appetite of the organisation

Directorate/divisional management teams will

- actively contribute to reviewing their respective risk registers at least quarterly;
- make recommendations for changes to the corporate risk register for consideration by the Corporate Governance Group;
- take primary responsibility for bringing risks forward from their respective teams as appropriate.

Corporate Governance Group will

- take a critical friend approach to the directorate/divisional risk registers when considering them quarterly;
- complete a full review of the strategic risk register each quarter and make recommendations on additions, deletions or changes to the risks for consideration by the Corporate Management Team.

Members of Corporate Governance Group will

- provide information on the significant changes in their respective registers and on emerging risks;
- take comments back to their management team for further discussion;
- advise their own divisional/directorate management teams on how new risks identified should be dealt with, and whether they need to be reported to the corporate governance group;
- disseminate general information about the risk management strategy and risk processes to their respective management teams.

Individual officers will

- take responsibility for raising risks associated with their own work to their managers (staff should read the **short guide to risk management** and the **Guide to Using London Councils' risk register**).

APPENDIX B

LONDON COUNCILS RISK MANAGEMENT STRATEGY & FRAMEWORK June 2023

Introduction and Purpose

~~Risk management is~~ The active management of risk is a key element of the business planning activities of London Councils. The strategy and framework underpins the aspirations of the organisation's Shared Ambitions programme, allowing us to ~~about~~ managing both threats and opportunities, ~~and~~ creating an environment where unexpected events do not render an organisation ineffective. By managing threats London Councils will be in a stronger position to deliver its Shared Ambitions priorities. By managing ~~opportunities~~ opportunities, the organisation will be in a better position to provide improved services and better value for money.

The risk management strategy and framework of London Councils operates within a number of principles:

- Risk is managed at different levels within London Councils. It is a shared activity where macro and micro risks are appropriately managed and monitored. However all staff are, relevant to their own level/function, responsible for risk management and the resources that support the framework are there to support this
- Risk management is a positive value-added activity, focused on achievement and successes – by changing the perception and raising awareness officers will have increased confidence when managing operational risks
- Documenting and reporting risks, and the process for their review will be simple and transparent for all to understand

When management of risk goes well it often remains unnoticed. When it fails, the consequences can be significant and high-profile. Any responsible organisation needs to avoid this – hence the need for effective risk management. A risk management strategy is an essential element of strategic planning and good performance management. ~~In its business plan, London Councils sets out its high-level vision and priorities, these are cascaded through directorate and divisional business plans to actions devolved to individual staff through the appraisal process. The approach to risk management adopted by the organisation works alongside our business planning and performance processes to help ensure that the aims and objectives we set are met.~~

~~In producing this strategy and framework, London Councils has drawn on the risk management toolkit of~~ is a member of ALARM, The Public Risk Management Association, ~~and the ISO 310000 risk management standard and the guidance of its risk management toolkit has also been incorporated into this framework~~

~~In terms of risk management, London Councils will:~~

- ~~continue to embed risk management into the decision making processes of the organisation and bolster the organisation's resilience to risk~~
- ~~encourage appropriate risk taking, with a view to fostering an innovative approach to policy making and service delivery~~

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- ~~safeguard, enhance and promote London Councils reputation and the reputation of our stakeholders~~
- ~~enable a flexible approach to risk management processes to make risk management effective for the full spectrum of work undertaken across the organisation~~
- ~~be accountable – our data will be open to review by the Audit Committee and our auditors and we will respond to the improvements they suggest.~~

This strategy describes the processes which integrate risk management into the work of the organisation. It describes the steps that are in place to identify, assess, address, review and report risks. ~~Our strategy provides assurance for senior managers and Members that risks are being managed effectively.~~ The strategy is supported by three stand alone elements:

- ~~A r~~ Risk management framework which defines our risk management processes, the frequency of review for our risk registers, the scoring mechanism used for assessing risks and the roles and responsibilities of Officers within that process
- ~~A s~~ Short guide to risk management, to assist all staff in the general understanding of risk management, the identification of risks and mitigating actions
- ~~A g~~ Guide to using a formal risk register, to assist all staff in understanding and using a formal risk register effectively in their own work and in the context of the whole organisation

The guides may be updated as and when required to reflect the needs of the organisation. The risk management strategy and framework can only be updated with the approval of the ~~Corporate Management Board~~ [Corporate Management Team](#) and London Councils Audit Committee.

[In addition, the risk management framework also directly links to the Business Continuity Plan, which is formally reviewed as part of the Corporate Governance Group/Audit Committee reporting cycle and should be read alongside this strategy and framework.](#)

Risk management at London Councils

[At the head of the organisation, risk management is embedded into the workings of London Councils via the Committee structure and the ~~organisation's~~ cross party business planning processes.](#)

~~London Councils has developed a formal risk management process for the management of intrinsic, long term and service delivery risks. Our framework outlines our processes for the identification of risks and regular review of our risk registers. The minimum timescales for reviewing our risk registers applies to all parts of the organisation but some directorates or divisions choose to exceed these requirements.~~

[Under this,](#) ~~The framework includes a two tier system for risk registers. Each Directorate or division is required to maintain a risk register relating to their work. A corporate Strategic~~ risk register is maintained by the Corporate Management ~~Board~~ [Team](#), which includes risks of particular strategic importance, those which are particularly high profile or those which affect the efficiency of the organisation. [These risks are organised around the Shared Ambitions.](#)

[Below this are a number of functional risk registers covering the teams making up London Councils.](#)

~~In addition to the risk registers, risk management is embedded into the workings of the organisation, particularly through the Member meetings including the Chair/portfolio holder meetings.~~

As a cross party, pan London organisation all our policy decisions are essentially risk based, determined by current circumstances, impact on London and the focus of our member Boroughs at a particular time. The risk appetite of our member organisations is a constant consideration and will always have a bearing on the policy direction taken by the organisation. These considerations can be seen within reports to Members which will often outline the case for focusing attention on a particular policy or a campaign on particular issues.

A number of these areas of work will appear on risk registers but equally, the decisions made are sometimes dynamic ones which do not benefit from consideration in a cyclical review timetable. Instead the intrinsic risks of policy work, such as ineffective lobbying, are noted within our registers and generic mitigating actions are listed which are then applied to all areas of Policy work.

In contrast, the risks related to the services which London Councils delivers on behalf of the Boroughs ~~are recorded in more detail~~~~are recorded in far more detail~~ in a risk register. These risks are far more specific, detailed and delivery focused than the risks identified for Policy work. They are consequently monitored more regularly as management considers that this approach enables the most effective management and mitigation of risks.

Risks relating to information management and security ~~are identified and monitored through directorates' risk maps (or at divisional or team level if appropriate), and relevant actions taken to reduce the risks to a tolerable level will, in addition to the relevant section of the operational risk register, be monitored by~~ ~~In addition to the the Data Protection Officer (DPO) and Senior Information Risk Owner (SIRO) will monitor relevant risks~~ as part of the regular checks of information security procedures.

This flexible approach to risk management is implemented with the support of the senior management and ~~Members~~members, in acknowledgement of the type of risks and nature of the work undertaken by London Councils. In this way, our risk management strategy enables the diverse nature of the organisation to be accommodated within an effective approach to risk management which ultimately ensures that decisions are made pro-actively and with proper consideration of the nature of the risks involved.

What is acceptable risk?

Good risk management is about avoiding or minimising failure or loss but is also about dealing positively with opportunities. Good risk management encourages an organisation to think about undertaking potentially risky actions in order to maximise opportunities and result in improved outcome.

In terms of service provision, London Councils will look to mitigate the risk to the lowest possible level for both service users and the stakeholders for whom we provide the service taking into account the financial and resource impact of our mitigating actions. At the same time, the organisation has a commitment to supporting London local government and to assist in identifying innovative solutions and new approaches to service delivery, which is likely to carry a level of risk.

Where London Councils recognises a risk of damage to the organisation's reputation or the reputation of its stakeholders, it will seek to mitigate it to the lowest possible level taking into account the financial and resource impact of our mitigating actions.

The nature of London Councils work also means that sometimes the organisation will take on a high level of risk and the emphasis in these cases is being risk aware rather than risk averse. This is particularly true when it comes to 'opportunity risks' where the organisation will choose to promote a policy or support a course of action that may not have a high likelihood of success but which, if it did succeed, would bring significant gain.

It should also be recognised that on occasion, the organisation will run a campaign which is unlikely to achieve everything it argues for but the cause is too important to ignore and the action must be taken to promote the viewpoint of our stakeholders. In such cases, clarity on the organisation's objectives is essential to ensure appropriate mitigating actions are taken. The risk in such cases would not be the failure of a policy campaign but failing to ensure that stakeholders understand and support the tactics behind the activities. This is an intrinsic aspect of policy work in a political environment and fundamental to the success of the organisation in terms of determining risk appetite.

Decisions about managing risk, therefore, need to be made with a practical view of the amount of risk that can be accepted at a particular point in time. The acceptable amount of risk will vary according to the perceived importance of particular risks.

Risk Management – the framework

The key objectives of London Councils risk management framework are that the organisation has a clear and understood process for identifying, managing and monitoring risks. The framework provides a structured approach to the management of intrinsic, long term and service delivery risks, providing assurance that the organisation is able to function effectively and achieve its aims.

London Councils risk registers will contain, for each risk registered:

- The nature of the risk;
- ~~The type of risk;~~
- The description of the risk, including the consequences if the risk is realised;
- ~~The controls in place to prevent the risk being realised or contingencies are in place to deal with it if it is realised-~~
- Future plans for further mitigating against the occurrence of the risk
- The ~~name~~ job title of the risk owner/team;
- Scores for the likelihood, impact and combined rating for the risk before and after countermeasures are applied
- a target risk rating for each risk which should take account of the level of risk appetite i.e. what level of risk is acceptable

Information Risks

~~With the introduction of new data protection legislation, when considering and reviewing the use, storage, retention and protection of any information asset which is valuable to London Councils it is essential to look at the risks likely to threaten the assets security. Management of risk is also an important element of completing a Data Protection Impact Assessment process for new projects or a review of an existing function.~~

~~Adopting a risk-based approach can improve understanding of the value of the asset and the degree to which it must be protected. Failure to consider these risks could lead to breaches of data, financial loss, legal and reputational penalties and/or reputational harm.~~

Identifying risks

A 'risk' is something that may have an impact on the achievement of our priorities. It may come from outside the organisation, or may arise from shortcomings of our own systems and procedures. Risks will be assessed in terms of how likely they are and the magnitude of the consequences if they were to occur. Risk assessment seeks to answer five simple related questions:

1. What can go wrong?
2. How bad could it be?
3. What controls are already in place?
4. Is there a need for additional action?
5. How often does it need control?

~~Advice on identifying and expressing risks can be found in the [Short guide to risk management](#) and the [Guide to completing London Councils risk register](#).~~

~~The short guide makes the important distinction between 'risks' and 'issues'. Both risks and issues can impact on the work of teams: risks MAY occur and action can be taken to stop them happening or minimise their impact. Issues HAVE occurred and can't be stopped so decisions must be made about what to do in future to prevent or minimise risk of a recurrence.~~

The main types of risk that London Councils is likely to encounter are:

Risk	Definition
Compliance	Risk of failing to comply with statutory requirements.
External	Risks from changing public or government attitudes.
Financial	Risks arising from insufficient funding, losing monetary resources, spending, fraud or impropriety, or incurring unacceptable liabilities
Operational	Risks associated with the delivery of services to the public and boroughs arising, for example, from recruitment difficulties, diversion of staff to other duties, or IT failures, loss or inaccuracy of data systems or reported information
Project	Risks of specific projects missing deadlines or failing to meet stakeholder expectations.
Reputation	Risks from damage to the organisation's credibility and reputation.
London	Risks to our stakeholders that need to be taken into account in our planning and service provision
Strategic	Risks arising from policy decisions or major decisions affecting organisational priorities; risks arising from senior-level decisions on priorities.
Contractual Risks	Risks related to the management of service contracts

Internal	Risks that relate to HR/People risks associated with employees, management and organisational development
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Officers should note the difference between risks and issues. Risks MAY occur and you can put in place controls to stop that happening. Issues HAVE occurred and cannot be stopped so decisions must be made. The risk management process is focussed on issues that MAY occur.

Officers will identify risks applicable to their areas of work. Throughout the risk management process, the general rule of *escalation* will apply – if it cannot be managed satisfactorily at its current level, it needs to be passed up to the next level of management to be owned and addressed, and potentially placed on the directorate/divisional or corporate risk register. Officers may also decide that a separate risk register is required for an individual piece of work or project. This will be left to the discretion of individual Officers and their managers although guidance is available on the intranet and support is available from Corporate Governance. While project/team risk registers do not form part of the formal risk management process, Officers should follow the steps outlined in the framework to ensure consistency in our approach to risk across the organisation.

The decision on whether an individual risk should be included in the directorate or divisional risk register sits with the respective management teams. Decisions on risks to be included in the corporate risk register sits with the Corporate Management [Board Team](#).

A 'risk owner' will be identified who will be responsible for reviewing and accepting the assessment that will be entered onto the risk register.

Assessing and scoring risks

To assess risks adequately London Councils will identify the *consequences* of a risk occurring and give each risk a score or *risk rating*.

A means of comparing risks is needed so that efforts can be concentrated on addressing those that are most important. Each risk will be given a score, depending on its likelihood and its impact, as shown below. A risk may meet some, or all, of a description of likelihood or impact. These descriptions provide guidance rather than a prescriptive formula for determining risk ratings. Scoring a risk is a judgement call based on knowledge, understanding and prediction based on past experience.

Any risks which are both very likely to occur and will have a high impact are the ones that demand immediate attention.

Note that emerging risks (ie risks around new areas of work, projects etc) may initially be scored higher on the register before scoring is adjusted once the risk is fully assessed.

Risk assessment			
Rating	Likelihood	Impact	Rating
Very High 4	70% chance of occurrence Almost certain (the risk is likely to occur within 6 months or at a frequent intervals). The event is expected to occur as there is a	Huge financial loss; key deadlines missed or priorities unmet; very serious legal concerns (e.g. high risk of successful legal challenge, with substantial implications for	Very High 4

	history of regular occurrence.	London Councils); major impact on Boroughs or Londoners; loss of stakeholder public confidence.	
<i>High</i> 3	40% - 70% chance of occurrence Probable, the risk is likely to occur more than once in the next 12 months. A reasonable possibility the event will occur as there is a history of frequent occurrence.	Major financial loss; need to renegotiate business plan priorities; changes to some organisational practices due to legislative amendments; potentially serious legal implications (e.g. risk of successful legal challenge); significant impact on the Boroughs or Londoners; longer-term damage to reputation.	<i>High</i> 3
<i>Medium</i> 2	20% - 39% chance of occurrence Possible, the risk may occur in the next 18 months. Not expected but there's a possibility it may occur as there is a history of casual occurrence.	Medium financial losses; reprioritising of services required; minor legal concerns raised; minor impact on the Boroughs or Londoners; short-term reputation damage.	<i>Medium</i> 2
<i>Low</i> 1	<20% chance of occurrence Rare, the risk may occur in exceptional circumstances.	Minimal financial losses; service delivery unaffected; no legal implications; unlikely to affect the Boroughs or Londoners; unlikely to damage reputation.	<i>Low</i> 1

Risk scores

Risk Assessment				
Very High (4)	4	8	12	16
High (3)	3	6	9	12
Medium (2)	2	4	6	8
Low (1)	1	2	3	4
	Low (1)	Medium (2)	High (3)	Very High (4)
	Impact			

It is recognised that the scores at different levels of the register (project/team, directorate/divisional, corporate) will reflect the importance of the risk in the context of the level of the register. For example, an individual officer's project register may reflect a high impact score on the project if an element is delivered late, but this will not necessarily correspond to a high impact on the organisation as a whole. This incremental approach to impact allows risks to be appropriately scored at each level to enable effective prioritisation of management and mitigation actions.

Controls in Place

For each risk a set of appropriate controls should be in place. Examples of controls might include:

- Regulations including Standing Orders, Financial Regulations

- Policies and Procedures
- Performance Indicators and reporting
- Business planning elements
- Staff (including training and development)
- Contracts with suppliers
- IT Systems
- Stakeholder involvement

Additional Controls

As well as existing controls, the practical management of risk may involve additional mitigation if the existing controls do not adequately mitigate against the risk. In addressing risks, a proportionate response will be adopted – reducing risks to 'As Low a Level as is Reasonably Practicable' in the particular circumstances (known as the ALARP approach).

~~In identifying actions to address a risk, at least one of the 4 T's; treat, transfer, tolerate or terminate should apply. In some areas of work eg services to external customers risks will need to be actively minimised, whereas other activities such as new business ventures, partnership arrangements may have an 'acceptable' element of risk commensurate with the work area.~~

~~**Treat** – treating the risk is the most common response, taking action to lessen the likelihood of the risk occurring. Treatment can also mean planning what you will do if the risk occurs, therefore minimising the impact. The purpose of 'treatment' is not necessarily to terminate the risk but, more likely, to establish a planned series of mitigating actions to contain the risk to an acceptable level.~~

~~**Transfer** – transferring the risk might include paying a third party to take it on or having an insurance policy in place. Contracting out a service might mitigate the risk but create new risks to be managed.~~

~~**Tolerate** – the ability to take effective action against some risks may be limited, or the cost of taking action may be disproportionate to the potential benefit gained. In this instance, the only management action required is to 'watch' the risk to ensure that its likelihood or impact does not change. This is an acceptable response as long as the risk has been properly identified and toleration is agreed to be the best option. If new management options arise, it may become appropriate to treat this risk in the future. London Councils may choose to tolerate a high residual risk if the activity involves presents a significant, yet risky, opportunity for the organisation. This should be explained in the description of the countermeasures.~~

~~**Terminate** – by doing things differently, you remove the risk.~~

Information Risks

~~When considering and reviewing the use, storage, retention and protection of any information asset which is valuable to London Councils, it is essential to look at the risks likely to threaten the assets security. Management of risk is also an important element of completing a Data Protection Impact Assessment process for new projects or a review of an existing function.~~

~~Adopting a risk-based approach can improve understanding of the value of the asset and the degree to which it must be protected. Failure to consider these risks could lead to breaches of data, financial loss, legal and reputational penalties and/or reputational harm.~~

~~Full guidance is available on the Information Governance pages of the intranet here:~~

<https://iris.londoncouncils.gov.uk/how/information-governance/information-management>

Reviewing the risk registers

Risk management is a dynamic process – new risks will be identified, some will be terminated, contingency plans and countermeasures will need to be updated in response to changing internal and external events, and the assessment of likelihood and impact will need to be reviewed. The diagram below outlines review cycle for London Councils risk registers, including the minimum timescales for review of the risk registers. Officers may choose to review them more frequently.

The focus of the risk review cycle is on ensuring London Councils risk registers remain up to date and responsive to changing circumstances. It enables the organisation to identify and mitigate risks and maintain acceptable levels of residual risk, agreed through discussion. The purpose of review at each stage is to ensure that risks are identified, scored appropriately, that mitigating actions are identified and implemented and that the organisation is willing to accept the level of residual risk left after mitigating actions have been implemented.

Questions which may be considered when reviewing the risk registers include;

- what evidence is there that risk assessments are accurate?
- what evidence is there that the ways of dealing with risks listed in the register are appropriate and have worked?
- are new risks being identified and dealt with as they arise?
- where risks have been realised, have contingencies worked?
- are the ways of dealing with risks listed in the register still appropriate?

Arrangement of the Risk Registers

There is one overall corporate risk register, supported by a range of operational risks

Roles and responsibilities

The identification of risks is a continuous process and all staff have a part to play. This section details the particular roles and responsibilities of groups and individuals within the risk management framework.

Audit Committee will

- review and agree the processes for managing London Councils Risk Management Strategy & Framework;
- take responsibility for maintaining an overview of the risk management process at member level, and advising the Chief Executive of any concerns;
- receive an annual report from the Director of, Corporate Governance Chief Operating Officer on risk management, which will include the current versions of the directorate and corporate strategic risk registers.

The Committee can request that the divisional directorate registers are brought before them for consideration as and when required. They are currently being reviewed on a rolling programme, which means each will be reviewed in detail by the Committee approximately every eighteen months.

Corporate Management ~~Board~~ Team will

- review and agree the processes for managing risk in London Councils prior to approval being sought from the Audit Committee.
- note and comment on the divisional/directorate risk registers and approve the ~~Corporate~~ strategic Risk Register every 6 months;
- take responsibility, either individually or collectively, for the management of the risks in the ~~corporate- strategic~~ risk register.
- take a lead on determining the risk appetite of the organisation

~~Directors will~~

- ~~• ensure risks are properly identified and assessed across all their teams, paying particular attention to cross-cutting risks;~~
- ~~• ensure managers are actively addressing risks and escalating them to director level for their attention as appropriate;~~
- ~~• agree the risk register for their division or directorate;~~
- ~~• review their directorate or divisional risk registers at least quarterly by their respective management teams.~~

Directorate/divisional management teams will

- actively contribute to reviewing their respective risk registers at least quarterly;
- make recommendations for changes to the corporate risk register for consideration by the Corporate Governance Group;
- take primary responsibility for bringing risks forward from their respective teams as appropriate.

Corporate Governance Group will

- take a critical friend approach to the directorate/divisional risk registers when considering them quarterly;
- complete a full review of the ~~corporate- strategic~~ risk register each quarter and make recommendations on additions, deletions or changes to the risks for consideration by the ~~Corporate Management Board~~ Corporate Management Team.

Members of Corporate Governance Group will

- provide information on the significant changes in their respective registers and on emerging risks;
- take comments back to their management team for further discussion;
- advise their own divisional/directorate management teams on how new risks identified should be dealt with, and whether they need to be reported to the corporate governance group;
- disseminate general information about the risk management strategy and risk processes to their respective management teams.

Individual officers will

- take responsibility for raising risks associated with their own work to their managers (staff should read the **short guide to risk management** and the **Guide to Using London Councils' risk register**).

Risk Owners will

- ~~be officers who can take effective action, for example, by being able to switch resources to tackle a risk or give agreement not to deliver other work of lower priority. If a risk owner finds that they cannot take such action, then the risk needs to be escalated to the next level;~~
- ~~take responsibility for the quality of data recorded about the risk in the register;~~
- ~~oversee the countermeasures that are in place, review the proposed contingencies and develop additional actions as required~~
- ~~where there is a different individual nominated as the day-to-day manager of the risk, the risk owner will provide appropriate oversight.~~

~~In a few cases, it will be appropriate to have more than one risk owner. This may be where the activities originate in more than one area of the organisation or where mitigating actions fall in the area of responsibility of different divisions or directorates. In such cases, responsibility is shared equally and it is the responsibility of the officers identified as risk owners to ensure that all mitigating actions are carried out and that the risk is appropriately monitored.~~

Audit Committee

London Councils' Policy to Combat Fraud, Bribery and Corruption

Item
no:10

Report by:	Reuben Segal	Job title:	Head of Governance & Data Protection
Date:	14 September 2023		
Contact Officer:	Reuben Segal		
Telephone:	020 7934 9803	Email:	Reuben.Segal@londoncouncils.gov.uk

Summary	This report seeks approval of an updated policy for London Councils to combat fraud, bribery and corruption. The policy has been updated to reflect current practice.
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Recommendations	The Audit Committee is asked to:
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- Approve London Councils Policy to Combat Fraud, Bribery and Corruption, as detailed in Appendix A to this report.

London Councils Policy to Combat Fraud, Bribery and Corruption

Introduction

1. London Councils Policy to Combat Fraud, Bribery and Corruption was last presented to/ agreed by, Audit Committee in 20 June 2019. The changes to the policy at that time included additional information on the checks undertaken to in relation to the Freedom Pass and Taxicard Schemes to combat fraud and additional information regarding the London Tribunals.
2. Prior to this, the Policy was reviewed in 2016 where only minor changes were made.
3. As in 2014, 2016 and 2019, the Policy to Combat Fraud, Bribery and Corruption has been recently reviewed and updated at the same time as London Councils' Whistleblowing Policy, thereby ensuring that the policies are consistent and complimentary. The Whistleblowing Policy and Policy to Combat Fraud, Bribery and Corruption have both been reviewed by London Councils Corporate Management Team (September 2023) and will subject to the Committee's approval of the proposed changes be presented to London Councils Leaders' Committee on 12 December 2023 for information and noting.
4. The updated Policy to Combat Fraud, Bribery and Corruption with tracked changes can be found attached at Appendix A.

5. Recommendations

The Audit Committee is asked to:

- Approve London Councils Policy to Combat Fraud, Bribery and Corruption, as detailed in Appendix A to this report.

Financial Implications for London Councils

An effective policy to combat fraud, bribery and corruption will help to guard against the misuse of London Councils' finances.

Legal Implications for London Councils

An effective policy to combat fraud, bribery and corruption is important for compliance with the Fraud Act 2006 and the Bribery Act 2010.

Equalities Implications for London Councils

There are no equalities implications for London Councils arising from this report.

Appendix:

- Appendix A – London Councils Policy to Combat Fraud, Bribery and Corruption - September 2023

London Councils' Policy to Combat Fraud, Bribery and Corruption

~~June~~ ~~May~~ ~~September 2023~~ 19

Policy Agreed	
Joint Consultative Committee	19 April 2010
Corporate Management Board	22 April 2010
Audit Committee	21 March 2012
Corporate Management Board	25 November 2013
Audit Committee	20 March 2014
Leaders Committee AGM (for noting)	15 July 2014
Corporate Management Board	Reviewed 2016
Corporate Management Board	Reviewed May 2019
Leaders' Committee	4 June 2019
Audit Committee	20 June 2019
Corporate Management Team	4 September 2023
Audit Committee	14 September 2023
Leaders' Committee (for noting)	12 December 2023

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Reviewed ~~May 2019~~ September 2023

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London Councils' Policy to Combat Fraud, Bribery and Corruption

Introduction

London Councils employs around 12060 members of staff and is primarily funded by borough subscriptions. Each of the 32 London boroughs and the City of London pays variable amounts, depending on their size, which amounted to £5.97 million in 2018/19.

London Councils also run direct services on member authorities' behalf, such as the Freedom Pass and Taxicard schemes. In 2018/19, these schemes collectively cost approximately £358.9216 million. London Councils also provides a grants scheme on behalf of the 32 London boroughs and the City of London which, in 2018/19, provided £6.2 million of grant funding to voluntary organisations.

The boroughs, along with Transport for London and the Greater London Authority, also pay nearly £8.713.9 million for a variety of parking and traffic related services provided by London Councils. These figures, together with other income, provided London Councils with a total turnover-Gross Income of nearly approximately £382.2246.3 million in 2018/19.

This level of turnover-income and expenditure entails a certain risk of fraud, bribery and corruption, from both internal and external sources, which London Councils must act to control.

This policy sets out London Councils' commitment to the prevention and detection of fraud, bribery and corruption. It summarises the responsibilities of members and officers and outlines the procedures to be followed where suspicion of fraud, bribery or corruption is raised.

This document replaces the previous Anti-Fraud and Anti-Corruption Policy and incorporates the changes to corruption legislation that have been included in the Bribery Act 2010.

Definitions

Fraud:

The intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation (misuse) of assets or otherwise for gain.

Corruption:

The offering, giving, soliciting, or acceptance of an inducement or reward which may influence any person to act inappropriately.

Bribery:

The giving or receiving of a financial or other advantage in connection with the 'improper performance' of a position of trust, or a function that is expected to be performed impartially or in good faith.

London Councils Policy:

London Councils takes a zero-tolerance position on bribery, fraud and corruption, and is committed to robust compliance with the Bribery Act 2010¹.

London Councils strives to provide services which meet the requirements of its stakeholders in accordance with its core values. In conducting its business, it is committed to reducing the risk of bribery, fraud and corruption. Where there is a possibility of bribery, fraud or corruption, London Councils will deal with it in a firm and controlled manner.

London Councils is committed to an effective policy to combat fraud, bribery and corruption which is designed to:

- promote standards of honest and fair conduct;
- deter and prevent fraud, bribery and corruption;
- detect and investigate fraud, bribery and corruption;
- prosecute offenders;
- recover any losses;
- maintain strong systems of internal control;
- raise awareness of London Councils' anti-fraud, bribery and corruption stance, reporting and response arrangements.

Conduct

London Councils expects all people and organisations associated with it to be honest and fair in their dealings. London Councils expects its elected members and managers to lead by example.

Members

Members are required to operate within the framework of the internal rules and regulations of London Councils which are set out in:

- London Councils' Standing Orders;
- London Councils' Member and Officer Relations Protocol.

These include the requirement to declare at meetings, ~~and to register with the Director of Corporate Governance,~~ potential areas of conflict between their London Councils duties and responsibilities and other areas of their personal and professional lives where appropriate.

Officers

Similarly, London Councils expects its officers to ensure that they are familiar with:

¹ <https://www.legislation.gov.uk/ukpga/2010/23/contents>

- London Councils' Standing Orders;
- London Councils' Financial Regulations;
- London Councils' policies and procedures;
- Code of Conduct for officers of London Councils.

Officers must comply with London Councils' policy regarding the receipt of any gifts or hospitality. They are recommended to err on the side of caution if they are unsure as to what course of action they should take in such circumstances and, if necessary, seek the advice of their Director.

Officers should be aware that offering, promising, giving or accepting any financial or other advantage, to induce the recipient or any other person to act improperly in the performance of their functions, or to reward them for acting improperly, or where the recipient would act improperly by accepting the advantage, may constitute an offence under the Bribery Act 2010.

If an officer believes that there is a conflict between their professional duties and those owed to London Councils, then they must raise the matter with the Director of Corporate Resources in order that arrangements can be made to manage or resolve the conflict in an appropriate manner.

London Councils encourages officers to report any concerns and provide information if they suspect a fraud or irregularity. Please see London Councils' Whistleblowing Policy:

<https://www.londoncouncils.gov.uk/node/1986>

Managers

Managers are expected to ensure that all officers have access to London Councils' policies and procedures.

Managers must ensure that suitable levels of internal checks are present in working procedures, especially financial procedures. It is important that duties are organised so that no one person can carry out a complete transaction without some form of checking process being built into the system.

Channels for reporting concerns

London Councils recognises the dilemma faced by individuals who wish to report concerns that may indicate fraudulent or corrupt activity. In view of this, London Councils has a Whistleblowing Policy which aims to encourage people to feel confident in raising any serious concerns that they might have regarding the existence of fraud, bribery or corruption.

It is the intention of London Councils that the Whistleblowing Policy and the Policy to Combat -Fraud, Bribery and Corruption are widely publicised to contractors and London Councils stakeholders, members and officers. Any information which is disclosed through the provisions of these policies will be investigated properly.

Internal Audit

Internal Audit plays a key role in the prevention of fraud, bribery and corruption by its independent and systematic examination of London Councils systems and procedures, geared to maintaining strong systems of internal control.

The scope of each Internal Audit review incorporates fraud awareness and ensures 'spot checks' are performed in between system reviews to test the probity of arrangements. Internal Audit is actively involved in national data matching exercises with a view to both identifying and reducing London Councils' exposure to fraud.

The Audit Committee is responsible for monitoring this Policy to Combat Fraud, Bribery and Corruption, as stated in the Audit Committee Terms of Reference.

The Director of Corporate Resources – ~~David Sanni~~ Frank Smith (davidfrank.sannsmith@londoncouncils.gov.uk), is responsible for disclosing to the Audit Committee all information in relation to fraud or suspected fraud. The ~~Internal~~ Audit Committee will review any fraud matters which are disclosed to them and help to bring improvements in the control of risk.

Field Code Changed

The Head of ~~Internal Audit and Risk Management~~ at the City of London – ~~Pat Stothard~~ Matt Lock (mpatt.lockstothard@cityoflondon.gov.uk), ~~is an accredited PiNS9A officer, who has the authority to make enquiries and to obtain key information from banks and utility companies to assist in investigations, where requested by London Councils' Director of Corporate Resources.~~

Field Code Changed

Detection and investigation

As required by London Councils' Financial Regulations and encouraged in London Councils' Whistleblowing Policy, officers should report any suspected cases of fraud, bribery or corruption to their line manager or if necessary, to their Director. Reporting cases in this way is essential because it ensures that:

- suspected cases of fraud, bribery and corruption are investigated properly;
- all cases are dealt with by a standard process;
- the interests of individuals and London Councils are safeguarded.

Investigations into suspected cases of fraud, bribery or corruption should be led by the Director of Corporate Resources in the first instance or, if more appropriate, by the Chief Executive or their delegated representative. Investigations should be carried out with discretion and sensitivity. Those carrying out the investigation should confine themselves to investigating those matters which are the subject of, or are relevant to, the suspected fraud.

Once the investigation has been completed, a written report will be prepared which states the facts discovered by the investigation. The report will avoid speculation and no statement shall be made that cannot be supported by the facts.

Prosecution

London Councils will press for the prosecution of offenders and will aim to recover from perpetrators any losses that it sustains as a result of fraud, bribery or corruption.

Officers of London Councils should not directly notify the police unless there is an immediate risk. The Director of Corporate Resources will first consult with the Chief Executive and the City of London's Head of Internal Audit and Risk Management when it is thought appropriate to involve the police.

In deciding whether a fraud should be reported to the police, the following will be taken into account:

- the seriousness of the case;
- the level of evidence available;
- the level of money involved;
- whether the public interest will be served.

This procedure will be operated in conjunction with London Councils' disciplinary procedure. Any offending officers will be subject to general disciplinary procedures in addition to any criminal or civil prosecution processes.

Recovery of loss

Where London Councils has suffered pecuniary loss, restitution will be sought of any benefit or advantage obtained, and the recovery of costs will be sought from the individual responsible for fraud.

As a first step the individual concerned will be asked to make good the loss.

It may be appropriate to consider recovering the loss from any monies due to the individual on termination, if the perpetrator is an officer of London Councils. The advice of the Director of Corporate Resources should be sought before attempting to make good any recovery.

Where an officer is a member of London Councils' pension scheme, and is guilty of fraud, London Councils may be able to recover the loss from the capital value of the individual's accrued benefits in the scheme, which are then reduced as advised by the actuary. If such action may be appropriate, legal advice should be sought in the first instance. If the individual will not make good the loss, consideration should be given to taking civil action to recover the loss, subject to legal advice received.

Post investigation

The Director of Corporate Resources will be responsible for ensuring that lessons learned from any investigations are evaluated and result in the strengthening of the systems involved. The Director of Corporate Resources will also consult with the Chief Executive to determine whether it would be of benefit to London Councils to publicise the outcome of the investigation as a deterrent to other potential perpetrators.

In cases where an individual is suspected of fraud which a subsequent investigation does not substantiate, it is important that the potential damage to the individual's reputation is minimised. Whoever originally reported the suspected fraud or irregularity will be informed that the investigation revealed no evidence of wrongdoing.

Deterrence and prevention

London Councils seeks to deter and prevent potential acts of fraud, bribery and corruption by:

- publicising that London Councils does not tolerate fraud, bribery or corruption, as demonstrated by this policy and the related Whistleblowing Policy;
- taking robust action when fraud, bribery or corruption is detected, as outlined in this policy;
- encouraging a strong anti-fraud, bribery and corruption culture amongst officers and members;
- deploying robust systems of internal control to mitigate the opportunity for fraud and corruption;
- keeping and regularly assessing corporate risk registers and implementing appropriate strategies to mitigate any risks of fraud, bribery or corruption which are identified.

Controls for specific risk areas

Access to networks, systems and databases

It is the responsibility of line managers to ensure that newly recruited staff are given the appropriate network level access. It is the responsibility of the relevant systems administrator to ensure that officers are given the appropriate level of access to systems and databases for their role, and to revoke access when it is not appropriate.

It is the responsibility of all staff to ensure that any password issued to them for use on any London Councils computer system is kept secure and confidential. This is stated in the London Councils Internet, Email and Telephone Use Policy.

Recruitment

Officers must be appointed in accordance with London Councils' recruitment and selection procedures. Written references should be obtained and should include information regarding the honesty and integrity of potential staff. Actual evidence of key qualifications ~~claimed~~required for the role by prospective employees should also be obtained and checked.

Freedom Pass and Taxicard Schemes

London Councils aims to ensure that the Freedom Pass and Taxicard schemes are not used fraudulently by persons who are not eligible for the scheme. Thorough eligibility checks (to prove age, address and disability as appropriate) are completed as part of the application process. The Freedom Pass and Taxicard databases are also regularly reviewed to mitigate the fraud risk that passes are held or used by individuals who are not entitled. This includes National Fraud Initiative checks, which are completed twice each year including mortality screening and also mid-term eligibility reviews to verify pass holders' continued eligibility for the scheme half way through the life span of their pass.

Grants

The London Councils Grants Committee ensures that the selection of grants is made on the basis of funding priorities and an assessment of the strengths of individual applications, and guards against bribery and corruption in the selection of grants.

The Grants Committee monitors all grants to ensure that grant money is used solely for the agreed purposes. London Councils requires audited accounts and budgets to be provided for organisations that are to receive funds and completes due diligence checks. Organisations receiving grants will not receive funds until a grant agreement is in place between the organisation, partners and London Councils, setting out the delivery of the service and arrangements for monitoring.

The organisations funded by London Councils' grants programme are subject to a strict audit regime. At audit, financial claims must be able to be verified against programme and project records. Where the records do not match claims made, irregularities are reported.

London Tribunals

London Councils provides administrative support, accommodation, services and facilities for the Environment and Traffic Adjudicators (ETA) and the Road User Charging Adjudicators (RUCA) via London Tribunals. The adjudicators who determine environment, traffic, parking and congestion appeals are impartial and independent of all parties to appeals, including local authorities and Transport for London. The adjudicators are also independent of London Councils and make their determinations without any input or interference from officers of London Councils. The administrative role of London Councils is kept entirely separate from the judicial role of adjudicators.

Clearly, London Councils staff, are able to use any of these appeal services if they get a penalty charge notice in their private lives. However, in order to maintain independence, staff should never do so using a London Councils address which would include email.

For transparency and monitoring purposes, if *an officer or member* of London Councils wishes to register an appeal at either tribunal, they should first notify the Director of Transport and Mobility.

September 2023

Audit Committee

London Councils' Whistleblowing Policy

Item no: 11

Report by:	Reuben Segal	Job title:	Head of Governance & Data Protection
Date:	14 September 2023		
Contact Officer:	Reuben Segal		
Telephone:	020 7934 9803	Email:	Reuben.Segal@londoncouncils.gov.uk

Summary This report seeks approval of London Councils Whistleblowing. The policy has been updated with only minor changes.

Recommendations The Audit Committee is asked to:

- Approve London Councils Whistleblowing Policy, as detailed in Appendix A to this report.

London Councils Whistleblowing Policy

Introduction

1. London Councils Whistleblowing Policy was last presented to/agreed by, Audit Committee in 20 June 2019. The Policy has been thoroughly reviewed and the changes to the policy at that time were:
 - Some drafting changes to reflect best practice;
 - Amendment to the name of the independent whistleblowing charity, formerly known as *Public Concern at Work* to *PROTECT* (page 4);
 - Change of name and contact details for the Head of Audit at the City (page 5).
2. The whistleblowing policy encourages officers of London Councils to feel confident in raising any serious concerns that they might have. It describes the process by which concerns can be raised, explains how they will be investigated, and reassures officers that they can raise concerns without fear of victimisation, discrimination or disadvantage.
3. In 2016, the Policy was reviewed where only minor changes were made.
4. As in 2014, 2016 and 2019, the Whistleblowing Policy was reviewed and updated at the same time as London Councils' Policy to Combat Fraud, Bribery and Corruption, thereby ensuring that the policies are consistent and complimentary. The Whistleblowing Policy and Policy to Combat Fraud, Bribery and Corruption have both been approved by London Councils Corporate Management Team (September 2023) and will subject to the Committee's approval of the proposed changes be presented to London Councils Leaders' Committee on 12 December 2023 for information and noting.
5. London Councils Whistleblowing has now been thoroughly reviewed again and the tracked changes that have been made can be found attached at Appendix A.

Recommendations

The Audit Committee is asked to:

- Approve London Councils Whistleblowing Policy, as detailed in Appendix A to this report.

Financial Implications for London Councils

There are no financial implications for London Councils arising from this report.

Legal Implications for London Councils

There are no legal implications for London Councils arising from this report.

Equalities Implications for London Councils

There are no equalities implications for London Councils arising from this report.

Appendix:

- Appendix A – London Councils Whistleblowing Policy September 2023

Whistleblowing Policy

June-September 2023~~19~~

The whistleblowing policy encourages those working for officers of London Councils to feel confident in raising any serious concerns that they might have regarding certain types of wrongdoing at work. It describes the process by which concerns can be raised, explains how they will be investigated, and reassures officers that they can raise concerns without fear of victimisation, discrimination or disadvantage.

Please bring this policy to the attention of any contractors with whom you have dealings. Going forward, this policy should be brought to the attention of any new contractors as soon as is practicable.

Policy Agreed	
Joint Consultative Committee	19 April 2010
Corporate Management Board	22 April 2010
Audit Committee	21 March 2012
Corporate Management Board – updated	25 November 2013
Audit Committee	20 March 2014
Corporate Management Board	Reviewed February 2016
Corporate Management Board	Reviewed May 2019
Leaders' Committee	4 June 2019
Audit Committee	20 June 2019
<u>Corporate Management Team</u>	<u>4 September 2023</u>
<u>Audit Committee</u>	<u>14 September 2023</u>
<u>Leaders' Committee (for noting)</u>	<u>12 December 2023</u>

Whistleblowing Policy

This policy aims to encourage ~~officers~~ those working for ~~of~~ London Councils ~~and others~~ to feel confident in raising any serious concerns that they may have regarding ~~the existence of certain types of wrong doing including~~ fraud, bribery or corruption. This policy further aims to provide clear avenues through which those concerns can be raised, and to reassure officers who raise concerns that they will not be victimised if they have a reasonable belief that their disclosure is in the public interest – i.e. it affects others/the public.

Officers may feel reluctant to come forward to raise concerns - to 'blow the whistle' - for a range of reasons. For example, officers may feel that:

- They are unaware of the 'right way';
- It's 'none of their business';
- It's only a suspicion;
- It would be disloyal;
- There may be 'recriminations'.

Although it may seem easier to 'look the other way', each officer of London Councils has a responsibility to be alert to and to voice any serious concerns they may hold about malpractice on the part of others. This policy makes clear that you can do so without fear of victimisation, harassment, discrimination or disadvantage.

Whistleblowers are an asset to London Councils and will be treated as witnesses, not as complainants. Any disclosures will be treated confidentially and sympathetically, and all allegations of fraud, bribery and corruption will be investigated thoroughly.

Scope

This policy is intended to cover concerns which affect clients, colleagues, or London Councils itself. Section 43B of the Public Interest Disclosure Act 1998 provides examples of those concerns which may be disclosed. These include concerns:

- That a criminal offence has been committed, is being committed or is likely to be committed;
- That a person has failed, is failing or is likely to fail to comply with any legal obligation to which ~~he is~~ they are subject;
- That a miscarriage of justice has occurred, is occurring or is likely to occur.
- That the health of safety of any individual has been, is being or is likely to be endangered;
- That information tending to show any matter falling within any one of the preceding paragraphs has been, is being or is likely to be deliberately concealed;
- That some other form of unethical conduct has taken place, (including any attempts to cover up the above or any offence likely to be committed).

This list is not exhaustive, but is indicative of the kind of misconduct or malpractice that is covered by this policy.

This policy provides for disclosures from all personseveryone in the London Councils workplace including both full-time and part-time employees, junior and senior members of staff, temporary staff, secondees, consultants and contractors.

London Councils takes a zero-tolerance position on bribery, fraud and corruption, and is committed to robust compliance with the Bribery Act 2010. Please see London Councils' Anti-Fraud, Bribery and Corruption Policy for further information.

Personal grievances (for example bullying, harassment, discrimination) are not covered by whistleblowing law, unless the particular case is in the public interest. These are covered under the London Councils Grievance Procedure.

Protection of whistleblowers

Protection for whistleblowers was introduced by the Public Interest Disclosure Act 1998, which is available online at: <http://www.legislation.gov.uk/ukpga/1998/23>.

Officers who disclose information should not suffer any detrimental treatment, provided that the following conditions are satisfied:

- The officer believes on reasonable grounds that the information is accurate;
- The officer believes on reasonable grounds that their disclosure is being made in the public interest;
- The officer has not gained a financial or non-financial benefit from the disclosure;
- The officer has followed the correct internal procedure in raising the matter of misconduct or malpractice within London Councils.

London Councils will provide the following protection to whistleblowers:

- Protection from being subjected to a detriment (including threats, disciplinary action, loss of work or pay, or damage to career prospects) by an employer or another worker on the grounds that the employee has made a protected disclosure;
- Protection from dismissal where the principle reason for dismissal is that the employee has made a protected disclosure.

London Councils will not tolerate the victimisation of whistleblowers by other members of staff. Any victimisation of a whistleblower will be treated as a serious disciplinary matter.

Confidentiality

If an officer who has raised a concern does not want to reveal their identity, London Councils will not press for the officer's involvement in the investigation, unless the situation necessitates their inclusion. There may be occasions when London Councils has no alternative but to take action that would break this confidence. This may occur where London Councils has a duty of care to its clients and members of the public, and evidence provided by an officer is the only means by which London Councils can take appropriate action. If the matter needs to progress more formally, there may be cases where an officer will be required to make a statement or give evidence at a formal hearing.

If it is determined that the matter cannot proceed without officer involvement, London Councils will approach the officer in the first instance to discuss the matter, and make a decision from this discussion on how to proceed.

Anonymous allegations

London Councils encourages those raising a concern to provide their name and contact details as it is often necessary to gather further information to support any investigation. This will be treated in a confidential manner.

However, concerns which are expressed anonymously will be considered and taken into account:

- The seriousness of the issue raised;
- The credibility of the concern;
- The likelihood of confirming the allegations from attributable sources.

Support

Officers who wish to disclose information may discuss the matter in confidence with their trade union if appropriate. The trade union can represent officers at any formal meetings and give advice on how to resolve the concerns raised.

If the officer is unclear about the procedure, the matter can be discussed with the ~~Director of Corporate Governance~~ Christiane Jenkins (christiane.jenkins@londoncouncils.gov.uk) ~~Chief Operating Officer, Stephen Boon (stephen.boon@londoncouncils.gov.uk)~~

or

- **Protect** (formerly known as Public Concern at Work) - an independent whistleblowing charity. They can give free, confidential advice at any stage about raising a concern about serious wrongdoings or malpractice at work: [Protect: <https://protect-advice.org.uk/> or ring <http://www.pcaw.org.uk>, 020 3117 2520.](https://protect-advice.org.uk/)

Reporting concerns

Officers should report concerns in the first instance to their immediate line manager (or another appropriate manager), either verbally or in writing, and demonstrate that there are reasonable grounds for the concern. Where this is not appropriate, the officer should raise the concern with their Director or the Chief Executive of London Councils.

Responding to concerns

The initial stage is for the line manager to contact the Director of Corporate Resources ~~Frank Smith~~ David Sanni (david.sanni@londoncouncils.gov.uk), to inform him of the concerns. Then, with the permission of the Director of Corporate Resources (who will consider whether any specialist investigation resources need to be secured before taking action), the manager should interview the person raising the issue. The officer has the right to be accompanied to this interview by a trade union representative or work colleague. The manager must confirm in writing the issue raised within 3 working days.

The issues raised under this procedure may lead to other London Councils procedures being instigated, such as:

- London Councils disciplinary procedure;
- An investigation under London Councils financial regulations;
- In the case of criminal matters, informing the police.

The manager will also need to consider the support available to officers who may be affected. The manager should bear in mind the following when considering support issues; counselling, temporary adjustment to working arrangements, special leave and the organisations 'employee assistance programme'.

Where other London Councils procedures are invoked, the officer raising the issue should be informed as soon as possible. In any case the officer should receive a written response within 20 days setting out the manager's views or indicating what further steps, with time scales, will be taken before a final response is given.

The manager must give feedback at the earliest opportunity to the officer who raised the concerns. The feedback process should assist the officer in deciding whether the response is adequate to alleviate the concerns.

For further information about how London Councils will investigate serious concerns, please see London Councils' [Combatting Anti-Fraud, Bribery and Corruption Policy](#):

Where allegations of malpractice are found to be groundless

If an allegation is not found proven by the investigation, no action will be taken against the whistleblower provided that the conditions laid out in the 'Protection of Whistleblowers' section above are met.

If it is found that the whistleblower raised an allegation which they knew to be untrue, disciplinary action may be taken against that employee.

Raising concerns outside of London Councils

This policy is intended to provide you with an avenue within the organisation to raise concerns. Any legitimate concerns will be robustly assessed and acted upon. If you do not feel that this has been the case, and you feel that it is right to take the matter outside of the organisation, you may use the following contact points:

- *Protect*: <https://protect-advice.org.uk/> or ring 020 3117 2520
- Matt Lock, Head of Audit and Risk Management at the City of London (matt.lock@cityoflondon.gov.uk) on 020 7332 1276

Where the concern relates to criminal matters the relevant Director will need to involve the police or other bodies. The Chief Executive of London Councils should be consulted before this happens unless there is an immediate risk.

Audit Committee

Whistleblowing allegations will be reported annually to London Councils Audit Committee, to ensure that the appropriate action has been taken in investigating the matter (the whistleblowers identity will remain confidential).

September 2023

Audit Committee

Proposed Provisional Dates of Audit Committee Meetings for 2024/25

Item no: 12

Report by: Alan Edwards **Job title:** Governance Manager
Date: 14 September 2023
Contact Officer: Alan Edwards
Telephone: 020 7934 9911 **Email:** Alan.e@londoncouncils.gov.uk

Summary This report notifies members of the proposed provisional Audit Committee meeting dates for 2024/25.

Recommendations It is recommended that members discuss/note the proposed provisional dates for 2024/25.

Audit Committee Dates for 2024/25

- 14 March 2024 (10.30pm)
- 20 June 2024 (10.30am)
- 19 September 2024 (10.30am)
- 13 March 2025 (10.30pm) - tbc

The above meetings are scheduled to take place at London Councils, 59½ Southwark Street, London SE1 0AL (start times are in brackets).