SUPPLEMENTARY AGENDA

Meeting Audit Panel

Date Tuesday 10 July 2012

Time 3.30 pm

Place Committee Room 5, City Hall, The Queen's Walk, London, SE1 2AA

Copies of the reports and any attachments may be found at
http://www.london.gov.uk/assembly/committees/audit-panel

Most meetings of the London Assembly and its Committees are webcast live at
http://www.london.gov.uk/assembly/webcasts.jsp where you can also view past meetings.

In accordance with section 100(B)(4) of the Local Government Act 1972, the Chair has agreed to accept the internal audit report - Appendix 1d – Review of GLA Gifts and Hospitality Framework as an item of urgent business on the grounds that the recommendations can be taken forward (a) as part of the GLA's new Standards Regime, which came into effect on 1 July 2012; and (b) as part of the work on the revised GLA Group Corporate Governance Framework Agreement.

Appendix 1e – Review of City Operations Programme Management Framework is a revised report. The original report was published with the main agenda.

9. Internal Audit Reports (Pages 1 - 28)

Report of the Executive Director of Resources
Contact: David Gallie, david.gallie@london.gov.uk, telephone: 020 7983 4968

The Panel is recommended to:

(a) Note the contents of recent internal audit reports attached to the report at Appendices 1a to 1e;

(b) The internal audit follow up reports attached to the report at Appendices 2a to 2c; and

(c) The internal audit progress report attached to the report at Appendix 3; and

(d) The internal audit Annual Report 2011/12 attached to the report at Appendix 4.

Mark Roberts, Executive Director of Secretariat
5 July 2012

Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: Joanna Brown or Teresa Young, Senior Committee Officers; telephone: 020 7983 6559; email: joanna.brown@london.gov.uk;or teresa.young@london.gov.uk; Minicom: 020 7983 4458.

There is limited underground parking for orange and blue badge holders, which will be allocated on a first-come first-served basis. Please contact Facilities Management (020 7983 4750) in advance if you require a parking space or further information

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Internal Audit Service to the GLA

REVIEW OF GLA
GIFTS AND HOSPITALITY FRAMEWORK

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EXECUTIVE SUMMARY

1. Background

1.1 This review has been carried out as part of the Greater London Authority (GLA) 2012/13 audit plan. The objectives of the gifts and hospitality framework are to: ensure that the integrity of the GLA and its staff and members is not compromised by the offering, and/or acceptance of gifts and hospitality; to enable individuals to work without fear of allegations of corruption and protect the reputation of the Authority; to reassure the public and other external stakeholders that clear standards are in place for members and staff when dealing with offers of gifts and hospitality, and extending the provision of corporate hospitality to others.

1.2 At the outset of the review, the potential risks identified to achieving the objectives of the gifts and hospitality framework were:

- The gifts and hospitality policy does not reflect appropriate professional and ethical standards and/or does not meet legislative requirements.
- Ill defined policy setting out the requirements for dealing with offers of gifts or hospitality.
- Procedures are not aligned to the approved policy and/or are unclear.
- Staff and management are not made aware of the gifts and hospitality policy and procedures or subsequent changes that are made to it.
- Lack of transparency - inadequate recording of; offers of gifts and hospitality accepted or rejected and/or the provision of hospitality.
- Potential conflicts of interest are not declared.
- Non–compliance with GLA Code of Ethics and Standards for Staff and GLA Code of Conduct for members in respect of gifts and hospitality.
- Inadequate supervision and review.

1.3 We are looking to provide assurance that the key risks are being effectively managed. This review covers the framework in place for staff, including Mayoral Advisors and members of the GLA i.e. the Mayor, Deputy Mayor and Members of the London Assembly.

2. Audit Assurance

The control framework is adequate and controls to mitigate key risks are generally operating effectively, although a number of controls need to improve to ensure business objectives are met.

3. Areas of Effective Control

3.1 Policy and procedures are in place for GLA staff, including Mayoral Advisors covering the acceptance of gifts and hospitality and they form part of the 'GLA Code of Ethics and Standards for Staff'. There is separate guidance for members of the GLA contained within the GLA Code of Conduct. The policy and guidance have been properly approved and regularly reviewed and are in

line with ethical standards. They are also available for public scrutiny via the internet.

3.2 The policy and guidance are effectively communicated to staff and members and are readily available on the intranet. Members also receive induction training which covers gifts and hospitality.

3.3 The procedures and guidance for staff and members define key aspects of the system in operation and roles and responsibilities of those involved. The Monitoring Officer's review planned for July 2012 which will be undertaken as part of a GLA wide review of the corporate governance framework will include the framework governing gifts and hospitality. It will also take account of any changes required following the introduction of the Localism Act 2011.

3.4 Senior management approval must be given before staff accept a gift or offer of hospitality and the approver is required to sign a declaration that an acceptance of a gift or hospitality has been made in line with the approved policy and procedures.

3.5 The acceptance of gifts and hospitality is transparent and open to public scrutiny. The Mayor, Deputy Mayor, Assembly Members, Mayoral Advisors and GLA staff records of gifts and hospitality are held on the GLA intranet. The Mayor, Deputy Mayor, Assembly Members, Mayoral Advisor and senior GLA staff records are also published on the internet and are available for public inspection in accordance with the Authority's commitment to the principles of good governance.

3.6 The members' and GLA staff gifts and hospitality registers are regularly reviewed by the GLA Monitoring Officer. The Monitoring Officer reviews submissions before they are published on the internet and investigates and requests further information where necessary to ensure that offers of gifts and hospitality are managed effectively.

3.7 The Monitoring Officer presents a report to the Audit Panel (previously the Standards Committee) detailing gifts and hospitality received by senior staff and advisors on a bi-annual basis. A separate report is also presented for members of the GLA. Both reports are in the public domain.

4. Key Risk Issues for Management Action

4.1 The GLA policy on gifts and hospitality would benefit from review to ensure it is clear and appropriate for the needs of the organisation as it develops and as public scrutiny increases. To ensure that the risk of differing interpretations of the policy is minimised, greater clarity around what is and what is not acceptable under the policy would also be beneficial.

4.2 The procedures and guidance for staff and members define key aspects of the system. However, different procedures are applied to staff to that for members

of the GLA, for example recording reasons for acceptance. Differing standards and the potential for a lack of consistency in accepting gifts and hospitality could lead to reputational issues for the GLA.

4.3 The policy and guidance for staff and members do not require offers of gifts and hospitality that are declined to be recorded and monitored. To ensure that a complete record of all activity relating to gifts and hospitality is captured and transparent, the revision of the policy and guidance needs to cover the recording and monitoring of offers of gifts and hospitality that are declined.

4.4 The provision of gifts and hospitality is not covered in the GLA staff policy and procedures and also does not feature in guidance to members of the GLA. The level of activity in this area is unclear and needs to be governed by a defined framework which addresses the risk around potential impropriety in the giving of hospitality.

4.5 The requirement for prior approval for gifts and hospitality offered has not always been met. A lack of prior approval may lead to Authority staff accepting inappropriate gifts or hospitality and accusations of impropriety. Detailed explanations and appropriate authorisation need to be provided should prior approval not be given. Follow up action should be taken where there is no valid reason for the delay in seeking approval.

4.6 Members of the GLA are not required to provide written reasons for acceptance of gifts and hospitality. We also found that although staff are required to provide reasons for the acceptance, the level of detail recorded was variable. This could lead to questions as to whether acceptance is within policy and potential reputational issues for the GLA.

4.7 Staff and members are required to declare gifts and hospitality received over £25 value to the Monitoring Officer within 28 calendar days of the receipt. However, this is not consistently being applied. To ensure accurate, timely and complete information is declared and retained this message needs to be reinforced and follow up action taken where a valid explanation is not provided for delays.

4.8 Supporting evidence and records when gifts are donated or auctioned for charity are not maintained. Although donations are recorded in the gifts and hospitality register, evidence of the receipt of the item by the charity is not always retained. Clear guidance on this aspect of the system is also not documented. There is a risk that items donated or auctioned for charity may be lost or misappropriated.

5. Review Objectives

5.1 Our overall objective was to review the effectiveness of the governance framework in place to manage the risks to ensure the integrity of the Authority is not compromised by the acceptance of gifts and hospitality or the provision of hospitality. In particular, we sought to give an assurance that:

- An up to date and properly approved policy on gifts and hospitality, which meets legislative requirements and is in line with appropriate professional and ethical standards is in place and effectively communicated.
- Clearly defined procedures and guidance in support of the approved policy are issued and effectively communicated to all GLA staff and members.
- The acceptance or provision of gifts and hospitality is properly approved and documented i.e. a complete, accurate, transparent and timely record of all offers, acceptance, rejection and provision of hospitality is maintained.
- All acceptance and provision of gifts and hospitality are in line with the approved policy and procedures and this is effectively monitored and reported as appropriate.

6. Scope

6.1 We reviewed the effectiveness of the policy, procedures and controls established by the Authority to mitigate the risks associated with gifts and hospitality. This included reviewing the adequacy and effectiveness of the governance framework for the offer, acceptance and rejection of gifts and hospitality and provision of hospitality for GLA staff, including Mayoral Advisors and members of the GLA i.e. the Mayor, Deputy Mayor and Members of the London Assembly. We reviewed the policy and procedures in place to ensure they meet expected standards and assessed the adequacy of the transparency and supervision of gifts and hospitality activity. We reviewed a sample of gifts and hospitality registers, including an analysis of public records.

7. Policy, Approval and Review

7.1 The GLA have a documented policy and procedure for gifts and hospitality for staff, which is contained within the 'GLA Code of Ethics and Standards for Staff'. The current policy was published in August 2011 following the approval of the Head of Paid Service. Compliance with the Code is a term of contract of employment for GLA staff, and Mayoral Advisors under the Greater London Authority Act 1999. The existing policy is available to all staff and advisors via the GLA Intranet.

7.2 There is separate guidance for the members of the GLA on gifts and hospitality contained within the Member's Handbook. The Mayor, Deputy Mayor and Assembly Members are required to complete a corporate governance training module on induction into the Authority which covers gifts and hospitality and they also adhere to the GLA Code of Conduct.

7.3 The GLA Gifts and Hospitality Policy for staff and guidance for members have been drawn up to meet the legislative requirements of the Local Government Act 2000, however, they have not been updated to reflect the Bribery Act 2010 which came into effect on 1 July 2011. This will be addressed by the Monitoring Officer's review planned for July 2012 which will be undertaken as part of a GLA wide review of the corporate governance framework. We are aware that there are differing policies within the GLA group around gifts and hospitality and this review will provide an opportunity for standardisation.

7.4 The Policy and Procedure for staff states *'Staff may, in certain circumstances and subject to strict rules, accept offers of gifts and hospitality. However staff must at all times, be and be seen to be, fair impartial and unbiased. The receipt of gifts, benefits and hospitality can create conflicts of interests and may give rise to an adverse inference as to the integrity of either the donor or the staff member. At the same time the Authority recognises that a refusal may cause embarrassment or offence.'* It also goes on to say that *'Members of staff must not accept gifts, benefits or hospitality that might in any circumstances be thought to influence their judgement or where to do so could bring discredit on the Authority'.* In our view the guidance in support of this policy needs to be clearer to assist staff in evaluating what is and is not acceptable. There has also been increased public scrutiny of gifts and hospitality and the GLA has moved towards being a strategic commissioning and delivery organisation and this will have an impact on the frequency of business contact with third parties. These factors need to be considered in reviewing the Policy.

Risk and Recommendation
The GLA policy on gifts and hospitality would benefit from review to ensure it is clear and appropriate for the needs of the organisation as it develops and as public scrutiny increases.

7.5 The policy and guidance does not require for offers of gifts and hospitality that are declined by staff and members to be recorded and monitored. Complete details of activity around gifts and hospitality are, therefore, not captured for review.

Risk and Recommendation
There is a lack of transparency around offers of gifts and hospitality that are declined. In revising the policy and guidance, recording and monitoring offers of gifts and hospitality that are declined should be covered.

7.6 The provision of gifts and hospitality is not covered in the GLA staff policy and procedures and also does not feature in guidance to the members of the GLA. It was difficult to determine the level of activity in this area as details are not captured on gifts and hospitality records.

Risk and Recommendation
A lack of clarity around policy and guidance for the provision of hospitality could expose staff and members to reputational risks. The provision of hospitality should be covered in the revised policy guidance.

8. Procedures and Guidance

8.1 There are documented procedures to support the GLA staff policy, which have been properly approved and are regularly reviewed. The guidance to members places a greater emphasis on personal judgement in determining whether to accept or decline gifts and offers of hospitality. More detailed guidance stipulating the type of gifts and hospitality which may be accepted would be of benefit to both staff and members.

8.2 The procedures and guidance for staff and members clearly define key aspects of the system in operation and roles and responsibilities of those involved. However, there are different procedures applied to staff to that for members of the GLA. This is understandable in some areas, for example members are currently required to declare personal and any prejudicial interests at Committee meetings. However, there could be greater consistency in for example, recording reasons for the acceptance of gifts and hospitality.

8.3 There are no defined procedures to follow for dealing with gifts once they have been accepted and registered. Approval has to be given but it is not clear what action should be taken with gifts once accepted. A number of gift items received are currently being held in a safe within City Hall.

Risk and Recommendation
Inconsistent interpretation of policy and a lack of clarity in some aspects of procedures can expose members and staff to allegations of inappropriate behaviour.

- Greater clarity around what is and what is not acceptable would help to ensure a consistent approach and understanding.
- Consistent procedures should be applied for both members of the GLA and staff as far as possible.
- Procedures need to give clear guidance on what action should be taken when a gift is received e.g. donated to charity or auctioned.

9. Approval, Documentation and Transparency

9.1 Line management approval must be given before staff accept a gift or offer of hospitality. We found a record of approval was maintained for the cases we reviewed with an approval form completed and authorised by the staff member's line manager. However, the procedure states that before accepting offers of gifts, benefits and hospitality of £25 or over approval should be sought in advance but this has not always occurred and the format of the registration form does not facilitate recording the prior approval.

Risk and Recommendation

A lack of prior approval may lead to Authority staff accepting inappropriate gifts or hospitality and accusations of impropriety. The registration form needs to be reviewed to meet requirements of the policy and guidance for gifts and hospitality. Detailed explanations and appropriate authorisation should be provided where prior approval was not given. Follow up action should be taken where there is no valid reason for the delay in seeking approval.

9.2 The approver is required to sign a declaration that an acceptance of a gift or hospitality has been made in line with the approved policy and procedures on the approval form. However, although there is a clear obligation on the recipient to declare the acceptance of all gifts or hospitality they are not required to sign a declaration to this effect.

Risk and Recommendation

To enhance the effectiveness of the approval process a declaration by the recipient that gifts and/or hospitality is in line with policy should be made.

9.3 The Mayor, Deputy Mayor and Assembly Members, Mayoral Advisors and GLA staff records of gifts and hospitality are held on the GLA intranet and entries are reviewed by the Monitoring Officer. The Mayor, Deputy Mayor, Assembly Members, Mayoral Advisors and senior GLA staff records are also published on the internet and are available for public inspection in accordance with the Authority's commitment to the principles of good governance. The public record is maintained in real time as much as possible, with hard copy declarations uploaded to the web site on the day they are received by the Monitoring Officer.

9.4 There is an inherent weakness in any gifts and hospitality process in that reliance is placed on the declaration of an individual. The Monitoring Officer issues reminders to all members and senior staff every 6 months to ensure that they have declared their gifts and hospitality and a reminder is also placed in the GLA Newsletter in a similar timeframe.

Risk and Recommendation
To reduce the risk of non-disclosure further, members and staff could be required to make a self-declaration on a regular basis to the effect that they have declared all offers of gifts and hospitality (including those that are rejected) which have been properly approved and recorded.

9.5 Analysis of published records for gifts and hospitality received for 2010-2012 to June can be summarised as follows:

	2010		2011		2012 (to June)	
GLA STAFF	43	£3,394	40	£12,619	13	£3,808
GLA SENIOR STAFF	31	£19,777	47	£5,560	23	£4,234
MAYORAL APP/ADV	300	£44,050	187	£33,098	57	£5,942
MAYOR + ASSEMBLY	354	£49,142	299	£43,096	109	£9,651
TOTAL	**728**	**£116,365**	**573**	**£94,374**	**202**	**£23,636**

(note: those items declared as "above £25" have been calculated as being £25 for the purpose of this table)

The analysis shows there is a general decline in the recorded acceptance of gifts and hospitality although it has increased for staff and this could be attributed to the changing role of the Authority and thus greater level of engagement with third parties. The Monitoring Officer is aware of this trend and keeps it under review.

9.6 The gifts and hospitality guidance states that it is necessary to record gifts and hospitality of £25 or more. We found that the values or approximate values are not being recorded consistently with a number of entries being recorded as 'over £25'. This does not provide a true and realistic value of gifts and hospitality received and recorded.

Risk and Recommendation
To provide a full and accurate record of the value of gifts and hospitality received we recommend that all recipients of gifts and hospitality state an actual or approximate value when submitting entries for public record.

9.7 Members of the GLA are not required to document the reasons for acceptance of gifts and hospitality. Staff, however, have to provide reasons for acceptance. During our review we found inconsistent and brief narrative descriptions provided to support acceptance by advisors and staff. This was particularly relevant to the acceptance of tickets for sporting events, theatre shows and music concerts. On occasion based on the detail provided, it was difficult to determine if acceptance

was in line with policy although we note each acceptance has been subject to the scrutiny of the Monitoring Officer and a Committee/Panel of the Authority.

Risk and Recommendation
To ensure there is clear justification for the acceptance of gifts and hospitality in line with policy and guidance which is open to public scrutiny we recommend that staff are reminded to provide clear written justification and that this standard is also applied to members of the GLA.

9.8 Staff and members are required to declare gifts and hospitality received over £25 value to the Monitoring Officer within 28 calendar days of the receipt. However, we found this was not consistently being applied. In some cases, the acceptance of the item was not recorded in the register until long after the event had taken place; 5% of those for 2010 to June 2012 were recorded over 100 days after the receipt of the gift or hospitality. However, there has been some improvement since January 2012, except for declarations by staff. The table below details the percentage where the target days have not been met:

	2010	2011	2012 (to June)
STAFF	23%	28%	46%
SENIOR STAFF	52%	30%	30%
MAYORAL APP/ADV	48%	55%	34%
MAYOR/ASSEMBLY	24%	25%	7%

Risk and Recommendation
To ensure accurate, timely and complete information is declared and retained, staff should be reminded of the requirement to record items accepted in the gifts and hospitality register and advised to the Monitoring Officer within 28 days. Reasons should be documented where the target is not met and follow up action taken where a valid explanation is not provided.

9.9 Supporting evidence and records when gifts are donated or auctioned for charity are not maintained. Although donations are recorded in the gifts and hospitality register, evidence of the receipt of the item by the charity is not always retained.

Risk and Recommendation
Items donated or auctioned for charity may be lost or misappropriated. We recommend that a formal record of the donation or auction of gifts made to charity is maintained and retained.

10. Monitoring and Reporting

10.1 The gifts and hospitality registers for members of the GLA and staff are regularly reviewed by the GLA Monitoring Officer. He reports to the Audit Panel bi-annually (previously the Standards Committee) providing two separate reports detailing accepted gifts and hospitality for – 'Mayor and Assembly Members', and 'Members of Staff, including Mayoral Advisors'. The Mayor and Assembly Member's report details the number of declarations and how many members have declared gifts and hospitality within the six month period, with descriptions. The report for staff details the number of declarations broken down by senior staff and directorate with senior staff details attached. The Audit Panel (and the Standards Committee before it) question entries made and may request further information of entries in the reported registers.

10.2 The Monitoring Officer reviews submissions before they are published on the internet. We are aware that the Monitoring Officer has raised concerns with individuals where it was too late to offer advice as the gifts had already been accepted. In these cases the Monitoring Officer investigates and requests further information to ensure that future offers of gifts and hospitality are managed effectively. We would, however, recommend that more formal records of this follow up action are retained. Confirmation of the checks conducted by the Monitoring Officer does not feature in reports to the Audit Panel (previously Standards Committee).

Risk and Recommendation
Recording and subsequently confirming the checks carried out by the Monitoring Officer as part of the bi-annual reporting process would enhance the level of assurance provided to and given by the Audit Panel in relation to the acceptance of gifts and hospitality.

10.3 There are no regular independent checks to ensure that high risk and vulnerable posts are declaring all gifts and hospitality. All staff are asked to consider the potential implications in the context of the Authority's relationship with current third parties and perceived obligations with future functions or contracts with the Authority. We found that there is no system in place to provide an additional safeguard to staff who may be vulnerable or in high risk posts. Records are not kept to identify members of staff who are involved in roles such as the awarding/managing of contracts, licensing and liaising with private business and they are not targeted for specialist advice.

Risk and Recommendation
Staff in vulnerable posts are identified and given specific guidance on the gifts and hospitality policy that will address the specific risks they are likely to encounter and independent checks are carried out to ensure all declarations are made by those in the designated roles.

RISK AND AUDIT ASSURANCE STATEMENT – DEFINITIONS

Assurance Criteria

Overall Rating	Criteria	Impact
Substantial	There is a sound framework of control operating effectively to mitigate key risks, which is contributing to the achievement of business objectives.	There is particularly effective management of key risks contributing to the achievement of business objectives.
Adequate	The control framework is adequate and controls to mitigate key risks are generally operating effectively, although a number of controls need to improve to ensure business objectives are met.	Key risks are being managed effectively, however, a number of controls need to be improved to ensure business objectives are met.
Limited	The control framework is not operating effectively to mitigate key risks. A number of key controls are absent or are not being applied to meet business objectives.	Some improvement is required to address key risks before business objectives can be met.
No Assurance	A control framework is not in place to mitigate key risks. The business area is open to abuse, significant error or loss and/or misappropriation.	Significant improvement is required to address key risks before business objectives can be achieved.

Definitions of Risk Ratings

Priority	Categories recommendations according to their level of priority.
1	Critical risk issues for the attention of senior management to address control weakness that could have significant impact upon not only the system, function or process objectives, but also the achievement of the organisation's objectives in relation to: • The efficient and effective use of resources • The safeguarding of assets • The preparation of reliable financial and operational information • Compliance with laws and regulations.
2	Major risk issues for the attention of senior management to address control weaknesses that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisational objectives.
3	Other recommendations for local management action to address risk and control weakness that has a low impact on the achievement of the key system, function or process objectives ; or this weakness has exposed the system, function or process to a key risk, however the likelihood is this risk occurring is low.
4	Minor matters need to address risk and control weakness that does not impact upon the achievement of key system, function or process or process objectives; however implementation of the recommendation would improve overall control.

Ref.	Findings and Risk	Priority	Recommendations	Accepted	Management Response and Responsibility	Target Date
7.4	GLA policy on gifts and hospitality would benefit from review to ensure it is clear and appropriate for the needs of the organisation as it develops and as public scrutiny increases.	3	Gifts and hospitality policy is reviewed to ensure it reflects the changes to the GLA and increased public scrutiny.	Yes	This review exercise has been long planned, following the publication of new statutory regulations in June2012 as part of the already-commissioned review of the GLA Group Corporate Governance Framework Agreement (Monitoring Officer)	December 2012
7.5	There is a lack of transparency around offers of gifts and hospitality that are declined. Full details of activity in this area are not therefore captured and reviewed.	3	In revising the policy and guidance for staff and members of the GLA, recording and monitoring offers of gifts and hospitality that are declined are covered.	Yes	Please see 7.4 above	December 2012
7.6	There is no defined process for dealing with the provision of hospitality. A lack of clarity around policy and guidance for the provision of hospitality could expose staff and members to reputational risks.	3	The provision of hospitality is covered in the revised policy and guidance for staff and members.	Yes	Please see 7.4 above	December 2012

Ref.	Findings and Risk	Priority	Recommendations	Accepted	Management Response and Responsibility	Target Date
8.3	An inconsistent interpretation of policy and a lack of clarity in some aspects of procedures can expose members and staff to allegations of inappropriate behaviour	3	• Greater clarity around what is and what is not acceptable would help to ensure a consistent approach and understanding. • Consistent procedures should be applied for both members of the GLA and staff as far as possible. • Procedures need to give clear guidance on what action should be taken when a gift is received e.g. donated to charity or auctioned.	Yes	Please see 7.4 above, although there is no evidence of problems – we are happy to seek best practice.	December 2012
9.1	The required prior approval was not always given. A lack of prior approval may lead to Authority staff accepting inappropriate gifts or hospitality and accusations of impropriety.	3	Staff are reminded that prior approval must be given before accepting gifts or hospitality. Detailed explanations and appropriate authorisation are provided where prior approval is not given. Follow up action is taken where there is no valid reason for the delay in seeking approval.	Yes	Monitoring Officer to issue reminder regarding rules to all and to query all submissions that have not received prior approval.	July 2012
9.2	Recipients of gifts or hospitality do not have to sign a declaration that acceptance is in line with policy.	3	To enhance the effectiveness of the approval process a declaration by the recipient that gifts and/or hospitality is in line with policy should be made.	Yes	Please see 7.4 above.	December 2012
9.4	There is an inherent risk in any gifts and hospitality process of non-disclosure of gifts and hospitality.	3	Members and staff make a self-declaration on a regular basis to the effect that they have declared all offers of gifts and hospitality (including those that are rejected) which have been properly approved and recorded.	Yes	Please see 7.4 above.	December 2012

Ref.	Findings and Risk	Priority	Recommendations	Accepted	Management Response and Responsibility	Target Date
9.6	The value of gifts and hospitality are not accurately captured and therefore available for public scrutiny.	3	All recipients of gifts and hospitality state an actual or approximate value when submitting entries for public record.	Yes	Please see 7.4 above.	December 2012
9.7	Clear justification for the acceptance of gifts and hospitality in line with policy was not always recorded by staff and there is no requirement for members of the GLA to provide the reason for acceptance.	2	Staff are reminded to provide clear written justification for the acceptance of gifts and hospitality and this standard is applied to all members of the GLA.	Yes	Please see 7.4 above.	December 2012
9.8	Accurate, timely and complete information may not be declared and retained as notification to the Monitoring Officer is not consistently taking place within the agreed timescales.	3	Staff are reminded of the requirement to record items accepted in the gifts and hospitality register and advised to the Monitoring Officer within 28 days. Reasons are documented where the target is not met and follow up action taken where a valid explanation is not provided.	Yes	Please see 7.4 above.	December 2012
9.9	Items donated or auctioned for charity may be lost or misappropriated as evidence was not retained to confirm items were received by charities.	3	A formal record of the donation or auction of gifts made to charity is maintained and retained.	Yes	Please see 7.4 above.	December 2012
10.2	The checks performed by the Monitoring Officer are not included in reports to the Audit Panel.	3	Recording and subsequently confirming the checks carried out by the Monitoring Officer as part of the bi-annual reporting process would enhance the level of assurance provided to and given by the Audit Panel in relation to the acceptance of gifts and hospitality.	Yes	Please see 7.4 above.	December 2012
10.3	Recipients of gifts and hospitality who are in vulnerable posts are not provided with additional support to safeguard them from allegations of impropriety.	3	Officers and staff in vulnerable posts are identified and given specific guidance on the gifts and hospitality policy to address the specific risks they are likely to encounter.	Yes	Please see 7.4 above.	December 2012

Ref.	Findings and Risk	Priority	Recommendations	Accepted	Management Response and Responsibility	Target Date
			Independent checks are carried out to ensure all declarations are made for those in the designated roles.			

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Internal Audit Service to the GLA

REVIEW OF CITY OPERATIONS PROGRAMME MANAGEMENT FRAMEWORK

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EXECUTIVE SUMMARY

1. Background

1.1 This audit has been carried out as part of the GLA 2012/13 audit plan. The objectives of the City Operations Programme Management Framework are to: ensure smooth, safe and efficient operations to support the Games; keep London moving and provide an inspirational citywide experience for everyone participating in the Games in London and to maximise the opportunities for legacy from this work.

1.2 At the outset of the review, the potential risks identified to achieving the objectives were:-

- Ineffective programme management including challenges and opportunities
- Lack of continuity in projects / activities
- Ineffective partnerships / agencies / stake holders
- Inadequate safety / security arrangements
- Ineffective communication arrangements
- Reputational damage and legacy
- Ineffective budgetary control and monitoring
- Non-compliance with regulations
- Lack of management reporting, escalation and accountability

1.3 The City Operations Programme is designed to address the Olympic and Paralympics related work required in London, but outside official London Organising Committee for the Olympic Games and Paralympic Games (LOCOG) venues. The programme is being delivered through a number of work streams organised in two main areas; London Experience and Public Service. There are a number of work streams that include:-

- Look and Celebrations
- Team London Ambassadors (volunteers)
- London Media Centre (LMC)
- London House and Dignitary Management
- London Operations Centre

1.4 A total funding of £74.9m was agreed for the City Operations programme, funded by the GLA's core budget, the GLA's precept (Central Government agreed that the GLA would use its precept contribution to the Public Sector Funding Package to fund or part fund the programmes) and the London Development Agency, now part of the GLA for City Operations covering the period 2010 – 2013.

2. Audit Assurance

Substantial

There is a sound framework of control operating effectively to mitigate key risks, which is contributing to the achievement of business objectives.

3. Areas of Effective Control

3.1 The London 2012 City Operations Strategic Framework is in place and was finalised in July 2009. The Framework includes the vision for the London 2012 City Operations which was agreed by the Mayor, the LOCOG and their partners. The Framework also clearly shows the aims, challenges and core principles of the City Operations Programme. Assurance has been given to London City Operations and key stakeholders on the state of readiness of key aspects of the operations. An initial readiness assessment report for the Olympic and Paralympic Games has been produced and was cleared by the the London 2012 Director, Director of City Operations and the Head of Programme in May 2012. A number of plans are in place with clear timescales which are reviewed on a regular basis. Monthly updates on projects are produced and submitted to the Programme Board. Adequate risk registers are in place, updated and reported to the Programme Board.

3.2 Adequate systems are in place to identify resource needs, roles and responsibilities. Recruitment processes have been undertaken and all staffing requirements are met. Training has been given to all personnel and adequate processes are in place to ensure sites are covered.

3.3 Funding has been approved and budgets have been established and allocated to the individual projects. Monthly management accounts are produced by the GLA Finance Unit and are monitored with City Operations. Budget summary is also an agenda item on the City Operations Programme Board. Individual records are maintained by project leads and Head of Programme. There is adequate budgetary monitoring in place.

3.4 Adequate reporting arrangements are in place to enable decision making, planning and delivery. Steering group and City Operations Programme Board meetings are held on a quarterly and monthly basis respectively. Further meetings are held with project leads, contractors and stakeholders on a regular basis and issues and actions taken are clearly shown in the minutes.

4. Key Risk Issues for Management Action

4.1 No risks issues identified.

FINDINGS AND RECOMMENDATIONS

5. Review Objectives

5.1 We reviewed the adequacy of controls to mitigate the risks relating to City Operations Programme Management Framework. In particular:-

- City Operations strategy framework is in place with an implementation plan to ensure that the London 2012 programme is achieved.
- The programme takes into account the resource needs with clear roles, responsibilities and timelines.
- Budgets are set, approved funds are allocated and costs are monitored and controlled.
- Adequate reporting arrangements are in place to enable effective decision making, planning and delivery.

6. Scope

6.1 We reviewed the effectiveness of the procedures and controls established by the Authority to mitigate the risks associated with City Operations Programme Management Framework and programme delivery. This includes budget setting, allocation, monitoring and reporting of information. We also looked at management's assessment of risk.

7. Strategy Framework and Implementation Plan

7.1 The London 2012 City Operations Strategic Framework is in place and was finalised in July 2009. The Framework clearly shows the vision for London 2012, strategic approach, developing and managing the programme, the aims of the City Operations Programme, client groups, challenges and core principles within the programme.

7.2 A detailed and an effective 'Initial Readiness Assessment Report for the Olympic and Paralympic Games – London City Operations Domain' has been produced and brings together the readiness assessments of each partner in the London Operations Centre (LOC). LOC comprises the GLA London City Operations, London Local Authority Services and the London Resilience Partnership. The report shows the assurance structures in place and assessments of each of the LOC partners. The report will be formally signed off on 12 July 2012. Eight operational outcomes have been identified and are documented within the report. The progress of each outcome is recorded and the Red, Amber or Green (RAG) status shows either amber or green against outcomes.

7.3 Detailed plans exist which show the progress and implementation of the City Operations Programme. Project Dashboard Assurance reports also show all relevant subject areas, accountabilities, work areas and target dates. Details of the dashboards are submitted to the City Operations Programme Board on a monthly basis. A forward look planner is also in place and covers the period November

2011 to January 2013. This records all programme activities and the periods that these activities should take place.

7.4 Adequate systems are in place for identifying, monitoring and reporting of risks. Risks are recorded on a risk register which is updated and reviewed on a regular basis. The register showed the actions taken and the current update on the risk identified and responsibilities for the risks were clearly shown on the register. All 13 'open' risks are shown as amber with eight risks escalated to the Senior Responsible Officer (SRO) to ensure that appropriate mitigation action is taken. Details from the register had been reported to the Programme Board and Steering Group meetings to be addressed.

7.5 A detailed brief on the 'Threat Level Rise Response' has been produced and was approved at the Board. The paper was produced following a request by the Home Office. The report takes into account the threat levels and security at the different sites including the London Ambassador's pods. Equality and diversity issues have been considered and are recorded.

8. Resource Plan

8.1 Workforce requirements to resource Games-time structures have been identified and implemented. Resource requirements were identified through each work-stream followed by adequate testing of structures and roles through a sequence of internal and external readiness events. From 300, a total of 290 volunteers from the GLA redeployment scheme were matched to the role profile requirements for Games-time. These are classified as:

- 190 Co-ordinators based within the London Operations Centre or one of the management cells;
- 65 Hosts for public facing duties and
- 35 Supporters, a reserve team for short-term ad hoc deployment.

8.2 As part of the games legacy encouragement was given to appoint London Ambassadors made up of volunteers from the general public. London Ambassadors are expected to be an inspirational extending welcome to visitors, spectators and Londoners during the period of the Games. This was being managed by the London Development Agency which is now part of the GLA and City Operations.

8.3 A recruitment process took place and 33,000 people registered in October 2010. 24,000 actually applied and 16,000 applicants were interviewed. Of these, 8,000 volunteers were appointed and trained. The need for managers was identified and a separate process was undertaken resulting in 250 Managers being appointed. The appointment of London Ambassadors and Managers supports the City Operations Programme to provide an inspirational citywide experience for everyone participating in the Games in London.

8.4 An effective City Operations Training Strategy has been produced for all GLA Group resources and London Ambassadors. Training for redeployment staff involved: London 2012 Games induction, roadmaps to the games, city operations, work stream, role training and role briefing. Also, for some roles shadowing exercises have been undertaken and testing of roles via the recent Jubilee celebrations was carried out. A number of roles have been identified as requiring security clearance and this was undertaken in line with Cabinet Office guidance HMG Personnel Security Controls (July 2010). Where applicable applications have been submitted for clearance and monitoring processes are in place with GLA to ensure the clearance is received in time for roles to be undertaken.

9. Budget Monitoring

9.1 A total funding of £74.9m was agreed for the City Operations programme, funded by the GLA's core budget, the GLA's precept (Central Government agreed that the GLA would use its precept contribution to the Public Sector Funding Package (PSFP) to fund or part fund the programmes) and the London Development Agency, now part of the GLA for City Operations covering the period 2010 – 2013. The funding is allocated to the main work streams as follows:-

- Look and Celebrations £32.5m
- Borough Disbursements £21.5m
- Team London Ambassadors £ 7.0m
- London Media Centre inc LECC £ 6.2m

9.2 Budget monitoring is undertaken by City Operations and GLA Finance Unit on a regular basis. Management accounts pack had been produced and distributed by GLA Finance to budget holders and nominated personnel. Details of the budget were obtained from the Head of Programme, City Operations and the management accounts pack from GLA Finance for period 2. The pack included details for both City Operations and London Ambassadors. The budget allocated for 2012/13 was £45.3m, (London Ambassadors is part of the City Operations programme).

9.3 Actual expenditure can only be authorised by the Programme Director, City Operations and details of the Programme Budget are discussed at the City Operations Programme Board. As at April 2012, it was reported that project budgets forecasts show an under spend in excess of £400k. Any PSFP funds remaining at the conclusion of the games and at the end of financial year 2013, will require the GLA to increase the amount they are obliged to pay to ODA from the precept as part of the 'Public Sector Funding Package' (as agreed with Central Government). This will ensure that all the funding has been accounted for and used in accordance with the agreed terms and conditions.

10. Reporting Arrangements

10.1 Adequate reporting arrangements have been established within City Operations. Monthly City Operations Programme Board meetings are held and attended by representatives from GLA. The Board oversees the delivery of the programme including the delivery of individual work streams. Terms of Reference and membership is clearly recorded including the frequency and key inputs to the meetings. Minutes of the Programme Board for April 2012 were reviewed. Programme budget summary, programme assurance dashboard, readiness and testing, river activity update, health and safety, Games-time governance and the risk and issues register had been discussed at the meeting. Actions and responsibilities were clearly recorded on the minutes.

10.2 Terms of Reference are in place for the City Operations Steering Group. Membership of the group comprises of GLA, Police, Transport for London, Councils, representations from the various Olympic committees and other London organisations. The group is responsible for defining the scope of the City Operations programme, receipt of reports on projects and to determine any major or contentious issues arising from projects.

10.3 We reviewed a sample of projects which included Look and Celebrations, London Media Centre (including LECC) and London Ambassadors. We found that the need for external contractors had been identified and OJEU tender process followed as necessary and contractors have been appointed as required. Signed contracts were in place with the GLA and contractors. Health and safety monitoring is the responsibility of contractors, however, GLA undertake checks to provide assurance that health and safety is being addressed. Weekly meetings are held with project leads and contractors / stakeholders. Project dashboards are completed on a monthly basis and include target dates and completion of tasks. Dashboards are submitted to the Programme Board on a monthly basis and issues had been recorded and addressed.

RISK AND AUDIT ASSURANCE STATEMENT - DEFINITIONS

Overall Rating	Criteria	Impact
Substantial	There is a sound framework of control operating effectively to mitigate key risks, which is contributing to the achievement of business objectives.	There is particularly effective management of key risks contributing to the achievement of business objectives.
Adequate	The control framework is adequate and controls to mitigate key risks are generally operating effectively, although a number of controls need to improve to ensure business objectives are met.	Key risks are being managed effectively, however, a number of controls need to be improved to ensure business objectives are met.
Limited	The control framework is not operating effectively to mitigate key risks. A number of key controls are absent or are not being applied to meet business objectives.	Some improvement is required to address key risks before business objectives can be met.
No Assurance	A control framework is not in place to mitigate key risks. The business area is open to abuse, significant error or loss and/or misappropriation.	Significant improvement is required to address key risks before business objectives can be achieved.

Definitions of Risk Ratings

Priority	Categories recommendations according to their level of priority.
1	Critical risk issues for the attention of senior management to address control weakness that could have significant impact upon not only the system, function or process objectives, but also the achievement of the organisation's objectives in relation to: • The efficient and effective use of resources • The safeguarding of assets • The preparation of reliable financial and operational information • Compliance with laws and regulations.
2	Major risk issues for the attention of senior management to address control weaknesses that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisational objectives.
3	Other recommendations for local management action to address risk and control weakness that has a low impact on the achievement of the key system, function or process objectives ; or this weakness has exposed the system, function or process to a key risk, however the likelihood is this risk occurring is low.
4	Minor matters need to address risk and control weakness that does not impact upon the achievement of key system, function or process or process objectives; however implementation of the recommendation would improve overall control.