

Committee	Date:
Finance Committee	21 July 2015
Subject: Chamberlain's Department Risk Management – Quarterly Report	Public
Report of: Chamberlain	For Information

Summary

This report has been produced to provide Finance Committee with an update on the management of risks faced by the Chamberlain's department.

Risk is reviewed regularly by the departmental Senior Leadership Team as part of the ongoing management of the operations of the Chamberlain's department. In addition to the flexibility for emerging risks to be raised as they are identified, a process exists for in-depth periodic review of the risk register.

The Chamberlain's department currently has two corporate risks and six risks on the departmental risk register. The most significant risks are:

- CR14 – Funding Reduction (Current Risk: Amber – no change)
- CHB001 – Oracle ERP delivery (Current Risk: **RED** – no change)
- CHB002 – Oracle ERP Business Benefits (Current Risk: Amber – no change)
- CHB004 – COL Police PSN compliance (Current Risk: Amber – no change)
- CHB005 – Police IT Provision (Current Risk: Amber – decreased risk score)
- CHB008 – Resourcing (Current Risk: **Red** – UNDER REVIEW)

Recommendation

Members are asked to note the report and the actions taken in the Chamberlain's department to monitor and effectively manage risks arising from our operations.

Main Report

Background

1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to Committee the key risks faced in their department. Finance Committee has determined that it will receive the Chamberlain's risk register on a quarterly basis with update reports on **RED** rated risks at the intervening Committee meetings.
2. Chamberlain's risk management is a standing agenda item at the monthly Departmental Senior Leadership Team (SLT) meeting, over and above the suggested quarterly review. SLT receives the risk register for review, together with a briefing note highlighting any changes since the previous review. Consideration is also given as to whether any emerging risks exist for inclusion in the risk register as part of

Divisional updates on key issues from each of the Directors, ensuring that adequate consideration is given to operational risk.

3. Between each SLT meeting, risk and control owners are consulted regarding the risks for which they are responsible, with updates captured accordingly.

Current Position

4. This report provides an update on the current risks that exist in relation to the operations of the Chamberlain's department and, therefore, Finance Committee.

Summary of Key Risks

5. The Chamberlain's department currently has two corporate risks and six risks on the departmental risk register, attached as Appendix 1 to this report. These are:

- **CR14 – Funding Reduction (Current Risk: Amber – no change)**

This risk describes the impact of future funding reduction on the financial viability of the City Corporation. Savings begin to be reflected in the budget for 2015/16 with full impact by or before 2017/18. There are risks around the implementation of savings proposals and the achievement of savings will be monitored by the Efficiency and Performance Sub Committee on a quarterly basis. As savings proposals are implemented, it is anticipated that this risk will ultimately reduce further to GREEN.

- **CR16 – Information Security (Current Risk: Green – no change)**

Loss of personal or commercial information may result in major reputational damage to the City Corporation and possible sanction from the Information Commissioner. This risk now also includes the threat of a Cyber security attack, resulting in unauthorised access to City Corporation IT systems.

This risk is mitigated through regular organisation wide communications and the provision of mandatory training to all staff; a major campaign was undertaken to ensure completion of the e-learning modules by end of April 2015. These courses will now be mandatory for all new starters with completion of these being monitored. Existing policy around cyber security and technology infrastructure has also been reviewed and refreshed. These policies are due to be signed off shortly by the IT Steering Group, then Summit Group. A report will be presented to Finance Committee in September 2015. While the Chief Information Officer is the risk owner, some mitigating controls are owned by the Information Officer and Assistant Information Officer in Town Clerk's department. Chamberlain's department is responsible for managing the cyber security and technology aspects of this risk and is in the process of appointing a Technical Solutions Officer to review and refresh arrangements in this regard.

- **CHB001 – Oracle ERP delivery (Current Risk: RED – no change)**

The second phase of work to release further system functionality in relation business critical processes continues and is expected to be completed in September 2015. The programme team continues to work to resolve defects and

oversee development of the additional modules and reporting functionality. Daily and weekly programme team updates are in place to ensure progress is closely tracked. This risk is reducing as development progresses although remains **RED** to reflect the high priority and significance of the programme.

- **CHB002 – Oracle ERP Business Benefits (Current Risk: Amber – no change)**

This risk describes the failure to deliver required efficiencies and future revenue savings enabled through the Oracle ERP programme, consolidating other key systems and processes as appropriate. The governance framework for the consideration of future business improvements has now been drafted. The provisional start date for this work is October 2015, following closure of the Oracle programme.

- **CHB004 – COL Police PSN compliance (Current Risk: Amber – no change)**

There is an increased cost of maintaining connection to the Public Service Network (PSN) or possible disconnection in the event of non-compliance, arising as a result of increasingly demanding requirements. All critical and high risks have now been resolved and two IT health checks are being run per year to ensure we remain compliant with any revised PSN requirements. This risk remains open as a security check was overlooked during the assessment, this is currently being rectified. The risk will then reduce to the target status of GREEN and be closed.

- **CHB005 – Police IT Provision (Current Risk: Amber – decreased risk score)**

The joint network refresh programme is in progress to resolve issues around network resilience and ensure we have diverse routes for network traffic, avoiding single points of failure. An options appraisal report (Gateway 3) has been approved by Force Change Boards and Capital Programme Board within City of London Police (CoLP) and will be presented to Project Sub Committee for approval. A project proposal (Gateway 1/2) has also been approved for the refreshment of the retained IL4 infrastructure. Furthermore, a technical design has been agreed for the IaaS within the data centre and is now being built. Work will begin on 2 August 2015 to migrate CoLP applications to the IaaS. As a result of these key elements of the programme being achieved, this risk has reduced to AMBER. Due to the age and lack of maintenance of existing hardware, there have been issues recently with the backup and storage of data resulting in some files failing to restore correctly. A number of immediate and longer term solutions have been devised and are in the process of being implemented. This incident is being managed closely by an Agilisys storage and backup specialist who is coordinating the resources to ensure progress. Progress against the transition plan continues to be measured regularly to ensure the risk continues to reduce towards the target status of GREEN by 31 December 2015.

- **CHB006 – IT Service Outage (Current Risk: Green) decreased risk score**

Disruption to service delivery as a result of major information systems outage (e.g. network/technology infrastructure failure). The Joint Operational Review with Agilisys of our IT infrastructure, has identified a number of improvements, either

planned or underway, to strengthen the governance, capacity and technology of the IT service. The IaaS is now complete and heading to project closure. The majority of the City's infrastructure is now covered by a dual data centre. Limited IT continuity tests have been carried out which demonstrate that the infrastructure is resilient. The status of this risk is therefore reduced to GREEN.

- **CHB008 – Resourcing (UNDER REVIEW)**

This is a new **RED** risk on the recruitment and retention of suitably skilled and experienced staff, particularly in IT. This risk is currently under review to assess the effect and to develop mitigating actions.

Other Material Changes since the Previous Review

6. CR16 (Information Security) has been amended to incorporate the risk of a Cyber security attack.

7. The following risks have been closed and removed from the Chamberlain's risk register since the previous report to Finance Committee:

- **CHB003 - PSN compliance**

Whole network IT Health Checks have been carried out with critical and high risks resolved. The reliance on network enclave has been removed with whole network accreditation. All actions to mitigate this risk are now 100% complete and the risk has decreased to its target status of GREEN.

- **CHB007 – IAAS Programme Delivery**

The IaaS programme is now complete and a project closure report has been produced. A project closure review meeting will be held to ensure it has met all of its success criteria. The risk has now decreased to its target status of GREEN.

8. References to 'IS' have been changed to 'IT', in line with the IS Division's recent change of name to IT Division.

Conclusion

9. Members are asked to note the actions taken to manage these departmental and corporate risks in relation to the operations of the Chamberlain's Department and the overall reducing level of current risk.

Appendices

- Appendix 1 Chamberlain's Department Risk Register Summary

Background Papers

Report to Finance Committee 12 May 2015: Finance Committee Risk

Report to Finance Committee 9 June 2015: Finance Committee Risk

Joy Ahwiah

Support Services Team Leader | Chamberlain's Department

T: 020 7332 1033 | E: joy.ahwiah@cityoflondon.gov.uk