

<b>Committee</b>	<b>Dated:</b>
Finance Committee – For Information	17 November 2015
<b>Subject:</b> Chamberlain’s Department Risk Management – Quarterly Report	<b>Public</b>
<b>Report of:</b> Chamberlain	<b>For Information</b>

### 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 three corporate risks and six risks on the departmental risk register. The most significant risks are:

- **CR19 - IT Service Provision** (Current Status **RED**)
- **CR14 - Funding Reduction** (Current Status: **AMBER**)

There are two new entries to the Chamberlain’s departmental risk register since the previous report to Finance Committee:

- **CHB009** – COL Payment Card procedures (Current Status: **AMBER**)
- **CHB010** – Procurement waivers (Current Status: **AMBER**)

### Recommendation

Members are asked to note the report and the actions taken in the Chamberlain's department to monitor and manage effectively 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.

### **Identification of new /emerging risks**

5. New and emerging risks are identified through a number of channels, the main being:
  - directly by the Senior Leadership Team as part of the monthly review process
  - following monthly review of progress against actions/milestones identified in the departmental Business Plan
  - annual, fundamental review of the risk register, undertaken by the extended Senior Leadership team
6. The following risks have been added to the Chamberlain's departmental risk register since the previous report to Finance Committee:
  - CHB009 – COL Payment Card procedures (Current Status: **Amber**)
  - CHB010 – Procurement waivers (Current Status: **Amber**)
7. A new proposed corporate **RED** risk relating to the corporate approach to contract management is currently under review to redefine the risk, mitigating actions and target dates.

### **Summary of Key Risks**

8. The Chamberlain's department currently has three corporate risks and six risks on the departmental risk register, attached as Appendix 1 to this report. The report includes 1 **RED** risk, 6 **AMBER** risks and 2 **GREEN** risks. These are:
  - **CR19 - IT Service Provision (Current Risk: Red – no change)**  
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. The risk is expected to reduce as infrastructure changes are implemented, however the resilience of the system is now much improved following the completion of mitigating actions such as replacement of network switches to improve response times and live backup of data enabling a quick restore of the system should there be a failure. Progress against the transition plan is measured regularly to ensure the risk continues to reduce towards the target status of **Green** by 31 December 2015.

- **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 includes the threat of a Cyber security attack, resulting in unauthorised access to City Corporation IT systems. While the Chief Information Officer is the risk owner, some mitigating controls are owned by Town Clerk's department. Chamberlain's department is responsible for managing the cyber security and technology aspects of this risk.

This risk is mitigated through regular organisation wide communications and the provision of mandatory training to all staff including all new starters. Data Protection compliance checks are carried out locally by Access to Information (AIN) representatives on an annual basis. Existing policies around cyber security and technology infrastructure have also been reviewed and refreshed. These policies are currently out for consultation with final sign off expected by 31 December 2015.

- **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. Further significant cuts are likely to Home Office funding for Police services over the next four years as a result of the Spending Review. The medium term financial strategy is being updated to address these likely reductions but cannot be finalised until the outcome of the Spending Review and Formula Review is known in late November/December. As savings proposals are implemented, it is anticipated that this risk will ultimately reduce to **Green**.

- **CHB001 – Oracle ERP delivery (Current Risk: Amber – decreased risk score)**

The Oracle Steering Group agreed the closure of the Oracle ERP Programme on 30 September 2015. Whilst the majority of work-streams are now complete, some remaining pieces of work were handed over to the operational support functions at the end of September to be managed under business as usual activities, which is to be expected with this level of change. This risk is expected to close shortly, following completion of these remaining tasks.

- **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 been drafted and a strategic roadmap is in place. Business benefits realisation work is expected to commence shortly, following closure of the Oracle programme and completion of remaining tasks to bring the system to full functionality.

- **CHB006 – IT Service Outage (Current Risk: Green – no change)**  
 This risk relates to the disruption to service delivery as a result of major information systems outage (e.g. network/technology infrastructure failure). The Joint Operational review is now at closure stage and has met its targets. Work has begun on actions flowing from the review to bring stability and improved resilience. The majority of the City Corporation’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. Work on the renewal of the network infrastructure and update of the telephony system is in progress with a target completion date of December 2016.
- **CHB008 – Resourcing (Current Risk: Amber – no change)**  
 The risk score is currently Amber, following successful recruitment of the Head of IT and Police Lead. Work on the Department’s workforce plan is in progress and will include an effective medium term resourcing plan covering recruitment, retention and staff development.
- **CHB009 (NEW) – COL Payment Card procedures (Current Risk: Amber)**  
 Officers holding City of London Corporation payment cards (credit cards) do not consistently provide adequate explanations to support expenditure. With increased transparency around public sector spending there is a concern that public scrutiny may be directed towards value for money principles and the appropriateness of transactions. This could result in reputational damage and adverse publicity for the City Corporation.  
 To mitigate this risk, new Payment Card guidance and policies have been developed and will be enforced. The new Purchasing card policy was approved by Finance Committee on 22 September 2015 and has been published on the intranet. The new policy will ensure that officers apply best practice principles across the City Corporation when using purchasing cards. Training on the policy will be made available on City Learning and staff will be notified when they are required to complete the eLearning module. The training programme is expected to be complete by 31 December 2015.
- **CHB010 (NEW) - Procurement waivers (Current Risk: Amber)**  
 This risk relates to a lack of compliance with procurement regulations - City Procurement Code 2015. Officers may purchase works, goods and services below £50,000 (without going through a competitive exercise) by use of contract waivers. Excessive use can result in poor value for money, possible breach of UK Public Contract Regulations 2015, legal challenge and possible disciplinary action for staff that breach the code. Data on the use of waivers is currently shared at Procurement Steering group, Category Boards and with Senior Leadership Team. A planned approach to reduce reliance on waivers is being developed in appropriate phases, given other service priorities and capacity planning, whilst halting any illegal contract activities with immediate effect.

## 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 detailed Risk Register

**Background Papers**

Report to Finance Committee 22 September 2015: Finance Committee Risk

Report to Finance Committee 21 July 2015: Finance Committee Risk

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