

| | |
|--|-------------------------------|
| Committee: Finance Committee | Date: 12 April 2016 |
| Subject: Chamberlain's Department Risk Management – Quarterly Report | Public |
| Report of: Chamberlain | For Information |
| Report author: Joy Ahwieh, Chamberlain's Department | |

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 five risks on the departmental risk register. The most significant risks are:

- **CR19 - IT Service Provision (Current Status: RED)**
- **CR16 – Information Security (Current Status: AMBER)**
- **CHB006 – IT Service Outage (Current Status: AMBER)**
- **CHB011 – Corporate Contract Management (Current Status: RED)**

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.

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

Summary of Key Risks

6. The Chamberlain's department currently has three corporate risks and five risks on the departmental risk register, attached as Appendix 1 to this report, assessed as 2 RED risks, 5 AMBER risks and 1 GREEN risk. These are:
 - **CR19 - IT Service Provision (Current Risk: Red – no change)**

The three key IT projects – desktop renewal, the network refresh and communications/telephony should play a key role in providing a modern, resilient and flexible IT system to support wider transformation across the City Corporation. The risk is expected to reduce to Amber following the completion of the Police server migration to the Infrastructure as a Service (IAAS) over the next few weeks. Progress against the transition plan is measured regularly to ensure the risk continues to reduce towards the target status of Green by 31 December 2016.
 - **CR16 – Information Security (Current Risk: Amber – 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.

The IT and Cybersecurity policy has been signed off at IT Steering Group and published on the intranet. Further policies and guidance will now be developed for staff.

This risk is mitigated through regular organisation wide communications to all staff, most recently on being Cyber Aware. However, further work is required to strengthen data retention and ownership procedures in line with Data Protection requirements. Work is now in progress with Chief Officers to identify Information asset owners for further training and development in information management and security.

- **CR14 – Funding Reduction (Current Risk: Amber – no change)**
 The recent indication of a downturn in public finances underlines the importance of continuing to deliver the Service Based Review savings and of looking for further opportunities to secure improvements in efficiency through continuous improvement in the way the Corporation operates and organises itself. These ideas will feed into an Efficiency Plan to be developed over the next few months and published as part of the deal to get certainty over the local government grant over the next four years.
 As Service Based Review savings proposals are implemented, it is anticipated that this risk will reduce to Green.
- **CHB001 – Oracle ERP delivery (Current Risk: Amber – no change)**
 The Oracle Steering Group agreed the closure of the Oracle ERP Programme on 30 September 2015. Most defects/issues have been resolved, with the Project Board closely monitoring progress towards reaching full closure of the remaining items. It is anticipated this risk will be approved for closure at the next Project Board meeting.
- **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 work on Business benefits realisation is now at initiation stage. The scope of the project is expected to be signed off at the next Project Board meeting in April 2016. The status of this risk is expected to reduce towards a target status date of 31 March 2017 as the work progresses.
- **CHB006 – IT Service Outage (Current Risk: Amber – 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). Steps have now been taken in the short term to minimise the single points of failure and increase resilience of the IT system, ahead of the transformation programmes being completed. Renewal of the network infrastructure, uninterruptable power supply (UPS) 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 status of this risk remains unchanged due to continuing challenges with recruitment to certain key posts across the department. Work is now underway, in conjunction with HR, to fully understand the underlying issues and to benchmark COL terms with other comparable organisations. The Department's workforce plan for 2016/17 will also focus on improving succession planning and development of existing staff.
- **CHB011 – Corporate Contract management (Current Risk: Red – no change)**
 This risk relates to the current absence of a clearly defined Corporate Contract Management policy and related procedures. This may result in strategic corporate contracts not being monitored and managed in a consistent and planned manner. The outcome of this could be that contracts may not deliver the commercial benefits and quality that were anticipated at

contract letting together with the added risk of prices escalating and contract scope creep. To mitigate this risk, a number of actions have been identified including the launch of a City Contract Management framework, establishing a strategic and commercial contract management unit and training of staff on the newly developed contract management toolkit. Once approval to establish a budget for Corporate Contract Management has been received, actions to mitigate this risk will be implemented with a GREEN target status date of 1 April 2017.

Conclusion

7. 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
- Appendix 2 COL Risk Matrix – Committee version

Background Papers

Report to Finance Committee 15 March 2016: Finance Committee Risk

Report to Finance Committee 16 February 2016: Finance Committee Risk

Joy Ahwieh

Business Manager | Chamberlain's Department

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