



## Audit and Risk Management Committee

**Date:** TUESDAY, 18 JANUARY 2022

**Time:** 2.00 pm

**Venue:** INFORMAL VIRTUAL PUBLIC MEETING (ACCESSIBLE REMOTELY)

**Members:**

Alexander Barr (Chairman)	Deputy Jamie Ingham Clark (Ex-Officio Member)
Hilary Daniels (Deputy Chairman)	Gail Le Coz (External Member)
Alderman Prem Goyal (Deputy Chairman)	Paul Martinelli
Rehana Ameer	Jeremy Mayhew (Ex-Officio Member)
Randall Anderson	Deputy Andrien Meyers
Christopher Boden	John Petrie
Anne Fairweather	Ruby Sayed
Marianne Fredericks (Ex-Officio Member)	Dan Worsley (External Member)

**Enquiries:** Ben Dunleavy  
ben.dunleavy@cityoflondon.gov.uk

### Accessing the virtual public meeting

Members of the public can observe this public meeting at the below link:  
<https://youtu.be/xjamOgcoLcA>

This meeting will be a virtual meeting with participation virtually. Any views reached by the Committee today will have to be considered by the Chamberlain after the meeting in accordance with the Court of Common Council's Covid Approval Procedure who will make a formal decision having considered all relevant matters. This process reflects the current position in respect of the holding of formal Local Authority meetings and the Court of Common Council's decision of 16<sup>th</sup> December 2021, to recommence hybrid meetings and take formal decisions through a delegation to the Town Clerk and other officers nominated by him after the informal meeting has taken place and the will of the Committee is known in open session. Details of all decisions taken under the Covid Approval Procedure will be available online via the City Corporation's webpages.

A recording of the public meeting will be available via the above link following the end of the public meeting for up to one municipal year. Please note: Online meeting recordings do not constitute the formal minutes of the meeting; minutes are written and are available

on the City of London Corporation's website. Recordings may be edited, at the discretion of the proper officer, to remove any inappropriate material.

**John Barradell**  
**Town Clerk and Chief Executive**

# AGENDA

## Part 1 - Public Agenda

1. **APOLOGIES**

2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

3. **MINUTES OF THE PREVIOUS MEETING**

To agree the public minutes and non-public summary of the previous meeting held on 30 November 2021.

**For Decision**  
(Pages 7 - 12)

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Member are asked to note the Committee's Outstanding Actions List.

**For Information**  
(Pages 13 - 14)

5. **COMMITTEE WORK PROGRAMME**

Member are asked to note the Committee's Work Programme.

**For Information**  
(Pages 15 - 16)

### Governance

6. **EXTERNAL MEMBER RECRUITMENT**

The Town Clerk to be heard.

**For Decision**

7. **ESTABLISHING A CHARITY RISK MANAGEMENT PROTOCOL**

Report of the Managing Director of Bridge House Estates & Chief Charities Officer.

**For Decision**  
(Pages 17 - 34)

### Internal Audit

8. **INTERNAL AUDIT 2022/23 PROGRAMME OF WORK**

Report of the Head of Audit and Risk Management.

**For Information**  
(Pages 35 - 44)

9. **INTERNAL AUDIT UPDATE**

Report of the Head of Audit and Risk Management.

**For Information**  
(Pages 45 - 54)

**Risk Management**

10. **RISK MANAGEMENT UPDATE**

Report of the Chamberlain.

**For Information**  
(Pages 55 - 98)

11. **DEEP DIVE RISK REVIEWS**

**For Information**

- a) Deep Dive: CR01 Resilience (Town Clerk's) - TO FOLLOW  
Report of the Town Clerk.

**External Inspections**

12. **RISK MANAGEMENT HEALTH CHECK**

Report of the Chamberlain.

**For Information**  
(Pages 99 - 108)

13. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

14. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

15. **EXCLUSION OF THE PUBLIC**

**MOTION**, that – under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

**For Decision**

### **Part 2 - Non-Public Agenda**

16. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**

To agree the non-public minutes of the previous meeting held on 30 November 2021.

**For Decision**  
(Pages 109 - 114)

17. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

18. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

### **Part 3 - Confidential Agenda**

19. **CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING**

To agree the confidential minutes of the previous meeting held on 30 November 2021.

**For Decision**

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## AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 30 November 2021

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall, EC2 on Tuesday, 30 November 2021 at 2.00 pm

### Present

#### Members:

Alexander Barr (Chairman)  
Hilary Daniels (Deputy Chairman and in the Chair from Item 8 onwards)  
Alderman Prem Goyal (Deputy Chairman)  
Rehana Ameer  
Randall Anderson  
Christopher Boden  
Anne Fairweather  
Deputy Jamie Ingham Clark (Ex-Officio Member)  
Gail Le Coz (External Member)  
Paul Martinelli  
Deputy Andrien Meyers

#### Officers:

Ben Dunleavy	- Town Clerk's Department
Caroline Al-Beyerty	- Chamberlain's Department
Karen Atkinson	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor's Department
Laura Davison	- Innovation and Growth
Paul Dudley	- Chamberlain's Department
Sean Green	- Chamberlain's Department
Aqib Hussain	- Chief Operating Officer's Department
Neilesh Kakad	- Chamberlain's Department
Chris Keesing	- Chamberlain's Department
Matthew Lock	- Chamberlain's Department
Amanda Luk	- Chamberlain's Department
Julia Megone	- Chamberlain's Department
Damian Nussbaum	- Innovation & Growth
Nathan Omane	- Chamberlain's Department
Stuart Phoenix	- City of London Police
Sonia Virdee	- Chamberlain's Department

#### Also in Attendance:

David Eagles	- BDO (External Auditors)
Sebastian Evans	- BDO (External Auditors)
Peter Lewis	- BDO (External Auditors)
Heather Wheelhouse	- BDO (External Auditors)

1. **APOLOGIES**

Apologies for absence were received from Jeremy Mayhew and John Petrie.

Ruby Sayed and Dan Worsley observed the meeting virtually.

2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

Christopher Boden made the following declaration, in respect of item 22 in the confidential agenda:

- Member of the Audit Registration Committee of the Institute of Chartered Accountants of England and Wales.

3. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED, that – the public minutes of the meeting held on 5 October 2021 be agreed as a correct record.

4. **CITY FUND AND PENSION FUND STATEMENT OF ACCOUNTS 2020-2021**

Members received a report of the Chamberlain relative to the 2020-21 City Fund and Pension Fund Statement of Accounts.

RESOLVED, that - Members:

1. Consider the contents of the Audit Management Report issued by BDO LLP;
2. approval of the 2020-21 City Fund and Pension Fund Statement of Account to the Finance Committee; and
3. delegate authority to the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee, approval of any material change to the financial statement required before the signing of the audit opinion by BDO, which is expected by mid-December.

5. **CITY'S CASH FINANCIAL STATEMENTS 2020-21**

Members received a report of the Chamberlain relative to the Annual Report and Consolidated Financial Statements for City's Cash for the year ended 31 March 2021.

RESOLVED, that – Members:

1. Note that the external auditor BDO LLP intends to give an unqualified audit opinion for both City's Cash and the 10 consolidated charities' individual financial statements;
2. Consider the contents of the Audit Management Report issued by BDO LLP; and
3. Recommend approval of the 2020/21 City's Cash Financial Statements, and the financial statements of each of the 10 consolidated charities, for the year ended 31 March 2021 to Finance Committee.

6. **BRIDGE HOUSE ESTATES ANNUAL REPORT AND FINANCIAL STATEMENTS 2020/21**



Members received a joint report of the Managing Director of Bridge House Estates and the Chamberlain relative to the draft Annual Report and Financial Statements for Bridge House Estates (BHE) for the year ended 31 March 2021.

RESOLVED, that – Members:

1. Consider the contents of the audit management report issued by BDO;
2. Recommend approval of the BHE Annual Report and Financial Statements for the year ended 31 March 2021 to the BHE Board; and
3. Delegate authority to the Managing Director of BHE and the Chamberlain, in consultation with the Chair and Deputy Chair of the BHE Board, for approval of any material change to the financial statements required before the signing of the audit opinion by BDO.

7. **BRIDGE HOUSE ESTATES BOARD RESOLUTION**

Members received a resolution of the Bridge House Estates Board that the Committee's advice be sought by the Board as appropriate in relation to audit and risk matters.

The Deputy Chairman (External) commented that it would be good practice for the Bridge House Estates Board to review their governance.

RESOLVED, that – the resolution be noted.

8. **SUNDRY TRUSTS ANNUAL REPORT AND FINANCIAL STATEMENTS 2020-21**

Members received a report of the Chamberlain relative to the Annual Reports and Financial Statements for the Sundry Trust Funds for the year ended 31 March 2021.

The Committee agreed to send a formal note of thanks to the Audit Review Panel, as this was the final year it would be operating.

RESOLVED, that - Members:

1. Note that the external auditor BDO LLP intends to give an unqualified audit opinion on each set of charity financial statements;
2. Consider the contents of the audit management report issued by BDO LLP; and
3. Recommend approval of the financial statements for the year ended 31 March 2021 to the Finance Committee for those charities where the Corporation is Trustee; to the Aldermen for the Emmanuel Hospital charity where the Corporation acting by the Court of Aldermen is the named corporate trustee; and to the trustees of the Sir William Coxen Trust Fund; the Samuel Wilson Loan Charity and the Vickers Dunfee Memorial Benevolent Fund (see appendix 1 for charity registration numbers).

*Deputy Chairman Hilary Daniels (External) took the Chair from this item onwards.*

9. **OUTSTANDING ACTIONS OF THE COMMITTEE**

RESOLVED, that - the list of outstanding actions of the Committee be received and its contents noted.

10. **COMMITTEE WORK PROGRAMME**

RESOLVED, that – the Committee work programme be received and its contents noted.

11. **ANNUAL GOVERNANCE STATEMENT 2020/21**

Members received a joint report of the Town Clerk and Chief Executive and the Chamberlain regarding the Annual Governance Statement (AGS) 2020/21.

A Member asked how the points for future years would be captured. The Head of Audit explained that responsibility for the AGS is soon to be transferred to the Corporate Strategy and Performance Team, who will be taking on the feedback from the Committee.

RESOLVED, that – the AGS be noted and approved for signing by the Chair of Policy and Resources and the Town Clerk, and that its publication alongside the 2020/21 City Fund and Pension Fund Statement of Accounts be noted.

12. **ANTI-FRAUD & INVESTIGATIONS - 2021/22 MID-YEAR UPDATE REPORT**

Members received a report of the Head of Audit and Risk Management

RESOLVED, that – the report be received and its contents noted.

13. **DEEP DIVE RISK REVIEWS**

13.1 **Deep Dive: CR02 Loss of Business Support**

Members received a report of the Director of Innovation and Growth relative to a Deep Dive of CR02: Loss of Business Support.

A Member commented that it was not helpful to receive the paper without the risk metrics. The Town Clerk explained that this information had been missed from the agenda pack, and undertook to circulate it to Members after the meeting.

Members expressed their concern about businesses were leaving the City, and asked how Members could act as a liaison between IG and businesses in their Ward. The Director of IG replied that CR02 was focused on the loss of support from FPS (Financial and Professional Services), which was a UK-wide risk and part of the City Corporations UK-wide role. There needed to be a separate risk for the closure of small and medium-sized businesses in a range of sectors across the City. The City Corporation provides support for these SME through the Small Business Research and Enterprise Centre, and across other services. The Corporate Risk Manager said that the best approach would be for him to work with the Director of IG's team on splitting out the risk. A Corporate Risk Register review was in progress, and there would be an opportunity at the Executive Leadership Board to put the case for a risk on SMEs to be elevated to the corporate level. The Chamberlain commented that the comments from

Members was helpful in framing how the risks could be developed in the wider review timeframe. The next review of the Risk Register was due to the Committee's meeting on 18 January, and this would include the flightpath on CR02. The Deputy Chairman (External) requested that further information on CR02 could be included in a future Committee report reviewing the Risk Register..

RESOLVED, that – the report be received and its contents noted.

### 13.2 **Deep Dive: CR29 Information Management**

Members received a report of the Chief Operating Officer relative to a Deep Dive of CR29 Information Management.

Members commented greater controls needed to be implemented to try to reduce the likelihood of the target risk as well as the impact, and asked if the target risk in the register was the right one. The target should be for the risk to be in green, not amber.

A Member commented that the report often refers to the risks with staff, and whether the risk was also applicable to Members. The IT Director said that the risk should be applicable to all who work for the City Corporation and receive information from it, and that he would take the role of Members in the risk into consideration, including the possibility of training in information security for Members.

A Member asked if the risk had been benchmarked against similar risks experienced by other major institutions in the City of London. The IT Director replied that while there was no benchmarking, they do have a maturity model which is a comparison tool for best practice with other organisations and would be able to share the maturity model with the Committee.

RESOLVED, that – the report be received and its contents noted.

### 14. **HMICFRS REPORT**

Members received a report of the Commissioner of Police in regards to an overview of the Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) continuing programme of inspections and published reports.

RESOLVD, that – the report be received and its contents noted.

### 15. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no public questions.

### 16. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There was no urgent business.

### 17. **EXCLUSION OF THE PUBLIC**

RESOLVED, that – under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds

that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

**18. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**

RESOLVED, that – the non-public minutes of the meeting held on 5 October 2021 be agreed as a correct record.

**19. NON-PUBLIC OUTSTANDING ACTIONS OF THE COMMITTEE**

Members received the list of outstanding actions.

RESOLVED, that – the list of non-public outstanding actions of the Committee be received and its contents noted.

**20. NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There was one non-public question.

**21. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

There was none.

**The meeting ended at 4.08 pm**

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Chairman

**Contact Officer: Ben Dunleavy**  
**tel. no.: 020 7332 1427**  
**ben.dunleavy@cityoflondon.gov.uk**

AUDIT AND RISK MANAGEMENT COMMITTEE – Outstanding Actions – January 2022

Items from meeting held 5 October 2021		
ITEM	Action	Officer and target date
16. NP AOB	Investigate the issue of contaminated land assets	Head of Audit  Date: 18 January 2022 (verbal update)

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Category	18.01.2022	24.05.2022	12.07.2022	27.09.2022	22.11.2022
<b>Governance</b>	External Member Recommendation from the Nominations Sub-Committee <b>(Decision)</b>	Annual Report of the Committee <b>(Decision)</b>	Annual Governance Statement <b>(Decision)</b>		
<b>Internal Audit and Counter Fraud</b>	Internal Audit Plan Delivery Update - Quarterly Report (Q3) <b>(Information)</b>	Internal Audit Plan Delivery Update - Year End Report <b>(Information)</b>	Internal Audit Plan Delivery update – quarterly report (Q1) <b>(Information)</b>		Internal Audit Plan Delivery update – quarterly report (Q1) <b>(Information)</b>
	Draft Internal Audit Plan for 2022/23 <b>(Decision)</b>	Head of Internal Audit Annual Opinion <b>(Information)</b>			
<b>Risk Management</b>	Risk Management Update <b>(Information)</b>	Risk Management Update <b>(Information)</b>	Risk Management Update <b>(Information)</b>		Risk Management Update <b>(Information)</b>
<b>Deep Dive</b>	CR01 Resilience (Town Clerk’s) <b>(Information)</b>	CR09 Health & Safety (Town Clerk’s) <b>(Information)</b>	TBC	TBC	TBC
<b>Accounts</b>				Draft Bridge House Estates Accounts <b>(Decision) - tbc</b>	
				Draft City’s Cash Accounts <b>(Decision) - tbc</b>	
				Draft City Fund and Pension Fund Accounts <b>(Decision) - tbc</b>	
<b>External Inspections</b>	External Risk Management Review <b>(Information)</b>				
<b>Other</b>	Charities Review Paper <b>(Decision)</b>				

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# Agenda Item 7

<b>Committee(s)</b>	<b>Dated:</b>
Audit and Risk Management	18 January 2022
<b>Subject:</b> Establishing a Charity Risk Management Protocol	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly insofar as it is in the best interests of each of the charities to support?</b>	<b>Outcomes 2, 3, 4, 5, 9 &amp; 10</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>If so, how much?</b>	
<b>What is the source of Funding?</b>	
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	
<b>Report of:</b> David Farnsworth, Managing Director of Bridge House Estates & Chief Charities Officer	<b>For Decision</b>
<b>Report author:</b> Paul Dudley – Charity Risk Manager	

## Summary

This report provides Members with an update on the current Corporate Charities Review (CC Review) as it relates to establishing a risk management approach applicable to charities in scope of the CC Review. This report sets out initial findings of the CC Review in regard to risk management, and proposals to establish a policy principle for the City Corporation as Trustee.

The CC Review has found that the risk management arrangements operated by the charities in scope of the CC Review is not consistent in terms of use of the approach outlined in the Corporate Risk Management Policy and Strategy 2021.

As the committee which has responsibility for the oversight of risk management across the City Corporation, Members are being updated on the progress of the CC Review as it relates to risk management and to seek comments on the Risk Management Protocol for Charities. Recognising that the Target Operating Model and the Governance Review may affect the operation of the Protocol, it will be brought back to your committee during the financial year 2022/23 for review and final agreement.

## Recommendation(s)

Members are asked to:

1. Note the progress on the CC Review as it relates to risk management.
2. Agree the policy principle of a Risk Management Protocol being established for all charities within scope of the CC review.

3. Comment on the Risk Management for Charities Protocol.
4. Note that the Protocol will be re-presented during the financial year 2022/23 for final review and endorsement.

## **Main Report**

### **Background**

1. Reflecting its history and place within the City of London, and more generally, the City of London Corporation (City Corporation) has a long history and experience of undertaking philanthropic activity. This has manifest through its strong relationships with other stakeholders as well as direct action, including through its trusteeship of various charities (or through its powers of trustee nomination or appointment). The City Corporation has committed to maximising the impact of this philanthropy and improving the effective use of resources including in the discharge of its duties as charity trustee and in the City Corporation's wider support for charitable activity. (Note – The Joint Philanthropy Strategy has been agreed by the City Corporation and Bridge House Estates)
2. A number of reviews have been instigated over recent years with a view to supporting better regulatory compliance, including in the City Corporation's charitable activities, and embedding efficient and effective administration practice in delivering high impact philanthropy.
3. The most recent review commenced in July 2019, this Charities Review (CC Review) encompasses 59 charities for which the City Corporation is trustee (or otherwise has rights of nomination or appointment of the majority of trustees). The principal objectives of the CC Review are to ensure that each charity (within scope) is well managed and governed and achieves maximum impact for its beneficiaries, and to ensure that the City Corporation, in its capacity as charity Trustee, meets its legal duties and adheres to best practice set out by regulatory bodies. In so doing the CC Review is drawing upon the experience and learning and recommendations of previous charities reviews and the separate Bridge House Estates Governance Review.
4. The CC Review project involves reviewing each charity's own governance e.g., whether changes are required to a charity's governing document to modernise it or bring it up to date, whether the charity should be rationalised/closed, or whether changes could be made to the delivery of the charity's activities so that it operates more effectively and generates maximum impact from those charitable funds (such as by adopting more strategic grants programmes in collaboration with other funders).
5. The CC Review is also considering the City Corporation's own internal governance arrangements adopted as Trustee in administering each of the charities, and whether any changes should be made in each charity's best interests (e.g. strengthened arrangements to manage conflicts of interest/loyalty between the City Corporation acting as charity Trustee and in its other capacities; optimal Member and officer governance arrangements for the Trustee; improved risk management arrangements; operational changes

to financial procedures; identifying common policy objectives across charities; improved record keeping, training needs, etc).

6. The CC Review has found that the risk management arrangements operated by the charities in scope of the CC Review is not consistent in terms of use of the approach outlined in the Corporate Risk Management Policy and Strategy 2021. The Emanuel Hospital charity's successful revised risk management approach provided a management focus on risk specifically within a charity context as well as adopting the use of the Pentana Risk system for recording and reporting purposes (this system is used to record, corporate and departmental service level risks and related actions and the reports generated are used to report risk registers to Members) . This approach has informed the development of this draft risk management protocol.
7. As the Committee which has responsibility for the oversight of risk management across the City Corporation, Members are being updated on the progress of the CC Review as it relates to risk management and consulted on a proposal to establish a policy principle in creating a Risk Management Protocol for Charities (see para 5 above).
8. Recognising that the Target Operating Model and the Governance Review may affect the detail and operation of the Protocol, officers are seeking first from your committee, subject to any comments received, agreement of the policy principle of a Risk Management Protocol being established. Officers will then develop the protocol further over the coming financial year and the Protocol will be re-presented to your committee for review and agreement in due course in the 2022/2023 financial year.
9. The intention would be to present a reviewed and revised Risk Management Protocol at regular intervals with an annual summary for the Committee's review and agreement.

### **Current position**

10. The City Corporation has effective risk management policies and procedures in place. As such, it is recommended that the method for assessing risks for the charities reflects the City Corporation's general approach to risk management. However, to ensure that appropriate arrangements are in place for effective management of those risks, in the best interests of the charities, the CC Review is proposing the introduction of a risk management protocol.
11. In relation to improving risk management arrangements in administering charities (see para 5 above), the CC Review funded support from the Corporate Risk Manager to develop a risk management protocol as part of the phase 1 review.
12. The Protocol, which is largely based upon the Corporate Risk Management Policy and Strategy 2021, the Charity Commission's CC26 Risk Guidance and guidance from the Institute of Risk Management Charity Special Interest

Group, aims to provide a consistency of approach in managing risk across charities (in scope) for which the City Corporation is the trustee (and charities with individual trustees which avail themselves of the support of the City Corporation). This approach is considered by officers to be in the best interests of each charity in scope. For completeness, the decision to adopt the Protocol for those charities in scope with individual trustees will be referred to the responsible trustee bodies to take the relevant decisions in respect of the individual charities in those charities' best interests in due course (see para 14 below).

13. The Protocol sets out:

- a. The purpose and benefits of managing risk
- b. Governance and roles and responsibilities of officers
- c. The risk management process including the risk escalation process
- d. The recording and reporting of risks – using Pentana Risk as the default
- e. The timing of reporting to charity committees.

14. The draft Protocol is attached as appendix 1. A proportionate approach will be taken dependent on the function and/or size of the charity, this will be developed over the next financial year.

15. The draft Protocol follows similar documents that the committee have seen recently from the Barbican Centre, the Guildhall School of Music and Drama and the City Surveyor's department (attached to their Informal Risk Challenge reports). A risk management Protocol has also been developed for Bridge House Estates.

## 16. Corporate & Strategic Implications

**Strategic implications** – This proposal will ensure that the City Corporation as trustee is acting in the best interests of each of the charities to achieve their purposes and policy objectives, facilitating legal and regulatory compliance.

**Financial implications** – None

**Legal implications** – As charity trustee the City Corporation has a number of legal duties and is accountable to the Charity Commission. The objectives of the CC Review are fundamentally intended to support the City Corporation in meeting its charity trustee duties, in summary *inter alia* to act in the best interests of each charity in furthering that charity's purposes, ensuring that the charity is well managed and that its assets are used effectively. With the exception of smaller charities<sup>1</sup> (which are encouraged to make a risk management statement as a matter of good practice), charities must make a risk management statement in their annual report confirming that their trustees have considered the major risks to which the charity is exposed and have satisfied themselves that systems or procedures are established to manage those risks (Charities (Accounts and Reports) Regulations 2008). This requirement is further emphasised within the Charity Governance Code, which recommends that effective risk assessment processes are set up and monitored.

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<sup>1</sup> Being those charities with gross income below the statutory audit threshold.

**Risk implications** – There are significant corporate and reputational risks to City Corporation, acting, as the corporate trustee, to ensuring risks are managed appropriately and that there is a consistency of approach across all charities.

**Equalities implications** – The City Corporation is committed to equal opportunities in its activities and seeks to promote equity, diversity and inclusion in its role as charity trustee.

## **Conclusion**

16. The CC Review has found that risk management within Charities, in scope, is mixed and lacks consistency and would benefit from review. The successful revised risk management approach of the Emanuel Hospital Charity has informed the development of the draft Risk Management Protocol for Charities. The Committee are being requested to endorse the policy principle of the Risk Management Protocol being introduced for all charities in scope. Subject to Member comments and the potential impacts on the Target Operating Model on the charity governance arrangements, the Protocol will be re-presented to the Committee in 2022/23 for final review and agreement

## **Background papers**

17. The following are the background papers used for this report:

- a) City of London Risk Management Policy and Strategy 2021
- b) Charity Commission's CC26 Risk Management Guidance
- c) Risk Management guidance produced by the Institute of Risk Management – Charity Special Interest group

## **Appendices**

Appendix 1 City of London Risk Management Protocol for Charities - DRAFT

### **Paul Dudley**

Charity Risk Manager  
Charity Review team  
Town Clerk's Department

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# **City of London Corporation Risk Management Protocol for Charities**

**Effective:**

**Approved/endorsed by:**

**Version 1.1 Draft – 10 December 2021**

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DRAFT



## 1. Introduction

- a. The City of London Corporation (City Corporation) has a long history and experience of undertaking philanthropic activity. This has manifest through its strong relationships with other stakeholders as well as direct action, including through its trusteeship of various charities (or through its powers of trustee nomination or appointment).
- b. The aim of this Risk Management Protocol (Protocol) is to set out the framework for the effective management of risk for all Charities associated with the City Corporation and for which this Protocol has been adopted: See **Appendix 1** for a complete list of Charities in scope. (“the Charities”)
- c. This Protocol sits underneath the [City Corporation’s Risk Management Strategy](#), endorsed by the City Corporation’s Audit and Risk Management Committee in May 2021, and which has been adopted by the City Corporation<sup>1</sup> across all of its functions, including as charity trustee. The Protocol applies the principles and approach set out in the City Corporation’s Risk Management Strategy to managing risk as it relates to the Charities within its scope.
- d. In addition, the Protocol reflects the guidance set out in [CC26 Charities and risk management guide](#) issued by the Charity Commission (2017), and risk management guidance published by the Institute of Risk Management Charity Special Interest Group.
- e. The Protocol acts as a communication tool to ensure that all those involved in the administration of the Charities in scope are aware, in the management of risk, of:
  - i. The purpose of using a formal Risk Management approach.
  - ii. The risk roles and responsibilities within the risk management process.
  - iii. The risk management process that is being adopted.
  - iv. The tool that is being used to record the risks/controls and report on them.
  - v. How the risk management process will be managed and monitored.
- f. This Protocol will be reviewed annually and presented to Audit and Risk Management Committee for their review and endorsement for the City Corporation as charity trustee at regular intervals.
- g. For completeness it is noted that there may be charities for which the City Corporation is not the corporate trustee and which each have their own responsible trustee body of individual trustees. Where those charities have been listed in **Appendix 1**, the trustee body will have decided to adopt this Protocol, having considered it to be in their charity’s best interests to do so; and the Protocol will be applied in accordance with that charity’s own governance and as relevant to the City Corporation’s support for the charity which has been agreed. Those charities will be clearly distinguished in **Appendix 1**. Where the Protocol is

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<sup>1</sup> Excluding the City of London Police

reviewed, or substantive changes made to it, these will be referred to that trustee body for their information so that the trustees can consider the implications of the changes for their charity and take relevant decisions, including whether to continue to adopt the Protocol for their charity in its best interests.

## 2. Purpose

- a. Through the effective application of the risk management process this Protocol supports effective charity governance and internal control for the Charities consistent with a charity trustee's duties *inter alia* in running their charity to – act in their charity's best interests; manage their charity's resources responsibly; act with reasonable care and skill; and ensure that their charity is complying with the law, is well run and effective.
- b. By managing risk effectively<sup>2</sup>, trustees can help ensure that:
  - i. Their charities' aims and objectives are achieved more successfully.
  - ii. Their charity's assets and resources are protected.
  - iii. Significant risks are known and monitored enabling trustees to make informed decisions and take timely action.
  - iv. Transparency, with assurances and accountability, are built into the risk management process.
  - v. Charity governance and other legal requirements are met.
- c. The Protocol applies to all the charities where the City Corporation acts as the Trustee. There are a number of charities with individual trustee bodies which avail themselves of the City Corporation support. These charities, highlighted in appendix 1 will be asked to endorse and adopt this Protocol.

## 3. Charity Governance

- a. The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a common law corporation, is the charity trustee for those Charities identified in **Appendix 1**, unless otherwise indicated. The City Corporation is the trustee acting by the Court of Common Council of the City of London in its general corporate capacity, other than in respect of four charities associated with the City of London Schools<sup>3</sup>, where the charities' governing document expressly provides that the trustee is the City Corporation acting by the relevant School's Board. All the charities are unincorporated charitable trusts and thus it is the City Corporation as the corporate trustee which holds a charity's property on trust for the benefit of the charity (and its beneficiaries) and enters into all contracts as trustee. The City Corporation also makes its resources, including staff, systems, and premises, available and the reasonable costs of doing so are recovered from each charity.

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<sup>2</sup> Charity Commission CC26 and IRM Charity SIG

<sup>3</sup> CLS Bursary and Awards Fund (276654), City of London School for Girls Bursary Fund (Charity no: 276251), City of London School for Girls Scholarships and Prizes Fund (Charity no: 276251-5 ), City of London Freeman's School Bursary Fund (Charity no: 284769)

- b. The City Corporation administers each charity in accordance with that charity's governing document and the law, within its own corporate governance framework. This provides for delegation by the Court of the administration and management of each charity to committees of the Court, being ultimately responsible to the Court for the City Corporation as Trustee (other than for the four Schools charities mentioned at 3.a. above where the named committee remains ultimately responsible). A committee will be given express delegated authority for the management and administration of a charity for the City Corporation as trustee, including its business and financial affairs, as set out in the committee's terms of reference. This includes management of risk<sup>4</sup>, and exercising the powers of the City Corporation as trustee in running the charity. Under the City Corporation's committee delegation arrangements, other committees also have responsibilities for the trustee relevant to their corporate oversight role for the City Corporation, such as Audit and Risk Committee, Policy & Resources Committee and Finance Committee.
- c. Specifically in relation to risk management, the responsible committee will retain oversight of risk for their charity<sup>5</sup>, with officers under their relevant delegated authority in the operational management of the charity having day-to-day responsibility for managing and controlling risk. The trustee should review risks (on a regular basis) to gain assurance that risks are being effectively managed. Sufficient information should be included in the Risk Management statement within the charity's annual report to demonstrate that risks have been identified and are being properly managed.
- d. Not all charities are required to have their accounts<sup>6</sup> audited, and the City Corporation has adopted an approach whereby all the Charities will have their accounts externally audited or independently examined. For this process, evidence will be required that there is a robust and effective risk management framework in place for each charity.

### **3. Formal risk management approach & roles and responsibilities**

A formal management of risk approach will be taken and is set out below. The following roles and responsibilities are taken from the City Corporation's Corporate Risk Management Strategy and adapted for these purposes, subject to the progress of the Target Operating Model and Corporate Governance Review.

#### **Officer structure**

Each charity will have a nominated Chief Officer (and staff) who will be responsible for the day-to-day management of that charity. Other Chief Officers may, under the City Corporation's corporate governance framework, also retain some responsibilities towards each charity as relevant to their professional obligations (e.g., the Chamberlain, Comptroller & City Solicitor, etc) as reflected in the corporate governance framework (such as the Chief Officer Scheme of Delegations, Financial Regulations etc).

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<sup>4</sup> Charities and Risk Management (CC26)

<sup>5</sup> Risk Governance for Charities – Risk Management structures and accountabilities – The IRM Charity SIG

<sup>6</sup> Charities (Accounts and Reports) Regulations 2008(?)

- a. Chief Officer – responsible for the day-to-day operational management of the charity and for adequate and appropriate reporting to the committee responsible for the charity’s administration and management. It will be the Chief Officer’s responsibility to ensure that the charity’s risk register is regularly reviewed, updated, and reported to the responsible committee in accordance with the agreed report format and within timescales set out below.
- b. Managing Director of the Bridge House Estate and Chief Charities Officer – The Managing Director of the Bridge House Estate and Chief Charities Officer will delegate responsibility for the following risk management activities:
  - i. Providing guidance on the application of the Protocol to Charities in scope of the Charities Review.
  - ii. Annually reviewing and updating the Protocol framework, including required reporting (to committee or external trustee bodies).
  - iii. Developing and publishing risk guidance for charities in scope and related documents for Members and officers.
  - iv. Providing risk management training as applicable to charities for Members and officers.
  - v. Liaising with the Corporate Risk Manager to ensure that Best Practice in risk management is being followed and where appropriate updating the Protocol as a result.
- c. Charities with individual trustee bodies which avail themselves of City Corporation support and which have adopted this Protocol –
  - i. A Chief Officer will be identified to manage the relationship with that charity.
  - ii. Where requested by the Trustee body, The officer with appropriate delegated authority, may also provide support as stated at paragraph 4.b. above.
  - iii. Other Chief Officers (and their staff) who provide professional support to these charities will also be responsible for managing risks associated with those professional responsibilities, liaising with the Chief Officer within the City Corporation who is responsible as stated at i. above.

#### **4. Risk process**

- a. The corporate risk process (as set out in the City Corporation’s Risk Management Policy and Strategy 2021) should be used for risks identification, assessment, management, and monitoring. There are some minor differences in the language used to better reflect the relationship between the City Corporation as trustee and the charity. For example, the most important risks will be called principal (not corporate) risks whilst lower-level risks, where relevant having regard to the size of the charity and its activities, will be called operational (not departmental or service) risks. There have been some changes to the description of the roles and responsibilities to better reflect the status of the charities as functions of the City Corporation as a charity trustee.
- b. A Charity risk management guide (based upon the CoLC RM Strategy) is available here. (Not yet produced). A set of suggested risks which relate to both

grant making an operational activity is also being prepared and will be attached to this guide. In addition, there are number of risk tools that are available on CoLNet's risk management page.

5. **Escalating/ de-escalating risks criteria** Risks may be escalated or de-escalated from one level to another (e.g., from operational to principal level). The guidance below sets out the factors to be taken into consideration when escalation/de-escalation should occur.
- a. **Escalation** - A risk may be moved to a higher level for the charity (escalated) for the following reasons:
- i. The risk becomes unmanageable at current level.
  - ii. The risk is outside of the boundaries of the “appetite for the risk”.
  - iii. The risk remains very high even after control measures have been fully implemented.
  - iv. The risk has impacts beyond the charity and its beneficiaries i.e., for the City Corporation, collaborating stakeholders, etc.
  - v. The risk is directly related to the charity’s ability to fulfil its objects and/or trustee’s duties to the charity.
- b. **De-escalation** – A risk may be moved to a lower level in the charity (de-escalated) for the following reasons:
- i. The risk can be controlled and managed at a lower level.
  - ii. The risk rating has decreased significantly or is not considered to be critical to the charity’s ability to fulfil its objects and/or the trustee’s duties to the charity.
  - iii. The risk is below boundaries of the “appetite for risk”.
  - iv. The risk will only affect the charity and its operation, and is better controlled locally, rather than extending to wider City Corporation functions or impacting upon external stakeholders.

## 6. Recording, updating, and reporting risk information

The City Corporation uses a risk management information system known as Pentana Risk and is available for all charities to use. The system records risks, related actions and produce risk register reports that can be used for presenting to committees.

The default position for all charities in scope is that the Pentana Risk System will be used to record and report their risks, on a regular basis (see below) to the relevant charity committee.

It is essential that both the preventative and mitigating actions for risks included on the risk register are appropriate to the risk level and that there is robust review and challenge to ensure that risks are being effectively managed.

### Timing of risk management activities

Action	Report frequency
Report risk register for all charities.	Report risk register in line with current meeting frequency e.g.,

	every 6 months, quarterly, termly (max no more than 4 times per year)
Charities to undertake an annual assessment of both external and internal factors that may impact upon the charity's delivery of its objects and activities, which may lead to further risks being identified.	Annual

For further information, please contact the Managing Director of the Bridge House Estate and Chief Charities Officer

**Protocol endorsed by Audit & Risk Committee**

**Date endorsed:**

**Review date: [insert]**

DRAFT

**APPENDIX 1****List of Charities in scope.**

*Note: Initially the charities which are **not** highlighted are in scope and therefore will be consulted on the adoption of this protocol.*

*Those charities highlighted in yellow are Open Spaces Charities which may be in scope later following consultation with Open Spaces management as their risks are already recorded on the Pentana system.*

*Those highlighted in blue are not included initially as various recommendations are underway as part of the CC Review for these charities. Once the recommendations are either complete/ underway these charities can be consulted on the adoption of the protocol.*

Charity	Charity number	Responsible Committee	Trustee (COLC/Individual Trustees)
Ashted Common	1051510	Epping Forest and Commons Committee	COLC
Burnham Beeches & Stoke Common	232987	Epping Forest and Commons Committee	COLC
Epping Forest	232990	Epping Forest and Commons Committee	COLC
Hampstead Heath	803392	Hampstead Heath, Highgate Wood and Queen's Park Committee	COLC
Highgate Wood & Queen's Park Kilburn	232986	Hampstead Heath, Highgate Wood and Queen's Park Committee	COLC
West Ham Park	206948	West Ham Park Committee	COLC
West Wickham and Spring Park Wood	232988	Epping Forest and Commons Committee	COLC
Coulsdon and Other Commons	232989	Epping Forest and Commons Committee	COLC
Sir Thomas Gresham Charities	221982	Gresham (City Side) Committee	COLC
Keats House	1053381	Culture, Heritage & Libraries Committee	COLC
Hampstead Heath Trust Fund	803392-1	Finance Committee	COLC

The City of London Charities Pool	1021138	Finance Committee	COLC
King George's Field – City of London	1085967	Open Spaces and City Gardens - operational management. Otherwise, Finance Committee	COLC
Guildhall Library Centenary Fund	206950	Culture, Heritage & Libraries Committee	COLC
City Educational Trust Fund	290840	Education Board	COLC
City of London Corporation Combined Education Charity	312836	Education Board	COLC
The City of London Corporation Combined Relief of Poverty Charity	1073660	Community and Children Services	COLC
City of London Freeman's School Bursary Fund	284769	Board of Governors of City of London Freeman's School	COLC
Charities administered in connection with the City of London Freeman's School (23)	312120	Board of Governors of City of London Freeman's School	COLC
CLS Bursary and Awards Fund	276654	Board of Governors of City of London School for Boys	COLC
City of London School for Girls Bursary Fund	276251	Board of Governors of the City of London School for Girls	COLC
City of London School for Girls Scholarships and Prizes Fund	276251-5		COLC
Emanuel Hospital	206952	The Emanuel Hospital Management Sub (Court of Aldermen) Committee	COLC
Sir William Coxen Trust Fund	206936	The Committee of Alderman to Administer the Sir William Coxen Trust Fund	Individual Trustees
Samuel Wilson's Loan Charity	206964	Individual Trustees (all Aldermen and the Chamberlain)	Individual Trustees



City of London Almshouses	1005857	Community and Children Services	COLC
Vickers Dunfee Memorial Benevolent Fund	238878	The charity is currently independent of the CoL's governance framework and does not report to a City Corporation committee	Individual Trustees
City of London Police Widows and Orphans Fund	208175	The charity is currently independent of the CoL's governance framework and does not report to a City Corporation committee	Individual Trustees

\*= This charity was reviewed by the Board of Governors of City of London School for Boys before the CC Review commenced.

\*\* = Individual charity trustees

+ = The Charities governing document expressly provides that the trustee is the City Corporation acting by the relevant School's Board.

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# Agenda Item 8

<b>Committee(s)</b>	<b>Dated:</b>
Audit and Risk Management Committee	18/01/2022
<b>Subject: Internal Audit 2022/23 Programme of Work</b>	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>N/A</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/A</b>
<b>Report of: Head of Audit and Risk Management</b>	<b>For Information</b>
<b>Report author: Matt Lock</b>	

## Summary

The approach to Internal Audit planning has been amended in accordance with industry guidance and emerging common practice. As a result, a programme of work has not been set for the 12 months from April 2022, instead, the programme of work will be developed and maintained on an iterative basis throughout the year. An initial programme of work, covering approximately 6 months is included as Appendix 1 to this report.

Key control and routine assurance work, to support the evaluation of the internal control environment, will continue to be delivered on a rolling basis.

The Audit and Risk Management Committee will receive more detailed plans of the work of Internal Audit as part of the quarterly update reports of the Head of Audit and Risk Management.

## Recommendation(s)

Members are asked to:

- Note the revised approach to Internal Audit Planning and progress reporting
- Agree the Initial Programme of Internal Audit Work for 2022/23

## Main Report

### Background

1. Internal Audit is required to provide the S151 Officer, the Senior Leadership Team and the Audit and Risk Management Committee with an opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. This opinion is predominantly based on the outcomes from the Audit work undertaken each year. The Audit and Risk Management

Committee is provided with regular updates on the outcomes of completed Audit work and the implementation of recommendations made.

### **Developing the Approach to Audit Planning**

2. As is the case in many professions, the pandemic has reinforced the need for Internal Audit to be more agile and adaptable to change. For the past two years, the Annual Internal Audit Plan has largely been a starting point, with an increasing number of changes being made throughout the year. The professional bodies have recognised this across all sectors and now advise against setting an annual Audit Plan, suggesting instead that 3 months is an appropriate maximum period. There is a degree of interpretation that must be applied to this, for instance, this approach works well for risk based or more strategic Audit reviews but is not so relevant for key control and more routine assurance work, which still must be undertaken to support the evaluation of the internal control environment. This latter category represents around 30% of the overall programme of work for the City of London Corporation and will continue to be delivered on a rolling basis, selected from the Audit Universe. In practice, approximately 35% of the overall Internal Audit work programme will be of the more responsive nature.
3. Benefits of this approach include:
  - More dynamic prioritisation of work and use of resources – able to adapt the plan for resource shortfalls (vacancy or other unplanned absence) and work around planned absences;
  - Continuous focus on current risk areas – greater potential for “assurance mapping”;
  - Better able to add in new Audits for emerging risk areas – improved relevance of Audit work throughout the year;
  - Greater transparency around the profile of the delivery of work (compared to measuring delivery across the year) – more measurable targets; and
  - More focus on programming and completing work to align with the Committee reporting cycle – ensuring completion of specific assignments to meet Committee deadlines.
4. Internal Audit Update reports are provided to this Committee on a quarterly basis, it is proposed that future updates will:
  - Provide a summary of outcomes from completed work.
  - Provide a status update for work in progress.
  - Set out the schedule work that the Internal Audit team will be completing in the period ahead.
5. The prioritisation methodology previously approved by this Committee (see Appendix 2) will continue to be applied.

### **Thematic Areas for Audit Coverage**

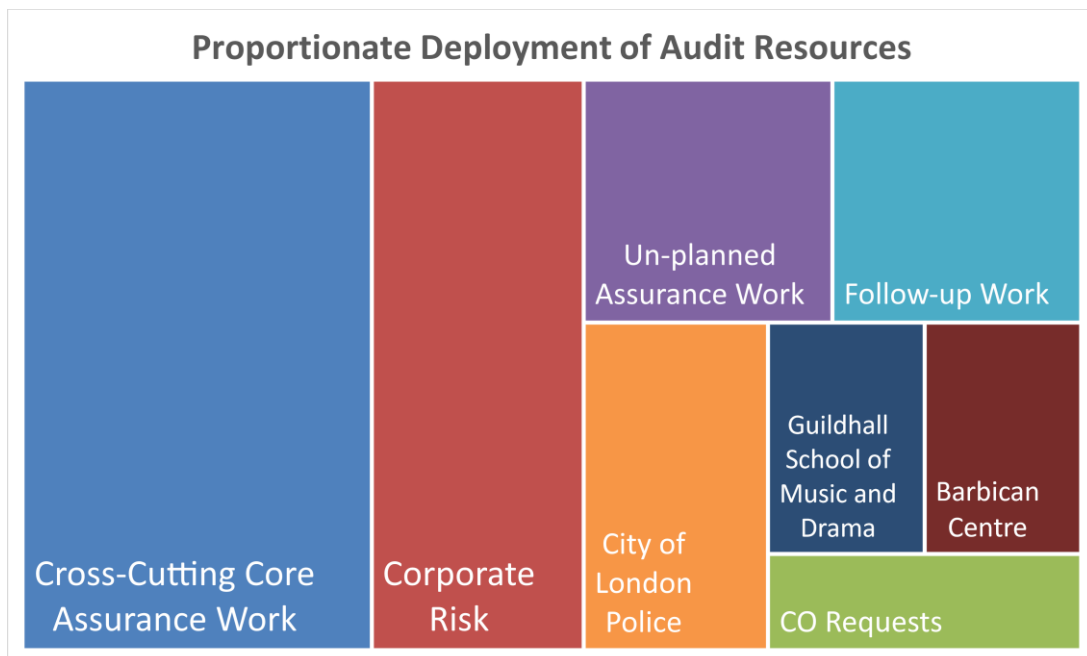
6. In preparing the programme of work for Internal Audit, we have drawn on professional networks (including but not limited to The Chartered Institute of

Internal Auditors, London Audit Group, Local Authority Chief Auditors Network) and internal resources (the Corporate Plan, Corporate Risk Register, consultation with Senior Leadership). The key themes of future Internal Audit work are:

- Equality & Inclusion
- Cyber Security
- Sustainability
- Safeguarding
- Culture
- Compliance
- Climate Action
- Collaboration
- Business Performance

Work undertaken will be a combination of specific Audits within the above and incorporating the themes within more routine Audit reviews; culture and collaboration, for example will largely be treated as considerations within all reviews, it is anticipated that these themes will remain relevant beyond the coming year.

7. The diagram shows how Internal Audit resources will be deployed across the year, based on current resourcing levels:



Appendix 1 sets out the current programme of work for 2022/23, this will be subject to review and change before 31 March 2022. The programme also includes more than 6 month's work based on current resources, allowing for a little more forward planning and creating a more manageable pipeline of work; a shortlisting exercise will be completed to prioritise timing of the work.

**Sub-elements to the Programme of Work – Institution Audit Plans**

8. Approximately 25% of the overall Internal Audit work programme relates to the Institutional departments the City of London Police, Guildhall School and Barbican each operate separate (Sub) Audit Committees. While encompassed within the overall programme of work, these are operated as individual Audit plans, agreed with Institutional Senior Leadership and the Committees. As small

plans of 4-6 Audit reviews each year, these have naturally transitioned into a more fluid state, validating or amending the forward programme of work at each Committee meeting, so already follow the principles of the revised approach.

9. Bridge House Estates and the three Independent Schools do not currently operate a separate Audit Committee, Internal Audit coverage here is included within “Cross-Cutting Core Assurance Work”, which usually includes a small number of more specific reviews for each area.

### **Impact of the Target Operating Model Review**

10. The corporate wide TOM review is still in its delivery phase, with many team and service designs being finalised over the next 3 months. As a result, there remains an element of transition as we align the Internal Audit Programme with the new organisation structure, as was the case for 2021/22.
11. The structure and operation of the Internal Audit team was already largely in accordance with the TOM design principles so sees no significant change other than the introduction of more diversity in the grading of posts; intended to better support professional development and enhance strategic capacity within the team. The TOM is an opportunity to adapt the Audit approach, some information in relation to this is set out below, although more detail will be captured as part of the annual review of effectiveness that supports the Head of Audit Annual Report.

### **Continuous Improvement in Relation to the Audit Approach**

#### Agile Auditing

12. One of the key ways in which the effectiveness of Internal Audit work can be improved is in more timely reporting. In order to achieve this, a more agile approach is required in the delivery of individual Audit assignments, particularly for more complex reviews or where a strategic issue is identified at an early stage; rather than continue working to deliver the full scope of an Audit, it can sometimes be more useful and effective to issue an early report to allow management to address what may be fundamental issues, revisiting the remaining scope items at a later date (Start – Stop – Continue). This approach has successfully been applied in a small number of cases over the past year and it is anticipated that this will be deployed increasingly going forwards, a more flexible approach to Audit planning enables this.
13. Through active management of audits there is a conscious decision around the appropriate use of time (resources) and whether to spend less time, more time or continue as originally estimated. This forms part of weekly progress monitoring meetings.

#### Value For Money

14. The Internal Audit value for money (VFM) focus will be refined, in addition to the usual degree of consideration of VFM in the use of resources, we will be applying more explicitly the following parameters in our work:
  - **Effectiveness:** of internal controls to safeguard against fraud, loss and error and to support the delivery of objectives

- **Efficiency:** proportionality of existing controls, ensuring that an appropriate balance is achieved between risk and outcomes and the proportionality of recommendations made and issues or risks accepted by management
- **Economy:** giving due regard to the cost (financial and other resources) of implementing and applying control measures

#### Tailored Assurance statements

15. In addition to the assurance ratings currently used (Red/limited, Amber/moderate and Green/substantial), each Audit report will incorporate a short statement that sets the wider context of the assurance rating and its significance in forming an overall opinion on the wider internal control environment. It is anticipated that this will help to demonstrate the impact of a limited assurance opinion in a less significant audit compared to a moderate assurance opinion in a critical or materially significant system.

### **Corporate & Strategic Implications**

16. The Internal Audit Plan is designed to provide assurance as to the adequacy of the City of London Corporation's systems of internal control and governance. This programme of activity is aligned with the Corporate Plan, Corporate Risk Register and Departmental Top Risks.

### **Conclusion**

17. The Internal Audit planning approach has been amended to create a more dynamic and flexible programme of work. Rather than undertaking an annual planning exercise, the process will become more iterative, focussing on the work to be completed between each Committee update. The flexibility of the programme of Internal Audit work will support more efficient deployment of resources and help to ensure the continuous relevance of work completed.

### **Appendices**

- Appendix 1 - Initial Programme of Internal Audit Work for 2022/23
- Appendix 2 - Internal Audit Plan Prioritisation Methodology
- Appendix 3 - Audit Universe (Hyperlink available to Members on request)

### **Matt Lock**

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### Initial Programme of Internal Audit Work for 2022/23

Department	Audit	Plan Priority
Corporate Wide	Performance Management/Delivery of Business Plan Objectives	1
Chief Operating Officer	Procurement Category Management - Governance and Effectiveness	1
Corporate Wide	Climate Action - Energy Management Systems (ISO 50001)	1
Corporate Wide	Equality and Inclusion - Recruitment (Compliance and Culture)	1
Corporate Wide	Management of Corporate Risks (separate reviews for each risk)	1
Environment	Planning - Applications, Decision Making and Governance	1
Department of Community and Children's Services	Managing Highly Sensitive Data	1
Corporate Wide	Payroll Compliance	1
Corporate Wide	Departmental Lead Procurement - Compliance with Procurement Regulations	1
Corporate Wide	Managing Safeguarding Risk	1
Corporate Wide	Managing Resilience Risk	1
Corporate Wide	Corporate Health and Safety - Governance, Oversight and Effectiveness	1
Corporate Wide (IT)	Managing Network Vulnerabilities (Cyber Security)	1
Chamberlain's	Medium Term Financial Planning	1
Corporate Wide	P-Cards - Transaction Testing (minimum 5 departments)	2
Corporate Wide	Mandatory Learning (Compliance and Culture)	2
Corporate Wide	Community Safety - Cross Party Working	2
Department of Community and Children's Services	Timeliness of Housing Repair	2
Department of Community and Children's Services	Library Management System (IT Integration)	3
Department of Community and Children's Services	Adult Skills and Education	3

**Institutional Forward Plans**

<b>Institution</b>	<b>Audit</b>
GSMD	Safeguarding Cyber Security Data Futures Data Quality
Barbican Centre	Organisational Culture & Staff Experience Cyber Security Health and Safety (longlist audit) Finance – Use of Control Accounts (longlist audit) International Enterprise and Gallery Tours (longlist audit) Contract Performance/Management (longlist audit) Creative Learning (longlist audit) Theatre Tax Credits (longlist audit)
City of London Police	Employees (Including Overtime) Key Financial Controls Premises Related Expenditure Income Generation and Income Collection (Including Demand Policing) FOI Request Management

### Internal Audit Plan Prioritisation Methodology

A 4-tier prioritisation methodology was agreed by the Audit and Risk Management Committee in March 2020 as follows:

- **Priority 1:** activity that directly links to Corporate Plan Outcomes and/or Corporate Risks, completion of this work within 2022/23 is considered essential to providing the annual opinion.
- **Priority 2:** activity that is more closely aligned to the delivery of top-level departmental objectives or risks and key corporate systems. Periodic audit coverage is considered sufficient to inform the annual opinion, auditable areas are largely identified from a rolling 3 year programme.
- **Priority 3** – lower risk activity where the risk of non-delivery of objectives may be contained at a departmental level, includes advisory assurance work. Periodic audit coverage is considered useful in informing the annual opinion, auditable areas are, again, identified from a rolling 3 year programme. Any P3 work not delivered in year will be considered for escalation to P2 for the subsequent year.
- **Priority 4** – activity that is focussed on local business objectives and of low financial materiality, risk/impact of failing to deliver objectives may be contained at a service level. Any P4 work not delivered in year will be considered for escalation to P3 for the subsequent year.

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<b>Committee(s)</b>	<b>Dated:</b>
Audit and Risk Management Committee	18/01/2022
<b>Subject: Internal Audit Update</b>	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>N/A</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/A</b>
<b>Report of: Head of Audit and Risk Management</b>	<b>For Information</b>
<b>Report author: Matt Lock</b>	

## Summary

This report provides an update on Internal Audit activity since the last update provided to the October meeting of this Committee. The report summarises work completed and progress against the 2021/22 Internal Audit Plan, delivery of which is, overall, progressing well.

Work undertaken to evaluate recommendation implementation has found that action taken by management to address the issues previously raised by Internal Audit, while still reasonably prompt, is often not in accordance with agreed timescales. Second, and sometimes third, follow-up review is often required.

## Recommendation(s)

Members are asked to note the report.

## Main Report

### Background

1. This report provides an update on the work of Internal Audit since the October Committee, covering:
  - Progress against the 2021/22 Internal Audit Plan
  - An overview of the outcomes from completed Internal Audit reviews
  - Outcomes from follow-up reviews undertaken to evaluate the effectiveness of previously raised Audit recommendations

### 2021/22 Internal Audit Plan Delivery

2. 7 Final Audit Reports have been issued since 1 October 2021, 3 Green Assurance ratings were given, 2 Amber Assurance ratings and 2 Red Assurance ratings. A total

of 24 Final Audit reports have now been issued since 1 April 2021. The overall outcomes from the recently completed Audit reviews are summarised in the following table:

Department/Audit	Assurance Rating	Recommendations Made		
		Red	Amber	Green
City of London Police - IT Service Provision: Contract Management and Performance	Red	1	4	2
Community and Children's Services - Housing Rents	Green	0	2	2
Chief Operating Officer (IT) - Information Management	Amber	0	7	5
Chamberlain's - Accounts Payable	Green	0	1	1
Corporate Wide - Major Projects Governance Arrangements - Salisbury Square Development	Amber	0	6	1
Corporate Wide - Infrastructure/Physical Security	Green	0	0	0
Community and Children's Services - Adult Skills and Education Services Income	Red	5	0	1

3. At the time of writing this report, there are 6 Audit reviews at Draft Report stage, 1 review with fieldwork complete and work is in progress at various stages for a further 8 reviews. The outcomes of which will be reported within the next progress update (the year end report) along with any other completed work.

4. Further detail is provided below in relation to the Red Assurance reviews:

City of London Police – IT Service Provision: Contract Management and Performance

5. This review was undertaken to examine the control framework in place to govern the provision of IT services to the City of London Police on a shared service basis.

6. The Audit established that there are some fundamental control weaknesses which, unless resolved, will continue to prohibit the effective operation of the shared service. Of most note is the absence of any clear and agreed definition of the relationship between the City of London Police (as service recipient) and the City Corporation IT team (as service provider), there was no consistent understanding of this relationship. A service level agreement (SLA), or some equivalent, is essential for the effective operation of such an engagement.

7. It is understood that dialogue on the development of an SLA for IT Services has recently recommenced and both parties are working to reach an agreed position. As part of this process, it is important to determine service requirements, evaluate whether these can be delivered within existing capabilities (financial and otherwise) and then to seek to define the relationship and service parameters in an appropriate document.

8. Various other issues were raised in the full report, for example the quality and frequency of management information provided to the City of London Police is not sufficient to enable effective oversight of IT Services. Again, it should be noted that this situation is improving as colleagues work together to better understand requirements.

#### Community and Children's Services - Adult Skills and Education Services Income

9. This audit was undertaken at the request of the Director of Community and Children's Services. The City's Adult Skills and Education Service (ASES) administers the delivery of training and education to adults predominantly in the form of Apprenticeships, Adult and Community Learning (ACL) and Adult Education Budget (AEB) courses. The purpose of this review was to evaluate the adequacy of the controls in place in relation to financial management and administration.
10. The review identified concerns in relation to the accuracy of funding returns submitted, the adequacy and effectiveness of the framework in place for monitoring Service expenditure, and recording and reconciling income received from learners. A further concern was raised in relation to decision making within the team, specifically, the absence of adequate referral to Senior Leadership.
11. In addition, the audit referred back to previously raised internal control issues, identifying that action in response to earlier Internal Audit recommendations has not been fully embedded.

#### Corporate Wide - Major Projects Governance Arrangements - Salisbury Square Development

12. While attention would usually only be drawn to the findings of those Audits where Red assurance ratings are given, the combination of the scale of the programme, the Amber assurance rating given and considering that this programme is being delivered alongside two other major programmes makes this noteworthy within this update report. The objective of this review was to examine the adequacy and effectiveness of governance arrangements for delivery of this major programme. The overall approved budget for the Salisbury Square Development is £596m. It should be noted that the agreed completion date is between quarter 4 of 2025 and quarter 1 of 2026; the programme is currently on track to complete at the agreed date.
13. The Audit review found that governance arrangements in place are generally satisfactory although some areas for improvement were identified:
  - There is an appropriate governance structure in place, which allows for effective management and escalation of risk, although the role and function of some elements of the governance structure and related processes had not been appropriately formalised and documented.
  - The (Executive) Project Board is currently operating only in an information receiving capacity and so is not effective in supporting CBC in its scrutiny and oversight, decisions are made almost exclusively by the Capital Buildings Committee (CBC). This could ultimately have an adverse impact on programme delivery, particularly as the programme enters the construction phase and approval requests increase in volume with greater demand for

more rapid decision making than the Committee cycle and work programme allows.

14. This Audit is part of a wider programme of work looking at governance arrangements for all of the Major Programmes. As this Audit work progresses, consideration will be given to the composite risk in relation to delivery of the portfolio and opportunities for learning/sharing best practice across the major programmes.

### **Internal Audit Follow-up Reviews**

15. Details of recommendations implementation were last reported to this Committee in October 2021 and since that time, formal follow-up has been completed for 15 Audit reviews. A total of 101 recommendations were subject to follow-up, 59 of which have now been closed, leaving 42 open.
16. Appendix 1 sets out the detailed outcomes and reflects:
  - 7 Audits have received an improved assurance rating as a result of the follow-up exercise, the remaining 8 show no improvement in assurance rating
    - 2 Audits have moved from Red assurance to Amber, and 1 from Red assurance to Green
    - 4 Audits have moved from Amber assurance to Green
  - In 3 instances, individual Audit reviews were subject to two follow-ups within the period
  - There are no outstanding red priority recommendations from the follow-up exercises, the 42 live recommendations comprise 28 amber and 14 green
  - 10 audits have live recommendations requiring further follow-up (totalling 42 recommendations). Follow-up timing has been confirmed for 6 of these audits (ranging between February and June 2022). Revised target timescales are required for the remaining 4.
17. Formal Internal Audit follow-up is scheduled in line with target dates for implementation, as set out in the management response to audit reports, taking place promptly once original target dates for implementation have been reached. The purpose of prompt follow-up is to provide a timely assurance opinion in respect of recommendations implementation. Analysis of the follow-up outcomes shows that a high volume of 2<sup>nd</sup> follow-up Audits are required.
18. While we are still observing relatively prompt implementation of Audit recommendations, the Head of Audit and Risk Management is actively monitoring this as an indicator that it is the follow-up that is driving implementation rather than a positive culture of continuous improvement.

### **Corporate & Strategic Implications**

19. The Internal Audit Plan is designed to provide assurance as to the adequacy of the City of London Corporation's systems of internal control and governance. This programme of activity is aligned with the Corporate Plan, Corporate Risk Register and Departmental Top Risks.



## **Conclusion**

20. Delivery of work against the 2021/22 Internal Audit Plan is progressing well. The findings of Audit work have been well received by Management and appropriate actions have been identified to resolve the control weaknesses raised.
21. The Audit follow-up shows reasonable implementation of Audit recommendations, although often not in accordance with the original agreed timescales.

## **Appendices**

### **Appendix 1 - Internal Audit Follow-Up Outcomes October to December 2021**

#### **Matt Lock**

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## Internal Audit Follow-Up Outcomes October to December 2021

## Appendix 1

No.	Audit & Final Report Date	Original Assurance	Total Recs	Follow-Up Report	Updated Assurance	Outstanding Recs	Further Follow-Up
1	IT: Software Development Lifecycle March 2020	Limited	2	Second follow-up: November 2021	Moderate	1	Third follow-up required
2	Corporate: Fire Safety Risk Management May 2020	Moderate	7	Second follow-up: October 2021	Moderate	1	Third follow-up undertaken
3				Third follow-up: December 2021	Substantial	0	N/A
4	Corporate: Asset Management November 2020	Moderate	2	Second follow-up: November 2021	Moderate	1	Third follow-up undertaken
5				Third follow-up: December 2021	Substantial	0	N/A
6	IT: Legacy Technology December 2020	Limited	3	First follow-up: October 2021	Substantial	0	N/A
7	HR Pay Gaps January 2021	Moderate	4	First follow-up: November 2021	Substantial	2	Second follow-up required
8	Barbican & GSMD Facilities Management & Maintenance March 2021	Moderate	14	First follow-up: December 2021	Moderate	10	Second follow-up required
9	Chamberlain's: Business Continuity & Disaster Recovery March 2021	Moderate	4	First follow-up: November 2021	Moderate	3	Second follow-up required
10	Chamberlain's: Accounts Receivable & Debt Management March 2021	Substantial	2	First follow-up: November 2021	Substantial	2	Second follow-up required
11	DCCS Adult Skills & Education Service: Safeguarding April 2021	Limited	15	First follow-up: August 2021	Moderate	7	Second follow-up undertaken
12				Second follow-up: December 2021	Substantial	0	N/A

## Internal Audit Follow-Up Outcomes October to December 2021

## Appendix 1

No.	Audit & Final Report Date	Original Assurance	Total Recs	Follow-Up Report	Updated Assurance	Outstanding Recs	Further Follow-Up
13	DCCS Housing Fire Safety April 2021	Moderate	7	First follow-up: December 2021	Moderate	7	Second follow-up required
14	Corporate: Purchase Cards May 2021	Substantial	14	First follow-up: November 2021	Substantial	8	Second follow-up required
15	DCCS Social Care Contract Monitoring June 2021	Moderate	7	First follow-up: November 2021	Moderate	3	Second follow-up required
16	Chamberlain's: Corporate Contract Management June 2021	Moderate	5	First follow-up: November 2021	Moderate	3	Second follow-up required
17	GSMD: Universities UK Accommodation Code of Practice June 2021	Moderate	10	First follow-up: November 2021	Moderate	6	Second follow-up undertaken
18				Second follow-up: December 2021	Substantial	0	N/A
19	DCCS Unregulated Placements July 2021	Moderate	5	First follow-up: October 2021	Moderate	3	Second follow-up required
<b>TOTALS</b>			<b>101</b>	<b>As per latest follow-up exercise</b>		<b>42</b>	

# Internal Audit Follow-Up Outcomes October to December 2021

# Appendix 1

## Recommendations Outstanding from Follow-Up

No.	Original Audit	Red	Amber	Green	Total	Internal Audit Comment
1	IT: Software Development Lifecycle - March 2020	0	1	0	1	Partial implementation of the live recommendation has been confirmed. Confirmation is required from the recommendation owner of the revised timescale for demonstration of implementation; this will be used to determine the timing of further follow-up.
7	HR Pay Gaps - January 2021	0	1	1	2	The recommendations have not been implemented. Confirmation is required from the recommendation owner of the revised timescales for demonstration of implementation; this will be used to determine the timing of further follow-up.
8	Barbican & GSMD Facilities Management & Maintenance - March 2021	0	10	0	10	Progress updates and revised timescales for demonstration of full implementation have been received; implementation of two of the recommendations is dependent on successful implementation of the new Computer Aided Facilities Management (CAFM) system. A second follow-up is scheduled for June 2022.
9	Chamberlain's: Business Continuity & Disaster Recovery - March 2021	0	3	0	3	Partial implementation of two of the live recommendations has been confirmed. Progress updates and revised timescales for demonstration of full implementation have been received. A second follow-up is scheduled for February 2022.
10	Chamberlain's: Accounts Receivable & Debt Management - March 2021	0	0	2	2	Partial implementation of the live recommendations has been confirmed and revised timescales have been received for demonstration of full implementation. A second follow-up is scheduled for May 2022.
13	DCCS Housing Fire Safety - April 2021	0	6	1	7	Partial implementation of three of the live amber priority recommendations has been confirmed. The recommendation owner has advised that implementation remains a work in progress and it has been agreed that a second follow-up will be carried out in April 2022.

## Internal Audit Follow-Up Outcomes October to December 2021

## Appendix 1

No.	Original Audit	Red	Amber	Green	Total	Internal Audit Comment
14	Corporate: Purchase Cards - May 2021	0	0	8	8	Full progress updates, including demonstration of partial implementation for one live recommendation, and revised target dates for demonstration of full implementation have been provided by the recommendation owner. A second follow-up is scheduled for February 2022.
15	DCCS Social Care Contract Monitoring - June 2021	0	3	0	3	Partial implementation of the three live recommendations has been confirmed. Confirmation is required from the recommendation owner of the revised timescales for demonstration of implementation; this will be used to determine the timing of further follow-up.
16	Chamberlain's: Corporate Contract Management - June 2021	0	1	2	3	Confirmation is required from the recommendation owner of the revised timescales for demonstration of implementation, in particular in respect of the amber priority recommendation; this will be used to determine the timing of further follow-up.
19	DCCS Unregulated Placements - July 2021	0	3	0	3	Whilst the outstanding due diligence identified during the original audit had been completed, full implementation of two of the live recommendations could not be confirmed as no new providers had been engaged since the original audit. A second follow-up exercise is planned to be carried out in February 2022, by which time it is expected that new providers will have been engaged.
<b>TOTAL</b>		<b>0</b>	<b>28</b>	<b>14</b>	<b>42</b>	

<b>Committee(s)</b>	<b>Dated:</b>
Audit and Risk Management Committee	18/1/22
<b>Subject: Risk Management Update</b>	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	<b>N/A</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	<b>N/A</b>
<b>Report of: The Chamberlain</b>	<b>For Decision</b>
<b>Report author: Paul Dudley – Corporate Risk Manager</b>	

## Summary

This report provides the Committee with an update on the status of the existing corporate risk register, request for endorsement for the de-escalation of two existing corporate risks and adding one new risk to the corporate risk register. It highlights progress update on the Executive Leadership Board (ELB) risk workshop held in October and their subsequent discussion at ELB at their November 2021 meeting. There is also follow up information, requested by the committee on 30 November 2021, from the Director of Innovation and Growth following the deep dive on corporate risk 02 – Loss of business support for the city.

The corporate and red departmental registers have been reviewed by the Chief Officer Risk Management Group (CORMG) on 23 November 2021 and ELB on 15 December 2021.

There are currently 15 (17 in September 2021) corporate risks included on the corporate risk register of which there are 3 red and 12 amber risks. Two risk have increased in current risk score CR16 Information Security (amber 8 to red 16) and CR34 Covid 19 (from an amber 8 to an amber 12) whilst one risk has decreased in current risk CR20 Road Safety red 24 to red 16.

The ELB Risk Workshop in October 2021, when reviewing the exiting corporate risk register, proposed that three risks should be de-escalated from this register. These risks were CR 20 Road Safety, CR21 Air Quality and CR32 Wanstead Park Reservoirs. The CORMG, on 23 November 2021, considered that both CR20 and CR32 be recommended to de-escalation to departmental level registers (following an assessment of these risks together with the progress and effectiveness of current mitigation actions) but that CR21 Air Quality should, be retained in recognition of the importance of air quality to the City Corporation’s approach to climate action. ELB agreed this recommendation.

The CORMG also recommended that a new risk, proposed by the Town Clerk, on protective security (new risk reference CR36) be added to the corporate risk register.

This recommendation was accepted at ELB meeting of 25 November 2021. The Audit and Risk Management Committee is requested to endorse this decision at their meeting on 18 January 2021.

In respect of corporate risk CR 34 Covid 19 the Town Clerk has reported that due to the new Omicron variant and higher transmissibility, HM Government implemented Plan B. In addition to help mitigate this, HM Government set a challenge to have all adults vaccinated and to include boosters. With a challenging target of 1 million vaccinations a day. COVID infection rates have seen to increase especially in London, impacting resilience across service delivery in multiple sectors. As such Gold group was reinstated 13<sup>th</sup> December 2021 and met throughout Christmas and New Year and continues to support the most vulnerable as well as the NHS in the vaccination roll out programme.

There are currently 21 red departmental risks increased from 15 (September 2021). Eight new red risks were added whilst two were removed from this register.

Overall, there are a total of 414 risks (407 in September 2021) that have been identified by departments, providing a wide range of risks that may affect service delivery.

### **Recommendation(s)**

Members are asked to:

1. Note the Risk Management update report.
2. Endorse the decision of ELB for removal of CR20 Road Safety and CR32 Wanstead Park Reservoirs from the corporate risk register and de-escalate to departmental registers and retain CR21 Air Quality on this register.
3. Endorse the ELB decision to include CR36 Protective Security on to the corporate risk register with immediate effect.

### **Main Report**

#### **Background**

1. The Corporate Risk Management Policy and Strategy 2021 of the City of London Corporation requires an update on the corporate and red departmental risks to be reported to ELB on a quarterly basis and subsequently to the Audit and Risk Management Committee.
2. The corporate and red departmental risk update reports provide one of the means by which ELB exercises its role on the oversight of risks and risk management within the City Corporation.
3. The corporate risk and red departmental risk registers have been reviewed by the Chief Officer Risk Management Group on 23 November 2021 and ELB on 15 December 2021.

#### **Current Position**

4. The overall number and risk rating of all risks recorded on the Pentana Risk system (comparison between December 2021 and September 2021) are set out in table 1 below:



Risk rating	December 2021	September 2021	Difference
Red	49	46	+3
Amber	229	225	+4
Green	136	136	0
	414	407	+7

5. Table 2 below shows the breakdown of red, amber, and green risks by risk level for December 2021 compared with September 2021. *(Note that the corporate risk total for December 2021 includes the two risks (CR20 and CR32) agreed by ELB for removal from the corporate risk register).*

Risk rating	Red		Amber		Green	
	Dec 2021	Sept 2021	Dec 2021	Sept 2021	Dec 2021	Sept 2021
Risk level						
Corporate	3	3	12	14	0	0
Departmental	21	15	97	99	31	36
Service	25	28	120	112	105	100
<b>Total</b>	<b>49</b>	<b>46</b>	<b>229</b>	<b>225</b>	<b>136</b>	<b>136</b>

### Exiting Corporate Risk Register

6. At the Committee meeting on 28 January 2020, it was agreed that at the first meeting after the end of each municipal year, the Committee would receive a detailed risk register of all corporate risks and at three other committee meetings during the year only, risks above appetite would be shown in detailed form plus a summary report provided. Attached, for this meeting as appendix 1, is the detailed corporate risk register showing four of the five risks above risk appetite. Appendix 1a shows the fifth risk - CR19 Covid 19 in the Not for Publication part of the agenda. There is also a summary risk report showing all corporate risks, attached as appendix 2 and includes the risk appetite table.
7. There are currently 15 (17 in September 2021) corporate risks included on the corporate risk register of which there are 3 red and 12 amber risks. One risk has increased in risk score CR16 Information Security (amber 8 to red 16) and two risks have shown decreases (CR10 Adverse Political Developments – amber 12 to amber 8) and (CR20 Road Safety red 24 to red 16) – see 8 below.
8. The ELB Risk Workshop in October 2021, when reviewing the exiting corporate risk register, proposed that three risks should be de-escalated from this register. These risks were CR 20 Road Safety, CR21 Air Quality and CR32 Wanstead Park Reservoirs. The CORMG, on 23 November 2021, considered that both CR20 and CR32 be recommended to de-escalation to departmental level registers (following an assessment of the risks and effectiveness of current mitigation actions) but that CR21 Air Quality should, be retained in recognition of the importance of air quality to the City Corporation’s approach to climate action. ELB agreed this recommendation at their meeting on 15 December 2021 (see appendix 4 for details of both risks).
9. The CORMG recommended to ELB that a new risk, proposed by the Town Clerk, on protective security (new risk reference CR36), be added to the corporate risk register. This recommendation was accepted at ELB meeting of 25 November

2021. (Note: this risk is not included in the above figures until endorsed by the Audit and Risk Management Committee on 18 January 2021). A copy of the risk register entry for CR36 is attached as appendix 3.

10. Table 3 below shows a list of current corporate risks as of December 2021 (ordered by risk score) and highlighting the risk assessment flight path. The two risks (CR20 – red 16 and CR32- red 24) recommended for de-escalation to departmental level by CORMG are shown separately below (table 4).

Risk code	Risk title	Current Risk Score	Current Risk Score Indicator	Trend Icon	Flight path
CR16	Information Security (formerly CHB IT 030) +	16			
CR01	Resilience Risk* +	12			
CR02	Loss of Business Support for the City	12			
CR21	Air Quality +	12			
CR23	Police Funding*	12			
CR29	Information Management	12			
CR30	Climate Action +	12			
CR33	Major Capital Schemes	12			
CR35	Unsustainable Medium-Term Finances*	12			
CR34	COVID-19 +	12			
CR09	Health Safety and Wellbeing Risk (Management System) *	8			
CR10	Adverse Political Developments*	8			
CR17	Safeguarding*	8			

The corporate risks marked with an asterisk \* above are recorded as meeting their target risk scores (i.e., their current risk score is the same as the target risk score and as a result these risks are “accepted”). Risks marked + are noted as above risk appetite.

Table 4 – ELB agreed to the corporate risks below be de-escalated to departmental level.

Risk code	Risk title	Current Risk Score	Current Risk Score Indicator	Trend Icon	Flight path
CR32	Wanstead Park Reservoirs	24			
CR20	Road Safety	16			

## Corporate Risks- Increased in current risk score

### CR16 Information Security

11. The increase in current risk score from an amber 8 to a red 16 was due to an increase in malware attacks and the success of them getting through our defences via email payloads. This should be mitigated and moved back down to Amber when the City Corporation has implemented the security provision from our MS E5 licence. This includes real-time threat protection.

### CR34 Covid 19

12. This risk increased from an amber 8 to an amber 12 in November 2021. The Town Clerk has reported that due to the new Omicron variant and higher transmissibility, HM Government implemented Plan B. In addition to help mitigate this, HM Government set a challenge to have all adults vaccinated and to include boosters.

13. With a challenging target of 1 million vaccinations a day. COVID infection rates have seen to increase especially in London, impacting resilience across service delivery in multiple sectors. As such Gold group reinstated 13<sup>th</sup> December 2021 and met throughout Christmas and New Year and continues to support the most vulnerable as well as the NHS in the vaccination roll out programme.

### Disposition of corporate risks on the risk matrix

14. The graphic below shows the disposition of corporate risks on the risk matrix between September 2021 (table 5) and December 2021 (table 6). Note the December risk heatmap includes both CR20 Road Safety and CR32 Wanstead Park reservoirs being recommended for de-escalation to departmental level (see 8 above).

	Minor	Serious	Major	Extreme
Likely				
Possible			9	2
Unlikely			3	1
Rare				2

Table 5: September 2021 Risk Heatmap

	Minor	Serious	Major	Extreme
Likely			1	
Possible			8	1
Unlikely			3	1
Rare				1

Table 6: December 2021 Risk Heatmap

### **ELB Actions – Risk workshop**

15. A risk workshop for ELB was held on 13 October 2021 and facilitated by Zurich Municipal. The output report, discussed by ELB on 25 November 2021, identified a number of new risks that needed to be developed as well as existing risks that either required rewording or further review.
16. Chief Officers are now undertaking this work which should be completed in January 2022. Once completed the revised corporate risk register will be presented to ELB for their agreement. Given that the Committee are not formally meeting until 24 May 2022 it is intended to circulate the revised corporate risk register, to Members, for any comments following ELB agreement probably in February 2022. A final version of the revised corporate will be presented to Committee endorsement at the May meeting.

### **Red Departmental level risks**

17. There are 21 departmental red risks (15 as at September 2021). The two top rated red departmental risks (current risk score 24) are:
- **MCP-PHPP 001** Brexit- Impact on Port health and Animal Health (under review)
  - **CLSG -04** Failure of Child Protection procedures (SA5 -Operations)
18. Aside from the two risks scored at red 24 (see above) all other risks have a current risk score of red 16. A list of the current departmental red risks is attached as appendix 5.

### **Deep Dive CR02 Loss of business support for the city**

19. The Committee considered, at their meeting on 30 November 2021, a deep dive report on corporate risk CR02 – Loss of support of the Business City. The Director of Innovation and Growth was requested to provide the Committee with information about data that is considered when assessing the current risk score of this risk. Details are included as appendix 6 to this report. In addition, work is underway to review CR02 (as part of the ELB corporate risk review) and to work with the SBREC to determine a possible new risk in relation to support the SME sector.

### **Conclusion**

20. The corporate and red departmental registers have been reviewed by the Chief Officer Risk Management Group (CORMG) on 23 November 2021 and ELB on the 15 December 2021. Some amendments to the corporate risk register were agreed by ELB and the Committee are requested to endorse these changes. This risk update is aimed at providing additional assurance to the Audit and Risk Management Committee that corporate and red departmental risks are being appropriately and being actively managed.

### **Corporate & Strategic Implications**

21. The reporting of risk information is in accordance with the Corporate Risk Management Strategy (2021)

## Appendices

- Appendix 1 - Corporate risk and actions detailed report – Risks above appetite only
- Appendix 1a - CR34 Covid risk (NOT FOR PUBLICATION)
- Appendix 2 - Corporate risk summary report (All risks and including risk appetite table)
- Appendix 3 – New corporate risk CR36 Protective Security- for endorsement
- Appendix 4 – CR 32 and CR20 risks seeking endorsement for their de-escalation to department level.
- Appendix 5 – Red departmental level risk register – summary report (by department)
- Appendix 6 – KPIs supplied by the Director of Innovation and Growth

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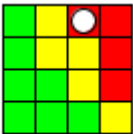


# Corporate Risk Detailed Register EXCLUDING completed actions by risk appetite

Report Author: Paul Dudley  
Generated on: 09 January 2022

Rows are sorted by Risk Score

**Risk Appetite Level Description** Risk above appetite (note CR34 Covid 19 risk is shown in appendix 1a – Not for Publication section of the agenda)

Page 63

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date	Current Risk score change indicator	
<b>CR16 Information Security (formerly CHB IT 030)</b>	<p><b>Cause:</b> Breach of IT Systems resulting in unauthorised access to data by internal or external sources. Officer/ Member mishandling of information.</p> <p><b>Event:</b> The City Corporation does not adequately prepare, maintain robust (and where appropriate improve) effective IT security systems and procedures.</p> <p><b>Effect:</b> Failure of all or part of the IT Infrastructure, with associated business systems failures. Harm to individuals, a breach of legislation such as the Data Protection Act 2018. Incur a monetary penalty of up to €20M. Compliance enforcement action. Corruption of data. Reputational damage to Corporation as effective body.</p>	 <p>Likelihood</p> <p>Impact</p>	<p><b>16</b></p>	<p>We are seeing regular malware being delivered by email every week which is not being captured by the current security products. We have had agreement to upgrade our MS licences from E3 to E5 which will help mitigate this.</p> <p>Other mitigations include promoting security training and on-going and regular security communications to all staff and Members.</p>	 <p>Likelihood</p> <p>Impact</p>	<p><b>8</b></p> <p>31-Mar-2022</p>	



<p>Page 64</p> <p>10-May-2019</p> <p>Emma Moore</p>				<p>The Results of the IT Health Check have been received and a Remediation Action Plan (RAP) has been developed. Remediation activities have commenced.</p> <p>Work on a simulated cyber attack is being planned with the IT Security Team for completion by the end of the calendar year.</p> <p>Further IT Security training offered to staff and Members and regular communication on security issues on the intranet and via email</p>				
				<p><b>08 Dec 2021</b></p>		Reduce	Constant	

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR16k Final stages of completing IT security projects	Final stages of completing information security projects which will mean that we can assure Members that the City of London Corporation has implemented all the national government recommended security practices and technology achieving a maturity level of 4.	With the agreement of the E5 business case by Members the improvements to our security stance can now begin with resources procured to support implementation	Gary Brailsford-Hart	08-Dec-2021	31-Dec-2021
CR16l Gain assurance on understanding and mitigating our security	Gain assurance on understanding and mitigating our security vulnerabilities	<p>The Results of the IT Health Check have been received and a Remediation Action Plan (RAP) has been developed. Remediation activities have commenced.</p> <p>Some vulnerabilities have critical dependencies and are complex to deliver. Therefore the completion of these has been moved to the end of November.</p>	Matt Gosden	08-Dec-2021	15-Dec-2021



# APPENDIX 1




vulnerabilities					
CR16m Work on a simulated cyber attack is being planned with the IT Security Team	Work on a simulated cyber attack is being planned with the IT Security Team	<p>The COLP IMS Team are developing and will implement two activities toward the end of the calendar year:</p> <p>A Red Flag activity – A scenario-based exercise which simulates a Ransomware attack and tests our response to a similar incident.</p> <p>A White Hat activity – this is where we employ an Ethical Hacker to try to gain access to COL systems using typical hacking tools and techniques.</p>	Matt Gosden	08-Dec-2021	31-Dec-2021

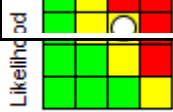
Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<b>Pass</b> <b>CR01</b> <b>Resilience Risk</b> <b>65</b>  20-Mar-2015 John Barradell	<p><b>Cause</b> - Lack of appropriate planning, leadership and coordination</p> <p><b>Event</b> - Emergency situation related to terrorism or other serious event/major incident is not managed effectively</p> <p><b>Effect</b> - Major disruption to City business, failure to support the community, assist in business recovery. Reputational damage to the City as a place to do business.</p>	 <p>Likelihood</p> <p>Impact</p>	12	<ul style="list-style-type: none"> <li>Business Continuity training complete. Action plan now in place to implement key recommendations from the training and BIA process</li> <li>BECC Training session complete, process and call out still to be finalised . Cycle of training to continue - Current work postponed due to response to Covid 19</li> </ul>	 <p>Likelihood</p> <p>Impact</p>	12	Accept	Constant

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR01L	Assurance process with Cabinet Office College	The Clearview software Business Continuity product contract has now been signed 1/7/21 as a	Gary	03-Dec-	31-Dec-

# APPENDIX 1

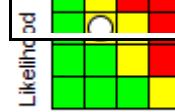
Business Continuity Management	Provide refresher and initial training for Col staff, this training intended to increase knowledge to ensure BC plans are able to support the Col maintain its business during a major incident, provide an in depth independent oversight of the Col business impact analysis, identifying its most critical business areas	joint procurement with COLP/Clearview , the implementation of the system and integration of new elements and information into the Col IT system and education process is currently underway , full rollout across Col expected December 2021	Locker	2021	2021
CR01M Review of LALO Local authority liaison officer	process, training, call out process to strengthen the City capability and resilience in responding to major incident and complying with the wider London boroughs standardisation programme	<p>Training for this session complete process and call out still to be finalised</p> <p>LALO were involved in a City based partnership exercise February 2020, further exposure to training and exercise is intended but postponed due to response to COVID 19 Update -LALO training under London wide review</p> <p>Pan London standards process currently held due to Covid 19 response , Lalo training will be key to capability going forward Feb 2021 LALO training is a rolling programme delivered by London Resilience Group , resilience team ensure capability and numbers of LALO are appropriate for Col response and engage LALO in local/pan London exercise where appropriate</p>	Gary Locker	03-Dec-2021	31-Dec-2021
CR01N Standardisation procedures	to increase City capability and resilience in also supporting wider London boroughs during major incident response, Local Emergency Control Centres, Emergency centres as part of a wider humanitarian	Gold major incident awareness training day completed for new Col Chief Officers 21/10/21 module 1 included Media implications , Humanitarian aspects , Civil Contingencies Act & Command structure responsibilities . Module 2/3 to follow 2022 Legal Implications & Public Inquiries session	Gary Locker	03-Dec-2021	31-May-2022
CR01Q Rolling tests	Plan an annual calendar of IT DR tests, covering critical systems and services	<p>Now most of our technology and data is stored in a resilient cloud datacentre, our internet connection has become even more critical than before.</p> <p>This failed during a previous test, so work has taken place to resolve the previous issues.</p> <p>A resilience test was carried out of our primary and secondary Internet connection.in October 2021 and proved to failover successfully.</p>	Matt Gosden	03-Dec-2021	31-Mar-2022

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR21 Air Quality	<b>Cause:</b> Levels of air pollution in the City, specifically		12	The risk level currently remains unchanged. The Environment Bill		6	31-Dec-2024	



Impact

4

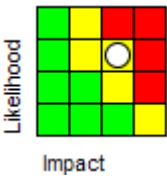
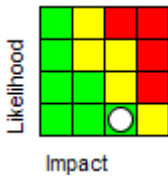



Impact

## APPENDIX 1

07-Oct-2015 Ruth Calderwood	nitrogen dioxide and fine particles, impact on the health of residents, workers and visitors. The City Corporation has a statutory duty to take action to improve local air quality. <b>Event:</b> The City of London Corporation is insufficiently proactive and resourced, and does not have the right level of competent staff, to be able to fulfil statutory obligations, as a minimum, in order to lower levels of air pollution and reduce the impact of existing air pollution on the health of residents, workers and visitors. <b>Effect:</b> The City Corporation does not fulfil statutory obligations and air pollution remains a problem, impacting on health. Potential for legal action against the Corporation for failure to deliver obligations and protect health. Adverse effect on ability to deliver outcomes 2 and 11 of the Corporate Plan			received Royal Assent in November 2021 but we will not know how the new provisions will impact on statutory obligations until Spring / Summer 2022. The government will be consulting on a raft of proposals around improving air quality during 2022  <b>17 Dec 2021</b>				
							Reduce	Constant

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR21 001h Publish annual report of air quality data	Develop baseline model for compliance assessment and publish annual report of air quality data	No further action required on this until the next annual report is due, summer 2022	Ruth Calderwood	02-Nov-2021	31-Dec-2025
CR21 001i Compliant vehicles	100% of vehicles owned or leased by the CoL are electric or hybrid by 2025	No further action to date	Ruth Calderwood	02-Nov-2021	31-Dec-2025
CR21 001j Develop Private Members Bill	Develop and support an Emission Reduction Private Members Bill for London local authorities	The amendment to the Environment Bill was presented to the House of Lords by Lord Tope. Several meetings have been held with Defra officials to discuss options for new powers to deal with non transport sources of air pollution	Ruth Calderwood	02-Nov-2021	31-Dec-2022
CR21 001k Engine idling programme	Manage pan London idling vehicle engine programme	A further London wide advertising campaign is underway and school workshops taking place across London. The project funding ends March 2022 so consideration is being given to its legacy	Ruth Calderwood	02-Nov-2021	31-Mar-2022
CR211 Compliance with NO2 target	Assess percentage compliance rate with NO2 target	No change since last update	Ruth Calderwood	02-Dec-2021	31-Dec-2024

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date	Current Risk score change indicator
<b>CR30 Climate Action</b>  Page 68 07-Oct-2019 John Barradell	<p><b>Cause:</b> Insufficient resources and prioritisation allocated to Climate Action.</p> <p><b>Event:</b> The City Corporation fails to reduce and mitigate the impact and effect of climate change.</p> <p>PHASE 2: DELIVER AND REFINE ACTION PLAN – To be addressed in completion of phase 1.</p> <p><b>Impact:</b> As the governing body of the Square Mile dedicated to the City, there are a range of potential impacts including:</p> <ul style="list-style-type: none"> <li>• failing to deliver on the net zero targets in our Climate Action Strategy</li> <li>• reducing our ability to effectively reduce carbon emissions in the next two carbon budget periods (2022 and 2027)</li> <li>• damaging the City’s credibility in Green Finance and Insurance markets;</li> <li>• reducing our ability to champion sustainable growth globally and enhance the relevance and reputation of the Square Mile</li> <li>• failing to adequately invest in climate resilience measures leading to negative impacts on social, economic and environmental outcomes</li> <li>• failing to adequately invest in net zero initiatives leading to negative impact on our financial and property investments</li> </ul>	 <p>12</p>	The City of London Corporation’s Climate Action Strategy 2020 was approved by the Court of Common Council in October 2020. The year 1 action plan for delivering the strategy was approved on 8th April 2021 at P&R with input from the various Chairs/Deputy Chairs from the relevant committees. Work is underway across 10 workstreams detailed in project plans. Stakeholder engagement plans, performance dashboard and management systems, governance approach are also finalised. Assessment of climate implications now required within all reports to Committees  <b>03 Dec 2021</b>	 <p>4</p>	31-Mar-2027	  Constant
					Reduce	

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR30k Impact on City financial and	Ongoing political and international relationship management	Strategy picked up by media and helping promote reputation of City financial. Stakeholder engagement plan identifies opportunities for political and international engagement opportunities.	Damian Nussbaum	03-Dec-2021	31-Mar-2027

<p>ability to champion sustainable growth of not hitting net zero targets / maintaining resilience</p>					
<p>CR30I Risk of not hitting net zero and resilience targets for City Corporation operational and investment assets, whilst maximising returns</p>	<p>Deliver programme of works across operational and investment portfolios</p>	<p>Mobilisation work underway across four workstreams – investment, corporate, resilience and capital projects. Year one plan approved at CASC 28/04/21. This includes delivery of 7 key tasks including: Commissioning building energy surveys (6 out of 15 operational energy surveys now completed with further investment property energy surveys underway) &amp; feasibility; Building control management strategy development; Roll out of monitoring and targeting (M&amp;T) programme. Commission decarbonisation of heat studies; Deep fabric retrofit pilot projects &amp; appointment of Energy Specialist Resources. A Sustainability Lead is now in place and the role specifications for the Centre of Excellence has been approved and is being procured.</p> <p>Construction price inflation, both in terms of availability and pricing of materials, and through the availability of labour, will impact the delivery programme. This may result in additional budget pressures. This is an industry-wide issue that the department is tracking closely.</p>	<p>Paul Wilkinson</p>	<p>03-Dec-2021</p>	<p>31-Mar-2027</p>
<p>£30m Risk of not hitting net zero targets for financial investments and supply chain</p>	<p>Monitor and drive performance against net zero and financial targets for financial investments and supply chain, continually refreshing learning</p>	<p>Funded project plans with resources and capability requirements now in place and approved at April P&amp;R. Overview of project plan approved by FIB. Supply chain workstream focused on most impactful contracts</p> <p>In October 2021, The City Corporation launched its report ‘Managing Climate Risk for our Financial Investments’ – setting out the transition plan for aligning our financial investments with net zero emissions by 2040. This comes two years ahead of recently announced reporting requirements to publish net zero transition plans by 2023.</p> <p>Cool Streets &amp; Greening Gateway 3-4 report – Site Identification - approved at Streets &amp; Walkways Committee 08/07/21. Projects Sub Committee approval given for (Gateway 4) 23/07/21. Site identification work for year 1 projects is complete. Design work will be carried out in Q3 and installation in Q4. Work on year 2 projects is about to begin. We have also secured external funding for an embedded researcher from British Geological Survey to cover some costs associated with this work.</p>	<p>Caroline Al-Beyerty</p>	<p>03-Dec-2021</p>	<p>31-Mar-2027</p>

<p>CR30n Resilience risks of Square Mile infrastructure and public realm and risk of not hitting net zero targets for developments and transport</p>	<p>Monitor and drive performance against net zero and resilience targets, continually refreshing learning</p>	<p>Cool Streets &amp; Greening Gateway 3-4 report – Site Identification - approved at Streets &amp; Walkways Committee 08/07/21. Projects Sub Committee approval given for (Gateway 4) 23/07/21. Site identification work for year 1 projects is complete. Design work will be carried out in Q3 and installation in Q4. Work on year 2 projects is about to begin. We have also secured external funding for an embedded researcher from British Geological Survey to cover some costs associated with this work.</p>	<p>Juliemma McLoughlin</p>	<p>03-Dec-2021</p>	<p>31-Mar-2027</p>
<p>CR30o Reaching carbon removal targets through open spaces</p>	<p>Set out carbon removal action plan and mobilise</p>	<p>The budget in the Project Plan for Apr 21-Mar 22 has been confirmed. Gateway report on the Phase 1 works and studies went to Epping Forest Committee on 10th May and Project Sub on 17th May.</p> <p>Current risks are:</p> <ul style="list-style-type: none"> <li>*Challenge by tenant to termination of farming tenancy which would make one of the key project sites unavailable.</li> <li>*The report identifying the land management works that could deliver on the project target reveal the costs/timescales/constraints of these works makes the project unfeasible</li> <li>*Underestimation of project costs and costed risks</li> </ul> <p>Epping Forest &amp; Commons Committee have approved the termination of two farming tenancies which have set end dates. Committee have also approved officers to start the termination process with a third tenant. All other sites are within the City’s control.</p> <p>The Phase 1 works began in September and will be completed by the end of the calendar year.</p> <p>The procurement of a specialist consultancy to undertake studies looking at the potential for enhancement of carbon sequestration and biodiversity on City Corporation land has been completed and will begin imminently. Using these reports, Phase 2+ plans will be created.</p> <p>An ecological consultancy has been commissioned to undertake baseline surveys at Phase 1 sites.</p> <p>External funding opportunities are being investigated.</p>	<p>Juliemma McLoughlin</p>	<p>03-Dec-2021</p>	<p>31-Mar-2027</p>
<p>CR30p Delivery delays and failures due</p>	<p>Run overarching engagement programme with our stakeholders and partners (phase 3 of engagement plan) and quality assure engagement for projects</p>	<p>Dedicated stakeholder engagement lead built into PMO function. Stakeholder engagement plan approved at April P&amp;R. Detailed stakeholder engagement plan socialised with principal members and officers for approval</p>	<p>Damian Nussbaum</p>	<p>03-Dec-2021</p>	<p>31-Mar-2027</p>

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to stakeholder / public action / inaction					
CR30q Protecting vulnerable groups who are most likely to be impacted by climate change and fulfilling Public Sector Equalities Duty	Carry out impact assessments and equalities analysis on projects and stakeholder research and use their findings to shape future engagement and delivery	Subject to continuous assessment within implementation plans. A review of the findings from the initial Test of Relevance was conducted at half year and they remain the same. Impacts will be investigated and assessed on an ongoing basis in conjunction with the delivery of the CAS programme of work.	Andrew Carter	03-Dec-2021	31-Mar-2027
CR30r That the scope, budget, timescales, targets and/or commitments of the climate action strategy are not delivered upon through the climate action programme of work	Agree to and implement appropriate governance to embed Climate Action in departmental scrutiny. Ensure appropriate capacity and capabilities are in place including for regular KPI progress reporting via the CPF. Ensure mechanisms in place for releasing staged financing. Set up regular tracking of impact of our actions on targets.	<p>Subject to continuous assessment within implementation plans. A review of the findings from the initial Test of Relevance was conducted at half year and they remain the same. Impacts will be investigated and assessed on an ongoing basis in conjunction with the delivery of the CAS programme of work.</p> <p>The approach to governance for climate action was approved at Policy and Resources Committee on 8 July 2021.</p> <p>New capabilities and capacities to support plan delivery are confirmed and will be in place for Q4, including a new Head of Sustainability for Buildings consultant, a Sustainable Supply Chain Manager to support value chain emissions work with additional resources going through procurement and recruitment in other areas. Additionally, the Deputy Town Clerk has now taken over as Senior Responsible Officer for climate action.</p> <p>The mechanism for releasing staged financing (codes per delivery function) has been established. The climate action performance dashboard (has been produced in draft form and is undergoing further development) alongside internal quarterly performance reviews against project plans will track impact and overall progress of actions to deliver upon the Climate Action Strategy.</p> <p>The key remaining action is to establish the revolving fund – that will enable the capture of cost savings (principally from reduced energy costs).</p>	Douglas Trainer	03-Dec-2021	31-Mar-2027

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# Corporate risk short summary report - by risk appetite

(Excludes CR32 and CR20 proposed for removal from the corporate risk register)

Report Type: Risks Report

Generated on: 06 January 2022

Rows are sorted by Risk Score

Traffic Light: Red 1 Amber 12

## Risk Appetite Level Description Risk above appetite (5)

Risk code	Risk title	Risk Category Description	Current Risk Score	Current Risk Score Indicator	Trend Icon	Risk flight path
CR16	Information Security (formerly CHB IT 030)	Technological	16			
CR01	Resilience Risk	Physical	12			
CR21	Air Quality	Environmental	12			
CR30	Climate Action	Environmental	12			
CR34	COVID-19	Covid-19	12			

**Risk Appetite Level Description** Risk below appetite (8)

Risk code	Risk title	Risk Category Description	Current Risk Score	Current Risk Score Indicator	Trend Icon	Risk flight patch (last 12 assessments)
CR02	Loss of Business Support for the City	Reputation	12			
CR23	Police Funding	Financial	12			
CR29	Information Management	Technological	12			
CR33	Major Capital Schemes	Financial	12			
CR35	Unsustainable Medium-Term Finances	Financial	12			
CR09	Health Safety and Wellbeing Risk (Management System)	Health and Safety	8			
CR10	Adverse Political Developments	Reputation	8			
CR17	Safeguarding	Safeguarding	8			

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*Note: This risk register excludes both CR20 Road Safety and CR32 Wanstead Park reservoirs risks which have been agreed by ELB for removal from the corporate risk register. (see appendix 4)*

Table showing risk appetite for different categories of risk areas

	1 - Negligible				2 - Low		3 - Moderate	4 - High		5 - Very High	
	1	2	3	4	6	8	12	16	24	32	
Financial	Green	Green	Green	Green	Yellow	Yellow	Yellow	Dark Red	Dark Red	Dark Red	
Compliance & Regulatory	Green	Green	Green	Green	Yellow	Yellow	Dark Green	Dark Red	Dark Red	Dark Red	
Contractual & Partnerships	Green	Green	Green	Green	Yellow	Yellow	Yellow	Dark Red	Dark Red	Dark Red	
Health & Safety, Wellbeing	Green	Green	Green	Green	Yellow	Yellow	Dark Green	Dark Red	Dark Red	Dark Red	
safeguarding	Green	Green	Green	Green	Yellow	Yellow	Dark Green	Dark Red	Dark Red	Dark Red	
Innovation	Green	Green	Green	Green	Yellow	Yellow	Yellow	Red	Dark Red	Dark Red	
Technology	Green	Green	Green	Green	Yellow	Yellow	Yellow	Dark Red	Dark Red	Dark Red	
Environmental	Green	Green	Green	Green	Yellow	Yellow	Dark Green	Dark Red	Dark Red	Dark Red	
Physical Security	Green	Green	Green	Green	Yellow	Yellow	Dark Green	Dark Red	Dark Red	Dark Red	
Reputational	Green	Green	Green	Green	Yellow	Yellow	Yellow	Dark Red	Dark Red	Dark Red	

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# CR36 Proposed detailed risk register excluding completed actions by department

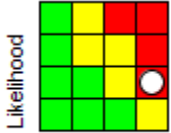
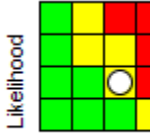

Report Author: Richard Woolford

Generated on: 9/11/21



Rows are sorted by Department Description

## Department Description Town Clerk's

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date/Risk Approach	Current Risk score change indicator
<b>CR36</b> <b>Protective Security</b> <b>Date TBC</b> <b>John Barradell</b>	<p><b>Cause:</b> Lack of appropriate governance, inadequate security risk assessments, prioritisation, and mitigation plans. Inadequate, poorly maintained or time expired security infrastructure and policies; lack of security culture and protective security mitigation; poor training, inadequate vetting, insufficient staff.</p> <p><b>Event:</b> Security of an operational property and event space is breached, be that internal threat, protest and/or terrorist attack. Publicly accessible areas for which the Corporation are responsible for are subject to an undisrupted Terrorist attack.</p> <p><b>Effect:</b> Injury or potential loss of life caused by an undisrupted attack, unauthorised access to our estate by criminals/protestors/terrorists; disruption of business/ high profile events; reputational damage.</p>	 <p>Likelihood</p> <p>Impact</p>	<p>16</p> <p>There has been a lot of work since 2017 attacks, to mitigate the threats to the Public and our Staff. CR24 focused on our buildings has been closed, due to the mitigations implemented. However, the threat from Terrorism has not gone, it remains a real and enduring threat with multi diverse attack methodologies and target focus. Protest and political unrest are on the increase. This goes wider than CoLC estate that CR24 covered, as seen in the 2017 attacks includes publicly accessible locations. The most recent attacks, including Liverpool November 2021, demonstrate that radicalisation has not stopped and there are persons still intent on carrying out such attacks with the intention to harm. Protests are becoming a regular threat to properties and events, such as climate protestors at</p>	 <p>Likelihood</p> <p>Impact</p>	01-Jan-2024	

				November 2021 Lord Mayors Show and multiple protests seen across London. This risk is developed to maintain and monitor the holistic threats and risk, mitigation, and governance. 06/01/2022			
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Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR36 a Governance	Governance across the CoLC with COLP and other partners.	Governance structures in place, led by Town Clerk Chief Executive, through Senior Security Board, terms of reference and strategy. With thematic security boards reporting into Senior Board: Protect Security Advisory Board Protect Public Realm Board Protect People Board Protect Digital Security Board Secure City Board.	John Barradell	06/01/2022	01-Jan-2024
CR36 b Police Contest	Police Contest Board	COLP Police host a biweekly Contest Board, covering HM Government Protect, Prepare, Prevent and Pursue agenda. COLC maintain resilience of SC vetted staff from SSB (RW) PSAB (SC) and PPRB (IH) ensure attendance at Contest Board, then cascade appropriately across CoLC.	Richard Woolford (RW)	06/01/2022	01-Jan-2024
CR36 c Command and Control	Incident / Event / Protest Command	Training and accreditation of staff to carry out command roles, at Strategic, Silver and Operational roles. Event Risk assessment covering High, Medium, Low risk events. All High-Risk events to be raised at SSB, confirmation of appropriate command team. Tabletop Exercises to be done prior to High-Risk events and in cycle with partners, with learning captured and audit trails maintained by Resilience team. This has included November 2021 Lord Mayors Show. Pre-Christmas all venues High Risk Table Tops exercises including direct action and terrorism.	Richard Woolford Simon Causer (SC) Ian Hughes (IH)	06/01/2022	01-Jan-2024
CR36 d Prevent	Prevent	This multi-agency response led by DCCS in support of HM Government guidance. Ensuring safeguarding is at the heart of Prevent with our communities and families.	Ali Burlington	06/01/2022	01-Jan-2024
CR36 e Partnership	City Partnerships	There is a vast array of partnership bodies that impact both the COLC and City wide, covering Security and Counter Terrorism. COLC is embedded with: <ul style="list-style-type: none"> <li>• City of London Crime Prevention Association.</li> <li>• Cross Sector Safety and Security Communications.</li> <li>• Global Terrorism Information Network TINYg.</li> <li>• POOLRE</li> </ul>	Richard Woolford	06/01/2022	01-Jan-2024



		<ul style="list-style-type: none"><li>• City Security Council</li><li>• CPNI Strategic and Tactical meetings structures</li></ul>			
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# CR32 and CR20 Risks – ELB agreed to remove from the Corporate Risk Register

**Report Type:** Risks Report

**Report Author:** Paul Dudley

**Generated on:** 06 January 2022



Rows are sorted by Risk Score

## Risk Appetite Level Description Risk above appetite

Department Description: Department of the Built Environment 1 Director of Open Spaces 1 (Environment department)

Page 85	Title	Risk owner	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
	CR32 Wanstead Park Reservoirs (formerly OSD 013)	Beth West	8	3	24		06-Dec-2021	06 Dec 2021	8	1	8		30-Jun-2024	Reduce	
	CR20 Road Safety	Ian Hughes; Bruce McVean	8	2	16		23-Dec-2021	23 Dec 2021	8	2	16		31-Mar-2023	Reduce	

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## Top red risks only - short summary by department

**Report Type:** Risks Report

**Report Author:** Paul Dudley

**Generated on:** 06 January 2022

Rows are sorted by Risk Score

### Department Description Barbican Centre

Department Description: Barbican Centre 2

Page	Title	Risk owner	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
87	BBC Arts 023 Failure to Manage EDI Correctly	Sandeep Dwesar	4	4	16		09 Dec 2021	2	2	4		31-Jul-2022	Reduce	
	CVD19 SG CE 12 Pandemic Including Coronavirus (BBC)	Jonathon Poyner	4	4	16		19 Dec 2021	4	2	8			Reduce	

**Department Description** Chamberlain’s

Department Description: Chamberlain’s 1

Code	Title	Risk owner	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CHB IT 031	IT Revenue Budget	Sean Green	4	4	16		08 Dec 2021	4	3	12		31-Mar-2022		

**Department Description** City of London Schools for Girls

Department Description: City of London Schools for Girls 3

Code	Title	Risk owner	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CLSG-04	Failure of child protection procedures (SA2-Pastoral)	Susie Gilham	8	3	24		12 Nov 2021	4	2	8		31-Dec-2022	Reduce	
CLSG-01	Inadequate finances or financial plans (SA5-Operations)	John Hall;	4	4	16		12 Nov 2021	4	2	8		31-Aug-2022	Reduce	
CLSG-03	Failure to recruit and retain high quality teaching and support staff (SA4-People)	John Hall; Justine Venditti	4	4	16		12 Nov 2021	2	2	4		31-Dec-2021	Reduce	

Department Description City Surveyor’s




Department Description: City Surveyor’s 5

Code	Title	Risk owner	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
SUR CB 003	City Bridges: – Substantial vessel strikes	Paul Wilkinson	8	2	16		03 Nov 2021	8	2	16		31-Mar-2022	Accept	
SUR CB 006	City Bridges: – Wanton Damage / Terrorism	Paul Wilkinson	4	4	16		03 Nov 2021	2	3	6		31-Mar-2022	Reduce	
SUR CB 007	City Bridges: – Tunnelling for the Thames Tideway Tunnel	Paul Wilkinson	4	4	16		03 Nov 2021	4	4	16		31-Mar-2022	Accept	
SUR SMT 004	Maintenance and renewal of Physical Assets– Investment property and Corporate (operational) property (excluding housing assets)	Paul Wilkinson	4	4	16		06 Jan 2022	2	2	4		31-Mar-2023	Reduce	
SUR SMT 005	Construction Price Inflation	Ola Obadara	4	4	16		30 Nov 2021	2	3	6		31-Mar-2023	Reduce	

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**Department Description** Department of Markets and Consumer Protection (Chief Operating Officer)

Department Description: Department of Markets and Consumer Protection 1

Code	Title	Risk owner	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
MCP-PHPP001	Brexit – Impact on Port Health and Animal Health	Gavin Stedman	8	3	24		20 Dec 2021	2	3	6		30-Nov-2022	Reduce	

**Department Description** Department of the Built Environment (Director of Environment)

Department Description: Department of the Built Environment 1

Code	Title	Risk owner	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
DBE-TP-990	Road Traffic Collision caused by City of London staff or contractor who is unfit to drive while on City business	Vince Dignam	8	2	16		17 Nov 2021	8	1	8		31-Dec-2022	Reduce	



**Department Description** Director of Open Spaces (Director of Environment)







Department Description: Director of Open Spaces 5

Code	Title	Risk owner	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
OSD 004	Repair and Maintenance of Buildings and Structural Assets	Colin Buttery; Sue Ireland; Beth West	8	2	16		07 Sep 2021	8	2	16		31-Mar-2022	Reduce	
OSD 005	Pests and Diseases	Colin Buttery; Sue Ireland; Beth West	4	4	16		07 Sep 2021	4	3	12		01-Nov-2021	Reduce	
OSD 007	Maintaining the City's water bodies	Colin Buttery; Beth West	8	2	16		07 Sep 2021	8	2	16		31-Mar-2022	Reduce	
OSD 012	Budget Reduction & Income Loss Summary Risk	Colin Buttery; Beth West	4	4	16		07 Sep 2021	2	3	6		31-Mar-2022	Reduce	
OSD 013	Accelerated Long-term Damage to Sites (OSD) (Formerly CVD19 SGPS 36)	Colin Buttery; Beth West	4	4	16		19 Oct 2021	2	2	4		31-Mar-2022	Reduce	

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**Department Description** Guildhall School of Music and Drama

Department Description: Guildhall School of Music and Drama 2

Code	Title	Risk owner	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
GSMD SUS 001	Inability to Invest in Infrastructure and teaching spaces	Jonathan Vaughan	4	4	16		16 Nov 2021	2	3	6		31-Mar-2022	Reduce	
GSMD SUS 002	Inability to deliver a balanced and sustainable model over the School's Business Cycle	Graeme Hood; Jonathan Vaughan	4	4	16		16 Nov 2021	2	2	4		31-Mar-2022	Reduce	

**Department Description** Town Clerk's

Department Description: Town Clerk's 1

Code	Title	Risk owner	Current Impact	Current Likelihood	Current Risk Score	Current score	Latest Note Date	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
TC PA 01	Police Funding	Caroline Al-Beyerty; John Barradell; Alistair Cook; Simon Latham	4	4	16		03 Dec 2021	4	3	12		31-Mar-2022	Reduce	

**Data received from the Director of Innovation and Growth - how the department tracks performance and the health of the UK's business environment for FPS and technology sectors. This information is considered when assessing the current risk score of corporate risk CR02 – Loss of business support for the City.**

**All of IG's strategic priorities and work programmes aim to strengthen the business environment for financial and professional services (FPS) and tech businesses in the City and across the UK.**

- The domestic and global context in which the UK's FPS and tech sector operates is changing rapidly and significantly. These developments present an unprecedented opportunity for the industry. Yet there are also a set of challenges and threats to its historical strengths, as identified by risk CR02 'Loss of Business Support for the City'
- Unlike other risks in the risk register this is a risk IG cannot directly control. To monitor whether IG is being effective in managing risk CR02, we monitor the health of the UK's business environment for FPS and tech
- IG's priorities as stated in the departmental business plan are those identified in the creation of the Competitiveness Strategy and aim to strengthen the FPS and tech business environment: (1) Nurturing an innovative ecosystem, (2) attract and retain firms' talent capital and export proposition, (3) retain a world-class business environment

**In alignment with partners and research, IG's new performance framework includes macro-level economic indicators. These indicators help to assess the health of the UK's FPS business environment. Over time, we are looking for positive trends in these KPIs.**

- To track whether IG is successful in meeting these objectives we have developed a performance framework for the 2022-23 business plan through which we are looking for positive trends in the business plan's main KPIs (as listed below) over time
- These key metrics make comparisons with other international financial centres such as the US, France, Singapore possible and allow IG to identify developments and trends
- The metrics align with IG's [benchmarking research](#), partner organisation metrics such as TheCityUK's, and will inform HMT's State of the City report indicators

**IG's benchmarking research provides an even greater number of business environment health indicators. The research identifies areas of relative weakness/risk and enables IG to respond to changing needs such as those caused or made more important by the pandemic.**

- IG's benchmarking research in particular provides an even greater number of business environment health indicators – 89 unique metrics in total across five key competitiveness criteria: Innovative ecosystem (tech, sustainable finance), reach of financial activity, resilient business infrastructure (physical & digital connectivity, operational & cyber resilience), access to talent and skills (skills levels, international talent, quality of life), enabling legal & regulatory environment (regulatory stability & innovation, tax, market access)

- This research further enables IG to respond to changing needs such as those caused or made more important by COVID. Examples are international arrivals at London's airports or internet connectivity
- The research provides data-backed evidence on where exactly London and the UK's strengths lie, where weaknesses and risks are, and how the UK performs in relation to other major centres

**IG's team plan objectives as well as work programmes and projects – currently under development for FY 2022/23 – cascade down from the department's strategic priorities. They will have targeted programme-level KPIs and work towards IG's macro-level KPIs where possible.**

- IG's department-wide and team objectives as well as work programmes cascade down from the department's three priorities and thus all aim to strengthen the business environment for the UK's FPS and tech sector. The performance of individual work programmes and progress towards team objectives is measured against programme-level KPIs and targets
- In addition, IG is constantly looking for new data sources and securing access to providers such as Refinitiv. This will enhance our capabilities to track new areas of interest such as market activity in sustainable finance

IG business plan FY 2022/23:

IG business plan priority + objectives (FY 2022/23)	KPIs	Current performance at time of business plan development (2020 or latest data available)	Desired future direction of travel	Notes
<p><b>1. Nurturing an Innovative Ecosystem</b></p> <ul style="list-style-type: none"> <li>Integrate technology across UK FPS</li> <li>Support tech to scale</li> <li>Greater availability of green and impact finance and services from the UK</li> </ul> <p><b>2. Attract and Retain Firms' Talent Capital and Export Proposition</b></p> <ul style="list-style-type: none"> <li>Increase UK share of global AUM</li> <li>Drive cross UK growth for Tech</li> <li>Increase inclusion in the FPS and tech sector</li> </ul>	<p>1/2 Mobilisation of green and impact finance from the UK</p>	<p>Sustainable Loans: £21.5bn; 12% growth YOY</p> <p>Size of Green Funds: £21bn; 116% growth YOY</p> <p>Issuance of Green and Sustainable Bonds: \$12bn; 52% growth YOY</p>	<p>Positive trajectory in relation with other centres</p>	<p>Source: Refinitiv</p>
	<p>1/2 Global share of AUM</p>	<p>7.2%</p> <p>18.6% increase YOY. Global average growth was 14.5%</p>	<p>Rate of UK growth higher than rate of global growth</p>	<p>Source: Willis Towers Watson</p>
	<p>1/2 Drive investment levels in tech, with particular focus on fintech, at all stages</p>	<p>FinTech: \$5.9bn</p> <p>89% decrease on previous year, every other centre down, e.g. US 31% down. In first half of 2021 has picked up to \$24.5bn.</p>	<p>10% annual increase</p>	<p>Source: KPMG/PitchBook</p>
<p><b>3. Retain a World-Class Business Environment</b></p> <ul style="list-style-type: none"> <li>Increase access to talent</li> <li>Strengthen international competitiveness of UK FPS policy and regulation</li> <li>Protect and increase access to key jurisdictions with a</li> </ul>	<p>3 Access to international talent</p>	<p>4/7 position of other IFCs</p> <p>11% increase from previous year, UK has biggest increase of peer IFCs</p>	<p>UK increases faster than peer IFCs</p>	<p>Source: IMD</p>
	<p>3 Global recognition of FPS regulatory regime</p>	<p>1 in rank</p>	<p>Retain No 1 Position</p>	<p>Source: Duff &amp; Phelps</p>

## APPENDIX 6

particular focus on digital trade				
	ALL Annual benchmarking composite score	1 in rank 61/100; 58/100 in previous year	Retain No 1 Position	Relative year-on-year score change has been calculated using revised figures. <a href="http://theglobalcity.uk/competitiveness">theglobalcity.uk/competitiveness</a>

IG business plan FY 2021/22 – for comparison:

IG business plan objective (FY 2021/22)		KPIs	Direction of travel (2015-2019 unless stated otherwise)	Performance when business plan was developed (2020 or latest data available)	IG target	Current performance (2021 unless stated otherwise)	Notes
1	UK growth of AUM is greater than global growth	Growth of UK AUM compared to global AUM	+9.4% (UK) vs +36.1% (global)	2018-2019: +4.6% (UK) vs +14.1% (global)	UK growth higher than global growth	2019-2020: +19% (UK) vs +14.5% (global)	Measured by domicile of asset manager. Source: Willis Towers Watson
2	Enhanced UK position as a leader in FPS technology and innovation	FPS tech investment	2016-2019: +3798% (UK) vs e.g. +130% (US)	2019: \$56.1bn	10% increase	2020: \$5.9bn	Fintech investment across all stages. 2020 figures reflect significant COVID-related drop in investment. See business plan FY2022/23 KPI notes. Source: KPMG/PitchBook
4	Greater access to talent to ensure FPS is innovative and competitive	Available skills in workforce	2016-2019: -0.32 (UK) vs e.g. -0.29 (US)	2019: 5.52	Maintain or improve position	2020: 6.03	Executive survey: "Skilled labour is readily available" 0 = not at all, 10 = to a great extent Source: WEF
5	London and the UK is positioned as a world-leading centre for FPS	UK composite score under our benchmarking study across 91 metrics	n/a – first edition published in 2020	Rank: 1 Score: 62	Retain top position	Rank: 1 Score: 61	Due to methodological changes 2020 and 2021's scores cannot be compared. See business plan FY2022/23 KPIs. Full report available at: <a href="https://theglobalcity.uk/competitiveness">theglobalcity.uk/competitiveness</a>
6	The UK's regulatory and legal regime for the industry is globally leading, open and agile	Positive trajectory of World Bank Regulatory Quality survey	-0.21 (UK) vs e.g. +0.09 (US)	2019: 1.63	Positive trajectory with a minimum score of 1.75	2020: 1.48	"Perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development" on a scale of -2.5 (worst) to 2.5 (best). Source: World Bank

## APPENDIX 6

7	Retain and/or enhance FPS market access with key jurisdictions	Costs of regulatory barriers to FPS trade	-1.73 (UK) vs e.g. +1.53 (US)	2019: 72.6% (MFN) 7.3% (EEA)	Maintain or lower costs	n/a	Average policy-induced services trade costs in % of total FS, business services, and insurance trade value. No new data was published in 2021. Source: OECD
8	Retention and growth of inward investment from key markets and improved export position	Increase FS FDI by 10%	2016-2019: +14% (UK) vs e.g. +15% (US)	2019: \$553bn	Positive trajectory relative to other financial centres	tbc	Stock/positions. No new data was published in 2021. Source: OECD



<b>Committee(s)</b>	<b>Dated:</b>
Audit and Risk Management Committee	18/01/2021
<b>Subject: Risk Management Health Check</b>	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	<b>N/A</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	<b>N/A</b>
<b>Report of: The Chamberlain</b>	<b>For Information</b>
<b>Report author: Paul Dudley – Corporate Risk Manager</b>	

## Summary

The purpose of this report is to provide Members with the outcome of the recent external review of risk management, conducted by Risk Management Partners and set out the next steps agreed by Executive Leadership Board at their meeting on 25 November 2021.

The Chamberlain commissioned Risk Management Partners to undertake a Health Check (an external Risk Management Review) in Mid-2021. This involved a review of risk documentation, interviews with Members, Chief Officers, senior managers, and departmental risk co-ordinators. Its main aim was to provide assurance to ELB and to the Audit and Risk Management Committee as to the effectiveness of risk management arrangements, provide evidence to support to Annual Governance Statement and contribute to the Head of Audit Opinion to the Audit and Risk Management Committee as well as identifying further improvement opportunities.

The report has concluded *“that the City Corporation’s risk management approach aligns with best practice, it strives for continuous improvement, recognising that there are always improvements that can be made to its effectiveness”*.

A total of seven recommendations have been identified within the report which focus of ensuring consistency in embedding risk management across the City Corporation including risk reporting to Service/Grand Committees, ensuring better understanding and use of risk appetite, agreement on how cross cutting risks should be handled, sharing lessons of where risks have been or may not have been managed well and improving risk management training for Members, managers, and staff.

ELB, at their meeting on the 25 November 2021, noted the positive findings of the report and agreed that ELB would discuss risk appetite at a future ELB away day in early 2022. They also agreed for further work on the assessing the potential inconsistencies highlighted in the report including risk reporting to Service Committees. This work is currently underway with Chief Officers. The Town Clerk

also asked for the report to be circulated to all Chief Officers for their consideration and which has now been done.

Under the Target Operating Model (TOM), the post of the Corporate Risk Manager is being transferred to the Town Clerk's department (Chief Strategy Officer) from 1 April 2022. The current Corporate Risk Manager will retire on the 31 March 2022. ELB agreed that the report and the seven recommendations be considered and taken forward by the Chief Strategy Officer.

### **Recommendation(s)**

Members are asked to:

1. Note the Health Check (external Risk Management Review) report produced by Risk Management Partners.
2. Note that the Executive Summary and seven recommendations outlined in the report will be taken forward by the Town Clerk's Department (Chief Strategy Officer)

### **Main Report**

#### **Background**

1. The City Corporation's risk management arrangements have been reviewed a number of times in recent years (2010, and 2016) and each time incremental improvements have been made.
2. The Chamberlain commissioned, in mid-2021, a Health Check (an external risk management review – not including the COLP) by Risk Management Partners. The same risk consultant undertook the 2016 review and which had the advantage of him being familiar with the City Corporation and its risk management framework.
3. The overall aim on the Health Check was to provide assurance to ELB and to the Audit and Risk Management Committee as to the effectiveness of risk management arrangements, evidence to support to Annual Governance Statement and contribute to the Head of Audit Opinion as well as identifying further improvement opportunities.
4. The Health Check is based upon the best practice advice and guidelines presented by the HM Treasury document "Risk Management Assessment Framework - a tool for departments".
5. A copy of the executive summary and recommendations from the external risk management review report is attached as appendix 1. The full report has been circulated separately to Members.

## Health Check - External Risk Management Review 2021

6. The Health Check review process comprised the following stages.
- a) A desktop assessment of existing risk management information/documents including the Corporate Risk Management Policy and Strategy 2021 and other risk guidance located on the City Corporation's risk management intranet site.
  - b) A series of 18 one-hour interviews/discussions with a number of Members (Chair of Audit and Risk Management Committee and Deputy Chairmen and Chair of Finance Committee), Chief Officers, senior managers, and departmental risk co-ordinators.
  - c) An on-line risk management survey of the Senior Leaders' Forum. A total of 46 out of 80 officers responded (57.5%).
  - d) Producing the report for the City Corporation.

### Key findings

7. The overall conclusion of the report was:

*"The City Corporation recognises it has created a very solid foundation on which to build and improve. It has done this with professional expertise at the centre and the co-operation and support of officers in all departments and institutions.*

*To this end, the report would serve to make a number of recommendations in order to make further improvements:*

- *Achieve further clarity of understanding of the organisation's risk appetite.*
- *Ensure that risk management is truly and consistently embedded into all normal business processes.*
- *Encourage greater collaboration between departments in the management of cross-cutting risks.*
- *Adopt a corporate 'black box' approach to risk management performance, whereby organisational lessons can be learned from both success and failure.*

*Overall, the Health Check review found that the City Corporation's risk management approach aligns with best practice, it strives for continuous improvement, recognising that there are always improvements that can be made to its effectiveness".*

8. The report highlighted the important role of the Audit and Risk Management Committee in fulfilling its role of the oversight of risk management across the City Corporation. – *"it should be recognised as best practice by which all such committees should operate....."*
9. In addition, the report noted the *"commitment of senior management to ensuring that risk management is integrated into all organisational activities and demonstrates leadership and commitment....."* This view was supported by the risk consultant from Zurich Risk Engineering who commented on the *"positive, active involvement and the commitment of the Executive Leadership Board (ELB)*

*to review and revise the corporate risk register at the recent corporate risk workshop (13 October 2021)”.*

10. The Head of Internal Audit and Risk Management has indicated that the report does provide positive evidence to support the annual audit opinion as well as the Annual Governance Statement, recognising good progress has been made and that this was a journey of continuous improvement.

### **Benchmarking**

11. RMP were requested to provide an assessment of the City Corporation's risk maturity and commented that *“ Acknowledging that the uniqueness of the City Corporation renders any direct comparison with any other organisation extremely challenging, it would be a fair reflection of the report to suggest that, of all those organisations that have participated in the RMP Risk Management Health Check, the City Corporation has made the most significant progress towards the adoption of best practice principles and practices.”*

### **Health Check Recommendations and Action plan**

12. A total of seven recommendations have been made and these are set out on pages 5 and 6 of the report.
13. Under the Target Operating Model (TOM), the post of the Corporate Risk Manager is being transferred to the Town Clerk's department (under the Chief Strategy Officer) from 1 April 2022. The current Corporate Risk Manager will retire on the 31 March 2022 and as a consequence ELB agreed that the seven recommendations included in the report be considered and taken forward by the new Corporate Risk Manager.
14. The report highlighted a number of potential inconsistencies and communication issues, that subject to checking with Chief Officers, could quickly be resolved. This work is now underway.

### **Conclusion**

15. The report has confirmed the *“that the City Corporation's risk management approach aligns with best practice, it strives for continuous improvement, recognising that there are always improvements that can be made to its effectiveness”*.
16. There are seven recommendations identified in the report. Given the pending retirement of the existing Corporate Risk Manager and this post transferring to the Town Clerk's department it is suggested that the recommendations be taken forward by the Chief Strategy Officer/corporate risk manager.
17. In advance of this happening Chief Officers have been requested to make basic checks on the application of the risk management process within their departments.

## **Corporate & Strategic Implications**

18. Risk management in an integral part of the City Corporation's governance arrangements.

## **Appendices**

- Appendix 1 – Executive Summary and Recommendations from the External Risk Management Review (Health Check) produced by Risk Management Partners

## **Paul Dudley**

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## Health Check - External Risk Management Review

### Executive Summary and Recommendations

Report produced by Risk Management Partners for the City of London Corporation

September 2021

### Executive Summary and Recommendations

The City Corporation is a unique and prestigious organisation. Due to its many and varied interests it is faced with some unique challenges when attempting to manage risks across such a diverse portfolio of functions and services.

Despite these challenges, it should be recognised that the City Corporation has made significant progress in recent years in seeking to embed risk management within the culture of the organisation and enjoy the many benefits that can be attained.

Many of the essential building blocks needed to maximise the risk management potential of the organisation are now well established, including:

- Risk architecture: defined roles and responsibilities, and robust communication and reporting structures.
- Risk strategy: a corporate risk strategy and philosophy.
- Risk protocols: risk guidelines, rules and procedures, methodologies, tools and techniques, and systems that should be used.
- Regular risk reporting to Member Committees and an annual report from the Audit and Risk Management Committee to the Court of Common Council

The organisation's senior management and oversight bodies are committed to ensuring that risk management is integrated into all organisational activities and demonstrate leadership and commitment by:

- Endorsing a Risk Management Policy and Strategy that establishes a corporate risk management approach.
- Ensuring that the necessary resources are allocated to managing risk.
- Assigning authority, responsibility and accountability at appropriate levels within the organisation. Chief Officers regularly reviewing their risks. Providing support, but also holding the organisation to account.

This has allowed the organisation to move some way towards:

- Aligning risk management with its objectives, strategy and culture.
- Establishing the amount and type of risk that may or may not be taken to guide the development of risk criteria, ensuring that they are communicated to the organisation and its stakeholders.
- Communicating the value of risk management to the organisation and its stakeholders.
- Promoting systematic monitoring of risks.
- Ensuring that the risk management framework remains appropriate to the context of the organisation.

There are many achievements that should be recognised. The City Corporation has invested itself into the achievement of very high standards in the field of risk management and there is no reason why its ambitions cannot be achieved.

Of particular note is the role and function of the organisation's Audit and Risk Committee, as it should be recognised as best practice by which all such committees should operate due to the knowledge-based blend of support, challenge and assurance it offers to the organisation.

The City Corporation recognises it has created a very solid foundation on which to build and improve. It has done this with professional expertise at the centre and the co-operation and support of officers in all departments and institutions.

To this end, the report would serve to make a number of recommendations in order to make further improvements:

- Achieve further clarity of understanding of the organisation's risk appetite.
- Ensure that risk management is truly and consistently embedded into all normal business processes.
- Encourage greater collaboration between departments in the management of cross-cutting risks.
- Adopt a corporate 'black box' approach to risk management performance, whereby organisational lessons can be learned from both success and failure.

**Overall, the Health Check review found that the City Corporation's risk management approach aligns with best practice, it strives for continuous improvement, recognising that there are always improvements that can be made to its effectiveness.**

Acknowledging that the uniqueness of the City Corporation renders any direct comparison with any other organisation extremely challenging, it would be a fair reflection of the report to suggest that, of all those organisations that have participated in the RMP Risk Management Health Check, the City Corporation has made the most significant progress towards the adoption of best practice principles and practices.

No.	Recommendation	Priority
1	Subject to available resources, consider implementing an audit programme to establish the level of consistency achieved in embedding risk management into the City Corporation's business processes, including strategy setting, business planning, service delivery and project management.	
Ref:	a. Taking key risk judgements and providing clear direction. (Page 7) a. Risk management is fully embedded in the organisation's business processes. (Page 14)	
2	Consider reviewing the Terms of Reference and risk reporting requirements of the body of service committees to ensure risk management is a consistent priority consideration and risk reports are standardised.	
Ref:	a. Taking key risk judgements and providing clear direction. (Page 7) f. Effective communication about risks and issues. (Page 10)	
3	Consider developing and communicating further clarification on corporate and departmental risk appetites.	
Ref:	g. Setting the criteria and arrangements for the organisation's appetite... (Page 8)	
No.	Recommendation	Priority
4	Consider encouraging greater collaboration between departments on the management of cross-cutting risks and ensuring responsibility is clearly established in these circumstances.	
Ref:	d. Ensuring clear accountability for managing risk. (Page 9) b. Arrangements for allocation of responsibility. (Page 12) c. Effective handling of cross-cutting issues. (Page 16)	
5	Consider the adoption of a corporate 'black box' approach to risk management performance, whereby organisational lessons can be learned from both success and failure.	
Ref:	f. Effective communication about risks and issues. (Page 10)	
6	Consider reviewing the methodology utilised during stakeholder engagement when defining, updating and articulating the corporate Risk Management Policy and Strategy.	
Ref:	a. Risk Management Strategy. (Page 10)	



7	Consider reviewing the corporate training strategy to ensure that all relevant internal stakeholders, including members, officers and staff, receive appropriate risk management training commensurate to their role and position.	
Ref:	d. Provisions to ensure appropriate risk management knowledge, experience and skills. (Page 12)	

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