

Committee: Financial Investment Board	Date: 03 July 2019
Subject: Risk Register for Financial Investment Board	Public
Report of: The Chamberlain	For Decision
Report author: James Graham – Chamberlain’s Department	

Summary

The Risk Register was presented to the Financial Investment Board for review at its meeting on 20 May 2019. Members provided feedback and requested amendments be made and for the revised Risk Register to be brought back to the next Board meeting.

A revised Risk Register incorporating amendments is included at Appendix 2 with the proposed changes highlighted. The Risk Register is reviewed semi-annually by the Financial Investment Board and more frequently by officers, who report any material changes or new risks identified in between reviews on an exceptions basis.

Recommendations

Members are asked to review the amended risks and actions for the Financial Investment Board’s revised Risk Register and confirm that appropriate control measures are in place.

Main Report

Background

1. At the meeting of the Financial Investment Board on 24 May 2019, Members reviewed the Board’s Risk Register and considered whether appropriate control measures were in place. Officers were asked to incorporate several changes to the Risk Register following feedback from Members and to bring a revised version to the next Board meeting.

Review of Risks

2. The method of assessing risk reflects the City of London’s standard approach to risk assessment as set out in its Risk Management Strategy approved by the Audit and Risk Management Committee in May 2014. The City of London Corporation risk matrix, which explains how risks are assessed and scored, is attached at Appendix 1 of this report. Risk scores range from one, being lowest risk, to the highest risk score of thirty-two. These scores are summarised into 3 broad groups, each with increasing risk, and categorised “green”, “amber” or “red”.

Amendments

3. The revised Risk Register is attached at Appendix 2 and the amendments have been highlighted. In summary, the main changes are as follows:

- a. Asset pooling risks – the governance risk associated with asset pooling in the Local Government Pension Scheme has been incorporated into the Risk Register. Under the asset pooling requirements, the London CIV will be responsible for appointing individual managers to sub-funds in which the Corporation is invested. Officers propose that the existing risk CHB FIB 06 (“Governance”) is amended to capture the Board’s exposure here. The description of the risk has been updated to highlight the need for adequate oversight of the London CIV.
 - b. Responsible investment – A new risk has been added as CHB FIB 07 (“Failure to deliver responsible investment”) to identify the possible financial and reputational damage arising from ineffective management and monitoring of the environmental, social and governance factors of investment.
 - c. Cybersecurity – Existing risks CHB FIB 03 (“Service provider failure”) and CHB FIB 04 (“Counterparty failure”) have been updated to reflect the presence of a vulnerability to cybersecurity or hacking violations amongst organisations that the Financial Investment Board depends on in order to discharge its investment responsibilities.
4. The Risk Register has not been updated to reflect the Corporation’s own exposure to cybersecurity violations, as this risk is already identified on the Corporate Risk Register as CR16 (“Information Security”). Under this risk the Corporation has noted that a breach of IT systems resulting in unauthorised access to data could result in a failure of IT infrastructure, harm to individuals, financial penalties and reputational damage. The most recent edition of the Corporate Risk Register (May 2019) states that information security projects are being delivered as planned.

Conclusion

5. The Board is requested to review the risks and confirm that appropriate control measures are in place for these risks and that there are no other risks that should be added to the Risk Register.

Appendices

- Appendix 1 - City of London Corporation Risk Matrix
- Appendix 2 – Financial Investment Board Risk Register

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