

## Health Check - External Risk Management Review

### Executive Summary and Recommendations

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

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### 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.

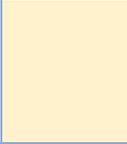
To this end, the report would serve to make a number of recommendations in order to make further improvements:

- 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
<b>1</b>	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)	
<b>2</b>	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)	
<b>3</b>	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
<b>4</b>	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)	
<b>5</b>	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)	
<b>6</b>	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)	

<p><b>7</b></p>	<p>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.</p>	
<p>Ref:</p>	<p>d. Provisions to ensure appropriate risk management knowledge, experience and skills. (Page 12)</p>	
		