

Committee(s): Audit and Risk Management Committee	Dated: 24/05/2022
Subject: Overview of Officer Roles and Responsibilities for Risk Management and Internal Audit in CoLC	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
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Summary

On 01 April 2022 as part of the City of London Corporation's (CoLC) Target Operating Model, corporate risk management moved from the Internal Audit Team in the Chamberlain's Department to the Corporate Strategy and Performance Team in the Deputy Town Clerk's Department. This note outlines the officer roles and responsibilities for risk management and internal audit in the CoLC and how they provide oversight within CoLC and assurance to the Committee.

Recommendation

That the Committee notes the report and the change in responsibilities in relation to City of London Corporation risk management and internal audit.

Main Report

Background

1. As part of the Target Operating Model (TOM), a new CoLC strategy function was proposed to tackle and exploit current and future challenges/opportunities through an integrated, professional and insight-led approach to strategy, planning, risk management and performance. To deliver this aim, the Corporate Strategy and Performance Team (CSPT) was repurposed, and a new post of Chief Strategy Officer (CSO) created, held by Dionne Corradine (appointed in June 2021). The CSO is Head of Profession for these cross-cutting enabling functions, has oversight of the CoLC corporate plan and performance framework,

prepares the Annual Governance Statement and works with departments on their business planning process.

2. A risk management approach with clear lines of ownership, accountability and scrutiny is crucial to successful delivery of CoLC's aims and objectives. Moving corporate risk into CSPT enables CoLC to develop its risk management culture in line with the wider strategic work with an ambition to ensure risks which could materially disrupt the strategy and operations are owned, identified, monitored and mitigated in a consistent, timely and effective manner.

Current Position

Structure of CSPT Risk Management-Related Roles

3. The Corporate Risk Manager (CRM) reports to the Head of Corporate Strategy and Standards within CSPT - see Appendix 1 for relevant risk and internal audit-related roles in CSPT and the Internal Audit Team (IA).
4. The CRM role has been re-graded to reflect the additional support provided to the risk portfolio by the Head of Corporate Strategy and Standards and CSO. The Head of Profession remit ensures risk management is included in a broader framework of professional support and development to CoLC officers. This will also include strengthening succession planning.
5. An initial campaign to recruit a new CRM was unsuccessful. The job advert has been redrafted to emphasise the link to strategic planning, relevant experience (not just possession of a risk qualification, although there is an expectation and support to obtain a relevant qualification once appointed) and a salary incentive offering a market forces supplement. The advert will go live during May.

Structure of the Internal Audit Team

6. The structure of the Internal Audit Team has been amended as part of the Chamberlain's Departmental TOM review. In addition to the transfer of the CRM role to CSPT, the following changes have been made:
 - Deletion of 1 Audit Manager post and 2 Senior Auditor posts
 - Creation of 1 Principal Auditor post, 1 Auditor post and 1 Apprenticeship position
 - Line management reporting is now direct to the Head of Internal Audit

The 3 deleted posts were all vacant at the point of transition to the new structure. No changes have been made to the Counter-Fraud and Investigations element of the team.

7. Recruitment is in progress for the Principal Auditor and Auditor, and the apprenticeship opportunity will be advertised in line with the academic year end, targeting school and college leavers.

Relationship Between Internal Audit and Corporate Risk Management

8. Whilst the separation of responsibilities enhances the organisational independence of the Head of Internal Audit in a positive way, there remains a close and collaborative working relationship between Internal Audit and Corporate Risk Management notwithstanding the transfer of risk responsibility into CSPT.

Risk Management Approach

9. In consultation with the Chairman and Deputy Chairmen of this Committee and having completed deep dives into risk arrangements across all service areas, the approach to the Informal Risk Challenge (IRC) process has been reviewed. In its next iteration and to ensure value-add, it is anticipated that the IRC will operate on more of an exception basis informed by a programme of risk management-related Internal Audit activity, predominantly examining the timeliness and effectiveness of risk mitigation.
10. As Chief Officers and the Town Clerk and Chief Executive are ultimately accountable for effective risk management, we are considering how the Chief Officer Risk Management Group (CORMG) and the Executive Leadership Board (ELB) contribute to the broader governance of top-level risks, including removing duplication and clarifying roles and responsibilities (see Appendix 1 'Governance' box). Deep Dives into specific Corporate Risks will still be presented to the Committee for information.
11. To remain agile and current, updates to the corporate risk register will be reflected immediately on agreement by the relevant officer board. The Audit and Risk Management Committee will be informed of any changes in the regular risk management update reports and able to provide comment. This speaks to wider work planned within CoLC to create a more responsive risk management culture, with corporate risks appropriately managed by officers as soon as they are identified.

12. Corporate & Strategic Implications

Strategic implications – The reorganisation outlined above will strengthen risk management processes and oversight within City of London Corporation through:

- bringing risk management into the team overseeing corporate strategy and performance, thus inextricably linking the risk management culture (identification of risks, risk appetite, risk mitigation etc) to successful delivery of CoLC aims.
- distance between internal audit and risk management, to enable independent examination of risk processes and outcomes.

Financial implications – none applicable

Resource implications – none applicable

Legal implications – none applicable

Risk implications – none applicable

Equalities implications – none applicable

Climate implications – none applicable

Security implications – none applicable

Conclusion

13. CoLC is keen to ensure that it continues to strengthen its risk management process and culture and that this becomes fully integrated into the way in which CoLC operates day-to-day, around evidence-based decision making and prioritisation. The changes outlined above are a first step toward this – with any further developments to be reported to the Committee in the future.

Appendices

- Appendix 1 – Risk Management and Internal Audit Organogram

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