

Committee(s)	Dated:
Audit and Risk Management Committee	26/02/2024
Subject: Corporate Risk – Deep Dive Review: CR39 Recruitment and Retention	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
Report of: the Chamberlain	For Discussion
Report author: Matt Lock, Head of Internal Audit	

Summary

Internal Audit has undertaken a deep dive review in relation to CR39 Recruitment and Retention. The objective of the deep dive review is to examine the effectiveness of the arrangements in place for the systematic management of Corporate Risk.

The review found that:

- The risk register entry for CR39, has not been regularly reviewed or maintained, as a result the information available for review was out of date in a number of instances.
- The impact of the mitigating actions have not been quantified and so it was not possible to assess the extent to which these will contribute to reduced risk.
- Many of the mitigating actions are expected to align to the overall target date for the risk (now anticipated to be April 2025) and so it is not clear to what extent this risk will reduce over this time period.

The responsible officers engaged fully with this process, resulting in a transparent and full exchange of information. The findings of the deep dive review have been shared with the Interim Executive Director of HR & Chief People Officer and it is noted that substantial update to the Risk Register has been undertaken as a result of the findings of the Internal Audit review.

Recommendation(s)

Members are asked to note the report and that the Interim Executive Director of HR & Chief People Officer will be in attendance at the Committee meeting to address any questions raised by Members.

Main Report

Background

1. Deep-dive reviews of the City of London Corporation's Corporate Risks are undertaken by Internal Audit and reported to this Committee. The report is informed by in depth review of the arrangements in place for managing risk, incorporating a quantitative assessment of the systematic application of the Corporate Risk Management Framework and a qualitative assessment as to the overall quality and completeness of the information provided in the risk register and, where possible, an objective review of the effectiveness of mitigating actions.
2. The Audit and Risk Management Committee has previously expressed specific interest in this particular risk and so this is presented as a separate report in order to facilitate a more in depth discussion. The full Internal Audit report of the review of this risk is included as Appendix 1 to provide additional detail.

Current Position

3. The deep dive report takes the following format:
 - i. Review of Risk Register Maintenance
 - ii. Review of Completed Mitigating Actions
 - iii. Review of Proposed Mitigating Actions
 - iv. Review of Monitoring Arrangements
 - v. General Observations and Overall Commentary
4. The extract from the Risk Register, taken at the time of the review, is shown as Appendix 2.

CR39 Recruitment and Retention

Area of Testing	Audit Findings
Risk Register Maintenance	<ul style="list-style-type: none">▪ Most of the key information fields are populated, although owners are not identified for all mitigating actions and "latest note" updates are not consistently provided for all actions.▪ The risk register has only been reviewed 4 times in 2023 and this at irregular intervals, for such a critical risk to the organisation this is not considered sufficiently frequent to ensure that Chief Officers are presented with timely information.
Mitigating Actions	<ul style="list-style-type: none">▪ It is unclear to what extent mitigation actions will deliver positive outcomes and what impact these will have on the overall risk level.▪ 3 out of 9 mitigating actions were overdue against stated timescales at the time of the Audit review (although noted that the latest risk register update was October 2023, at which point these target dates were in the future).▪ Discussion with staff identified that timescales for actions needed to be realigned with the development of new service delivery models and the "Ambition 25" project.

	<ul style="list-style-type: none"> Given indicative timescales for completing the mitigating actions, the overall target date for achieving the reduced target risk score is not accurate.
Monitoring Arrangements	There are adequate arrangements in place for monitoring the extent to which internal and external factors impact this risk, although this has not translated into proactive maintenance of the Risk Register and the plan of action to manage the risk.
General Observations and Overall Commentary	<p>The anticipated target timescale for achieving the reduced risk score is April 2025, in light of this, it would be helpful to understand the expected profile of risk reduction over this period – consideration should be given to taking some action that secures an incremental reduction to the level of risk in the shorter term.</p> <p>Based on the information in the Corporate Risk Register, Internal Audit cannot provide assurance that the target risk score will be reached by the specified target date of 31 December 2024 or the anticipated later date of April 2025. Updates against individual actions do not include appropriate detail or information to facilitate independent review of incremental progress in mitigating the overall risk; in some cases it is unclear what specific action (and impact) was/is expected by the individual due dates and whether or not delivery against these was on track.</p>

Corporate & Strategic Implications

5. Corporate Risks are those that threaten the City of London Corporation’s ability to achieve its strategic objectives and top priorities. The Risk Management process is designed to identify and manage risk to the organisation and incorporates various assurance mechanisms, this deep dive process is one source of assurance, examining the extent to which Corporate Risks are being managed within the Corporate Risk Management framework.

Conclusion

6. Internal Audit has identified opportunities to improve the application of a systematic approach to managing risk and the extent to which the Corporate Risk Management framework is applied. The Corporate HR Leadership Team has since reviewed the risk register, although this has not been re-examined in any detail by Internal Audit.

Appendices

- **Appendix 1:** Internal Audit Report - CR39 Deep Dive
- **Appendix 2:** Risk Register Extract – CR39
- **Appendix 2:** Updated Risk Register Extract – CR39

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