

Committee(s):	Date(s):
Audit and Risk Management Committee	11 th December 2013
Subject: Independent Review of Risk Management –Development and Implementation of Action Plan	Public
Report of: Chamberlain	For Information

Summary

The Independent Review of Risk Management made 40 recommendations to improve further the effectiveness of risk management within the Corporation. 25 of these recommendations have been considered and are currently being worked on, with actions now being incorporated into the risk management improvement plan. The updated risk management improvement plan will be considered by the Chief Officer's Summit group on 9th December 2013 and subsequently reported to the Audit and Risk Management Committee on 28th January 2014. The adoption and implementation of the remaining 15 recommendations from the independent review will be considered following the agreement and implementation of the revised Risk Management Handbook, renamed as the Risk Management Strategy, and implementation of the risk register software in April 2014. Scheduling of all activities has been considered to allow sufficient planning and discussion with departments to enable wider engagement and ownership of new methodologies.

The updated Risk Management Improvement Plan will set out a range of activities to enhance the design and effectiveness of the City's risk management arrangements including departmental engagement, training sessions, risk workshops and internal communications.

Activities currently in progress, include a review of the officer risk management groups, the introduction of a corporate risk register software, consideration of moving from the current 5x5 Risk Matrix to a 4x4 Risk Matrix, and a 'blank paper' exercise to review and refresh the Strategic Risk Register with the Chief Officers Group on 4th December 2013.

Recommendations

Members are asked to note the update report.

Main Report

Background

1. An independent review was undertaken by Zurich Municipal, over the Summer period, with their scope of work including the review the Risk Management Handbook, Improvement Plan, the Strategic Risk Register and the Departmental Risk Registers. 16 key findings were noted and 40 recommendations made to further improve the effectiveness of risk management, which was reported at the Audit and Risk Management Committee on 15th October 2013. All 40 recommendations have been considered and actions to date are highlighted within this report.

Current Position

2. The independent review made 40 recommendations all of which have been reviewed and being finalised within the risk management improvement plan. 25 of these recommendations are in progress and being reviewed with departments, with results being drafted in to the revised risk management handbook, which will be renamed as the risk management strategy.
3. The adoption and implementation of the remaining 15 recommendations will be considered following the approval and implementation of the Risk Management Strategy and implementation of the risk register software, in April 2014. By pacing out the review of the recommendations, many of which currently exist within the original risk management improvement plan, there has been wider engagement with departments across the Corporation enabling a greater ownership and understanding of new methodologies. Consideration of the remaining 15 recommendations will build on this foundation and enable wider discussions on the best way forward to implement these so that they are fit for the Corporation.
4. The updated Risk Management Improvement Plan will set out a range of activities to enhance the design and effectiveness of the City's Risk Management arrangements including departmental engagement, training sessions, risk workshops and internal communications. A draft version of the Risk Management Strategy and the revised Risk Management Improvement Plan will be included at the January Audit and Risk Management Committee.
5. The below table highlights the recommendations made and comments on our activity and consideration to date.

Recommendations from the Independent Review	Status	Comments
<i>Risk Management Handbook</i>		
1. Introduce aide-memoire or fact sheet for practitioners to complement Handbook.	To be scheduled following launch of Risk Management Handbook planned for April 2014.	To be implemented following publication of the revised Risk Management Handbook.

2. Add further detail to responsibilities e.g. how the Court of Common Council assumes “overall accountability for risk management.”	In Progress	To be reviewed and included within the revised Risk Management Handbook.
3. Further define terms e.g. business, strategic and operational risk.	In Progress	To be reviewed and included within the revised Risk Management Handbook.
4. Clarify risk maturity model including assessment techniques/measurement criteria.	In Progress	To be implemented following publication of the revised Risk Management Handbook.
5. Review risk scoring matrix impact indicators to ensure that there are no gaps / overlaps	In Progress	Revised risk scoring methodology is currently being reviewed and scheduled to be brought to the January 2014 Audit and Risk Management Committee for agreement.
6. Identify more two-way processes to encourage open risk communication and identification of departmental issues.	In Progress	Clearer structures for risk reporting have been agreed and the introduction of a risk register software will encourage open communication and identification of departmental issues. Detailed timescales for the introduction of risk software are to be established however, current assumption are that it will be in working operation from April 2014.
<i>Risk Improvement Plan</i>		
7. Identifies need to “set different reporting guidelines for departments taking into account their current arrangements and resources available” - clarify how this aligns with desire for consistency of approach across departments.	In Progress	Draft reporting guidelines will be illustrated within revised Risk Management Handbook whilst still requiring a consistency of scoring risk across departments.
8. Identifies need to “determine the risk appetite” - need to	To be considered following	Recommendation to be considered further by the Strategic Risk Management

set some achievable parameters.	adoption of the revised Risk Management Handbook	Group (SRMG) and Chief Officers as to practical definition of risk appetite parameters in some areas.
9. Refers to putting risks into groups of strategic, operational and corporate risks – distinction between the groups needs to be clarified to avoid overlap.	In Progress	Risk Register software, when agreed, will assist in avoiding overlaps between Departmental Strategic and Operational risks, against the Corporate risks, which will be the name proposed for the current Strategic risks.
10. Refers to a desire to promote and report opportunity risks - definite appetite for opportunity risk management but other processes need to be embedded as a priority.	In Progress	Concept of opportunity risk will be introduced in the Revised Risk Management Handbook, although primary focus will remain on the threat risks being managed.
<i>Strategic Risk Register</i>		
11. SR 1 Failure to respond to a terrorist attack, SR5 Flooding in the city and SR13 Public Order and Protest focus on ability to respond to a major incident and the controls involve having a robust Business Continuity Plan and Emergency Plan. Consider bringing these risks together into a single risk 'Ability to respond effectively to a major incident or catastrophe'. 12. SR 16 Breach of Data Protection Act. Consider revisiting the causes and consequences to include human behaviour, social media and cyber risk etc. and in doing so widen heading to 'Managing Information Governance'	In Progress	Risk Workshop being held with the Chief Officers Group on 4 th December 2013 to review the Strategic Risk Register. Following this workshop a new set of Strategic Risks may be identified. A comparative review will then follow to determine if the Independent review risks are better suited at the departmental or Strategic level, if not already identified.

<p>13. Supply Chain Failure. Increasingly complex procurement and supply chain arrangements.</p> <p>14. Safeguarding. May be relevant in terms of delivery of statutory social care services.</p> <p>15. Business Transformation / Workforce Planning. Resource constraints leading to changes in internal structures and the way that services are delivered.</p>		
<p>16. SR 8 Negative publicity and damage to the City Corporation's reputation – consider adding further detail around causes or the consequences.</p>	<p>In Progress</p>	<p>New risk register template will be created to capture 'cause' and 'effect' for all risks to ensure a more consistent approach to recording risk information.</p>
<p><i>Departmental Risk Registers</i></p>		
<p>17. Need to ensure all departments understand and embed processes, including the gross and net risk scoring system and gain assurance around the effectiveness of controls and the robustness of identified planned actions.</p>	<p>To be addressed following approval and adoption of new Risk Management handbook and implementation of new software.</p>	<p>Training sessions to be arranged following publication of the revised Risk Management Handbook.</p>
<p><i>Risk Matrix and Risk Appetite</i></p>		
<p>18. Senior managers should ensure that innovative and considered risk taking is fostered within key projects.</p>	<p>In Progress</p>	<p>Recommendation to be reviewed further with Corporate Project Management team.</p>
<p>19. Element of risk appetite identification could be tested, against selected corporate priorities and/or risks. Partial/pilot risk</p>	<p>To be considered and scheduled following approval and</p>	<p>Recommendation to be considered further by SRMG and Chief Officers as to how a practical definition of risk appetite parameters can be</p>

appetite exercise could be developed to facilitate this.	adoption of new Risk Management handbook and implementation of new software	derived in some areas
20. More comprehensive risk appetite exercise could be undertaken later with perception surveys and/or a facilitated exercise.		
21. Review of the risk matrix and scoring criteria would be beneficial e.g. 4x4 matrix to ensure all practitioners find it easy to apply.	In Progress	Risk Matrix is currently being reviewed, looking at both the current 5x5 version against a new 4x4 version. Chief Officers Summit Group will review the proposal's on 9 th January 2014 on current SRMG recommendation to move to a 4x4 Risk Matrix. Update on this will be provided at the January Audit and Risk Management Committee.
<i>Consistency of Approach</i>		
22. Undertake formal debate around consistency of approach across departments. Would allow for parameters and exceptions to be identified.	In Progress	Clearer structures for risk reporting have been agreed and the introduction of a risk register software will allow for parameters and exceptions to be identified.
23. Develop risk management competency assessment and training programme. Consider further risk identification ("blank paper") exercises.	In Progress	Training sessions to be arranged following revision of the Risk Management Handbook. Risk identification ("blank paper") exercises to be rolled out following approval and installation of a risk register system. 'Blank paper' exercise is planned for the Chief Officer Group meeting on the 4 th December 2013.
24. Develop simplified risk guide to complement the Handbook.	To be scheduled following launch of Risk Management Handbook planned for April 2014.	As per point 1, to be implemented following publication of the revised Risk Management Handbook.

<i>Reporting and Escalation</i>		
25. Defined escalation criteria and process should be simple, clear and understood.	In Progress	Clearer structures for risk reporting have been agreed. This item will included with the planned risk management training session, per point 17.
26. Audit & Risk Management Committee could be briefed on top departmental risks alongside the Strategic Risk Register at periodic intervals.	To be progressed following successful implementation of risk register software	Practical implementation of recommendation to be considered following implementation and roll-out of the Risk Register Software.
27. Undertake more consistent and robust approach to horizon scanning.	To be considered following adoption of revised risk management handbook planned for April 2014.	Practical implementation of recommendation to be considered.
28. Focus of any risk software introduced should be on supporting and enabling risk management.	In Progress	This has been included as one of the key success criteria of the proposed risk management system. Departments have been engaged and will be part of the decision making process for any risk software.
29. Introduce formal process for escalating key project risks on to Departmental and Strategic Risk Registers.	To be progressed following successful implementation of risk register software planned for April 2014	Recommendation to be reviewed following risk register software implementation, as it will also need to align with the Corporation's Project Management Methodology.
<i>Risk Management Groups</i>		
30. Monitor and review how effectively they support the risk management process.	In Progress	Recommendation has been considered and risk structures have been revised to support the risk management process.
31. Revised Handbook / Strategy should incorporate structure of groups, with roles and reporting lines.	In Progress	Draft structure of groups, with roles and reporting lines and guidelines will be illustrated within revised Risk Management Handbook.

32. Consider “critical success factors” within the Groups.	in the next 3 months.	To be progressed through re-drafting of Terms of Reference for the two officer risk management groups
<i>Reputation Risk</i>		
33. Vital that all changes to service delivery are considered in the context of risk appetite.	To be considered post April 2014	Practical implementation of recommendation to be considered.
34. Exercise could be undertaken to identify those risks with the potential for reputational impact.	To be considered post April 2014	Practical implementation of recommendation to be considered.
<i>Added Value and Dynamism</i>		
35. Undertake refresh of strategic and departmental risk registers.	In Progress	Risk Workshop being held with the Chief Officers Group on 4 th December 2013 to refresh the Strategic Risk Register. Departmental risks will be reviewed post implementation of risk register software.
36. Key policies and strategies should contain risk management consideration.	To be considered post April 2014	Practical implementation of recommendation to be considered.
37. Include risk management as a standing agenda items on relevant committee and management meetings.	To be considered post April 2014	Practical implementation of recommendation to be considered.
38. Consider making risk management part of overall performance and competency reviews.	To be considered post April 2014	Practical implementation of recommendation to be considered.
39. Undertake assurance mapping exercise to review controls.	In Progress	Pilot Assurance Mapping exercise underway with City of London Police, further roll-out planned for main departments in 2014/15.
40. Undertake a review of partnership and supply chain risks.	To be considered post April 2014	Practical implementation of recommendation to be considered.

Conclusion

6. Many of the recommendations from the independent review of risk management are already under active consideration with actions progressing. The introduction of the revised Risk Management Handbook, renamed as the Risk Management Strategy, will open the next stage of engagement with officers through management meetings, training sessions, risk workshops, internal communication and more.
7. A full update on all the recommendations from the review to be addressed will be included within the risk management improvement plan, scheduled for the Audit and Risk Management Committee on 28th January 2014.

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