

**AUDIT AND GOVERNANCE COMMITTEE**

**27 June 2014**

**CORPORATE ASSURANCE MAP – UPDATE**

**Report of the Head of Assurance, Procurement and Projects**

**1. Purpose of Report**

- 1.1 To enable the Audit and Governance Committee to consider the updated Corporate Assurance Map based on work undertaken so far during the year, the Internal Audit opinion on the adequacy of the overall system of internal control, and the performance of Internal Audit.
- 1.2 For completeness, the report covers Internal Audit's key performance measures. The report does not set out the work undertaken for associated bodies for which the Council has a lead responsibility; this is a matter for the bodies concerned.

**2. Description of Decision**

- 2.1 The Audit and Governance Committee are asked to note the report and consider the updated Corporate Assurance Map (the Map).

**3. Background**

- 3.1 In March 2014 the Committee approved the proposed Corporate Assurance Map for 2014/15 and the plans of work for Internal Audit and Risk & Assurance.
- 3.2 A key feature of the integrated assurance framework is to co-ordinate assurance that could be provided by other sources within the Council and external sources and consider if there are any gaps or duplication in the assurance provided.

**4. Updated Corporate Assurance Map**

- 4.1 The updated Corporate Assurance Map, as at 10<sup>th</sup> June 2014, is shown overleaf. It has been updated based on the work to date of the Internal Audit, and Risk and Assurance Teams and assurance from other sources within the Council and external sources.

## Corporate Assurance Map

Assurance Position (as at 10 <sup>th</sup> June 2014) (Cumulative)		2014/15									
		1st Line	2 <sup>nd</sup> Line							3 <sup>rd</sup> Line	
		Management Assurance	Other Internal Assurance Activity							Internal Audit	External Assurance
	Legal Services	Financial Resources	Programmes and Projects	Strategy, Policy and Performance	ICT	HR &OD	Business Continuity	Risk and Assurance			
<b>Strategic Risk Areas</b>											
Current Risk	Residual Risk										
People								X			
Place								X			
Economy								X			
Organisational			X					X		X	
<b>Corporate Risk Areas</b>											
Customer Focus / Service		X			X			X	X		
Legality			X					X			
Service / Business Planning		X			X			X	X		
Programme and Project Management		X		X				X	X		
Partnerships		X						X	X		
Business Continuity Planning		X					X	X	X		
Procurement		X						X	X		
Relationship and Contract Management		X						X	X		
Financial Management		X	X					X	X	X	
Human Resource Management		X					X	X	X		
Information Governance		X	X					X	X		
Performance Management		X			X			X	X		
Asset Management		X						X			
ICT Strategy and Delivery						X		X	X		
Fraud and Corruption		X							X		
Risk Management (Service Delivery)		X						X	X		
Schools		X	X					X	X		

Key: X=activity planned, White=no coverage, **Green**=full / substantial assurance, **Amber**=moderate assurance, **Red**=limited / no assurance

## Strategic Risk Areas

- 4.2 The top section of the Map relates to the strategic risks identified in the Strategic Risk Profile. The Profile is attached at Appendix 1. Given the longer term nature of these risks the current risk rating is shown (i.e. what would be the level of risk if no actions were taken to manage the risks), and the residual risk level (i.e. the level of risk taking into account ongoing actions and planned actions). Progress against each of the mitigating actions is assessed with the lead officers and assurance levels determined.

## Assurance from Internal Audit

- 4.3 The detailed results of Internal Audit work are shown at Appendix 2, with the summary outcomes shown on the Map. Appendix 2 shows all of the opinions, including those from previous years, which have been considered in determining the overall assurance level.

## Assurance from Risk and Assurance Team

- 4.4 Areas that the Risk and Assurance Team are currently involved in are shown at Appendix 3. Much of their work is ongoing over a period of time, however, where ongoing assurance can be provided from their work this is shown on the Map. Assurance work within the last quarter has included:
- Support to the development of alternative service delivery vehicles such as the Local Asset Backed Vehicle, Sunderland Care and Support Ltd., and the future of ICT delivery.
  - Providing assurance on the delivery of the Transformation Programme and Key Projects.
  - Procurement Phase of the New Wear Crossing.
  - Planning for the implementation of the City Deal.
  - Providing assurance on the delivery of the Workforce Transformation project (pay and grading review).
  - Risks in relation to the delivery of ICT business objectives.
  - Developments in relation to Adult Social Care, including planning for the implementation of the Care Act and the Better Care Fund.
  - Supporting the delivery of the Workforce Planning project to help Heads of Service achieve their efficiency targets.

4.5 In March 2014, it was reported that the level of assurance from the risk and assurance team relating to ICT strategy and delivery was limited. Assurance work has continued in this area to ensure the issues are being addressed. Improvements have been made in a number of areas, as follows:

- Improvements have been made to the environment of the Data Centre at Moorside including installing new air conditioning units and implementing monitoring arrangements to undertake routine maintenance in a timely manner and to respond to incidents as they occur. This has resulted in the assurance rating for environmental controls from Red to Amber
- Additional resources have been secured to expedite the roll out of the Virtual Desktop Infrastructure which should soon see an improvement in the position.
- The first order has been placed to improve the Council's network infrastructure in relation to firewalls, whilst options are considered for replacement of the remaining structure.
- A risk review is being undertaken regarding the existing commercial arrangements and Cloud based services to understand the Council's position in relation to commercialisation of ICT services.
- In relation to the 18 agreed Internal Audit Actions in regarding the management of ICT equipment a new action plan was developed containing 12 actions. Six of these have now been implemented.
- A review is ongoing to consider the options for future ICT service delivery models.
- An ICT resource management group is in place to co-ordinate ICT resources with the Corporate Resource Management Group with the aim of providing a quicker response regarding ICT resource estimates and timescales. Assistance has also been requested from Corporate Procurement to investigate options to enable additional ICT resources to be procured in a timely manner.

As the results of this work come to fruition it is expected that the assurance level will be more positive. The Assistant Chief Executive and Acting Head of ICT shall be in attendance at the Committee to provide a verbal update.

#### Assurance from others within the Council

4.6 Assurance provided from others within the Council is shown in the Corporate Assurance Map.

4.7 The assurance level in relation to Programme and Project management is currently shown as Amber. New Project Management Standards were implemented in March 2014 aimed at improving project management for all

Council projects. An audit of compliance to the new standards is scheduled for June 2014.

- 4.8 The assurance level provided by the Business Continuity Officer has been Amber over the last three reports. This has mainly been due to the need for the arrangements within Children's Services to be brought up to date. A review of arrangements in all Directorates is underway, the results of which will be considered in future reports.

#### Assurance from Management

- 4.9 Arrangements are in place to obtain assurance from service management in a number of areas. Members will note that the majority of risk areas are shown as having substantial assurance.

#### Assurance from External Sources

- 4.10 The Map includes feedback received following the Council's recent Corporate Peer Review and the Adult Social Care and Safeguarding Peer Review.

#### Overall

- 4.11 The overall assurance levels remain the same.

### **5. Internal Audit Performance**

- 5.1 The performance in relation to targets set for Internal Audit is shown at Appendix 4. Performance is on target for all KPI's apart from:
- Percentage of draft reports issued within 15 days of the end of fieldwork, which stands at 86% against a target of 90%.
  - Percentage of audits completed by the target date (from scoping meeting to issue of draft report), which stands at 71% against a target of 80%.
  - The current percentage of medium risk recommendations implemented (excluding schools), which now stands at 80%.

A summary of the performance by directorate for medium risk recommendations is shown below:

<b>Directorate / Body</b>	<b>Implementation Rate</b>
People	86%
Office of the Chief Executive	78%
Commercial and Corporate Services	77%
<b>Implementation Rate (exc. Schools)</b>	<b>80%</b>

Schools	83%
<b>Total Implementation Rate</b>	<b>82%</b>

## **6. Conclusions**

- 6.1 This report provides an update on the assurance provided in the Corporate Assurance Map, work ongoing in relation to the Internal Audit and Risk & Assurance Teams and performance targets for Internal Audit.
- 6.2 Results of the work undertaken so far during the year have not highlighted any issues which affect the opinion that overall throughout the Council there continues to be an adequate system of internal control.

## **7. Recommendations**

- 7.1 The Audit and Governance Committee are asked to note the report and consider the updated Corporate Assurance Map.

## Strategic Risk Profile

### People

#### Desired Outcomes

A city where everyone is as healthy as they can be and enjoys a good standard of wellbeing

A city with high levels of skills, educational attainment and participation

A city which is, and feels, even safer and more secure

A city that ensures people are able to look after themselves wherever possible

Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
<b>PE 1</b> Failure to ensure appropriate health and wellbeing services to children and adults, in response to financial pressures	Neil Revely, ED of People Services	3x4 = 12	<ul style="list-style-type: none"> <li>Implement the Health and Wellbeing Strategy to:               <ul style="list-style-type: none"> <li>Target prevention and early intervention</li> <li>Build capacity and reduce dependency to help individuals to be more independent and self-sustaining</li> </ul> </li> <li>Manage demand by empowering customers to take up viable alternatives to council services</li> <li>Coordinate and implement public health campaigns and promotional activities working with relevant external public health related organisations</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Newly created Health and Wellbeing Board have taken responsibility for delivering the Health and Wellbeing Strategy</li> <li>Delivery plan for the Health and Wellbeing Strategy in development</li> <li>Continuing to integrate approach. Consideration being given to an integrated commissioning approach with Health</li> <li>Joint Strategic Needs Assessment completed and signed off by the Health and Well Being Board</li> </ul>	2x4 = 8
<b>PE 2</b> We fail to encourage more people to help themselves and communities to come up with local solutions	Sarah Reed, Assistant Chief Executive	3x3 = 9	<ul style="list-style-type: none"> <li>As a Community Leadership Council we will strengthen self-help capacity in our communities</li> <li>Deliver the Voluntary Community Sector Relationship Transition project</li> <li>Implement the Community Resilience Plan, Health and Wellbeing Strategy and Strengthening Families Strategy to develop asset based approaches to increase independence and</li> </ul>	1x3 = 3

Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
			<p>self-reliance</p> <ul style="list-style-type: none"> <li>Through the “PEOPLE” strand of communications deliver an integrated campaign, which encourages people to help themselves</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Continuing to develop the approach to being a Community Leadership Council</li> <li>VCSTR project complete, it developed an approach that aligns engagement with the VCS and day to day service delivery</li> <li>Community Resilience Plan adopted by Sunderland Innovation Group (part of Sunderland Partnership) in November 2013. Still needs to be implemented across all partners. Arrangements for monitoring of progress and effectiveness need to be developed.</li> </ul>	
<p><b>PE 3</b> Despite improvement, a range of health indicators across the city continue to be below national averages including levels of child and adult obesity, rates of breastfeeding and levels of teenage pregnancy</p>	<p>Neil Revely, ED of People Services</p>	<p><b>3x3 = 9</b></p>	<ul style="list-style-type: none"> <li>Deliver the Public Health improvement responsibilities</li> <li>Progress the delivery plan and performance management to address improvement in health indicators</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>“Plan on a page” being developed to improve individual Health indicators</li> <li>Progress on overarching indicators to be reported to Health &amp; Wellbeing Board</li> <li>Board to challenge other under performing indicators</li> <li>University to review methods of measuring progress as to how things are being done differently</li> </ul>	<p><b>2x3 =6</b></p>
<p><b>PE 4</b> Economic conditions will mean that our interventions to help people, particularly young people, to gain employment will not be as effective as intended</p>	<p>Janet Johnson, Deputy Chief Executive</p>	<p><b>3x3 = 9</b></p>	<ul style="list-style-type: none"> <li>Extend employment opportunities for people out of work and to ensure job progression and mobility for those people in work through the implementation of the Sunderland Employment Strategy</li> <li>Continue to deliver (and develop) early intervention and prevention practices to support young people who are a risk of becoming NEET</li> <li>Maximise learning opportunities afforded by the Youth Contract and by 3<sup>rd</sup> sector providers to young people requiring most support, to move them towards employment opportunities.</li> <li>The Education Leadership Board to continue to improve the</li> </ul>	<p><b>2x3 = 6</b></p>



Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
			<ul style="list-style-type: none"> <li>links between schools and employers</li> <li>• Extend the environmental apprenticeship scheme across other Streetscene services</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• ELB in process of carrying out a major restructure to replace the current Aim groups</li> <li>• NEET interventions continue via work of Locality/Connexions team members. This is being supplemented through People Board initiatives</li> <li>• A total of 87 apprentices now engaged by the Council</li> <li>• Education Leadership Board continue to work with business leaders to encourage links with schools</li> </ul>	
<p><b>PE 5</b> The current skill levels of young people and adults are not sufficient to meet the current and future needs of the economy</p>	<p>Neil Revely, ED of People Services</p>	<p><b>3x3 = 9</b></p>	<ul style="list-style-type: none"> <li>• Implement the Sunderland Skills Strategy to consider employer demand and the skills needed to fill any expected shortages or gaps within the growth sectors</li> <li>• Implement the Family, Adult and Community Learning Strategy which outlines the priorities and principles necessary to meet the learning needs of adults and families</li> <li>• The Education Leadership Board to continue to Improve links between schools and employers</li> <li>• Set up the Combined Authority whose remit will include regional skills issues</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• Education Leadership Board is fully in place with key stakeholder involvement, i.e. employers, training providers, college/university, schools and nurseries, Council officer. In process of developing an Education and Skills Strategy. Key senior Council officer to support the development. Activities are developing e.g. Business School Group linking employers with schools, and 'Work Discovery Week</li> <li>• Combined Authority in place from April 2014</li> <li>• FACL continues to have increased participation and improved level of accredited course participation. Government funding has been constant</li> <li>• North East Leadership Board (Combined Authority) to deliver the shared ambitions of the seven councils to accelerate economic growth; focusing on skills, transport and inward</li> </ul>	<p><b>2x3 = 6</b></p>

Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
			<p>investment, giving the area a stronger voice nationally and internationally</p> <ul style="list-style-type: none"> <li>The North East Local Enterprise Partnership (NELEP) has been chosen by government as one of only three LEPs across the country to pilot innovative new approaches to skills development funding to help boost local jobs and business growth. NELEP will work jointly with the Skills Funding Agency to develop the skills model</li> </ul>	
<p><b>PE 6</b> Increasing poverty levels and community cohesion issues arising out of welfare reforms and economic conditions</p>	<p>Sarah Reed, Assistant Chief Executive</p>	<p><b>3x3 = 9</b></p>	<ul style="list-style-type: none"> <li>Continue to deliver the Welfare Reform “Social Fund”</li> <li>Prepare for the introduction of “Universal Credit”</li> <li>Implement the Community Resilience Delivery Plan</li> <li>Continue to implement the Child and Family Poverty Strategy</li> <li>Deliver the Strengthening Families project</li> <li>Develop and implement a delivery plan for the Access to Housing Strategy</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Social Fund in place and continues to provide support to local communities. Take up is lower than anticipated. Government funding will cease in March 2015. A review is planned to be carried out during 2014/15 to assess the whole Council provision of services in respect of financial inclusion. Emphasis of prevention.</li> <li>Uncertainty remains over the introduction of “Universal Credit”</li> </ul>	<p><b>2x3 = 6</b></p>
<p><b>PE 7</b> Implementation of the Health &amp; Wellbeing Strategy may not effectively target the most vulnerable groups resulting in widening inequalities</p>	<p>Neil Revely, ED of People Services</p>	<p><b>2x3 = 6</b></p>	<ul style="list-style-type: none"> <li>Implement the Health and Wellbeing Strategy, delivery plan and performance management arrangements</li> <li>Continue to liaise with the Clinical Commissioning Group and GPs to gain a better understanding of vulnerable groups</li> <li>Develop an asset based approach to delivery, making better use of assets that already exist in families and communities</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Health and Wellbeing Board monitor the actions to reduce inequalities The Design Principles that underpin the approach to health and wellbeing includes Equity – providing access to excellent services dependent on need and preferences that are also based on evaluated models. Equity in health means everyone being able to achieve their full health</li> </ul>	<p><b>1x3 = 3</b></p>

Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
PE 8 Failure to align partner services to ensure we have a city that is safe and secure	Sarah Reed, Assistant Chief Executive	2x2 = 4	<ul style="list-style-type: none"> <li>Continue to deliver the Safer Sunderland Partnership's delivery plan: tackling alcohol, drugs, domestic violence, violent crime, anti-social behaviour, safety and feelings of safety and re-offending</li> <li>Apply the Strengthening Families approach to support people out of offending</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>By the end of 2012/13, when compared with the previous year, the Safer Sunderland Partnership was able to report a 19% reduction in recorded crime and an 11.9% reduction in recorded anti-social behaviour incidents</li> <li>The multi agency Strengthening Families Programme is starting to record success in reducing offending</li> </ul>	1x2 = 2

#### PLACE

##### Desired Outcomes

An attractive, modern city where people choose to invest, live, work and spend their leisure time.

A responsible, well looked-after city that is adaptable to change.

A well connected city.

A city where cultural identity and vibrancy act as a significant attraction

Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
PL 1 The Local Development Framework is not adopted thereby restricting development opportunities for the City	Janet Johnson, Deputy Chief Executive	2x4 = 8	<ul style="list-style-type: none"> <li>Develop the LDF (Local Plan) to ensure it meets the required Government criteria</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Local Plan is being developed in line with government criteria. However adoption of Local Plan is expected to be late 2015/16. Draft plan for consultation due in late 2014. Development will not stop however until the Local Plan is adopted</li> </ul>	1x4 = 4

Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
<p><b>PL 2</b> Failure to deliver our place-shaping activities in a coordinated manner (including economic housing and transport investments)</p>	<p>Janet Johnson, Deputy Chief Executive</p>	<p><b>2x3 = 6</b></p>	<ul style="list-style-type: none"> <li>• Adopt an ambitious, developer/investor friendly Core Strategy (Land Use Plan) that will guide high quality future physical development that is synonymous with a modern, vibrant, aspirational city</li> <li>• Develop and implement the Sunderland Housing Strategy</li> <li>• Set up the Combined Authority that will have responsibility for the creation of an area wide integrated transport authority and preparation of a local transport plan</li> <li>• Utilise all available funding opportunities to improve infrastructure e.g. Regional Growth Fund</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland councils have all come together to form the North East Leadership Board (Combined Authority). The move will lead to closer working to deliver the shared ambitions of the seven councils to accelerate economic growth; focusing on skills, transport and inward investment, giving the area a stronger voice nationally and internationally. Schemes being developed to access RGF funding.</li> </ul>	<p><b>1x3 = 3</b></p>
<p><b>PL 3</b> Delivery of capital investment priorities is too slow to realise opportunities available</p>	<p>Janet Johnson, Deputy Chief Executive</p>	<p><b>Score 2x3 = 6</b></p>	<ul style="list-style-type: none"> <li>• Development of a Local Asset Backed Vehicle (LABV) to deliver accelerated regeneration and economic development activity</li> <li>• Continue to support the development of priority areas including <ul style="list-style-type: none"> <li>○ Vaux site</li> <li>○ Sunnyside</li> <li>○ Seaburn</li> </ul> </li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• Strategic Partner procured for the LABV and now in mobilisation phase to establish the new company</li> <li>• As part of LABV mobilisation phase plans are being prepared for Vaux Site (phase development), Seaburn and Chapelgarth</li> </ul>	<p><b>1x3 = 3</b></p>

Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
<p><b>PL 4</b> Inability to stimulate sufficient inward investment for development projects, particularly in relation to the City Centre</p>	<p>Janet Johnson, Deputy Chief Executive</p>	<p>2x3 = 6</p>	<ul style="list-style-type: none"> <li>• Promote the City nationally and internationally as a place to invest, through the Make it Sunderland campaign</li> <li>• Private sector partners to develop a Business Improvement District proposal providing resources that will contribute to physical improvement in the city centre</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• Sunderland BID Limited has been established in the form of an independent, not-for-profit company controlled by the private sector. A maximum of 20 Board directors are being elected from businesses and city stakeholders. The Board will be responsible for ensuring projects are delivered on time and within budget. A small operational team will be employed led by Ken Dunbar, the first Chief Executive of the new BID Company</li> <li>• Make it Sunderland campaign continues to promote investment in the City</li> </ul>	<p>1x3 = 3</p>
<p><b>PL 5</b> The City's infrastructure does not provide appropriate access and movement for all, including those with restricted mobility</p>	<p>Neil Revely, ED of People Services</p>	<p>2x2 = 4</p>	<ul style="list-style-type: none"> <li>• Continue to engage with Nexus to develop Community Transport, taking into consideration the market and the commercial viability of transport routes</li> <li>• Engage with the Voluntary and Community sector to provide access for people with restricted mobility (e.g. volunteer drivers)</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• On going engagement with NEXUS in relation to community transport. Government funding in respect of community transport may be reduced</li> </ul>	<p>2x2 = 4</p>
<p><b>PL 6</b> Fail to agree and implement a Cultural Strategy and associated action plan</p>	<p>Neil Revely, ED of People Services</p>	<p>2x2 = 4</p>	<ul style="list-style-type: none"> <li>• Develop Cultural Strategy and implementation plan</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• Cultural Partnership formed to bring a wider base to the development of the strategy</li> </ul>	<p>1x2 = 2</p>

## ECONOMY

### Desired Outcomes

A national hub of the low carbon economy

A prosperous and well connected waterfront city centre

An inclusive city economy for all ages

Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
<b>EC 1</b> The increased costs of university fees and restricted access to appropriate learning opportunities will dissuade some young people from attending HE and skills levels will not increase as quickly as anticipated	Janet Johnson, Deputy Chief Executive	<b>3x3 = 9</b>	<ul style="list-style-type: none"> <li>Education Leadership Board to promote the benefits of higher education</li> <li>North East Local Enterprise Partnership (NELEP) to support the promotion of higher education</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>NELEP and the Education Leadership Board continue to promote the benefits of higher education</li> <li>Council, schools, colleges and the NE Chamber of Commerce are engaged to strengthen ties between education and business in the city</li> </ul>	<b>2x3 = 6</b>
<b>EC 2</b> The City doesn't attract inward investors because of a lack of sites / finance	Janet Johnson, Deputy Chief Executive	<b>3x3 = 9</b>	<ul style="list-style-type: none"> <li>Development of a Local Asset Backed Vehicle (LABV) to leverage private sector funding and investment in the City</li> <li>Allocation of appropriate employment sites through the LDF process</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Strategic Partner procured and now in mobilisation phase to establish the new company</li> <li>Funds secured in respect of the Enterprise Zone</li> </ul>	<b>2x3 = 6</b>
<b>EC 3</b> The more highly qualified/skilled people in the City will leave to find suitable work outside of the region, reducing the proportion of highly qualified/skilled people living in the City	Janet Johnson, Deputy Chief Executive	<b>3x3 = 9</b>	<ul style="list-style-type: none"> <li>Continue to deliver the Make It Sunderland campaign that sets the direction for our efforts to attract employment opportunities to the city, across a wide range of sectors</li> <li>Implement a Housing Investment Plan that ensures we have the right range and types of housing, in the right locations, to retain existing residents and attract new people into the City</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Housing Investment Plan to be updated and included in the Housing Strategy</li> </ul>	<b>2x3 = 6</b>

Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
			<ul style="list-style-type: none"> <li>Make it Sunderland campaign continuing to attract jobs and investment into the City</li> </ul>	
<b>EC 4</b> Inability to deliver on the New Wear Crossing in line with the planned timescales	Janet Johnson, Deputy Chief Executive	3x3 = 9	<ul style="list-style-type: none"> <li>Complete the procurement phase and deliver the construction phase of the New Wear Crossing</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Procurement phase progressing with dialogue phase to start in June 14</li> </ul>	2x3 = 6
<b>EC 5</b> Fail to ensure plans are in place to support carers, people with disabilities and mental health issues into or to maintain employment	Neil Revely, ED of People Services	2x4 = 8	<ul style="list-style-type: none"> <li>Continue to engage with Remploy, who provide sustainable employment opportunities for disabled people and those who experience complex barriers to work</li> <li>Continue to support the Carers Strategy Group</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>On going engagement with Remploy and the Carers Strategy Group</li> </ul>	1x4 = 4
<b>EC 6</b> Pace and scale of regeneration in the City Centre does not satisfy economic prosperity ambitions	Janet Johnson, Deputy Chief Executive	2x4 = 8	<ul style="list-style-type: none"> <li>Progress development opportunities, e.g. Vaux site, City Square, Sunnyside</li> <li>Support the Business Improvement District proposal</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>The Sunderland Business &amp; Skills Hub proposal for the Business Investment (Grants) capital expenditure scheme for £614k of RGF funding has been agreed</li> <li>LABV to be used to progress developments</li> </ul>	1x4 = 4
<b>EC 7</b> Partners do not have a coordinated approach to supporting, developing and attracting business to the City	Janet Johnson, Deputy Chief Executive	2x2 = 4	<ul style="list-style-type: none"> <li>Continue to support the Business and Innovation Centre which provides a joint approach for business support</li> <li>Implement the Enterprise and Innovation Strategy</li> <li>Continue to develop the North East Local Enterprise Partnership (NELEP) Enterprise Zones</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Enterprise and Innovation Strategy signed off by the Economic Leadership Board</li> <li>Obtain funding through the City Deal to enhance the work of the Business and Innovation Centre</li> </ul>	1x2 = 2

## ORGANISATION

### Desired Outcomes

Achieving Community Leadership.  
 Delivering High Quality Services That Are Led By Our Customers' Needs  
 Ensuring Value for Money and Productive Use Of Resources

Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
<b>OR 1</b> The Council and the community may not have the required skills and capacity to deliver the City's priorities	Sue Stanhope, Director of HR & OD Sarah Reed, Assistant Chief Executive	<b>3x3 = 9</b>	<ul style="list-style-type: none"> <li>Focus upon strengthening local self-help capacity, In order to meet our aspirations as a Community Leadership Council</li> <li>Utilise workforce planning to develop and transfer skills across the council</li> <li>Deliver the Voluntary and Community Sector Relationship Transition project</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>VCS project completed having developed an approach that aligns engagement with the VCS and day to day service delivery</li> </ul>	<b>2x3 = 6</b>
<b>OR 2</b> Lack of pace, leadership, innovation and commitment resulting in inability to achieve the required outcomes	Sarah Reed, Assistant Chief Executive	<b>2x4 = 8</b>	<ul style="list-style-type: none"> <li>Develop the role of a Community Leadership Council to be more intelligent in setting relevant and focused priorities</li> <li>Deliver the Business Transformation Programme</li> <li>Deliver Alternative Service Delivery Models</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Role of Community Leadership Council undergoing review</li> <li>Sunderland Care &amp; Support Ltd set up in December 2013 Leisure services review on going</li> <li>Further iteration of the Transformation programme is being developed</li> </ul>	<b>1x4 = 4</b>
<b>OR 3</b> Council does not secure the required savings	Sonia Tognarelli, Head of Financial Resources	<b>2x4 = 8</b>	<ul style="list-style-type: none"> <li>Agree MTFS (in context of Community Leadership Council)</li> <li>Agree Service Area efficiency targets and monitor</li> </ul>	<b>1x4 = 4</b>



Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
			<p>progress</p> <ul style="list-style-type: none"> <li>• Deliver the Business Transformation Programme</li> <li>• Deliver Alternative Service Delivery Models</li> <li>• Deliver the Workforce Planning project</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• MTFS in place</li> <li>• Workforce Planning efficiency targets for 2014/15 agreed</li> <li>• Care and Support ASDM went live December 13</li> <li>• Actions being progressed to develop detailed plans to address remaining funding gap 2015-2017</li> </ul>	
<p><b>OR 4</b> Failure to collect, analyse and use intelligence to enable customer insight to inform decision making</p>	<p>Sue Stanhope, Director of HR &amp; OD Sarah Reed, Assistant Chief Executive</p>	<p><b>2x3 = 6</b></p>	<ul style="list-style-type: none"> <li>• Development and delivery of the Intelligence Hub</li> <li>• Strategic planning and service redesign to reflect the needs and preferences of our customers and communities</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• Procurement of Intelligence Hub is progressing with the selection of a Strategic Partner</li> </ul>	<p><b>1x3 = 3</b></p>
<p><b>OR 5</b> Employee engagement falls as a result of ongoing significant changes</p>	<p>Sue Stanhope, Director of HR &amp; OD</p>	<p><b>2x3 = 6</b></p>	<ul style="list-style-type: none"> <li>• Continue to monitor and intervene in areas where employee engagement is showing signs of diminishing</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• Position continues to be monitored</li> </ul>	<p><b>1x3 = 3</b></p>



Detailed Internal Audit Coverage

Key Risk Area	2012/13 Audits / Opinions		2013/14 Audits / Opinions		2014/15 Audits / Opinions		Scope of 2014/15 Audit	Overall Opinion
Customer Focus	Children's Services – Safeguarding	L	Community and Family Wellbeing - Governance Arrangements	L	Customer Services Network		Review success of migration of services	Moderate
	Personal Budgets	L	Out of Area Placements	L				
			Web Content Development	M				
			Crisis Loans / Social Fund	S				
Legality	Equality Impact Assessments	M						Substantial
	Licensing (Compliance with Provision of Services Regulations 2009)	N						
	Corporate Legality	F						
Service / Business Planning	Children's Services – Safeguarding	L	Corporate Service/ Business Planning	M	Corporate Service Planning Arrangements		Review of business continuity arrangements in relation to workforce reductions	Moderate
			Community and Family Wellbeing - Governance Arrangements	L	Community and Family Welfare - Governance Arrangements		Review of planning and performance management arrangements	
			Derwent Hill	M	Multi Agency Safeguarding Hub		Review of information sharing arrangements, and response to safeguarding incidents / serious case reviews	
			Out of Area Placements	L	Port Governance Arrangements			

Key Risk Area	2012/13 Audits / Opinions		2013/14 Audits / Opinions		2014/15 Audits / Opinions		Scope of 2014/15 Audit	Overall Opinion
			Operational Asset Management	L	LEP Accountable Body Arrangements		To cover accounting arrangements, the process for allocating grants/loans to third parties, the monitoring arrangements and the quarterly claims process.	
Programme and Project Management	Landscape and Reclamation Service	M	Implementation of the Economic Master Plan	M	Programme and Project Management		Review of compliance with new Project Management Standards	Moderate
	Programme and Project Management - support to major projects	M			Realisation of Benefits & Savings			
	Operating Model – realisation of benefits	S						
Partnerships					Multi Agency Safeguarding Hub		Review of information sharing arrangements, and response to safeguarding incidents / serious case reviews	Moderate
					Corporate Partnership Arrangements		Review of compliance with the Partnerships Code of Practice	
					Sunderland Partnership			
Business Continuity and Emergency Planning			HHAS Business Continuity Planning	L	Corporate Business Continuity Planning		Review of business continuity arrangements in relation to workforce reductions	Moderate
Procurement	Capital Procurement	S	Derwent Hill	M	Commissioning		Review of working arrangements for the new integrated commissioning team, including contract management arrangements	Substantial

Key Risk Area	2012/13 Audits / Opinions		2013/14 Audits / Opinions		2014/15 Audits / Opinions		Scope of 2014/15 Audit	Overall Opinion
	Unplanned Audit – Revenue Procurement	S	Out of Area Placements	L	Contract Management		Review of compliance with new Contract Management Framework	
			Revenue Procurement	S	Capital Procurement			
Relationship and Contract Management	Care and Support Sunderland Ltd – contract management	M	Streetlighting PFI Contract Management	M	Commissioning		Review of working arrangements for the new integrated commissioning team, including contract management arrangements	Moderate
	Housing Related Support	L	Events Company Contract Management	M				
Financial Management	YPLA Schools Sixth Form Grant	S	EFA / SFA Funding	S	EFA / SFA Funding		Grant Certification work	Substantial
	Local Transport Capital Block Funding Grant	S	Local Transport Capital and Integrated Transport Grants	S	Local Transport Capital and Integrated Transport Grants		Grant Certification work	
	YPLA Young Apprenticeships Cohort 6 Grant	S	Troubled Families Performance Reward Grant	L	Troubled Families Performance Reward Grant		Grant Certification work	
	YPLA Young Apprenticeships Cohort 7 Grant	S	DECC Fuel Poverty Grant	M	Contaminated Land Grant	S	Grant Certification work	
	Growing Places Funds 2, 3 and 7	F	Growing Places Funds 2, 3 and 7	S	Benefit Cap Advisors Grant		Grant Certification work	
	Department for Business Innovation & Skills – LEP Start Up Fund	S	Clusters of Empty Homes Grant	S	Adoption Reform Grant	S	Grant Certification work	

Key Risk Area	2012/13 Audits / Opinions		2013/14 Audits / Opinions		2014/15 Audits / Opinions		Scope of 2014/15 Audit	Overall Opinion
	Department for Business Innovation & Skills – LEP Capacity Fund	S	Out of Area Placements	L	Commissioning		Review of working arrangements for the new integrated commissioning team, including contract management arrangements	
	Deprived Areas Fund Grant	F	Foster Care Allowances	M	Port Governance Arrangements			
	Single Investment Programme Grant	F	Charging for Non Residential Adults Care Services	S	LEP Accountable Body Arrangements		To cover accounting arrangements, the process for allocating grants/loans to third parties, the monitoring arrangements and the quarterly claims process.	
	Personal Budgets	L	Personal Budgets		Personal Budgets / Direct Payments		Review of process for agreeing care plans and setting personal budgets	
	Direct Payments	L	Direct Payments	L	Accounting / General Ledger			
	29 Schools	S	34 Schools	S				
	Home Improvement Agency – Loans and Mortgages	S	SAP Organisation Structures	S	SAP Organisation Structures		Review of use of bucket positions and multiple occupant positions	
	Housing Related Support	L	SAP HCM Monitoring of Multiple Employee Positions	L	Mobile Phones Contract		Value for money study	
	BACS Payments	S	BACS Processing	S	BACS Processing			
	Cash Receipting	S	Cash Receipting	S	Cash Receipting			
	Payroll	M	Payroll	M	Payroll		Verification of input of new pay grades to SAP HCM, following the Workforce Transformation Project.	
	Council Tax Transactions checks	S	Council Tax	S	Council Tax - Valuation			

Key Risk Area	2012/13 Audits / Opinions		2013/14 Audits / Opinions		2014/15 Audits / Opinions		Scope of 2014/15 Audit	Overall Opinion
	Business Rates transactions checks	S	Business Rates	S	Business Rates - Valuation			
	Accounts Payable transactions checks	S	Accounts Payable	S	Accounts Payable			
	Accounts Receivable transactions checks	S	Accounts Receivable	M	Accounts Receivable			
	1 Leisure Centre	S	Aquatic Centre	S	Periodic Income			
	Landscape and Reclamation Service	M	Operational Asset Management	L				
	Capital Procurement	S	Asset Register / Capital Accounting	S				
	Housing Benefit transaction checks	S	Benefits	S	Benefits Administration		Transaction Testing	
			Council Tax Support Scheme	S	Recovery of Benefit Overpayments			
			Building Maintenance	N				
			Capital Programme Funding and Monitoring	S				
			Treasury Management	S				
			External Funding	S				
			External Funding - Support to Partners / VCS	S				
			Insurance Claims Handling	S				

Key Risk Area	2012/13 Audits / Opinions		2013/14 Audits / Opinions		2014/15 Audits / Opinions		Scope of 2014/15 Audit	Overall Opinion
			Council Tax Support Scheme	S				
			Local Business Rates Scheme	S				
			Crisis Loans / Social Fund	S				
			Derwent Hill	M				
			Events Company Contract Management	M				
Human Resource Management	Corporate Attendance Management Arrangements	L	SAP Organisation Structures	S	SAP Organisation Structures		Review of use of bucket positions and multiple occupant positions	Moderate
	Management of SWITCH	S	Monitoring of Multiple Employee Positions	L	Corporate Training and Development Arrangements		Review of training and induction arrangements to assess whether people are able to access the training that they need. Also to consider how information from management assessments has been used	
			Corporate HR Management	M				
Information Governance	Vulnerable Adults Protection Arrangements	S	Corporate Information Governance Arrangements	L	Corporate Information Governance Arrangements		Review of content of emails sent outside the organisation	Moderate
	Information Governance compliance checks	L			Multi Agency Safeguarding Hub		Review of information sharing arrangements, and response to safeguarding incidents / serious case reviews	
Performance Management	Design of corporate performance management arrangements	S	Operational Asset Management	L	Corporate Performance Management Arrangements		Verification of performance management arrangements reported to EMT	Moderate



Key Risk Area	2012/13 Audits / Opinions		2013/14 Audits / Opinions		2014/15 Audits / Opinions		Scope of 2014/15 Audit	Overall Opinion
			Community and Family Wellbeing - Governance Arrangements	L	Community and Family Welfare - Governance Arrangements		Review of planning and performance management arrangements	
Asset Management	Asset management	M	Derwent Hill	M				Moderate
			Technology Forge	L				
			Operational Asset Management	L				
			ICT Asset Management	N				
			Asset Register / Capital Accounting	S				
ICT Strategy and Delivery			ICT Asset Management	N	Physical and Environmental Controls			Moderate
					Mobile Phone Contract		Value for money study	
Fraud and Corruption	Counter Fraud Testing		Counter Fraud Testing					Substantial
	National Fraud Initiative checks		National Fraud Initiative Case Investigations		National Fraud Initiative Case Investigations			
	Home Improvement Agency	S	Direct Payments	L	Schools Counter Fraud Checks		Transaction Testing	

Key Risk Area	2012/13 Audits / Opinions		2013/14 Audits / Opinions		2014/15 Audits / Opinions		Scope of 2014/15 Audit	Overall Opinion
	Direct Payments	L	Personal Budgets		Personal Budgets		Review of process for agreeing care plans and setting personal budgets	Substantial
	Cash Receipting Transaction checks	S	BACS Processing	S	BACS Processing			
	Payroll transaction checks	M	Cash Receipting	S	Cash Receipting			
	Council Tax transaction checks	S	Payroll	M	Payroll		Verification of input of new pay grades to SAP HCM after Workforce Transformation Project.	
	Business Rates transaction checks	S	Council Tax	S	Council Tax - Valuation			
	Housing Benefit transaction checks	S	Business Rates	S	Capital Procurement			
	Accounts Payable transaction checks	S	Benefits	S	Benefits Administration			
	Accounts transactions	S	Accounts Payable	S	Accounts Payable			
			Accounts Receivable	M	Accounts Receivable			
					Periodic Income			
				Organisation Structures				
Risk Management					Port Governance Arrangements			Substantial
Schools	29 schools audits completed – 7 full, 20 substantial, 1 moderate, 1 limited	S	34 schools, 5 full, 25 substantial, 3 moderate, 1 limited	S	4 schools completed to date - 3 substantial, 1 limited	S	Review of governance and financial management arrangements at 32 schools.	Substantial

## Risk and Assurance Activity

Area of activity	Work ongoing
Strategic Risk Profile	A review of the strategic risks affecting the Council was agreed with EMT. The risk areas have been categorised into People, Place, Economy and Organisational, in line with the Council's Outcomes Framework. Mitigating actions have been agreed and progress being monitored and reported in Appendix 1.
Transformation Programme	Ongoing assurance work is being undertaken in relation to progress in delivering the projects within the Transformation Programme and the related efficiency savings target. A progress report is presented to the Transformation Board on a monthly basis setting out the progress in relation to key project deliverables and the achievement of efficiency savings targets. Work is ongoing with Project Executives, Project Managers and Heads of Service to report the position and address any change control issues required.
Supporting Executive Directors and Heads of Service to manage risks	Activity is ongoing to aid the managing of risks through service planning, programmes and key projects and partnerships. This will be linked to mitigating actions in the Strategic Risk Profile where appropriate.
Support to Schools	A new approach to supporting schools has been introduced. A number of workshops have been held for schools to attend to help them identify and manage their risks more effectively. A number of Academies have also booked specific sessions at their schools.
Service Reviews (including alternative service delivery models), Programmes and Projects (including ICT)	<p>Major projects / service reviews being supported include:</p> <ul style="list-style-type: none"> <li>• Local Asset Backed Vehicle</li> <li>• Workforce Transformation Project</li> <li>• Workforce Planning Project</li> <li>• Sunderland Care and Support</li> <li>• Customer Service Network</li> <li>• Intelligence Hub</li> <li>• Transport and Fleet Management</li> <li>• ICT – various activity</li> </ul>

Area of activity	Work ongoing
	<ul style="list-style-type: none"><li>• Leisure project</li><li>• Adult Social Care, Care Act and Children's and Families Act</li><li>• Development of the Intranet</li><li>• Safeguarding – Childrens</li><li>• Streetscene projects</li><li>• City Deal</li><li>• New Wear Crossing</li></ul>

## Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2013/14

## Efficiency and Effectiveness

Objectives	KPI's	Targets	Actual Performance
1) To ensure the service provided is effective and efficient.	1) Complete sufficient audit work to provide an opinion on the key risk areas identified for the Council	1) All key risk areas covered over a 3 year period	1) On target
	2) Percentage of draft reports issued within 15 days of the end of fieldwork	2) 90%	2) Behind target – 86%
	3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report)	3) 80%	3) Behind target - 71%

## Quality

Objectives	KPI's	Targets	Actual Performance
1) To maintain an effective system of Quality Assurance	1) Opinion of External Auditor	1) Satisfactory opinion	1) Achieved
2) To ensure recommendations made by the service are agreed and implemented	2) Percentage of agreed high, significant and medium risk internal audit recommendations which are implemented	2) 100% for high and significant 90% for medium risk	2) Significant – N/A Behind target - Medium 80% (excluding schools)

## Client Satisfaction

Objectives	KPI's	Targets	Actual Performance
1) To ensure that clients are satisfied with the service and consider it to be good quality	1) Results of Post Audit Questionnaires	1) Overall average score of better than 1.5 (where 1=Good and 4=Poor)	1) On target – 1.1 to date
	2) Results of other Questionnaires	2) Results classed as 'Good'	2) Non undertaken
	3) Number of Complaints / Compliments	3) No target – actual numbers will be reported	3) 2 compliments 0 complaints

