

**AUDIT AND GOVERNANCE COMMITTEE**

**3 February 2023**

**RISK AND ASSURANCE MAP UPDATE – 2022/23**

**Report of the Assistant Director of Assurance and Property Services**

**1. Purpose of Report**

1.1 To enable the Audit and Governance Committee to consider:

- the updated Risk and Assurance Map and supporting Strategic and Corporate Risk Profiles based on assurances gathered from a range of sources;
- work undertaken by the audit, risk and assurance service during the year to date; and
- the performance of Internal Audit.

1.2 The report covers work undertaken for the Council and Council owned companies.

**2. Description of Decision**

2.1 The Audit and Governance Committee are asked to note and consider the report.

**3. Background/Introduction**

3.1 In April 2022 the Committee agreed the Risk and Assurance Map and Strategic and Corporate Risk Profiles for 2022/23. Both the Strategic and Corporate Risk Profiles have been updated as well as the Risk and Assurance Map following consultation with Chief Officers and relevant key officers. The 'X's in the assurance columns show where assurance is expected to be received from in the current financial year.

**4. Risk and Assurance Map**

4.1 The Risk and Assurance Map at Appendix 1 has been updated to reflect any changes to both the Strategic and Corporate Risk Profiles and these are described in more detail in paragraphs 4.2 and 4.3 below.

Strategic Risk Areas

4.2 The top section of the Map relates to the strategic risks identified in the Strategic Risk Profile, attached at Appendix 2. All changes to the Strategic Risk Profile are shown in red text for ease of reference. The main updates are as follows:

- The risk description for R011 has been updated to be broader than Covid-19 and now reads '*Unable to control variants of the Covid virus, and other communicable diseases, which could increase the spread of the infection across Sunderland.*'
- Due to a number of pieces of Internal Audit work the level of assurance provided by Internal Audit has changed as follows:
  - "*Access to equitable opportunities and life chances*" – assurance level from Internal Audit is new and is Amber. This has not changed the overall assurance level of Green due to the results of the OFSTED review of Together for Children Ltd.
  - "*People enjoying independent lives*" – assurance level has moved from Green to Amber due to an audit of Assistive Technologies. This has changed the overall assurance level to Amber.
  - "*Partnership working*" – assurance level from Internal Audit is new and is Amber.

Recommendations have been made and follow-up will take place as appropriate.

### Corporate Risk Areas

4.3 The middle section of the Map shows the cumulative risk assessments and the assurance levels relating to the risks identified in the Corporate Risk Profile, attached at Appendix 3. The changes to the Corporate Risk Profile are as follows:

- Additional current controls have been added to the risks relating to Health and Safety due to new activity being undertaken by the Health and Safety Team. The changes are shown in red text in risks R036 to R039.
- In relation to R41 '*ICT infrastructure is not resilient to disasters*', an additional cause has been added '*Lack of 24/7 ICT support in the event of an incident.*' This was identified during a recent exercise and work is ongoing to address the situation.
- Due to a number of pieces of internal audit work the level of assurance provided by Internal Audit has changed as follows:
  - Strategic Planning – assurance level changed from Green to Amber due an audit of Partnership Arrangements. This has not changed the overall assurance rating of Green.
  - Service Delivery Arrangements – assurance level changed from Amber to Green due to audit work in relation to Planning and

Development Control and Highways Work Programme.

- Partnership/Integrated Working – new assurance level from Internal Audit which is Amber. This has moved the overall assurance level from Green to Amber.
- Health and Safety – assurance rating has changed from Amber to Green due to follow up work that has confirmed all agreed actions from a previous audit have been implemented. This has not changed the overall assurance rating of Amber due to the opinion of the Health and Safety Team on the overall arrangements in the Council.

Recommendations have been made and follow-up will take place as appropriate.

#### Council Owned Companies

- 4.4 The bottom section of the Map shows the Assurance position in relation to Companies that are wholly owned by the Council and are part of the group for the financial statements. There have been no changes to the Risk and Assurance Map in relation to Council Owned Companies.

#### Assurance from Internal Audit

- 4.5 The audits to be carried out this year and the detailed results of completed Internal Audit work is shown at Appendix 4, with the summary outcomes shown on the Map. Changes to assurance levels are set out in paragraphs 4.2 and 4.3 above.
- 4.6 Appendix 4 shows all of the opinions, including those from previous years, which have been considered in determining the overall assurance level for the Strategic and Corporate Risk Areas and Council Owned Companies. Those audits shown in grey are those in previous years where it became not appropriate to complete the audit at that time.
- 4.7 The original plan for the Council included 67 audits. The Internal Audit team has been carrying a vacancy which it has not been able to fill and an external public sector auditing company has been engaged to provide some additional resources. However, it will still not be possible to complete all of the planned audits and some audits are no longer applicable, as follows:
- One maintained school has converted to an academy.
  - Three grant certifications are now no longer required.
  - Two audits have been deferred into 2023/24, Delivery of Port Business Plan and Corporate Asset Management Strategy and Compliance.

It is therefore expected that 91% of the original audit plan will be completed. In addition, one unplanned school audit and 19 unplanned grant

certifications have been undertaken.

- 4.8 Whilst completing the Internal Audit Plan for 2021/22 there were 8 significant risk recommendations made over three audits in relation to Corporate Business Continuity Arrangements, Cyber Security – Vulnerability Management and IT Disaster Recovery. An update with regard to their implementation was provided at the last Committee. Internal Audit are currently undertaking follow-up work to verify that the recommendations have been implemented, although the service has confirmed that a significant amount of work has been undertaken.

#### Assurance from Risk and Assurance Team

- 4.9 There is one post which has responsibility for undertaking risk and assurance activity. The post is currently vacant and recruitment exercises have not resulted in the post being filled. Risk and assurance activity is therefore currently limited to updating the Strategic and Corporate Risk Profiles and providing high level risk advice as requested. It is hoped that the post will be filled within the coming months.

#### Assurance from others within the Council

- 4.10 Assurance provided from others within the Council is shown in the Risk and Assurance Map. The only change is assurance from ICT in relation to Cyber Security which has changed from Amber to Green due to recent activity in this area.

#### Assurance from Management

- 4.11 Arrangements are in place to obtain assurance from senior managers for all service areas within the Council through an annual governance questionnaire which is currently being collated for 2022/23.

#### Assurance from External Sources

- 4.12 The Map includes assurance from relevant external sources.

#### Overall

- 4.13 The overall assurance levels are either green or amber. The Risk and Assurance Map, Strategic and Corporate Risk Profiles were recently considered by Chief Officers.

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

- 5.1 The performance in relation to targets set for Internal Audit is shown at Appendix 5. All KPIs are on target.

## **6. Conclusion**

- 6.1 Results of the work undertaken so far during the year have not highlighted any issues which affect the overall opinion that the Council continues to have in place an adequate system of internal control.

## **7. Recommendation**

- 7.1 The Audit and Governance Committee are asked to note and consider the report.

