AUDIT AND GOVERNANCE COMMITTEE   **14 December 2012**

CORPORATE ASSURANCE MAP - UPDATE

Report of the Head of Corporate Assurance and Procurement

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 2012 the Committee approved the proposed Corporate Assurance Map for 2012/13 and the plans of work for Internal Audit and Risk & Assurance.

3.2   At that time, the Map was prepared based on knowledge of the assurance position from Internal Audit work, a risk assessment covering all of the corporate risk areas and consultation with the Chief Executive, all Executive Directors and key offers across the Council.

3.3   A key feature of the new 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 18th November 2012, 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 18th November 2012) (Cumulative)	Management Assurance	Other Internal Assurance Activity						Risk and Assurance	Internal Audit	External Assurance
2012/2013		Legal Services	Financial Resources	Transformation Programmes and Projects	Strategy, Policy and Performance	HR &OD	Business Continuity			
Strategic Risk Areas										
Economy *(red)*	X				X			X *(amber)*		
Resources (external and internal) *(red)*	X		X *(green)*	*(amber)*				X *(amber)*		X *(green)*
Unable to meet needs of the community *(amber)*	X				X			X *(amber)*		
Reputation *(amber)*	X							X *(amber)*		
Social breakdown *(amber)*	X							X *(amber)*		
Lack of effective strategic partnerships *(amber)*	X				X			X *(amber)*		
Planning and responsiveness to national agenda *(amber)*	X				X			X *(amber)*		
Corporate Risk Areas										
Customer Focus / Service *(amber)*	X *(amber)*			*(amber)*	X *(green)*			X *(amber)*	X	*(green)*
Legality *(green)*		X *(green)*						*(green)*	X	
Service / Business Planning *(amber)*	X *(amber)*				X			X *(amber)*	X	
Programme and Project Management *(green)*	X *(green)*			X				X *(green)*	X *(green)*	
Change Management *(amber)*	X			X *(amber)*		X *(green)*		X *(amber)*		
Partnerships *(amber)*	X *(amber)*							X *(amber)*		*(green)*
Business Continuity Planning *(amber)*	X *(amber)*						X *(green)*	*(amber)*		*(green)*
Procurement *(amber)*	X *(amber)*								X	
Relationship and Contract Management *(amber)*	X	X *(green)*	X *(green)*					X *(amber)*	X	
Financial Management *(green)*	X *(green)*		X *(green)*					X *(amber)*	X *(green)*	X *(green)*
Human Resource Management *(amber)*	X *(green)*					X *(amber)*		X *(amber)*	X	
Information Governance *(amber)*	X *(green)*	X *(amber)*						X *(amber)*	X	
Performance Management *(amber)*	X *(green)*				X *(green)*			X *(amber)*	X *(green)*	*(green)*
Asset Management *(amber)*	X *(red)*			*(amber)*				X *(amber)*		
ICT Strategy and Delivery *(amber)*	X			X *(amber)*				X *(amber)*		
Fraud and Corruption *(amber)*	X *(green)*								X	
Risk Management (Service Delivery) *(amber)*	X *(green)*							X *(green)*	*(green)*	
Housing Benefits *(amber)*	X							*(amber)*	X *(green)*	
Schools *(green)*	X *(green)*		X	*(amber)*				X *(green)*	X *(green)*	

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

Previously described as: **Good**   **Satisfactory**   **Unsatisfactory**

<u>Strategic Risk Areas</u>

4.2   The top section of the Map relates to the management of strategic risks
        identified in the Corporate Risk Profile. A summary of the action areas that
        have been agreed are shown in Appendix 1, along with key actions taken to
        date. Progress against each of the actions has been assessed with the lead
        officers and assurance levels determined for all areas. The overall rating of
        the strategic risk areas has not changed.

<u>Assurance from Internal Audit</u>

4.3   The detailed results of Internal Audit work are shown at Appendix 2, with the
        summary outcomes shown on the Map. The Map shows the ongoing
        opinion of Internal Audit from work undertaken within the last two years plus
        work completed in the current year.

<u>Assurance from Risk and Assurance Team</u>

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 due to the
        nature of their role, however, where ongoing assurance can be provided from
        their work this is shown on the Map. Assurance work within the third quarter
        has included:

        •   Continuing with support on the preparation for the procurement stage
            of the new Wear Bridge Crossing.

        •   Supporting the delivery of the severance project which resulted in a
            significant number of people leaving the employment of the Council in
            a very short period of time.

        •   Support to the development of alternative service delivery vehicles
            such as the Local Asset Backed Vehicle, Care and Support Project,
            Events Project and the future of ICT delivery.

        •   Work has also been undertaken regarding Equal Pay Claims.

4.5   The Risk and Assurance Team have also provided support to 28 schools to
        help them manage their risks. This takes into account assessments
        undertaken by other departments in the Council. Considering the work done
        by the Safeguarding, Asbestos, Internal Audit and the Risk and Assurance
        Team, the overall assessment for schools is considered to be substantial.

<u>Assurance from others within the Council</u>

4.6   Assurance provided from others within the Council is shown in the Corporate Assurance Map above. There are no specific issues to draw to Members' attention from this.

<u>Assurance from Management</u>

4.7   Arrangements have now been developed to obtain assurance from Management in a number of areas. Members will note that assurance in relation to Asset Management from management is considered to be Limited. This relates to comments returned from management regarding the recording of small value items of equipment in local inventories rather than the Council's major assets. Therefore, the overall assurance level for Asset Management continues to be Moderate.

4.8   From the management assurance received so far Members will see that a Moderate level of assurance was provided in relation to Customer Focus/Service, Service/Business Planning, Partnerships and Procurement. These are all important elements which contribute to effective commissioning. This theme will be fed back to senior management within the Council to discuss and identify improvements.

4.9   Whilst collecting assurance from management it has become clear that the level of assurance they can provide in relation to the Corporate Risk profile actions is limited due to the strategic and cross cutting nature of many of the issues. It is therefore more appropriate to gather this evidence from specialists within the Council and through the Risk and Assurance team. Therefore, management will not be requested to provide this in the future.

4.10   It is planned to further develop these arrangements by co-ordinating with the Council's corporate business planning and performance reporting arrangements to enable assurance from management to be gathered in a more efficient and streamlined way.

<u>Assurance from External Sources</u>

4.11   The Map shows five areas where Full or Substantial assurance has been received from external sources. This relates to the results of the recent OFSTED inspection into safeguarding children and services for children looked after, and the value for money opinion of the Audit Commission. The results of the OFSTED inspection gave an overall rating of 'Good' and specific ratings in relation to the relevant Corporate Risk areas are shown.

4.12   The overall level of assurance for Business Continuity and Housing benefits has improved to Full/Substantial since the last update report, due to the results of internal audit work and the assurance from the other sources within the Council.

Appointment of Partner

4.13 At the end of October a Partner organisation, PricewaterhouseCoopers, was appointed to support the Council with the Integrated Assurance Framework and governance arrangements. The Partner has been appointed to:

a) Provide high quality / professional advice, and support the Council on the development and implementation of its Integrated Assurance Framework.

b) Provide, as required by the Council, specialist capacity and capability with regard to governance, risk management, internal audit and assurance to the Council, including skills transfer.

5. Internal Audit Performance

5.1 The performance in relation to targets set for Internal Audit is shown at Appendix 4. Performance is currently on target apart from:

- The current percentage of medium risk recommendations implemented is shown in the table below (excluding schools) against a target of 90%.

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

Directorate / Body	Implementation Rate
Children's Services (non schools)	79%
City Services	92%
Office of the Chief Executive	78%
Commercial and Corporate Services	91%
Health, Housing & Adult Services	93%
Implementation Rate (exc. Schools)	**87%**
Schools	89%
Total Implementation Rate	**88%**

Further work has been undertaken to assess the action taken to address issues raised in both the Adoptions and Personal Budgets audit reports. In both cases there has been significant improvement in the number of recommendations implemented which has resulted in an improved position overall, as shown in the table above.

7.   Risk Management Policy and Strategy

7.1   The Risk Management Policy and Strategy has been updated to reflect the introduction of the Integrated Assurance Framework. The revised document is attached at Appendix 5 for Member's consideration and agreement. If agreed this will then be proposed to Cabinet.

8.   Conclusions

8.1   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.

8.2   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.

9.   Recommendations

9.1   The Audit and Governance Committee are asked to:

- Note the report and consider the updated Corporate Assurance Map.

- Consider and comment upon the revised Risk Management Policy and Strategy, and agree it being proposed to Cabinet.

Corporate Risk Profile 2012/13 – Update

RISK 1

Risk Area	Proposed Risk Description	Risk Owner	Likelihood	Impact	Rating	Action Areas
ECONOMY	Adverse market conditions may delay progress and reduce momentum in achieving the benefits of the Economic Masterplan	Janet Johnson, Deputy Chief Executive	**3 Likely**	**4 Critical**	**12 High**	• Developing the Enterprise Zone • Capital and Revenue Financial Incentives Policies • Development of the Port • Development of regeneration sites, e.g. Vaux site, Magistrates' Square and Stadium Village. • Inward Investment Marketing Strategy • Enterprise and Innovation Strategy • Zero Carbon Futures and low carbon vehicle sector • Investment corridors • Implementation of the Sunderland Employment Strategy and Sunderland Skills Strategy **Progress** • Approach to the feasibility study of Site 3 of the Enterprise Zone being considered, it is expected to be complete within 1 year. • Risk register in place for the development of the Port, to be reviewed in light of future priorities for the Port. • Procurement for Magistrates Square and St Mary's Boulevard has started, bidders shortlisted for the tender stage. • Procurement underway in relation to the ICT Service provider for the Sunderland Software Centre. • Regular meetings being held with Project Manager of the Vaux site to provide support as needed • A new marketing strategy MAKE it Sunderland was launched in May with a new website "Sunderland is open for Business, Open to Business" • Superfast broadband installed in large areas of the City with work ongoing
Context						
Further decline in the national economy and reduction in public sector budgets will adversely impact the ability to grow the local economy and impact on employment						

RISK 2

Risk Area	Proposed Risk Description	Risk Owner	Likelihood	Impact	Rating	Action Areas
REDUCED RESOURCES	Further significant budget cuts	Malcolm Page, ED of Commercial and Corporate Services	**3 Likely**	**4 Critical**	**12 High**	• Delivery of key transformation projects • Delivery of Directorate based efficiency projects • Employee engagement regarding turnover and workforce reduction • Procurement of a Local Asset Backed Vehicle • Assessment of the savings requirements through update of the Medium Term Financial Plan **Progress** • Procurement phase for the Local Asset Backed Vehicle started. • Staff survey is planned to determine staff engagement levels has been undertaken. • Severance project completed, 561 people have left the employment of the Council • New approach to transformation being developed and work has been undertaken to identify savings across the Council for the medium term • High level budget planning guidance has also been issued • Budget for 2013/2014 considered with final settlement expected to be announced in late December • New Local Council Tax Benefit Scheme considered by Members • Work has begun to settle the equal pay claims in relation to single status • Commercial opportunities for use of the Council's Cloud technology being considered
Context						
The budget settlements, Local Government Resource Review and localisation of business rates may significantly impact on the council's financial position.						

RISK 3

Risk Area	Proposed Risk Description	Risk Owner	Likelihood	Impact	Rating	Action Areas
COMMUNITY NEEDS	The scale of the compound change in the short/medium term within the City is such that the Council is unable to effectively respond to the needs of people and communities	Keith Moore, ED of Children's Services & Neil Revely, ED of Health Housing & Adult Services Janet Johnson, Deputy Chief Executive	**2** **Possible**	**4** **Critical**	**8** **Medium**	• Analysis of the Joint Strategic Needs Assessment • Customer Insight group to develop engagement and participation strategies • Phase two of Responsive Local Services • Establish Area Children Boards • Establish Area People Boards • Deliver priorities set out in the Sunderland Child and Family Poverty Strategy, Health and Well-Being Strategy • Safeguarding of most vulnerable groups through responding to the findings of the Serious Case Review • Transfer of Public Health • Strengthening Families agenda **Progress** • Joint Strategic Needs Assessment used to develop the Health and Wellbeing Strategy • Work has started on the Customer Insight Group with reports produced for area committees • Initial work of phase two of Responsive Local Services completed around locality working in Children's Services and Health, Housing and Adults Services, next stages being considered • Risk register in place for the Transfer of Public Health with the high level risks reducing through co-operative working. Draft board is in place • Family Focus project - Strengthening families agenda being implemented • Target achieved in terms of the number of people with a personal budget but work still ongoing to deliver for all with ongoing care needs supporting themselves in the community
Context The Council has a community leadership role to identify and respond to changing community needs such as unemployment, health and housing.						

RISK 4

Risk Area	Proposed Risk Description	Risk Owner	Likelihood	Impact	Rating	Action Areas
COMMUNITY NEEDS	The Council may not identify effective ways of influencing the school improvement agenda so that all children achieve their full potential	Keith Moore, ED of Children's Services	**2 Possible**	**3 Significant**	**6 Medium**	• Partnership between the Local Authority, schools and academies • Local Leaders in Education • Establish an excellence centre (Teaching School) • New Education Leadership Board to establish a city-wide education strategy • Traded services to schools • Young people who are a risk of becoming NEET • Raising Participation Age • Implementation of the Sunderland Employment Strategy • Implement the Sunderland Skills Strategy **Progress** • Project Board being set up in relation to the partnership between Local Authority, schools and Academies, advice regarding risk identification provided • Town End Academy has obtained Teaching School status with the National College for School Leadership with other schools showing an interest • Risk workshop held in relation to traded services to schools and risk register produced. This project is continuing • Tracking 14 – 16 year olds and continuing interventions where people are likely to fall into not in Education, Employment or Training • Participation Board being established with partners to promote participation under the Raising Participation Age agenda
Context						
Government policy changes have resulted in Local Authorities having reduced influence over schools. A reduction in Government grants has reduced funding for services such as school improvement.						

RISK 5

Risk Area	Proposed Risk Description	Risk Owner	Likelihood	Impact	Rating	Action Areas
REPUTATIONAL AND INFLUENCING	The reputation of the council may be seriously damaged through negative media coverage on a particularly sensitive issue	Deborah Lewin, Director of Communications	**2 Possible**	**3 Significant**	**6 Medium**	• Sensitive media issues • Court cases and serious case reviews • Good relationship with Sunderland Safeguarding Children Board • Positive media **Progress** • Training provided for Key managers in the Council • Arrangements are in place for dealing with sensitive media issues • Good relationships are in place with the Sunderland Safeguarding Board
Context						
Council actions are under an increased level of publicity scrutiny and there has been a huge growth in online and digital media allowing media stories to be spread very quickly.						

RISK 6

Risk Area	Proposed Risk Description	Risk Owner	Likelihood	Impact	Rating	Action Areas
SOCIAL BREAKDOWN	Communities may be unable to positively respond to and cope with changes brought about by the Welfare Reforms and economic climate	Ron Odunaiya, ED of City Services Malcolm Page ED of Commercial and Corporate Services	**2 Possible**	**3 Significant**	**6 Medium**	• Community resilience plan and the various areas of impact • Programme of work in relation to Welfare Reforms **Progress** • Action plan for the implementation of the Community resilience plan developed and ready for reporting • Options regarding Local Scheme for Council Tax benefit and the Social Fund prepared and considered by members • Range of engagement events undertaken with groups affected by the reforms, e.g. landlords • Website created to provide information on the changes and potential impacts on individuals
Context						
Welfare reforms may adversely impact upon the quality of life within communities. There could be a lack of resilience and ability to maintain and/or improve standards of living.						

RISK 7

Risk Area	Proposed Risk Description	Risk Owner	Likelihood	Impact	Rating	Action Areas
SOCIAL BREAKDOWN	If the City becomes unattractive to residents, businesses and visitors, this would adversely impact upon the ability to build lasting neighbourhoods	Ron Odunaiya, ED of City Services	**2 Possible**	**3 Significant**	**6 Medium**	• Housing Development Strategy • Availability of Superfast Broadband • Seaburn Masterplan • Sunderland Strategic Transport Corridor • Local Transport Plan • Network Management Plan • Community Safety Plan • City Villages approach • Community Leadership Programme • Schools investment plan **Progress** • Superfast broadband installed in large areas of the city with work ongoing • Risk register developed in relation to cloud infrastructure technology • Project in relation to Roker/Seaburn seafront progressing, procurement for infrastructure ongoing • Risk registers and assurance plans developed for the procurement phases of New Wear Crossing and St Mary's boulevard, tender documents for the New Wear Crossing issued • Investment Corridors identified • Community Safety Partnership in place with quarterly reviews of the risk register • Quality contract to be introduced by Integrated Transport Authority and Nexus re public transport routes
Context						
Economic conditions make it more difficult to attract investors and developers. Reduction in public sector budgets will adversely impact on investment.						

RISK 8

Risk Area	Proposed Risk Description	Risk Owner	Likelihood	Impact	Rating	Action Areas
PARTNERSHIPS	Inadequate engagement with partners may lead to missed opportunities to co-design services and to share or transfer responsibilities for delivering successful outcomes	Sarah Reed, Assistant Chief Executive	**2 Possible**	**3 Significant**	**6 Medium**	• Voluntary and Community Sector • Collaborative Leadership across the city • Health and Wellbeing Board • Promote the involvement of Partners with the proposed Place and People Boards • Review public sector finances across the City • Integrate family focus approach with Partners **Progress** • Health and Wellbeing Board and Family Focus project are considering how public sector funds in the city can be used more effectively to deliver outcomes • Family Focus project developed and will develop the Strengthening Families agenda
Context						
Financial pressures on Council and partners affecting local provision – varying standards of quality. Other organisations may develop joint working whilst the Council is developing its own business operating model.						

RISK 9

Risk Area	Proposed Risk Description	Risk Owner	Likelihood	Impact	Rating	Action Areas
PLANNING AND RESPONSIVENESS	Unable to be responsive to changes in government policy direction and broader external environment in a timely way	Janet Johnson, Deputy Chief Executive	**2** **Possible**	**2** **Moderate**	**4** **Medium**	• Horizon scanning • Simplify and join up the major Council strategies • Peer review **Progress** • Horizon scanning ongoing by the Strategy, Policy and Performance Team • Work is ongoing regarding the review of Council Strategies • Peer Review scheduled to take place in May 2013
Context						
New government introducing a number of different policies in a short period of time.						

Detailed Internal Audit Coverage

Corporate Risk Area	Audits Planned 2012/13	Assurance Provided (audits in 2012/13)	IA Overall Opinion (Assurance)
Customer Focus	Children's Services Admissions Area Arrangements for Children's Centres Children's Services – Safeguarding Personal Budgets		Moderate
Legality	Traffic Management and Road Safety Equality Impact Assessments Corporate Legality	Substantial Full	Substantial
Service / Business Planning	Corporate Service/Business Planning Children's Services Admissions Area Arrangements for Children's Centres Children's Services – Safeguarding Traffic Management and Road Safety		Moderate
Programme and Project Management	Implementation of the Economic Master Plan Landscape and Reclamation Service Programme and Project Management - support to major projects Operating Model – realisation of benefits	Moderate Substantial	Substantial
Change Management	Non Planned – to be covered by the Risk and Assurance Team		None (new risk area)
Partnerships	Non Planned – to be covered by the Risk and Assurance Team		Moderate
Business Continuity and Emergency Planning	Non Planned		Moderate
Procurement	Capital Procurement Unplanned Audit – Revenue Procurement	Substantial	Substantial
Relationship and Contract	Developments in relation provision of Events Care and Support Sunderland Ltd – contract management		None (new risk area)

Corporate Risk Area	Audits Planned 2012/13	Assurance Provided (audits in 2012/13)	IA Overall Opinion (Assurance)
Management	Corporate Contract Management Framework		
Financial Management	YPLA Schools Sixth Form Grant	Substantial	Substantial
	YPLA Young Apprenticeships Cohort 6 Grant	Substantial	
	YPLA Young Apprenticeships Cohort 7 Grant	Substantial	
	Department for Business Innovation & Skills – LEP Start Up Fund	Substantial	
	Department for Business Innovation & Skills – LEP Capacity Fund	Substantial	
	Deprived Areas Fund Grant	Full	
	Single Investment Programme Grant	Full	
	Local Transport Capital Block Funding Grant	Substantial	
	1 Leisure Centre	Substantial	
	35 Schools	Substantial	
	Home Improvement Agency – Loans and Mortgages	Substantial	
	Personal Budgets		
	Direct Payments		
	Care and Support Sunderland Ltd – compliance		
	Landscape and Reclamation Service	Moderate	
	BACS Payments	Substantial	
	Cash Receipting checks		
	Capital Procurement		
	Payroll transactions checks		
	Council transactions Tax checks		
	Business Rates transactions checks		
	Accounts Payable transactions checks	Substantial	
	Accounts Receivable transactions checks		
Human Resource Management	Corporate Attendance Management Arrangements		Moderate
	Management of SWITCH		
Information Governance	Vulnerable Adults Protection Arrangements		Moderate
	Information Governance checks		
Performance Management	Corporate Performance Management Arrangements (new arrangements)	Substantial	Moderate

Corporate Risk Area	Audits Planned 2012/13	Assurance Provided (audits in 2012/13)	IA Overall Opinion (Assurance)
Asset Management	Unplanned Audit – Asset Management	Moderate	Moderate
ICT Strategy and Delivery	Non Planned – to be covered by the Risk and Assurance Team		Moderate
Fraud and Corruption	Counter Fraud Checks National Fraud Initiative checks Counter Fraud Checks – schools Home Improvement Agency – Loans and Mortgages Direct Payments Cash Receipting transactions checks Payroll transactions checks Council Tax transactions checks Business Rates transactions checks Housing Benefits transactions checks Accounts Payable transactions checks Accounts Receivable transactions checks	Substantial Substantial Substantial	Moderate
Risk Management (service delivery)	Non Planned – to be covered by the Risk and Assurance Team		Substantial
Housing Benefits	Housing Benefit transactions checks	Substantial	Substantial
Schools	18 school audits completed	7 - Full 10 - Substantial 0 - Moderate 1 - Limited 0 - No assurance	Substantial

Risk and Assurance Activity

Area of activity	Work ongoing
Corporate Risk Profile	Mitigating actions agreed. Many of the mitigating actions are large and complex in nature and will be implemented over a period of time, or are part of work already ongoing within the Council such as projects and service reviews. Discussions have been held to obtain progress in relation to all mitigating actions in the Corporate Risk profile and detailed assurance plans have been developed to enable evidence to be obtained on the implementation of actions to address risks, for example, in relation to the procurement of the New Wear Crossing, settlement of equal pay claims, ICT developments such as the Corporate Computing Model and cloud infrastructure technology and the re-build of Washington Leisure Centre. Work is ongoing in all of these areas as well as others mentioned below. Although there is a significant amount of work being undertaken it is not possible to give a view of the assurance level against all mitigating actions, however, where assurance can be provided this is included in the overall position reported in the Corporate Assurance Map. An update of progress in all risk areas has been provided in Appendix 1.
Supporting Executive Directors and Heads of Service to manage risks	Activity is ongoing in all Directorates to aid the managing of risks through service planning, programmes and key projects and partnerships. This is being linked to mitigating actions in the Corporate Risk Profile where appropriate. Assurance plans mentioned above are being developed based on the risks identified and actions agreed.

Area of activity	Work ongoing
Service Reviews (including alternative service delivery models), Programmes and Projects (including ICT)	Major projects / service reviews being supported include: • SSTC - New Wear Crossing • Local Asset Backed Vehicle • Care and Support Services – Adults • Events Management • New arrangements for Design and Print • Transfer of Public Health • Smarter Working Phase 2 • St Mary's Boulevard/Magistrates Square • Customer Service Network • Transport and Fleet Management • Family Focus – Supporting Families Agenda • ICT – Corporate Computing Model • ICT – Cloud development and strategic direction • Economic Master Plan • Workforce Development • Activities to reduce the size of the workforce • Welfare Reform • Customer Relationship Management system replacement • Safeguarding – Childrens • Personalisation – Adults • Settlement of Equal pay claims
Support to Schools	Support has been provided to 28 schools to date in relation to managing their risks Full – 3, Substantial – 20, Moderate – 5, Overall - Substantial
Partnerships	Support is being provided to the following specific Partnerships: • Sunderland Economic Leadership Board • Waste Management Partnership • Health and Wellbeing Board • Sunderland Safeguarding Adults Board
Governance Review	The results from Risk and Assurance activity feed into the Annual Governance Review and the Annual Governance Statement
Investigations	Four investigations are currently ongoing

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2012/13			
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) Ahead of target - 92%
	3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report)	3) 70%	3) Ahead of target - 92%
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) On target – significant 100% Behind target - Medium 87% (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 - 1.0 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) 8 compliments 0 complaints

DRAFT RISK MANAGEMENT POLICY AND STRATEGY

Sunderland City Council recognises that a positive and proactive approach to the management of risk is essential to enable the Council to take opportunities to improve the quality of life and improve services for all local people and ensure that risks to achieving its priority outcomes are successfully managed.

The purpose of this Policy and Strategy is to outline how the Council will manage risks and opportunities effectively.

Risk Management is defined by ISO 31000 Risk Management – Principles and guidelines as *"The co-ordinated activities to direct and control an organisation with regard to risk"* and the risk management process as the *"Systematic application of management policies, procedures and practices to the activities of communication, consulting, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk."*

Given its importance all councillors, employees, service providers, partners, and stakeholders are expected to play a positive role in embedding the culture, ethos and practice of effective Risk Management in all activities.

Objectives of Risk Management

Objective 1
Ensure there is an effective corporate risk profiling process in place to identify, assess, manage, review and report on the management of risks to the Council achieving its outcomes and the risks to managing its business.

Objective 2
Enable the Council to successfully identify, assess, manage, review and report on risks and opportunities at a service / operational, programme, project and partnership level.

Objective 3
Embed the effective management of risk into the culture, ethos, policies and practices of the Council.

Objective 4
Provide assurance on the effectiveness of risk management within the Council through the Corporate Assurance Map, which is reported to the Audit and Governance Committee.

Integrated Assurance Framework

The Council has established an Integrated Assurance Framework to provide assurance on how effectively risks are managed across the organisation. The Framework sets out what assurance is required in relation to risks to the Council delivering its corporate outcomes and risks inherent in running its business. The key feature of the Framework is that assurance is co-ordinated and gathered from many different sources from within and outside of the Council to provide a single view in an efficient manner. The assurance gathered is collected together and reported to the Audit and Governance Committee through a Corporate Assurance Map.

Governance

The Cabinet Secretary is the Member Champion for Risk Management.

The Financial Procedure Rules state that the Executive Director of Commercial and Corporate Services is responsible for the development, monitoring and review of the Council's risk management policy and strategy, which will be approved by Cabinet and shall be the Council's principal risk management adviser and co-coordinator.

Roles and responsibilities within the Council in relation to risk management are set out in Annex A.

The Accounts and Audit Regulations 2011, require the Council to produce an Annual Governance Statement and the arrangements for managing risk are an integral part of the internal control framework. Heads of Service are required to confirm the effectiveness of their systems for identifying profiling, controlling and managing all significant corporate and operational risks. This is confirmed by each Director/Chief Officer.

Specialist corporate functions are required to confirm the effectiveness of the arrangements in place within the Council in relation to their areas of specialism.

Risk Profiling

The Council will maintain a Corporate Risk Profile, and a range of other risk profiles for Directorates, programmes, projects and partnerships, where considered necessary.

Risk Appetite

Given the breadth of services and functions the Council undertakes there will be a variable appetite to risk in different areas. Decisions will depend on the context, on the nature of the potential losses or gains, and the extent to which information regarding the risks is complete, reliable and relevant. Risk appetite will be evaluated to aid the assessment of risks and the development of appropriate mitigating actions.

Risk Management Process

The overall process followed for risk management is set out below.

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│      │        │ Establish the Context│       │            │
│      │        └─────────────────────┘       │            │
│      │                 │                     │            │
│  M   │   ◄─►  ┌─────────────────────┐  ◄─►  │  C         │
│  o   │        │   Identify Risks    │       │  o         │
│  n   │        └─────────────────────┘       │  m         │
│  i   │                 │                     │  m         │
│  t   │   ◄─►  ┌─────────────────────┐  ◄─►  │  u         │
│  o   │        │   Analyse Risks     │       │  n         │
│  r   │        └─────────────────────┘       │  i         │
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│  a   │   ◄─►  ┌─────────────────────┐  ◄─►  │  a         │
│  n   │        │   Evaluate Risks    │       │  t         │
│  d   │        └─────────────────────┘       │  e         │
│      │                 │                     │            │
│  R   │   ◄─►  ┌─────────────────────┐  ◄─►  │  and       │
│  e   │        │    Treat Risks      │       │  Consult   │
│  v   │        └─────────────────────┘       │            │
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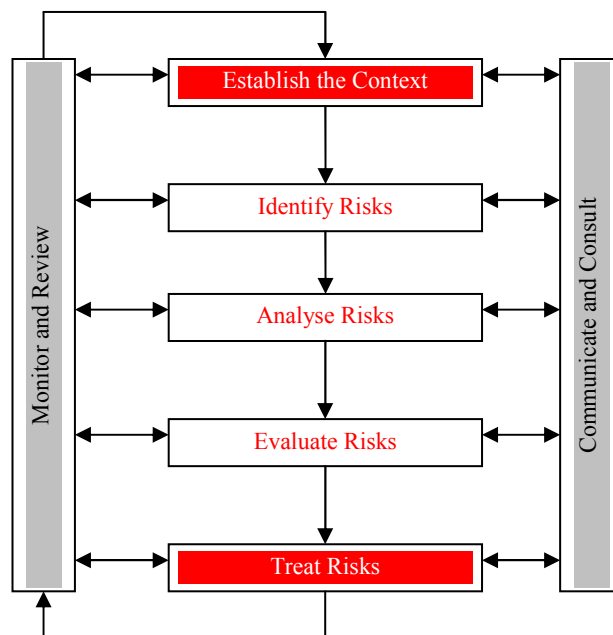
The process above provides a systematic, effective and efficient way by which risks can be managed at different levels throughout the organisation.

Reporting

The Risk Management Policy and Strategy will be periodically reviewed and approved by the Audit and Governance Committee and Cabinet. The effectiveness of risk management within the Council will be reported to the Audit and Governance Committee.

The Corporate Risk Profile will be reviewed quarterly and progress reported to the Audit and Governance committee through updates on the Corporate Assurance Map.

Risk Management - Roles and Responsibilities

Councillors
- Ensure that an effective policy and strategy is in place to manage risks throughout the Council;
- Be aware of the risk management implications of decisions;
- Approve a Member Champion.

Member Champion
- Alongside the Executive Director of Commercial and Corporate Services embed effective risk management throughout the Council.

Cabinet
- Consider reports relating to the Council's Corporate Risk Profile;
- Consider reports containing a risk analysis of the major issues which could impact on policy decisions.

Audit and Governance Committee
- Agree and consider the Corporate Assurance Map;
- Consider progress relating to the Council's Corporate Risk Profile;
- Discuss or report any issues of concern to Chief Officers, Cabinet or Council.

Executive Director of Commercial and Corporate Services
- Ensure an effective framework for the management of risks and opportunities; throughout the Council is in place;
- Embed effective risk management throughout the Council.

Executive Management Team
- Agree and contribute to the development of the Corporate Risk Profile based on the Corporate Outcomes Framework;
- Receive reports relating to the Corporate Risk Profile;
- Ensure that the actions contained in the Corporate Risk Profile are completed as appropriate;
- Ensure that an effective framework is in place to manage risks faced by their Directorate / service areas;
- Ensure that reports to support strategic or policy decisions and project proposals include a risk assessment, including a sustainability impact appraisal, where appropriate;
- Ensure staff are aware of key risk management processes and their responsibilities.

Corporate Assurance Group

The group is made up of senior managers from all Directorates and oversees the Risk Management process throughout the Council. The group is chaired by the Head of Corporate Assurance and Procurement. The group has responsibility for:

- Contributing to the development and deployment of the Integrated Assurance Framework
- Contributing to the development of the Corporate Risk Profile;
- Monitoring and reviewing progress against the Corporate Risk Profile;
- Considering updates to the Corporate Assurance Map.

Risk and Assurance Team

- Spreading the ethos of effective Risk Management throughout the Council;
- Supporting the activities of the Corporate Assurance Group;
- Assisting Directorates in identifying, analysing and controlling the risks that they encounter;
- Providing guidance and support to Directorates in relation to risk management generally;
- Organising and promoting risk management awareness and development;
- Liaising with both internal and external audit with regard to risk management.

Programme Boards

- Provide leadership and direction for risk management;
- Understand and agree the nature and level of risk acceptable within the programme and associated projects;
- Clarify rules of escalation from projects to the programme and delegation from programme to projects relating to the risk register;
- Identify how inter-project dependencies / cross programme risks will be identified and managed.

Project Boards

- Provide leadership and direction for management of risks to the project;
- Notifying the Project Manager of any external risk exposure to the project;
- Agreeing key actions to mitigate risk;
- Striking a balance between the level of risk and the potential benefits that the project may achieve;
- Notifying corporate or programme management of any risks that affect the project's ability to meet corporate or programme objectives.

Employees

- Being risk aware and having a proportionate approach to managing risks.