

AUDIT AND GOVERNANCE COMMITTEE

2 February 2024

RISK AND ASSURANCE MAP UPDATE – 2023/24

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 2023 the Committee agreed the Risk and Assurance Map and Strategic and Corporate Risk Profiles for 2023/24. 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. Changes to the risk scores have been made in relation to:

- R02 *The city, its residents and businesses do not access the potential in the investments being delivered in the context of significant economic challenges.* Currently the likelihood of this risk occurring has reduced from its previous level

of 3 to 2 and this reduction then reduces the overall risk rating from its previous level of 12 (Red) to 8 (Amber).

- *R03 Unable to meet the aspirations set out in the Local Plan to generate a variety of property types and tenures that meet the needs and aspirations of families and individuals.* The impact of this risk if it were to occur has been reduced from its previous level of 4 to 3 and this reduction then reduces the overall risk rating from its previous level of 8 (Amber) to 6 (Amber).
- *R06 Unable to maximise the opportunities created by the Smart City Infrastructure.* The target impact level for this risk has reduced from its previous level of 3 to 2 and thus reducing the risks target score down from 6 (Amber) to 4 (Green).
- *R07 Resources and critical infrastructure are not in place to enable the Council to become carbon neutral by 2030 and Sunderland to be carbon neutral by 2040.* The target impact level for this risk has increased from its previous level of 3 to 4 and thus increasing the risks target score up from 6 (Amber) to 8 (Amber).
- *R11 Unable to control variants of the Covid virus, and other communicable diseases, which could increase the spread of the infection across Sunderland.* The likelihood of this risk occurring has reduced from its previous level of 3 to 2 and this reduction then reduces the overall risk score from its previous level of 12 (Red) to 8 (Amber).
- *R12 The introduction of a statutory Integrated Care System with a regional Integrated Care System (ICS) Health and Care Partnership, covering the North East and Cumbria may reduce the resources available in Sunderland for Health and Social Care.* The likelihood of this risk occurring has increased from its previous level of 3 to 4 and thus increasing the current risk score up from 9 (Red) to 12 (Red).
- *R13 Current model of social care cannot be sustained in the future, due to increasing pressures within the social care environment.* The impact of this risk if it were to occur has been reduced from its previous level of 4 to 3 and this reduction then reduces the overall current risk score from its previous level of 8 (Amber) to 6 (Amber).
- *R22 Opportunities are not taken to enable families and individuals to support themselves, to mitigate the impact of indebtedness and welfare reforms and progress their ambitions.* The target likelihood level for this risk has increased from its previous level of 1 to 2 and thus increasing the risks target score up from 4 (Green) to 8 (Amber).

A new risk relating to Homelessness has been added:

- *R21 Unable to implement the aspirations set out in the Housing Strategy and Homelessness and Rough Sleeper Prevention Strategy and unable to develop the city's rough sleeper accommodation that meets the needs and aspirations of individuals.*

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. There is one change to highlight, the risk score for R47, Asset Management has reduced from 9 (Red) to 6 (Amber) due to the positive results of the recent audit of the implementation of the Corporate Asset Management Strategy.

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. The assurance level for ICT Infrastructure has changed from Amber to Green due to the follow up of the ICT Disaster Recovery/Business Continuity agreed actions which resulted in a 100% implementation rate.
- 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.

Assurance from Risk and Assurance function

- 4.7 There is one post within this function. The post has recently been filled with current activity focussing on the update to the Strategic Risk Profile and a review of the Council's Risk Management Policy and Framework and the underlying arrangements.

Assurance from others within the Council

- 4.8 Assurance provided from others within the Council is shown in the Risk and Assurance Map.

Assurance from Management

- 4.9 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 completed for 2023/24.

Assurance from External Sources

4.10 The Map includes assurance from relevant external sources.

Overall

4.11 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.

5.2 Under the Public Sector Internal Audit Standards Internal Audit is required to be subject to an external review every 5 years to ensure that it is operating in line with the Standards. The last review took place in 2018 and a further review is currently ongoing. The results of this will be reported to the Committee in due course. As part of this Internal Audit's Charter has been updated and is attached at Appendix 6 for the Committee's approval.

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.
- Approve the revised Audit Charter at Appendix 6.