

AUDIT AND GOVERNANCE COMMITTEE

27 March 2015

CORPORATE ASSURANCE MAP 2015/2016

Report of the Head of Assurance, Procurement and Projects

1. Purpose of Report

- 1.1 To enable the Audit and Governance Committee to consider and comment on the proposed Corporate Assurance Map and the supporting plans for the Internal Audit and Risk and Assurance teams for 2015/16.
- 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. Background

- 2.1 In December each year the Audit and Governance Committee is asked for its comments in relation to the potential areas of work to support the Corporate Assurance Map for the coming year. Any suggestions are considered when developing the Map and the supporting plans of work for Internal Audit and the Risk and Assurance Team. In March of each year the proposed Corporate Assurance Map and plans of work are provided to Committee Members for their consideration.
- 2.2 This report presents the Corporate Assurance Map for 2015/16 and sets out where assurance will be obtained from, including the plans of work for Internal Audit and the Risk and Assurance team. Quarterly update reports will continue to be provided to Members throughout the coming year.

3. Recommendation

- 3.1 The Audit and Governance Committee is invited to consider and, if appropriate, make comment on the proposed Corporate Assurance Map and the plans of work for the Internal Audit and Risk and Assurance teams.

Corporate Assurance Map 2015/16

1. Introduction

- 1.1 In order for the Council to ensure that it has robust arrangements for delivering its priorities, managing its affairs and completing its Annual Governance Statement with some certainty, it must have in place three key elements: good Governance, Risk Management and Assurance. The Council's Integrated Assurance Framework provides a comprehensive view on the arrangements in place within the Council.
- 1.2 The Framework brings together assurance from service management, specialist functions which have a corporate role within the Council, the Risk and Assurance Team, Internal Audit and External Bodies.

2. Corporate Assurance Map

- 2.1 The proposed Corporate Assurance Map for 2015/16 is shown overleaf. This highlights those areas that assurance will be provided on, where the assurance is expected to be obtained from and the current assurance level based on work undertaken previously.
- 2.2 As previously, the Map is split into two parts, Strategic Risk Areas which come from the Strategic Risk Profile and Corporate Risk Areas which represent the risk areas that need to be managed for the Council to maintain a strong system of internal control.
- 2.3 Where assurance is expected to be provided from a particular source this is marked with an X. As in previous years the level of assurance provided will be updated based on the results of the work undertaken during the year.

Corporate Assurance Map

Assurance Position (as at 5 th March 2015) (Cumulative)		2014/15									
		1st Line	2 nd Line							3 rd 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			
Strategic Risk Areas											
Current Risk	Residual Risk										
People								X			
Place								X			
Economy								X			
Organisational			X					X		X	
Corporate Risk Areas											
Customer Focus / Service		X			X			X	X		
Legality			X					X	X		
Service / Business Planning		X			X			X	X		
Programme and Project Management		X		X				X	X		
Partnerships		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	X		
ICT Strategy and Delivery						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

- 2.2 The Strategic Risk Areas have been reviewed by the Executive Management Team and will be refreshed with the update of the Council's Corporate Plan.
- 2.3 The current assurance position in relation to the corporate risk areas is either Amber or Green in all cases. This is a positive position given the significant amount of change ongoing within the Council, with a significant movement of experienced staff and changes to procedures and ways of working.
- 2.4 The Map has been prepared based on the work undertaken and reported previously and the planned activity has been developed in consultation with the Chief Executive, all Executive and Corporate Directors and key offers across the Council.
- 2.5 The work to be undertaken by Internal Audit in support of the Map is shown at Appendix 1. The appendix shows all of the audits that contribute to providing assurance against each risk area (some audits provide assurance to more than one risk area).
- 2.6 The plan of activity for the Risk and Assurance team is shown at Appendix 2. This is a high level plan as much of the work of the team cannot be planned in detail. The team will be involved in providing support, challenge and assurance to all of the major projects ongoing, especially those considering alternative service delivery models, transformation and other key projects which contribute to the Council's achieving its strategic priorities and achieving its efficiency savings.
- 2.7 Performance measures for the Internal Audit team are shown at Appendix 3.

3. Key Areas of Activity

- 3.1 As in previous years the level of change ongoing within the Council will continue to be significant. The Risk and Assurance Team will continue to provide support and assurance in relation to key projects where there are major changes to services and where alternative models of delivery are being planned.
- 3.2 A significant amount of work is on-going within the Council in relation to the future financial savings that are required and how these may be met. Support will be provided to this work during the planning and implementation phases.
- 3.3 The work of the Risk and Assurance team includes obtaining assurance on the progress in relation to the actions identified to manage risks in the Strategic Risk profile. In relation to Economic Development progress will be monitored in relation to the following, with detailed assurance work being undertaken in some areas:
- City Deal / Enterprise Zone.
 - Development projects such as the New Wear Crossing and the SSTC phase 3.
 - Port

- 3.4 Internal audit work is undertaken in new models where the Council is the owner or has the controlling interest such as Sunderland Care and Support Ltd and the contract management arrangements with joint ventures such as the LABV. Internal Audit will also be reviewing the effectiveness the Multi Agency Safeguarding Hub which has been established to improve the way different agencies co-ordinate activities to safeguard vulnerable adults and children.
- 3.5 There will be a significant amount of change in relation to Adults Social Care with the implementation of the Care Act and the integration of services with the health sector through the Better Care Fund. This will result in a significant workload for the People Directorate which will be supported by the Risk and Assurance Team.
- 3.6 The significant change within the Council brings demands on services such as the ICT Unit. Dedicated resource will be committed to ensuring the Council's ICT infrastructure is robust as well as supporting the review of how the service will be delivered to meet the demands placed upon it in the future.
- 3.7 The cycle of audits of key systems and counter fraud will continue.

4. Developments for the coming year

- 4.1 It is planned that assurance arrangements within directorates and within the specialist functions will continue to be developed throughout the year.

5. Reporting Protocols

- 5.1 A quarterly progress report will be presented to the Committee. The update reports will indicate the level of assurance provided and any major findings arising from the work undertaken. Any areas requiring improvement will be highlighted to Members for them to consider, and highlighted to the relevant Executive Director.
- 5.2 An Annual Report (including the year end Corporate Assurance Map) will be prepared for the Audit and Governance Committee in order to provide assurance or otherwise, and enable the Annual Governance Statement to be completed.

Detailed Audit Coverage

Corporate Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Audit Plan	Audits Planned 2015/16
Customer Focus	33%	Area is now a key part of the transformation of the Council and central to delivery of the corporate outcomes. Various audits to include a customer focus aspect.	Community and Family Wellbeing (15 days) Adoption Service (12 days) Multi Agency Safeguarding Hub (15 days) Safeguarding and Quality Assurance Unit (15 days) Commissioning (20 days) Accounting / General Ledger (8 days) Personal Budgets (12 days)
Legality	31% (increased from 25%)	Audit to review compliance with Constitution following changes	Compliance with Constitution (15 days)
Service / Business Planning	68% (increased from 46%)	Audit of development of the 5 year plan in relation to the Council's savings targets and strategic priorities. Audit of People Commissioning Team planned to review the new integrated arrangements	Community and Family Wellbeing (15 days) Adoption Service (12 days) Multi Agency Safeguarding Hub (15 days) Commissioning (20 days) Corporate Service Planning Arrangements (12 days)
Programme and Project Management	53% (increased from 42%)	Audit of development of the 5 year plan in relation to the Council's savings targets and strategic priorities.	Corporate Service Planning Arrangements (12 days) Capital Programme Funding and Monitoring (15 days)
Partnerships	48%	Follow Up work from recent audit will be carried out.	Follow up work only
Business Continuity and Emergency Planning	41%	Audit of Major Incident Plan	Emergency Planning (8 days)
Procurement	30%	Internal Audit to continue to review a sample of procurements to ensure compliance with PPRs.	Commissioning (20 days) Revenue Procurement (8 days)

Corporate Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Audit Plan	Audits Planned 2015/16
Relationship and Contract Management	58% (increased from 53%)	To review client arrangements for ASDMs	LABV (15 days) Leisure Contract Management (10 days) Commissioning (20 days) Capital Programme Funding and Monitoring (15 days)
Financial Management	46%	Annual transaction testing on key financial systems. Periodic review of corporate systems as agreed with s151 officer.	EFA / SFA Funding (2 days) Local Transport Capital / Integrated Transport Grants (10 days) Troubled Families Performance Reward Grant (2 days) Personal Budgets - Resource Allocation System (12 days) Direct Payments (5 days) Port Income (12 days)
<i>Local Taxation</i>	22%	Review standard procedures on a periodic basis as agreed with the s151 officer and annual substantive testing.	Commissioning (20 days) Corporate Service Planning Arrangements (12 days) Personnel Administration Arrangements (12 days) LABV (15 days)
<i>Payroll</i>	40% (increased from 23%)	Annual transaction testing by Internal Audit. Periodic review of central systems and annual transaction testing /counter fraud work. Additional payroll work required re implementation of the new Pay and Grading arrangements.	Accounting / General Ledger (8 days) 18 schools (51 days in total) Capital Programme Funding and Monitoring (15 days) BACS Processing (4 days) Cash Receipting (10 days) Accounts Payable (20 days) Accounts Receivable (5 days) Periodic Income (5 days)
<i>Housing Benefits</i>	32%	Periodic review of central systems and annual transaction testing /counter fraud work.	Benefits Administration (25 days) Business Rates – Liability / Revised Billing (8 days) Enforcement Section (12 days) Payroll (30 days) Revenue Procurement (8 days)
Human Resource Management	48%	Audit to review the arrangements for grading of new posts in future. Audits to review the level of compliance with corporate HR policies.	SAP Organisation Structures (12 days) Induction Procedures (6 days) Code of Conduct & Whistle Blowing (7 days) Personnel Administration Arrangements (12 days)

Corporate Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Audit Plan	Audits Planned 2015/16
Information Governance	57% (increased from 55%)	Audit to review progress against improvement plan. To include physical security checks.	Corporate Information Governance Arrangements (20 days) Multi Agency Safeguarding Hub (15 days)
Performance Management	47%	Undertake Internal Audit work following Safeguarding Inspection to monitor implementation of any agreed actions.	Multi Agency Safeguarding Hub (15 days) Community and Family Wellbeing (15 days) Capital Programme Funding and Monitoring (15 days) Safeguarding and Quality Assurance Unit (15 days)
Asset Management	53%	Internal Audit to review LABV Client Arrangements.	LABV (15 days) Corporate Asset Management Arrangements (8 days)
ICT Strategy and Delivery	62%	Risk and assurance team are heavily involved in ICT work to ensure that the risks are appropriately identified and managed, including follow up work relation to internal audit work.	None, work to be undertaken by the Risk and Assurance Team
Fraud and Corruption	29%	Counter fraud testing based on fraud risk assessment. Dedicated Internal Audit resource to identify fraud.	Direct Payments (5 days) BACS Processing (4 days) Cash Receipting (10 days) Accounts Payable (20 days) Accounts Receivable (5 days) Periodic Income (5 days) Benefits Administration (25 days) Business Rates – Liability / Revised Billing (8 days) Enforcement Section (12 days) Payroll (30 days) Revenue Procurement (8 days)

Corporate Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Audit Plan	Audits Planned 2015/16
Risk Management (service delivery)	24%	<p>The strategic risk profile is based on the Council's priority outcomes. Risk and Assurance team provide assurance on the mitigating actions.</p> <p>Assurance plans are developed in line with the risk registers to assess how robust risk management arrangements are.</p>	None planned
Schools	30% (increased from 27%)	<p>Transaction Testing to be carried out to gain assurance over the monies spent in schools.</p> <p>Themed work in addition to cover specific areas each year.</p> <p>Risk and Assurance attend the Joint Intelligence Meeting for schools.</p>	18 schools (51 days in total)

Risk and Assurance Plan

Area of activity	Estimated Days
Strategic Risk Profile (creation, review, monitoring and reporting)	100
Supporting Alternative Service Delivery Models	200
ICT – Strategy and key projects	210
Adult Social Care developments / safeguarding of adults and children	220
Workforce Transformation Project	30
Supporting and providing assurance on Key Transformation and Savings Programmes Projects	400
Risk Management support to Executive Directors and Heads of Service	140
Economic Development (e.g. City Deal, Wear Crossing, SSTC phase 3)	200
Financial Appraisals	30
General Advice, Guidance and Support regarding service developments	80

Internal Audit and Counter Fraud Unit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2014/15

Efficiency and Effectiveness

Objectives	KPI's	Targets
1) To ensure the service provided is effective and efficient.	1) Complete sufficient audit work to provide an opinion on the corporate risk areas 2) Percentage of draft reports issued within 15 days of the end of fieldwork 3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report) 4) Cost per £m Turnover	1) All corporate risk areas covered over a 3 year period 2) 90% 3) 80% 4) Lower than average within CIPFA Benchmarking Club

Internal Audit and Counter Fraud Unit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2014/15

Quality

Objectives	KPI's	Targets
1) To maintain an effective system of Quality Assurance	1) Opinion of External Auditor	1) Satisfactory opinion
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

Client Satisfaction

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