AUDIT AND GOVERNANCE COMMITTEE   **28 March 2014**

CORPORATE ASSURANCE MAP 2014/15

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 2014/15.

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 is 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 2014/15 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 2014/15

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 2014/15 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 19th March 2014) (Cumulative)		1st Line	2nd Line								3rd 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 (Red)	(Amber)									X (Amber)		
Place (Amber)	(Green)									X (Amber)		
Economy (Red)	(Amber)									X (Amber)		
Organisational (Amber)	(Green)			X (Green)						X (Amber)		X (Green)
Corporate Risk Areas												
Customer Focus / Service (Green)		X (Green)				X (Green)				X (Amber)	X	X (Green)
Legality (Green)			X (Green)							X (Green)		
Service / Business Planning (Amber)		X (Amber)				X (Green)				X (Amber)	X (Amber)	
Programme and Project Management (Amber)		X (Green)			X (Amber)					X (Amber)	X (Amber)	
Partnerships (Amber)		X (Green)								X (Amber)	X (Amber)	X (Green)
Business Continuity Planning (Green)		X (Green)						X (Amber)	X (Amber)	X (Amber)	
Procurement (Green)		X (Green)								X (Green)	X (Green)	
Relationship and Contract Management (White)		X								X (Amber)	X	
Financial Management (Green)		X (Green)		X (Green)						X (Green)	X (Green)	X (Green)
Human Resource Management (Amber)		X (Green)						X (Amber)		X (Amber)	X (Amber)	
Information Governance (Amber)		X (Green)	X (Amber)							X (Amber)	X (Amber)	
Performance Management (Amber)		X (Amber)				X (Green)				X (Amber)	X (Amber)	X (Green)
Asset Management (Amber)		X (Amber)								X (Amber)		
ICT Strategy and Delivery (White)							X			X (Red)	X (Amber)	
Fraud and Corruption (Green)		X (Green)									X (Green)	
Risk Management (Service Delivery) (Green)		X (Green)								X (Green)	X (Green)	
Schools (Green)		X (Green)		X (Green)						X (Green)	X (Green)	

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, migration of services to the Customer Services Network and other key projects which contribute to the Council's achieving its strategic priorities and achieving its efficiency savings.

2.7   Monthly, the Risk and Assurance team reports progress of the Transformation Programme and Key Corporate Projects to the Executive Management Team. This work verifies whether or not projects are progressing as expected and whether the outcomes will be achieved on time, including the expected efficiency savings.

2.8   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   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 the Economic Masterplan progress will be monitored in relation to the following, with detailed assurance work being undertaken in some areas:

        • City Deal / Enterprise Zones.

- Combined Authority.
- Local Asset Backed Vehicle.
- Development projects such as the New Wear Crossing, Magistrate's Square and preparation of the Vaux site.
- Port
- Regional Growth Fund

3.3   Internal audit work is undertaken in new models where the Council is the owner or has the controlling interest such as Sunderland Live Ltd. and Sunderland Care and Support Ltd. Internal Audit will also be reviewing the effectiveness of some of the services which have migrated to the Customer Services Network to determine if the anticipated benefits have been achieved, as well as the Multi Agency Safeguarding Hub which has been established to improve the way different agencies co-ordinate activities to safeguard vulnerable adults and children.

3.4   The will be a significant amount of change in relation to Adults Social Care with the implementation of the Care Bill which changes the assessment arrangements of those requiring care, 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.

3.5   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.

3.6   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 2014/15
Customer Focus	33%	Risk and assurance involvement in Customer Services Network to continue. Internal Audit work to assess the success of the migrated services.	Customer Services Network (16 days)
Legality	25%	Risk and Assurance work on ASDM proposals.	None planned
Service / Business Planning	46%	Risk and assurance team have had input into the new corporate process. Internal Audit to review implementation. Audit of new People Commissioning Team	Corporate Service Planning Arrangements (10 days) LEP Accountable Body Arrangements (15 days) Early Intervention and Locality Based Services (15 days) Multi Agency Safeguarding Hub (15 days) Port Governance Arrangements (12 days) Commissioning (30 days)
Programme and Project Management	42%	Risk and assurance team to provide support and challenge throughout individual projects and consider the consistency of approach across the projects. Internal Audit to carry out an audit of benefits identification and realisation. Audit of compliance with new Project Management standards.	Programme and Project Management (12 days) Realisation of Benefits (15 days)
Partnerships	48%	Risk and assurance team to provide support to the Council's review. Internal Audit to review the arrangements later in the year. Audit of corporate arrangements (inc. code of practice)	Corporate Partnership Arrangements (15 days) Sunderland Partnership (12 days) Multi Agency Safeguarding Hub (15 days)

Corporate Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Audit Plan	Audits Planned 2014/15
Business Continuity and Emergency Planning	41%	Internal Audit to work with the Business Continuity Officer to review arrangements in specific service areas.	Corporate Business Continuity Arrangements (20 days)
Procurement	30%	Internal Audit to continue to review a sample of procurements to ensure compliance with PPRs. Issues raised recently in relation to low value procurement through investigations. A focused approach to counter fraud work to be continued in 2014/15.	Commissioning (30 days) Capital Procurement (8 days)
Relationship and Contract Management	53%	Audit of Contract Management in People Directorate to be undertaken (Dec 2014) Audit of contract management of other significant contract to be undertaken Risk and Assurance team to advise on performance and contract management when ASDMs are being developed. Audit work in relation to ASDMs once operational.	Commissioning (30 days) Contract Management (15 days) Capital Procurement (8 days)

Corporate Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Audit Plan	Audits Planned 2014/15
Financial Management	46%	Annual transaction testing on key financial systems. Periodic review of corporate systems as agreed with s151 officer.	Accounting / General Ledger (10 days) LEP Accountable Body Arrangements (15 days) Payroll Processing and Payment (25 days) Accounts Payable (20 days) Accounts Receivable - Recovery and Enforcement (5 days) Periodic Income (10 days)
Local Taxation	*22%*	Review standard procedures on a periodic basis as agreed with the s151 officer and annual substantive testing. Annual transaction testing by Internal Audit.	Business Rates - Valuation (8 days) Council Tax - Valuations (8 days) Benefits Administration (10 days) Benefits - Recovery of Overpayments (10 days) Cash Receipting (15 days) BACS Transactions (4 days) EFA Funding (8 days)
Payroll	*23%*	Periodic review of central systems and annual transaction testing /counter fraud work.	Local Transport Capital Maintenance Block Funding (5 days) Local Transport Capital Integrated Transport Block Funding (5 days) Troubled Families Performance Reward Grant (5 days) Contaminated Land Grant (2.5 days)
Housing Benefits	*32%*	Periodic review of central systems and annual transaction testing /counter fraud work.	Benefit Cap Advisors Funding (2.5 days) Adoption Reform Grant (5 days) Personal Budgets / Direct Payments (12 days) Commissioning (30 days) 32 schools (70 days in total) Port Governance Arrangements (12 days) Organisation Structures (22 days) Use of Mobile Devices (VFM Study) (20 days) Realisation of Benefits (15 days)
Human Resource Management	48%	Risk and assurance team to consider through risk registers and projects. Internal Audit to carry out testing on multiple occupant positions on the organisation structure.	Organisation Structures (22 days) Corporate Training and Development Arrangements (15 days)

Corporate Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Audit Plan	Audits Planned 2014/15
Information Governance	55%	Internal Audit to continue to monitor the implementation of recommendations and cover information governance through compliance work, physical security checks and checks on email traffic. Risk and Assurance team to consider through risk registers.	Multi Agency Safeguarding Hub (15 days) Security of Email Correspondence (8 days)
Performance Management	47%	Risk and Assurance team are aligning the strategic risk profile with the corporate plan. Additional work to be considered once review completed. Internal Audit to carry out audit to review the information supporting reports to EMT. Undertake Internal Audit work following Children's Centre Ofsted report.	Corporate Performance Management (15 days) Early Intervention and Locality Based Services (15 days)
Asset Management	53%	Risk and Assurance Team to be involved in project to address identified issues from internal audit work. Internal Audit work to assess progress.	Follow up work only
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. Will also be involved in providing assurance on the development of a model for future delivery of ICT. Internal audit - refresh plan of work / separate risk assessment.	Physical and Environmental Controls (10.5 days) Use of Mobile Devices (VFM Study) (20 days)

Corporate Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Audit Plan	Audits Planned 2014/15
Fraud and Corruption	29%	Counter fraud testing based on fraud risk assessment. Dedicated Internal Audit resource to identify fraud.	Personal Budgets / Direct Payments (12 days) Organisation Structures (22 days) Payroll Processing and Payment (25 days) Accounts Payable (20 days) Accounts Receivable – Recovery and Enforcement (5 days) Periodic Income (10 days) BACS Transactions (4 days) Cash Receipting (15 days) Capital Procurement 8 days)
Risk Management (service delivery)	24%	The strategic risk profile is based on the Council's priority outcomes. Risk and Assurance team provide assurance on the mitigating actions. Assurance plans are developed in line with the risk registers to assess how robust risk management arrangements are.	Port Governance Arrangements (12 days)
Schools	27%	High level audit work to be carried out to gain assurance over the monies spent in schools. Themed work in addition to cover specific areas each year. Risk and Assurance attend the Joint Intelligence Meeting for schools.	32 schools (70 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	180
ICT – Strategy and key projects	170
Adult Social Care developments / safeguarding of adults and children	220
Workforce Transformation Project	65
Supporting, monitoring and reporting on Key Transformation and Other Programmes and Key Projects	430
Risk Management support to Executive Directors and Heads of Service	150
Economic Development (e.g. LABV, Economic Masterplan, City Deal, Combined Authority)	120
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	1) All corporate risk areas covered over a 3 year period
	2) Percentage of draft reports issued within 15 days of the end of fieldwork	2) 90%
	3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report)	3) 80%
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	1) Overall average score of better than 1.5 (where 1=Good and 4=Poor)
	2) Results of other Questionnaires	2) Results classed as 'Good'
	3) Number of Complaints / Compliments	3) No target – actual numbers will be reported