

AUDIT AND GOVERNANCE COMMITTEE**26th April 2024****ANNUAL GOVERNANCE REVIEW / STATEMENT 2023/24****Report of the Director of Finance****1. Purpose of Report**

- 1.1 This report provides details of the 2023/24 Annual Governance Review, Risk and Assurance Map at the end of the year and the Internal Audit opinion on the adequacy of the overall system of internal control. The draft Annual Governance Statement for 2023/24 is included.

2. Description of Decision

- 2.1 The Audit and Governance Committee is asked to
- note the report and Risk and Assurance Map at Appendix 1,
 - consider and agree the draft Annual Governance Statement at Appendix 2.

3. Background

- 3.1 In April 2023 the Committee approved the proposed Risk and Assurance Map for 2023/24 and the plans of work for Internal Audit and Risk & Assurance.
- 3.2 A key feature of the Council's Integrated Assurance Framework is to co-ordinate assurances that are provided by sources within the Council and external, for the Council and its wholly owned companies, Together for Children Ltd, Sunderland Care and Support Ltd and Siglion LLP. The results of this assurance work are used to review the Council and companies' corporate governance arrangements on an annual basis.
- 3.3 The Local Code of Corporate Governance is reviewed annually to ensure that it is up to date and effective. This year's review has not highlighted any required amendments and therefore remains relevant. The Council is also required to publish an Annual Governance Statement (AGS) with its Statement of Accounts, covering the Council and its companies which must be supported by a comprehensive assurance gathering process.

4. Annual Governance Review 2023/24

4.1 The review was undertaken by gathering assurance throughout the year from several sources via the Integrated Assurance Framework.

4.2 The review has considered assurances provided from:

- Assistant Directors
- Executive Directors/Directors
- Specialist functions with an oversight of governance arrangements
- Risk and Assurance
- Internal and External Audit
- Other external agencies

Risk and Assurance Map

4.3 The assurances gathered are shown in the Risk and Assurance Map which is updated and reviewed on a quarterly basis and presented to the Chief Officers and the Audit and Governance Committee throughout the year. The Audit and Governance Committee have monitored the assurances provided, received progress updates and considered the performance of the Internal Audit team. The Risk and Assurance Map as at 31st March 2024 is shown at Appendix 1.

Strategic Risk Areas

4.4 The top section of the Map relates to the risks identified in the Strategic Risk Profile, which reflects the priorities in the City Plan. Progress against each of the planned actions to mitigate the risks has been assessed with the lead officers and assurance levels determined for all areas.

Assurance from Internal Audit

4.5 The Map shows the opinion of Internal Audit from work undertaken within 2023/24 and the preceding three years in relation to the Council and its wholly owned companies.

4.6 The assurance ratings from Internal Audit in relation to the strategic and corporate risk areas have been updated as appropriate throughout the year.

Assurance from Risk and Assurance

4.7 Much of the work of Risk and Assurance is ongoing over a period of time due to the nature of the role, however, where ongoing assurance can be provided, this is shown on the Map.

Assurance from others within the Council

4.8 Assurance provided from others within the Council is shown in the Risk and Assurance Map. This predominantly shows substantial assurance against

the risk areas.

Assurance from Management

- 4.9 Arrangements are in place to obtain assurance from service management in a number of areas on an annual basis through the completion of a governance questionnaire. The completed questionnaires have been obtained for 2023/24 and have been used to allow Executive Directors/Directors to complete an assurance statement for their areas of responsibility. The updated results have been included within the Risk and Assurance Map.

Assurance from External Sources

- 4.10 The Map includes feedback received external sources are appropriate.

Overall

- 4.11 The overall level of assurance for all risk areas is either Green or Amber.

Internal Audit Performance

- 4.12 As a result of unexpected long term sickness the Internal Audit Team has had a shortage of staff resources during the year. To assist Internal Audit with the delivery of the Audit Plan for the year an external internal audit firm has been engaged. Despite this a small number of audits have been carried forward into 2024/25 with the agreement of the Chief Officers.
- 4.13 All of the Key Performance Indicator targets set for Internal Audit for the year were achieved.
- 4.14 It is confirmed that the internal auditors undertaking the work continue to remain independent of the areas audited.

Counter Fraud / Error Work

- 4.15 Planned counter fraud / error work was undertaken in the following areas during the year:
- BACS
 - Income Collection
 - Accounts Receivable
 - Accounts Payable
 - Payroll
 - Revenue Procurement
 - Adult Social Care Income Arrangements
 - Vulnerable Groups Funding Arrangements
- 4.16 The work carried out did not highlight any significant issues however some opportunities for improvements to the control environment were identified, which have been reported upon.

Corporate Governance Improvement Plan

- 4.17 The corporate governance improvement plan for 2023/24 included two actions. A review of progress on these actions found that all are complete.

Compliance with the Public Sector Internal Audit Standards

- 4.18 Internal Audit continues to comply with the Public Sector Internal Audit Standards (PSIAS) through the standards being built into audit working practices. This was confirmed during an independent review of the service in March 2024. Although the review report has not yet been received verbal feedback has confirmed the service continues to comply with the Standards.

5. Draft Annual Governance Statement

- 5.1 The Annual Governance Statement has been drafted taking into account the findings of the annual governance review and is attached at Appendix 2.

6. Conclusion / Opinion

- 6.1 This report sets out the assurance provided in the Risk and Assurance Map, work undertaken by the Internal Audit team and performance for Internal Audit for 2023/24.
- 6.2 The opinion of the head of internal audit has been reported to the Audit and Governance Committee throughout the year. This opinion continues to be that the Council has an adequate system of internal control.
- 6.3 The Council continues to have robust and effective corporate governance arrangements in place. The views elicited during the review from senior managers across the Council, and all Chief Officers, demonstrate that the principles of good governance continue to be embedded Council-wide.

7. Recommendations

- 7.1 The Audit and Governance Committee are asked to:
- Note the report and Risk and Assurance Map at Appendix 1,
 - consider and agree the draft Annual Governance Statement at Appendix 2.