

AUDIT AND GOVERNANCE COMMITTEE

31 March 2017

RISK AND ASSURANCE MAP 2017/2018

Report of the Head of Assurance, Procurement and Performance Management

1. Purpose of Report

- 1.1 To enable the Audit and Governance Committee to consider and comment on the proposed Risk and Assurance Map (covering the Council and its wholly owned companies) and the supporting plans for the Internal Audit and Risk and Assurance teams for 2017/2018.
- 1.2 For completeness, the report covers Internal Audit's key performance measures. The report does not set out the work undertaken for the Tyne and Wear Fire and Rescue Service and Academy Schools which the Council provides services to.

2. Background

- 2.1 In December the Audit and Governance Committee was asked for its comments in relation to a range of potential areas of work to support the Risk and Assurance Map for the coming year. The comments made have been considered when developing the Map and the supporting plans of work for Internal Audit and the Risk and Assurance Team.
- 2.2 This report presents the Risk and Assurance Map for 2017/18 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 Risk Assurance Map and the plans of work for the Internal Audit and Risk and Assurance teams.

Risk and Assurance Map 2017/18

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.
- 1.3 This report also sets out the performance measures for Internal Audit at Appendix 1.

2. Risk and Assurance Map

- 2.1 The proposed Risk and Assurance Map for 2017/18 is shown at Appendix 2. This highlights those areas for which assurance will be provided, 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 three parts, Strategic Risk Areas which align with the Corporate Plan priorities, Corporate Risk Areas which represent the risk areas that need to be managed for the Council to maintain a strong system of internal control, and companies owned by the Council.
- 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 and the assurance gathered from the various sources.
- 2.4 The current assurance position in relation to the corporate risk areas is either Amber or Green in all cases apart from Cyber Security. As described in a previous report on this agenda, this is due to an audit carried out in 2015. The ICT Unit has developed the Council's arrangements in this area recently and further audit work is planned for 2017/18 to assess the current position. A Review will also be undertaken of the Council's disaster recovery/business continuity arrangements following the significant amount of work undertaken to recover the systems following the ICT outage in September 2016.
- 2.5 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.
- 2.6 The work to be undertaken by Internal Audit and the Risk and Assurance team in support of the Map is shown at Appendix 3. The appendix shows all

of the work that contributes to providing assurance against each risk area (some work provides assurance to more than one risk area).

- 2.7 This work to be undertaken by the Risk and Assurance Team 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.

3. Key Areas of Activity

- 3.1 As in previous years the level of change ongoing within the Council continues 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 economic development in the form of infrastructure projects, improving skills and creating jobs for the people of Sunderland. Support will continue to be provided to this work during the planning and implementation phases.
- 3.3 Internal audit work will review how the Council is managing its workforce planning arrangements, given the significant reduction in staff numbers. This will include the implementation of the Apprenticeship levy. Audit work will also include a review of how well the Council commissions its services and will provide support to the development of contract management arrangements across the Council. Both of these areas are key as the Council provides less services directly and procures them from external organisations.
- 3.4 The cycle of audits of key systems and counter fraud work will continue based on the Corporate Risk Profile and an assessment of fraud risks.
- 3.5 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. Key areas of work for the team are as follows:
- Economic regeneration such as the International Advanced Manufacturing Park, Enterprise Zone, the New Wear Crossing and the SSTC phase 3
 - Adult Social Care
 - Key events such as the Tall Ships

4. Reporting Protocols

- 4.1 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.
- 4.2 An Annual Report (including the year end Risk and Assurance Map) will be prepared for the Executive Management Team and Audit and Governance Committee in order to provide assurance or otherwise, and enable the Annual Governance Statement to be completed.

Appendix 1

Internal Audit and Counter Fraud Unit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2017/18		
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 4) Cost per £m Turnover	1) All corporate risk areas covered over a 3 year period 2) 90% 3) 82% 4) Lower than average within CIPFA Benchmarking Club
Quality		
Objectives	KPI's	Targets
1) To maintain an effective system of Quality Assurance 2) To ensure recommendations made by the service are agreed and implemented	1) Opinion of External Auditor 2) Percentage of agreed high, significant and medium risk internal audit recommendations which are implemented	1) Satisfactory opinion 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

