AUDIT AND GOVERNANCE COMMITTEE   **26 April 2019**

RISK AND ASSURANCE MAP 2019/2020

Report of the Head of the Internal Audit

1.   Purpose of Report

1.1   To enable the Audit and Governance Committee to consider:

- The proposed Risk and Assurance Map and the supporting plans of work for the Internal Audit and Risk and Assurance teams for 2019/20;

- Internal Audit's key performance measures and targets for 2019/20.

1.2   The report covers work undertaken for the Council and Council owned companies.

2.   Background

2.1   In December 2018, 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 2019/20 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 note and consider the report.

Risk and Assurance Map 2019/20

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 Risk and Assurance Framework provides a comprehensive view on the arrangements in place within the Council.

1.2   This Framework enables assurances to be sourced from service management, corporate functions with an oversight role, internal audit and external sources (e.g. external audit / inspectorates) in relation to key risk areas

2.   Risk and Assurance Map

2.1   The proposed Risk and Assurance Map for 2019/20 is shown at Appendix 1. 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 within the area and the assurance gathered from the various sources.

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 senior officers across the Council. The current assurance position in relation to all key risk areas is either Amber or Green, with the exception of Children's Services.

2.5   The work to be undertaken by Internal Audit and the Risk and Assurance team in support of the Map is shown at Appendix 2. 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).

2.6   The 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 the major projects ongoing, especially those which contribute to the Council achieving its strategic priorities.

3.   Key Areas of Activity

3.1   As in previous years the level of change ongoing within the Council continues to be significant and the level of risk remains due the reduction in the number of staff now in post, the recent senior management restructure (including the movement of a number of services) and the pressure to deliver the Council's Strategic Priorities and budget savings. A new City Plan (which will replace the Corporate Plan) will have an impact on the work of the teams and the Strategic and Corporate Risk profiles will be refreshed in line with the City Plan.

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 and Corporate Risk Profiles. Key areas of work for the team are as follows:

- Economic regeneration such as the International Advanced Manufacturing Park, Enterprise Zones, and the SSTC phase 3.

- Upgrade to the ICT infrastructure, including implementing Office 365 and Windows 10, and moving to the Microsoft Cloud.

- The project to upgrade SAP in relation to the purchasing and human resource management systems.

- The planned move to a new civic centre, City Hall, which will require different ways of working as well as a change in location.

3.3   Internal audit work will include the following:

- The recent senior management restructure has resulted in the loss of a number of key officers and the movement of some services between directorates and managers. Work will therefore be undertaken to ensure that roles and responsibilities are clear and appropriate delegations are in place.

- Following the introduction of the new City Plan a review will be undertaken of the performance management arrangements in place to ensure that the priorities set out therein are being delivered.

- The Council is being subject to a corporate Peer review early in the year. Internal Audit work will be undertaken to confirm that any resultant actions are being appropriately implemented.

- The Council's ICT infrastructure, particularly where systems have been changed and new security arrangements are in place. These changes also require the replacement of a significant amount of ICT equipment, and the arrangements for management of this will also be reviewed.

- Further work around cyber security will be undertaken to ensure the

Council continues to have appropriate arrangements in place.

- The governance arrangements in relation to Council Companies Sunderland Care and Support Ltd, Sunderland Homes Ltd and Siglion LLP are changing, therefore a review of the relationships between these organisations and the Council will be undertaken.

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   With Siglion LLP becoming wholly owned by the Council, the internal audit function shall be provided by the City Council. An assessment of work required will need to be undertaken and as such this Plan does not include specific audit work in this regard. Once determined and resourced the Committee shall be updated.

4.   Internal Audit

4.1.   The Key Performance Indicators and targets that Internal Audit aim to achieve are attached at Appendix 3. The target for 'the completion of audits by the target date' has been increased from 82% to 85% based on current performance.

4.2.   It is confirmed that the internal auditors undertaking the work continue to remain independent of the areas audited.

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 Risk and Assurance Map) will be prepared for the Chief Officers Group and Audit and Governance Committee in order to provide assurance or otherwise and enable the Annual Governance Statement to be completed.