

AUDIT AND GOVERNANCE COMMITTEE

22nd July 2022

RISK AND ASSURANCE MAP UPDATE – 2022/23

Report of the Assistant Director of Assurance and Property Services

1. Purpose of Report

- 1.1 To enable the Audit and Governance Committee to consider:
- the updated Risk and Assurance Map and supporting Strategic and Corporate Risk Profiles based on assurances gathered from a range of sources;
 - work undertaken by the audit, risk and assurance service during the year to date; and
 - the performance of Internal Audit.
- 1.2 The report covers work undertaken for the Council and Council owned companies.

2. Description of Decision

- 2.1 The Audit and Governance Committee are asked to note and consider the report.

3. Background/Introduction

- 3.1 In April 2022 the Committee agreed the Risk and Assurance Map and Strategic and Corporate Risk Profiles for 2022/23. Both the Strategic and Corporate Risk Profiles have been updated as well as the Risk and Assurance Map following consultation with Chief Officers and relevant key officers. The 'X's in the assurance columns show where assurance is expected to be received from in the current financial year.

4. Risk and Assurance Map

- 4.1 The Risk and Assurance Map at Appendix 1 has been updated to reflect any changes to both the Strategic and Corporate Risk Profiles and these are described in more detail in paragraphs 4.2 and 4.3 below.

Strategic Risk Areas

- 4.2 The top section of the Map relates to the strategic risks identified in the Strategic Risk Profile, attached at Appendix 2. All changes to the Strategic Risk Profile are shown in red text for ease of reference. There are a number

of updates to the description of the risk, scores and mitigating actions. Key changes are as follows:

- The risk score in relation to R011 '*Unable to control variants of the Covid virus, which could increase the spread of the infection across Sunderland.*' has reduced from 16 (Red) to 12 (Red). This is because although the Covid rates continue to fluctuate the impact of hospitalisations is reducing.
- The risk description in relation to R013 has changed to '*Current model of social care cannot be sustained in the future, due to increasing pressures within the social care environment*'.
- It is proposed to close R016 as this risk is now covered in R018 and the development of a new Cultural Strategy.
- The risk score for R021 '*Opportunities are not taken to enable families and individuals to support themselves, to mitigate the impact of indebtedness and welfare reforms and progress their ambitions.*' has increased from 8 (Amber) to 16 (Red).
- The risk description in relation to R022 has changed from '*Delivery of the City Plan is restricted by financial pressures.*' to '*Aspirations to develop the City Plan may be restricted by financial pressures*'. This is to reflect the fact the Council's budgeting process and development of the City Plan are aligned.

Corporate Risk Areas

- 4.3 The middle section of the Map shows the cumulative risk assessments and the assurance levels relating to the risks identified in the Corporate Risk Profile, attached at Appendix 3. There has been one change to the Corporate Risk Profile, the risk score for R06 has been reduced from 12 (Red) to 8 (Amber) due to a new service planning process being introduced.

Council Owned Companies

- 4.4 The bottom section of the Map shows the Assurance position in relation to Companies that are wholly owned by the Council and are part of the group for the financial statements. The Internal Audit assurance level for Sunderland Care and Support has moved from Amber to Green as a result of positive results from internal audit work in the last quarter of 2021/22.

Assurance from Internal Audit

- 4.5 The audits to be carried out this year and the detailed results of completed Internal Audit work is shown at Appendix 4, with the summary outcomes shown on the Map.

4.6 Appendix 4 shows all of the opinions, including those from previous years, which have been considered in determining the overall assurance level for the Strategic and Corporate Risk Areas and Council Owned Companies. Those audits shown in grey are those in previous years where it became not appropriate to complete the audit at that time.

4.7 Whilst completing the Internal Audit Plan for 2021/22 there were 8 significant risk recommendations made over three audits. Internal Audit will monitor the implementation of these recommendations and provide updates to the Audit and Governance Committee. A summary of the issues is as follows:

- **Corporate Business Continuity Arrangements**
This audit focussed specifically on the ability of the Council's business critical services to function in the event of a failure in the ICT provision. Two significant risk recommendations were made to improve the business continuity planning process in relation to identifying actions that would be taken by business critical services should ICT not be available for a significant length of time. Work with these services is already ongoing and should be complete by the agreed timescale. The overall risk rating for this audit was Amber.
- **Cyber Security – Vulnerability Management**
Following an external review by the National Cyber Security Centre and Department of Levelling Up, Housing and Communities a report and cyber treatment plan were issued to and agreed by the Council in January 2022. The report and cyber treatment plan made a number of high priority recommendations and funding has been made available to implement the plan. The Internal Audit report made three significant risk recommendations in relation to implement the cyber treatment plan and the update of policies and procedures as a result of this. The overall assurance rating for this Audit was Amber.
- **IT Disaster Recovery**
The cyber treatment plan mentioned in the point above also made recommendations with regard to IT Disaster Recovery. The Internal Audit made three significant risk recommendations in relation to these issues which were agreed and are being progressed. The overall assurance rating for this audit was Red.

Assurance from Risk and Assurance Team

4.8 Areas that the Risk and Assurance Team are currently involved in are shown below. Much of their work is ongoing over a period of time, however, where ongoing assurance can be provided from their work this is shown on the Map. Assurance work within the last quarter has included:

- Risk Management work in relation to the potential impacts of EU Exit and the war in Ukraine.
- Major capital schemes such as the International Advanced

Manufacturing Park, City Centre developments and the new Wear footbridge.

- Smart Cities Programme.
- Adult safeguarding assurance support.
- Risk management support to the Port Director.
- Risk management support to Housing Services.
- Risk management work in relation to the end of PFI contracts.

Assurance from others within the Council

- 4.9 Assurance provided from others within the Council is shown in the Risk and Assurance Map.

Assurance from Management

- 4.10 Arrangements are in place to obtain assurance from senior managers for all service areas within the Council through an annual governance questionnaire which has been undertaken for 2021/22.

Assurance from External Sources

- 4.11 The Map includes assurance from relevant external sources.

Overall

- 4.12 The overall assurance levels are either green or amber. The Risk and Assurance Map, Strategic and Corporate Risk Profiles were recently considered by the Chief Officers and the issues raised above highlighted.

5. Internal Audit Performance

- 5.1 The performance in relation to targets set for Internal Audit is shown at Appendix 5. All KPIs are on target.

6. Conclusion

- 6.1 Results of the work undertaken so far during the year have not highlighted any issues which affect the overall opinion that the Council continues to have in place an adequate system of internal control.

7. Recommendation

- 7.1 The Audit and Governance Committee are asked to note and consider the report.