

## **AUDIT AND GOVERNANCE COMMITTEE**

**4 February 2022**

### **RISK AND ASSURANCE MAP UPDATE – 2021/22**

#### **Report of the Assistant Director of Business 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 2021 the Committee agreed the Risk and Assurance Map and Strategic and Corporate Risk Profiles for 2021/22. 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 risk R02 *'The city, its residents and businesses do not emerge from the Covid-19 pandemic in a strong and competitive position.'* has reduced from 16 (Red) to 12 (Red) to reflect the economic growth activity

that is ongoing and planned within the City. More detail regarding the activity is set out in risks R01, R03 and R05.

- The risk description in relation to R07 has changed to include the expected timescales regarding carbon neutrality and is now '*Resources and critical infrastructure are not in place to enable the Council to become carbon neutral by 2030 and Sunderland to be carbon neutral by 2040.*' The current risk score for this risk has also increased from 9 (Red) to 16 (Red) to reflect the importance and difficulty of meeting this global challenge.
- The risk description in relation to R015 has changed to '*The City cannot meet the challenge to develop an active **and green** transport system in response to Covid and other pressures.*' to reflect the challenge of lowering the City's carbon footprint.

### 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 have been no changes to the Corporate Risk Profile.

### 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. Sunderland Care and Support have recently received a report from the Care Quality Commission regarding their supported Living Service, which received an overall rating as Good. This has been added to the External Assurance Column on the Risk and Assurance Map and has moved the Overall Assurance Rating from Amber to Green.

### 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. In the current year Internal Audit has lost two long serving employees. Two recruitment exercises have been undertaken during the year with both vacancies being filled, one an internal candidate and one external who took up the post at the beginning of January 2022. An external internal auditing firm has also been appointed to help complete the audits for the year.

### Assurance from Risk and Assurance Team

- 4.7 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 Covid 19 pandemic.
- Risk Management work in relation to the potential impacts of EU Exit.
- Major capital schemes such as the delivery stage of the SSTC Phase 3, the International Advanced Manufacturing Park, and the City Centre developments.
- Move to the new City Hall, including construction and new ways of working.
- Smart Cities Programme.

#### Assurance from others within the Council

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

#### Assurance from Management

4.9 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 2020/21.

#### Assurance from External Sources

4.10 The Map includes assurance from relevant external sources.

#### Overall

4.11 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.

