

**AUDIT AND GOVERNANCE COMMITTEE**

**22nd March 2013**

**CORPORATE ASSURANCE MAP 2013/14**

**Report of the Head of Corporate Assurance and Procurement**

**1. Purpose of Report**

- 1.1 To enable the Audit and Governance Committee to consider and comment on the proposed Corporate Assurance Map and the supporting plans for the Internal Audit and Risk and Assurance teams for 2013/14.

**2. Background**

- 2.1 In January 2012 the Committee ratified the introduction of a new Integrated Assurance Framework (IAF) which aims to co-ordinate the key sources of assurance within the Council in relation to strategic and corporate risk areas and make the process for gathering the assurance more efficient and effective. Quarterly update reports in relation to the Integrated Assurance Framework have been provided to Members throughout 2012/13. This report presents the Corporate Assurance Map for 2013/14 and sets out where assurance will be obtained from, including the plans of work for Internal Audit and the Risk and Assurance team.
- 2.2 For completeness, the Plan covers Internal Audit's key performance measures. The report does not set out the work to be undertaken for associated bodies for which the Council has a lead responsibility, this is a matter for the bodies concerned.

**3. Recommendation**

- 3.1 The Audit and Governance Committee is invited to consider and, if appropriate, make comment on the proposed Corporate Assurance Map and the plans of work for the Internal Audit and Risk and Assurance teams.



## **Corporate Assurance Map 2013/14**

### **1. Introduction**

- 1.1 In order for the Council to ensure that it has robust arrangements for managing its affairs and completing its Annual Governance Statement with some certainty, it must have in place three key elements: Governance, Risk Management and Assurance. All of these elements are interrelated and are crucial to the success of the Council.
- 1.2 These three elements are inter-dependent and an environment of good internal control within the Council will support the three elements but internal control is not just about policies and procedures, it is also the actions taken by employees at all levels to achieve objectives that sets the culture of the organisation.
- 1.3 In 2012/13 an Integrated Assurance Framework was introduced to bring the three elements together and provide comprehensive assurance on the arrangements in place within the Council. 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.

### **2. Corporate Assurance Map**

- 2.1 The proposed Corporate Assurance Map for 2013/14 is shown overleaf. This highlights those areas that assurance will be provided on, 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 two parts, Strategic Risk Areas which come from the Strategic Risk Profile and Corporate Risk Areas which represent the risk areas that need to be managed for the Council to maintain a strong system of internal control.
- 2.3 Where assurance is expected to be provided from a particular source this is marked with an X. As in 2012/13 the level of assurance provided will be updated based on the results of the work undertaken during 2013/14.



## Corporate Assurance Map

Assurance Position (as at 1 <sup>st</sup> March 2013) (Cumulative)	2013/14							Risk and Assurance	Internal Audit	External Assurance
	Management Assurance	Other Internal Assurance Activity								
		Legal Services	Financial Resources	Transformation Programmes and Projects	Strategy, Policy and Performance	HR & OD	Business Continuity			
<b>Strategic Risk Areas</b>										
Economy								X		
Resources (external and internal)			X					X		X
Unable to meet needs of the community								X		
Reputation								X		
Social breakdown								X		
Lack of effective strategic partnerships								X		
Planning and responsiveness to national agenda								X		
<b>Corporate Risk Areas</b>										
Customer Focus / Service	X				X			X	X	
Legality		X						X		
Service / Business Planning	X				X			X	X	
Programme and Project Management	X			X				X		
Change Management				X		X		X		
Partnerships	X							X	X	
Business Continuity Planning	X						X		X	
Procurement	X							X	X	
Relationship and Contract Management									X	
Financial Management	X		X					X	X	X
Human Resource Management	X					X		X	X	
Information Governance	X	X						X	X	
Performance Management	X				X			X	X	
Asset Management	X							X	X	
ICT Strategy and Delivery								X	X	
Fraud and Corruption	X								X	
Risk Management (Service Delivery)	X							X		
Housing Benefits									X	
Schools	X		X					X	X	

Key: X=activity planned, White=no coverage, Green=full / substantial assurance, Amber=moderate assurance, Red=limited / no assurance

- 2.2 The Strategic Risk Areas are being reviewed by the Executive Management Team and any changes shall be reflected in future update reports on the Corporate Assurance Map.
- 2.3 The current assurance position in relation to the corporate risk areas is either Amber or Green in all cases. This is a positive position given the significant amount of change ongoing within the Council, with a significant movement of experienced staff and changes to procedures and ways of working.
- 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 Directors and key officers across the Council.
- 2.5 The work to be undertaken by Internal Audit in support of the Map is shown at Appendix 1. The appendix shows all of the audits that contribute to providing assurance against each risk area (some audits provide assurance to more than one risk area).
- 2.6 The plan of activity for the Risk and Assurance team is shown at Appendix 2. This 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, migration of services to the Customer Services Network and other key projects such as the construction phase of the new Wear Crossing.
- 2.7 The Risk and Assurance team has recently taken over responsibility for reporting on the progress of the Transformation Programme. This work will verify whether or not projects are progressing as expected and whether the outcomes will be achieved on time, including the expected efficiency savings.
- 2.8 Performance measures for the Internal Audit team are shown at Appendix 3.

### **3. Developments for the coming year**

- 3.1 A review of the implementation of the Integrated Assurance Framework is currently being finalised. The report shall be included on the next Committee Agenda. The findings of this review shall be used to further develop the arrangements.

### **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 Corporate Assurance Map) will be prepared for the Audit and Governance Committee in order to provide assurance or otherwise, and enable the Annual Governance Statement to be completed.





## Detailed Audit Coverage

Corporate Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Audit Plan	Audits Planned 2013/14
Customer Focus	33%	Risk and Assurance Team to provide support to managers through major projects. Specific work by Internal Audit	Early Intervention and Locality Based Services Children's Services Out of Area Placements Web Content Development Crisis Loans / Social Fund
Legality	25%	Risk and Assurance Team working on Alternative Service Delivery Models	None planned
Service / Business Planning	36%	Risk and assurance team to cover in risk registers (links to business plans), limited Internal Audit work	Early Intervention And Locality Based Services Derwent Hill Children's Services Out of Area Placements Building Management
Programme and Project Management	52%	Risk and Assurance Team provide support and challenge during projects. Internal Audit have recently completed audit work in this area therefore no specific audit work required.	None planned
Change Management	59%	Risk and Assurance team to provide support and challenge to the change management arrangements through the Project Assurance role	None planned
Partnerships	48%	Risk and Assurance team to consider developing partnership arrangements through support and challenge provided to project boards. Internal Audit to review Health and Wellbeing Partnership Board (including Public Health)	Health and Wellbeing Partnership Board

Corporate Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Audit Plan	Audits Planned 2013/14
Business Continuity and Emergency Planning	32%	Assurance to be sought from the Business Continuity Officer regarding the arrangements in place in critical service areas. Specific area to be reviewed by Internal Audit.	Health, Housing and Adult Services Business Continuity Planning
Procurement	30%	Internal Audit to continue to review a sample of procurements for compliance with the revised Procurement Procedure Rules. Risk and Assurance team to provide assurance on major procurements through projects	Derwent Hill Children's Services Out of Area Placements Building Management Revenue Procurement Transactions Events Company Contract Management
Relationship and Contract Management	54%	Internal Audit to review the corporate framework and relationships with new external bodies as they are developed.	Corporate Contract Management Arrangements
Financial Management	46%	Strong controls in place regarding corporate arrangements, however, financial pressures are still significant and there will be significant change in service delivery models so Internal Audit will continue to carry out a proportionate amount of work on financial systems and transactions	Various grants Derwent Hill Foster Care Allowances Children's Services Out of Area Placements Direct Payments Charging for Non Residential Adult Care Services Personal Budgets Transactions Aquatic Centre Events Company Contract Management SAP Organisation Structures Building Management Asset Register / Capital Accounting Capital Programme Funding and Monitoring BACS Transactions Treasury Management Cash Receipting Transactions External Funding Insurance Claims Handling Payroll Transactions

Corporate Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Audit Plan	Audits Planned 2013/14
			Council Tax Support Scheme Council Tax Transactions Local Business Rates Scheme Business Rates Transactions Benefits Transactions Crisis Loans / Social Fund Accounts Payable Transactions Accounts Receivable and Periodic Income Accounts Receivable and Periodic Income Transactions
Human Resource Management	63%	Risk and Assurance Team to consider through supporting projects and regular reporting on the Workforce Transformation Project. Internal Audit to review compliance with new HR policies and structures in SAP following during the Workforce Development Project	SAP Organisation Structures Corporate HR Management
Information Governance	50%	Security of information is still a key risk given the level of change in the organisation and the move to remote/home working. Internal Audit to continue to monitor the implementation of recommendations, carry out security checks and cover in relevant audits	Corporate Information Governance Arrangements
Performance Management	47%	Review of arrangements currently ongoing. Internal Audit to review in specific service areas	Building Management Early Intervention and Locality Based Services
Asset Management	40%	Risk and Assurance team to be involved in the development of the Local Asset Based Vehicle. Internal Audit to review the accuracy of the asset registers, including ICT assets.	Derwent Hill Technology Forge ICT Asset Manager Asset Register / Capital Accounting

Corporate Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Audit Plan	Audits Planned 2013/14
ICT Strategy and Delivery	49%	Risk and Assurance team to be heavily involved in the major projects ongoing to support the Council and the strategic priorities. Internal Audit to review appropriateness of the ICT Strategy	ICT Asset Management ICT Strategy
Fraud and Corruption	34%	Increased risk due to the economic position and the level of ongoing change within the Council. Specific counter fraud testing and increased checks on financial transactions to be undertaken by Internal Audit	Counter Fraud Checks National Fraud Initiative Case Investigations Schools Counter Fraud Checks Direct Payments Personal Budgets Transactions BACS Transactions Cash Receipting Transactions Payroll Transactions Council Tax Transactions Business Rates Transactions Benefits Transactions Accounts Payable Transactions Accounts Receivable and Periodic Income Transactions
Risk Management (service delivery)	24%	Risk and Assurance team to support managers to identify, assess and monitor risks to the achievement of outcomes. Increased focus on providing assurance that mitigating actions are implemented and are being effective	None planned
Housing Benefits	32%	Internal Audit to carry out regular transactions testing. Risk and Assurance team to be involved in developments in relation to welfare reform	Housing Benefit Transactions
Schools	30%	There will be financial challenges for schools given the new funding formula. High level review to be undertaken by Internal Audit to provide assurance over financial management. Risk and Assurance team to provide support in relation managing the wider risks in schools	34 school audits plus specific counter fraud work

## Risk and Assurance Plan

Area of activity	Estimated Days
Strategic Risk Profile	100
Supporting Alternative Service Delivery Models	110
ICT Cloud development and Corporate Computing Model Roll Out	50
SSTC Wear Crossing – construction phase	50
Workforce Development Project	65
Supporting Key Transformation and Other Programmes and Projects	430
Performance regarding delivery of Transformation Programme and Efficiencies	380
Supporting Executive Directors and Heads of Service to manage risks	120
Supporting Schools	12
Financial Appraisals	60
General Advice, Guidance and Support regarding service developments	65
Investigations	335
Contingency (for unforeseen work/requests)	133
<b>Total</b>	<b>1910</b>



## Appendix 3

Internal Audit and Counter Fraud Unit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2013/14		
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 (from scoping meeting to issue of draft report)	1) All corporate risk areas covered over a 3 year period 2) 90% 3) 70%
Quality		
Objectives	KPI's	Targets
1) To maintain an effective system of Quality Assurance	1) Opinion of External Auditor	1) Satisfactory opinion
2) To ensure recommendations made by the service are agreed and implemented	2) Percentage of agreed high, significant and medium risk internal audit recommendations which are implemented	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

