

AUDIT AND GOVERNANCE COMMITTEE

14 December 2018

RISK AND ASSURANCE MAP UPDATE – 2018/19

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:

- 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; 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 March 2018 the Committee approved the proposed Risk and Assurance Map for 2018/19 and the plans of work for Internal Audit and Risk & Assurance. These plans of work are directly derived from the Strategic and Corporate Risk Profiles which are updated as appropriate and in line with changes to the Corporate Delivery Plan.

4. Risk and Assurance Map

4.1 The current Risk and Assurance Map is attached at Appendix 1. The cumulative risk scores and assurance position are updated on a quarterly basis with the relevant senior officers. The 'X's in the assurance columns show where assurance is expected to be received from.

4.2 The only change from the previous quarter's report is that the risk in relation to the strategic risk area 'Leading Place Shaping' was closed (as agreed by the Chief Officers Group and the Audit and Governance Committee), therefore this risk has been removed from the Strategic Risk Profile and 'Leading Place Shaping' has been removed from the Risk and Assurance

Map.

- 4.3 Due to the results of the latest OFSTED report on Children's Services the overall assurance rating in relation to the strategic risk area Protecting Vulnerable Children remains Red. In relation to Together for Children Limited, the assurance provided by financial resources remains red. Although the arrangements in relation to financial management within the company have improved there remains limited assurance in relation to the health of the revenue budget and the ability for the company to respond to financial pressures. This, along with the OFSTED report, results in the overall assurance in relation to Together for Children Limited being red.
- 4.4 Members will note that the format of the Strategic and Corporate Risk Profiles, at Appendix 2 and 3 respectively are shown in a slightly different format to those previously presented. This is due to the risk profiles being held in a new software system which allows the risk reports to be generated automatically.

Strategic Risk Areas

- 4.5 The top section of the Map relates to the strategic risks identified in the Strategic Risk Profile. The changes to the Strategic Risk Profile since the last meeting are as follows:
- The risk score for R004 (*"The Local Plan produced by the Council is not accepted by the Planning Inspectorate"*) has increased from 6 to 9. This is due to there still being an outstanding challenge to the Local Plan which is unlikely to be resolved by the date the Plan should be submitted.
 - The risk score for R007 (*"Failure to attract investment to support regeneration of the City Centre"*) has reduced from 12 to 8 due to additional activity in relation to developing the city centre and attracting bid funding. An additional mitigating action has been added in this regard.
 - The risk score for R010 (*"Opportunities are not taken to regenerate the coast in a timely manner or development is restricted by lack of resources"*) has increased from 9 to 12 due to plans in relation to Seaburn being put on hold.
 - The risk score for R013 (*"The Council is not able to fulfil its statutory responsibility and/or achieve desired outcomes for Children and young people"*) has reduced from 12 to 9. This is the result of improved collaborative working between the Council and Together for Children Ltd. and a better understanding of the work that is being undertaken to support children and young people.
 - Additional mitigating actions have been added to the following risks to reflect activity being undertaken:

- R001 - *Councils contribution to the 3,6,9 Vision fails to deliver the required outcomes.*

Action: Consultants appointed to develop Sunderland City Centre Strategy and Investment Plan. This will combine with the Local Industry Strategy to provide a 15-20 year vision, replacing the 3,6,9 plan.

- R002 - *The creation of a new North of Tyne Combined Authority, could adversely impact on Sunderland's future economic growth and connectivity prospects.*

Action: Continue to be an active member of NECA and contribute to the regional approach to transport.

- R003 - *Local workforce does not have the required skills to take advantage of the growing North East economy.*

Action: Skills Strategy to form part of the Local Industry Strategy with a heavy digital bias.

- R007 - *Failure to attract investment to support regeneration of the City Centre*

Action: Consultants appointed to develop Sunderland City Centre Strategy and Investment Plan New Civic Centre to be developed on Vaux site.

Corporate Risk Areas

- 4.6 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. There are no changes to highlight regarding corporate risk areas since the last report.

Council Owned Companies

- 4.7 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.
- 4.8 Assurance from Financial Resources in relation to the financial management position within Together for Children Ltd remains Limited (Red). Due to the latest OFSTED report, external assurance in relation to the Company is also Limited (Red).

Assurance from Internal Audit

- 4.9 The audits to be carried out this year and the detailed results of completed Internal Audit work are shown at Appendix 4, with the summary outcomes shown on the Map. Appendix 4 shows all of the opinions, including those

from previous years, which have been considered in determining the overall assurance level. Those audits shown in grey are those in previous years where it became not appropriate to complete the audit at that time.

- 4.10 Work is ongoing within the People Services Directorates in relation to implementing the outstanding recommendations in relation to the audit of Adult Social Care – Personal Budgets. An update will be provided to the next Committee.

Assurance from Risk and Assurance Team

- 4.11 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:

- Major capital schemes such as the development stage of the SSTC Phase 3, the International Advanced Manufacturing Park, and existing enterprise zones.
- Corporate projects, including the introduction of Office 365 and the move to Cloud technology, SAP self-service arrangements for HR and procurement activities and the new Civic Centre.
- Corporate Health and Safety Arrangements.
- Risks in relation to Brexit.
- National Fraud Initiative data matching exercise.
- Arrangements in relation to anti-money laundering.
- Support in delivering the Improvement Plan arising from the Independent Review of Land and Property Disposal and Acquisition.

Assurance from others within the Council

- 4.12 Assurance provided from others within the Council is shown in the Risk and Assurance Map. There are no changes since the last report.

Assurance from Management

- 4.13 Arrangements are in place to obtain assurance from all service areas within the Council. These assurances are about to be revisited as part of the annual review of governance arrangements.

Assurance from External Sources

- 4.14 The Map includes assurance from relevant external sources. There are no changes since the last report.

Overall

- 4.15 The overall assurance levels are either green or amber, with the exception of the Red ratings relating to Children's Safeguarding.

- 4.16 The Risk and Assurance Map was recently considered by officers of the Chief Officer Group 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.
- 5.2 Performance is on target for all KPI's apart from the percentage implementation rate for agreed actions. The implementation rate for significant risk agreed actions is currently 92% against a target of 100%. This is in relation to a follow up of the audit of Adults Social Care - Personal Budgets. The implementation rate for medium risk agreed actions is as follows:

Area	Implementation Rate
Council services	88%
Schools	82%

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.

