AUDIT AND GOVERNANCE COMMITTEE   **29 September 2017**

RISK AND ASSURANCE MAP UPDATE – 2017/2018

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 Strategic Risk Profile and Risk and Assurance Map based on assurances gathered from a range of sources and work undertaken by the audit, risk and assurance service during the year; and the performance of Internal Audit.

1.2   For completeness, the report covers Internal Audit's key performance measures. The report also 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 the report and consider the updated Strategic Risk Profile and Risk and Assurance Map (the Map).

3.   Background/Introduction

3.1   In May 2017 the Committee approved the proposed Risk and Assurance Map for 2017/18 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 that were approved by the Committee in September and December 2016, respectively.

3.2   The Council's Corporate Plan and Corporate Delivery Plan have recently been updated which has resulted in a change to the Priority Themes and some of the risks in the Strategic Risk Profile, the details of which are explained in this report.

4.   Risk and Assurance Map

4.1   The current Risk and Assurance Map is attached at Appendix 1 which has been updated to reflect the new Priority Themes. The Map has been updated to show the current cumulative risk score for each risk area as well as the cumulative assurance position.

<u>Strategic Risk Areas</u>

4.2 The top section of the Map relates to the strategic risks identified in the Strategic Risk Profile. The current risk scores and assurances provided are shown in detail at Appendix 2.

4.3 The Strategic Risk Profile has been reviewed and updated in line with the new Corporate Delivery Plan and due to these changes it has been necessary to make a number of changes to the Strategic Risk Profile. These include:

- Developing new risks in consultation with Directorates, as follows:
  o R012: Unable to commission / procure flexible arrangements for the delivery of Place services, that will continue to respond to changing stakeholder requirements and deliver the required efficiency savings;
  o R018: Inability to change the structures (i.e. workforce, technology, processes, customer engagement), service capacity and culture of the company [TFC] to deliver the improved outcomes to vulnerable children;
  o R019: Activity to improve the care options for Adults does not meet the needs of individuals or result in reduced costs to the Council;
  o R020: Agitators use national issues / incidents to heighten tensions in local communities in Sunderland.

- Revising existing risks and, in some cases, moving them under a new Priority Theme. The three that have been reworded now read as follows:
  o R002: Sunderland is not fully aligned with the approach and aspirations of regional working and is therefore unable to take advantage of the opportunities presented by the growing north east economy to benefit the people of Sunderland.
  o R003: Local workforce does not have the required skills to take advantage of the growing north east economy;
  o R010: Opportunities are not taken to regenerate the coast in a timely manner or development is restricted by a lack of resources.

- Reviewing the risks which are still relevant and, where appropriate, moving them to a new Priority Theme.

4.4 Currently the cumulative risk scores and assurance position are updated on a quarterly basis with the relevant senior officers. The crosses in the assurance columns show where assurance is expected to be received from. Members will see that there is positive assurance regarding actions being taken to manage the risks in relation to a number of the strategic risk areas.

<u>Corporate Risk Areas</u>

4.5 The middle section of the Map shows the cumulative risk scores and the assurance levels relating to the risks identified in the Corporate Risk Profile. The detail is shown in Appendix 3. The risk area of Health and Safety has

been updated with the risks, risk scores and mitigating actions; an audit of the arrangements is included within the Internal Audit Plan for the year. Work is ongoing to develop assurance arrangements for this risk area with the Corporate Health and Safety Team.

4.6   The assurance level for Information Governance from Internal Audit remains limited, although developments are continuing through the implementation of the requirements of the General Data Protection Regulations. An audit of this is planned for later in the year.

4.7   An audit of the Council's ICT disaster recovery / business continuity arrangements has been included within this year's operational plan. The assurance level will be kept under review as these developments continue.

4.8   The red assurance level in relation to Cyber Security is the result of an audit undertaken some time ago. An audit is planned within the current year to re-assess the arrangements now in place

Council Owned Companies

4.9   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 new housing company, Sunderland Homes Ltd., has been added and a programme of audit work is being developed. The first audit of Together for Children Ltd. is almost complete. This is regarding the effectiveness of relationships between services, specifically in relation to children, that were transferred to the Company and those that remained with the Council.

Assurance from Internal Audit

4.10   The audits to be carried out this year and the detailed results of 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 or in that way.

4.11   Developments are continuing in relation to Information Governance and preparation for the implementation of the General Data Protection Regulations. A new project Board has been established consisting of senior officers within the Council to monitor the implementation.

4.12   The Assurance rating/level provided regarding the overall Council's ICT arrangements remains Amber. Audits covering Cyber Security and ICT Strategy and Infrastructure are planned and an audit of the Disaster Recovery arrangements has started.

<u>Assurance from Risk and Assurance Team</u>

4.13 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 New Wear Crossing and the development stage of the SSTC Phase 3, the International Advanced Manufacturing Park, and existing enterprise zones.
- Development of the governance arrangements for Together for Children Sunderland Ltd.
- The planned upgrade of SAP and its associated procedures.
- Risks in relation ICT business objectives, including disaster recovery/business continuity and implementation of Office 365 (move to the Microsoft cloud).
- Replacement of the SWIFT ICT system (Liquid Logic).
- Information Governance.
- Corporate Health and Safety Arrangements.
- Results of the matching exercise carried out by the National Fraud Initiative.
- Adults Safeguarding Board, and Personal Budgets/Direct Payments.
- Risk management support for events, including the Airshow and Tall Ships.

<u>Assurance from others within the Council</u>

4.14 Assurance provided from others within the Council is shown in the Risk and Assurance Map. All assurances remain the same as last reported apart from ICT which has moved to Green from Amber. Developments are ongoing to gather assurance in relation to Together for Children Ltd.

<u>Assurance from Management</u>

4.15 Arrangements are in place to obtain assurance from service management in a number of areas. Members will note that the majority of risk areas are shown as having substantial assurance.

<u>Assurance from External Sources</u>

4.16 The Map includes assurance from relevant external sources. Positive feedback continues to be received from the OFSTED monitoring visits. A full inspection is expected over the next few months.

<u>Overall</u>

4.17 The overall assurance levels are either Green or Amber apart from Cyber Security.

4.18 The Risk and Assurance Map was considered by the Chief Officer Group on Tuesday 12th September 2017 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 KPI's apart from:

- The percentage of medium risk recommendations implemented for the Council and Schools is shown below.

Area	Implementation Rate
Council services	89%
Schools	85%

6. Conclusions

6.1 This report provides an update on the assurance provided in the Risk and Assurance Map, work ongoing in relation to the Internal Audit and Risk & Assurance Teams and performance targets for Internal Audit.

6.2 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. Recommendations

7.1 The Audit and Governance Committee are asked to note the report and consider the updated Strategic Risk Profile and Risk and Assurance Map.