

## **AUDIT AND GOVERNANCE COMMITTEE**

**7 February 2020**

### **RISK AND ASSURANCE MAP UPDATE – 2019/2020**

#### **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; 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 September 2019 the Committee agreed the refreshed Risk and Assurance Map and Strategic and Corporate Risk Profiles for 2019/20 which had been updated in line with the Council's newly developed City Plan. The Strategic Risk Areas included on the Risk and Assurance Map had changed considerably from the previous version therefore very little assurance was able to be provided in relation to delivering the mitigating actions at that time. A full review of the Strategic Risk Profile has since been undertaken and the resultant assurance levels have been included within the Risk and Assurance Map. 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 As mentioned above, the Risk and Assurance Map has been updated following a full review of the Strategic Risk Profile in consultation with Chief and other key officers and is attached at Appendix 1. In relation to the Strategic Risk areas all of the new assurance levels are either Green or Amber, with the exception of the 'Red' overall assurance rating in relation to '*Access to the same opportunities and life chances*' resulting from the

OFSTED Inspection of Children's Safeguarding which has been discussed at length previously by the Committee. It is however acknowledged that in relation to Together for Children Ltd. overall the results of recent audit work have been positive and the financial management arrangements are improved. The Company is engaging in a programme of activity aimed at reducing costs and improving outcomes for Children. The assurance from the Business Continuity Officer for TFC has also moved from Amber to Green.

- 4.2 There has been no change to the Risk and Assurance Map in relation to the Corporate Risk Areas.

#### Strategic Risk Areas

- 4.3 The top section of the Map relates to the strategic risks identified in the Strategic Risk Profile, attached at Appendix 2. There have been no changes to the risk scores in the Strategic Risk Profile, however the current controls and mitigating actions have been updated where delivery plans are being developed and progressed.

#### Corporate Risk Areas

- 4.4 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 risk scores or assurance levels.

#### Council Owned Companies

- 4.5 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.
- 4.6 As the Council is developing arrangements for a new internal housing service the audit work which would have been undertaken under Sunderland Homes Ltd will move into the Council's audit plan. The Risk and Assurance team are involved in the development of those arrangements.
- 4.7 Audit work in relation to the governance arrangements for Siglion LLP is currently ongoing.

#### Assurance from Internal Audit

- 4.8 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.
- 4.9 Appendix 4 shows all of the opinions, including those from previous years, which have been considered in determining the overall assurance level for the new 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.

#### Assurance from Risk and Assurance Team

4.10 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 delivery stage of the SSTC Phase 3 and the International Advanced Manufacturing Park.
- Corporate projects, including the introduction of Office 365 and the move to Cloud technology, SAP self-service arrangements for HR and procurement.
- Move to the new City Hall, including construction and new ways of working.
- Development of the new Housing Service.
- Risks in relation to information governance and security.
- National Fraud Initiative data matching exercise.
- Arrangements in relation to anti-money laundering.
- Risk management arrangements in relation to the North East Combined Authority and the North East Joint Transport Committee.

#### Assurance from others within the Council

4.11 Assurance provided from others within the Council is shown in the Risk and Assurance Map. The only change is in relation to Assurance from the Business Continuity Officer in relation to Together for Children Ltd which has moved from Amber to Green.

#### Assurance from Management

4.12 Arrangements are in place to obtain assurance from senior managers for all service areas within the Council through an annual governance questionnaire which is currently being undertaken.

#### Assurance from External Sources

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

#### Overall

4.14 The overall assurance levels are either green or amber, with the exception of the Red ratings relating to Children's Safeguarding. Whilst improvements are being made the overall rating from Ofsted remains at 'inadequate'.

4.15 The Risk and Assurance Map, Strategic and Corporate Risk Profiles were recently considered by 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 with the implementation rate for medium risk agreed actions as follows:

<b>Area</b>	<b>Target</b>	<b>Implementation Rate</b>
Council services	90%	100%
Schools	90%	90%

## **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.