

AUDIT AND GOVERNANCE COMMITTEE

4 November 2022

RISK AND ASSURANCE MAP UPDATE – 2022/23

Report of the Assistant Director of Assurance 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 2022 the Committee agreed the Risk and Assurance Map and Strategic and Corporate Risk Profiles for 2022/23. 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 updates to the mitigating actions, as follows:

- The mitigating action in relation to R06 '*Unable to maximise the opportunities created by the Smart City Infrastructure*' has been updated regarding a funding bid for city centre shuttles.

- The mitigating action for R13 '*Current model of social care cannot be sustained in the future, due to increasing pressures within the social care environment*' has been updated to reflect current needs.

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. The changes to the Corporate Risk Profile are as follows:
- The risk score for R02 '*Strategic plans are not adequately communicated on a timely basis to relevant Council officers and external partners responsible for delivering plans*' has been reduced from 8 (Amber) to 4 (Green) due to the regular communications regarding the Council's priorities to employees and regular contact with Partners.
 - The risk score for R40 '*The ICT infrastructure is not fit for purpose (i.e. does not meet the needs of Council, not reliable, too expensive)*' has reduced from 8 (Amber) to 4 (Green) due the significant amount of work undertaken by ICT during and since the pandemic, to provide an effective ICT service to the Council.
 - The assurance rating from the Business Continuity and Emergency Planning Lead in relation to R45 '*Lack of awareness of content of business continuity plans*' has changed from Amber to Green. This has resulted in the overall assurance rating for Business Continuity moving from Amber to Green which has been reflected in the Risk and Assurance Map.

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. There have been no changes to the Risk and Assurance Map in relation to Council Owned Companies.

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.

4.7 Whilst completing the Internal Audit Plan for 2021/22 there were 8 significant risk recommendations made over three audits. Internal Audit are to monitor the implementation of these recommendations and an update is as follows:

- **Corporate Business Continuity Arrangements**
This audit focussed specifically on the ability of the Council's business critical services to function in the event of a failure in the ICT provision. Two significant risk recommendations were made to improve the business continuity planning process in relation to identifying actions that would be taken by business critical services should ICT not be available for a significant length of time. Work has been undertaken with all of the business critical services to identify additional actions to be taken and document them in the business continuity plans.
- **Cyber Security – Vulnerability Management**
Following an external review by the National Cyber Security Centre and Department of Levelling Up, Housing and Communities a report and cyber treatment plan were issued to and agreed by the Council in January 2022. The report and cyber treatment plan made a number of high priority recommendations and funding has been made available to implement the plan. The Internal Audit report made three significant risk recommendations in relation to implement the cyber treatment plan and the update of policies and procedures as a result of this. Action has been taken in relation to all of the significant risk recommendations and they are expected to be complete by the agreed implementation date. In addition, Quarterly updates are being provided to the Department of Levelling Up, Housing and Communities.
- **IT Disaster Recovery**
The cyber treatment plan mentioned in the point above also made recommendations with regard to IT Disaster Recovery. The Internal Audit made three significant risk recommendations in relation to these issues which were agreed and are being progressed. Positive progress is being made regarding all of the significant recommendations and plans are in place to complete them.

Assurance from Risk and Assurance Team

4.8 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 International Advanced Manufacturing Park, City Centre developments and the new Wear footbridge.
- Smart Cities Programme.
- Risk management support to Adult Services.
- Adult safeguarding assurance support.
- Risk management support to Housing Services.
- Risk management work in relation to the end of PFI contracts.

Assurance from others within the Council

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

Assurance from Management

- 4.10 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 2021/22.

Assurance from External Sources

- 4.11 The Map includes assurance from relevant external sources.

Overall

- 4.12 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.