

**AUDIT AND GOVERNANCE COMMITTEE**

**27 September 2013**

**CORPORATE ASSURANCE MAP – UPDATE 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 the updated Corporate Assurance Map based on work undertaken so far during the year, the Internal Audit opinion on the adequacy of the overall system of internal control, and the performance of Internal Audit.
- 1.2 For completeness, the report covers Internal Audit's key performance measures. The report does not set out the work undertaken for associated bodies for which the Council has a lead responsibility, this is a matter for the bodies concerned.

**2. Description of Decision**

- 2.1 The Audit and Governance Committee are asked to note the report and consider the updated Corporate Assurance Map (the Map).

**3. Background**

- 3.1 In March 2013 the Committee approved the proposed Corporate Assurance Map for 2013/14 and the plans of work for Internal Audit and Risk & Assurance.
- 3.2 At that time, the Map was prepared based on knowledge of the assurance position from Internal Audit work, a risk assessment covering all of the corporate risk areas and consultation with the Chief Executive, all Executive Directors and key officers across the Council.
- 3.3 A key feature of the new integrated assurance framework is to co-ordinate assurance that could be provided by other sources within the Council and external sources and consider if there are any gaps or duplication in the assurance provided.

**4. Updated Corporate Assurance Map**

The updated Corporate Assurance Map, as at 2<sup>nd</sup> September 2013, is shown overleaf. It has been updated based on the work to date of the Internal Audit, and Risk and Assurance Teams and assurance from other sources within the Council and external sources.

## Corporate Assurance Map

Assurance Position (as at 2 <sup>nd</sup> September 2013) (Cumulative)		2013/14								
		1 <sup>st</sup> Line	2 <sup>nd</sup> Line						3 <sup>rd</sup> Line	
		Management Assurance	Other Internal Assurance Activity						Risk and Assurance	Internal Audit
Legal Services	Financial Resources		Transformation Programmes and Projects	Strategy, Policy and Performance	HR &OD	Business Continuity				
Strategic Risk Areas										
Current Risk	Residual Risk									
People								X		
Place								X		
Economy								X		
Organisational			X					X		X
Corporate Risk Areas										
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

## Strategic Risk Areas

- 4.1 The top section of the Map relates to the strategic risks identified in the Strategic Risk Profile. The Profile has been updated with EMT for 2013/14 and is attached at Appendix 1. Given the longer term nature of these risks the current risk rating is shown (i.e. what would be the level of risk if no actions were taken to manage the risks), and the residual risk level (i.e. the level of risk taking into account ongoing actions and planned actions). Progress against each of the mitigating actions is assessed with the lead officers and assurance levels determined.

## Assurance from Internal Audit

- 4.2 The detailed results of Internal Audit work are shown at Appendix 2, with the summary outcomes shown on the Map. Appendix 2 now shows all of the opinions, including those from previous years, that have been considered in determining the overall assurance level.
- 4.3 The last Update Report provided information regarding improvements required in relation to Housing Related Support arrangements. A review of progress in implementing the agreed actions has shown that all of the actions that could have been implemented to date have been. Internal Audit will continue to follow-up progress until all actions have been implemented.

## Assurance from Risk and Assurance Team

- 4.4 Areas that the Risk and Assurance Team are currently involved in are shown at Appendix 3. Much of their work is ongoing over a period of time due to the nature of their role, however, where ongoing assurance can be provided from their work this is shown on the Map. Assurance work within the quarter has included:
- Support to the development of alternative service delivery vehicles such as the Local Asset Backed Vehicle, Care and Support Project, and the future of ICT delivery.
  - Providing assurance on the delivery of the Transformation Programme.
  - Providing assurance on the delivery of the Workforce Transformation project (pay and grading review).
  - Work has also been undertaken regarding Equal Pay Claims.
  - Supporting the delivery of the Workforce Planning project to help Heads of Service achieve their efficiency targets.
  - Significant work in support of the Customer Service Network migration.
  - Intelligence Hub.

#### Assurance from others within the Council

- 4.5 Assurance provided from others within the Council is shown in the Corporate Assurance Map above. The levels of assurance have not changed since June 2013. However, assurance provided by Strategy, Policy and Performance now includes a view on equalities. Advice regarding the requirements for assessing equalities in projects is provided, however the arrangements for carrying out the assessments are not yet fully developed. Improvements are being made in this area and being monitored by both Strategy, Policy and Performance and the Risk and Assurance Team.
- 4.6 The assurance level provided by the Business Continuity Officer has been Amber over the last two reports. This has mainly been due to the need for the arrangements within Children's Services to be brought up to date. Work is ongoing in this area.

#### Assurance from Management

- 4.7 Arrangements are in place to obtain assurance from service management in a number of areas. These arrangements are being further developed with the support of the assurance partner, PricewaterhouseCoopers. Members will note that the majority of risk areas are shown as having substantial assurance.

#### Assurance from External Sources

- 4.8 The Map shows five areas where Full or Substantial assurance has been received from external sources.

#### Overall

- 4.9 The overall level of assurance for all risk areas has not changed since June 2013.

#### Review of the Integrated Assurance Framework

- 4.10 The assurance partner, PricewaterhouseCoopers, has carried out a review of the implementation of the Integrated Assurance Framework, the results of which were reported to the last Audit and Governance Committee. Of the seven agreed actions three are complete, three are in progress and one will be implemented once all of the other actions have been finalised.

### **5. Internal Audit Performance**

- 5.1 The performance in relation to targets set for Internal Audit is shown at Appendix 4. Performance is on target for all KPI's apart from:
- The percentage of audit reports issued within 15 days of completion of the fieldwork, this currently stands at 88% against a target of 90%, and

- The current percentage of medium risk recommendations implemented (excluding schools), which now stands at 88%.

A summary of the performance by directorate for medium risk recommendations is shown below:

Directorate / Body	Implementation Rate
People	84%
Office of the Chief Executive	87%
Commercial and Corporate Services	94%
<b>Implementation Rate (exc. Schools)</b>	<b>88%</b>
Schools	82%
<b>Total Implementation Rate</b>	<b>85%</b>

## 7. Conclusions

- 7.1 This report provides an update on the assurance provided in the Corporate Assurance Map, work ongoing in relation to the Internal Audit and Risk & Assurance Teams and performance targets for Internal Audit.
- 7.2 Results of the work undertaken so far during the year have not highlighted any issues which affect the opinion that overall throughout the Council there continues to be an adequate system of internal control.

## 8. Recommendations

- 8.1 The Audit and Governance Committee are asked to note the report and consider the updated Corporate Assurance Map.



## Strategic Risk Profile

### People

#### Desired Outcomes

A city where everyone is as healthy as they can be and enjoys a good standard of wellbeing

A city with high levels of skills, educational attainment and participation

A city which is, and feels, even safer and more secure

A city that ensures people are able to look after themselves wherever possible

Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
<b>PE 1</b> Failure to ensure appropriate health and wellbeing services to children and adults, in response to financial pressures	Neil Revely, ED of Health, Housing & Adult Services	3x4 = 12	<ul style="list-style-type: none"> <li>Implement the Health and Wellbeing Strategy to:               <ul style="list-style-type: none"> <li>Target prevention and early intervention</li> <li>Build capacity and reduce dependency to help individuals to be more independent and self-sustaining</li> </ul> </li> <li>Manage demand by empowering customers to take up viable alternatives to council services</li> <li>Coordinate and implement public health campaigns and promotional activities working with relevant external public health related organisations</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Newly created Health and Wellbeing Board Health have taken responsibility for delivering the Health and Wellbeing Strategy</li> <li>Joint Strategic Needs Assessment to be undertaken by October 2013</li> </ul>	2x4 = 8
<b>PE 2</b> We fail to encourage more people to help themselves and communities to come up with local solutions	Sarah Reed, Assistant Chief Executive	3x3 = 9	<ul style="list-style-type: none"> <li>As a Community Leadership Council we will strengthen self-help capacity in our communities</li> <li>Deliver the Voluntary Community Sector Relationship Transition project</li> <li>Implement the Community Resilience Plan, Health and Wellbeing Strategy and Strengthening Families Strategy to develop asset based approaches to increase independence and self-reliance</li> <li>Through the "PEOPLE" strand of communications</li> </ul>	1x3 = 3

Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
			<p>deliver an integrated campaign, which encourages people to help themselves</p> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Continuing to develop the approach to being a Community Leadership Council</li> <li>Developing the scope of the VCS Relationship project</li> </ul>	
<b>PE 3</b> Despite improvement, a range of health indicators across the city continue to be below national averages including levels of child and adult obesity, rates of breastfeeding and levels of teenage pregnancy	Neil Revely, ED of Health, Housing & Adult Services	3x3 = 9	<ul style="list-style-type: none"> <li>Deliver the Public Health improvement responsibilities</li> <li>Progress the delivery plan and performance management to address improvement in health indicators</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Following the transfer of Public Health to the Council, an integrated approach with other service areas is being developed to address health issues</li> </ul>	2x3 =6
<b>PE 4</b> Economic conditions will mean that our interventions to help people, particularly young people, to gain employment will not be as effective as intended	Janet Johnson, Deputy Chief Executive	3x3 = 9	<ul style="list-style-type: none"> <li>Extend employment opportunities for people out of work and to ensure job progression and mobility for those people in work through the implementation of the Sunderland Employment Strategy</li> <li>Continue to deliver (and develop) early intervention and prevention practices to support young people who are a risk of becoming NEET</li> <li>Maximise learning opportunities afforded by the Youth Contract and by 3<sup>rd</sup> sector providers to young people requiring most support, to move them towards employment opportunities.</li> <li>The Education Leadership Board to continue to improve the links between schools and employers</li> <li>Extend the environmental apprenticeship scheme across other Streetscene services</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Sunderland Economic Masterplan “Aim 4 Group” are to review the effectiveness of the Employment Strategy</li> <li>Education Leadership Board continue to work with business leaders to encourage links with schools</li> </ul>	2x3 = 6



Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
<b>PE 5</b> The current skill levels of young people and adults are not sufficient to meet the current and future needs of the economy	Neil Revely, ED of Health, Housing & Adult Services	3x3 = 9	<ul style="list-style-type: none"> <li>Implement the Sunderland Skills Strategy to consider employer demand and the skills needed to fill any expected shortages or gaps within the growth sectors</li> <li>Implement the Family, Adult and Community Learning Strategy which outlines the priorities and principles necessary to meet the learning needs of adults and families</li> <li>The Education Leadership Board to continue to Improve links between schools and employers</li> <li>Set up the Combined Authority who's remit will include regional skills issues</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>"Aim 4 Group" is to focus on the City Deal aspects of the Skills Strategy</li> <li>Combined Authority to be in place by April 2014</li> </ul>	2x3 = 6
<b>PE 6</b> Increasing poverty levels and community cohesion issues arising out of welfare reforms and economic conditions	Sarah Reed, Assistant Chief Executive	3x3 = 9	<ul style="list-style-type: none"> <li>Continue to deliver the Welfare Reform "Social Fund"</li> <li>Prepare for the introduction of "Universal Credit"</li> <li>Implement the Community Resilience Delivery Plan</li> <li>Continue to implement the Child and Family Poverty Strategy</li> <li>Deliver the Strengthening Families project</li> <li>Develop and implement a delivery plan for the Access to Housing Strategy</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>"Social Fund" in place and continues to provide support to local communities</li> <li>Uncertainty remains over the introduction of "Universal Credit"</li> </ul>	2x3 = 6
<b>PE 7</b> Implementation of the Health & Wellbeing Strategy may not effectively target the most vulnerable groups resulting in widening inequalities	Neil Revely, ED of Health, Housing & Adult Services	2x3 = 6	<ul style="list-style-type: none"> <li>Implement the Health and Wellbeing Strategy, delivery plan and performance management arrangements</li> <li>Continue to liaise with the Clinical Commissioning Group and GPs to gain a better understanding of vulnerable groups</li> <li>Develop an asset based approach to delivery, making better use of assets that already exist in families and</li> </ul>	1x3 = 3

Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
			<p>communities</p> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Health and Wellbeing Board monitor the actions to reduce inequalities</li> </ul>	
<b>PE 8</b> Failure to align partner services to ensure we have a city that is safe and secure	Sarah Reed, Assistant Chief Executive	<b>2x2 = 4</b>	<ul style="list-style-type: none"> <li>Continue to deliver the Safer Sunderland Partnership's delivery plan: tackling alcohol, drugs, domestic violence, violent crime, anti-social behaviour, safety and feelings of safety and re-offending</li> <li>Apply the Strengthening Families approach to support people out of offending</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>The multi agency Strengthening Families Programme is starting to record success in reducing offending</li> </ul>	<b>1x2 = 2</b>

## PLACE

### Desired Outcomes

An attractive, modern city where people choose to invest, live, work and spend their leisure time.

A responsible, well looked-after city that is adaptable to change.

A well connected city.

A city where cultural identity and vibrancy act as a significant attraction

Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
<b>PL 1</b> The Local Development Framework is not adopted thereby restricting development opportunities for the City	Janet Johnson, Deputy Chief Executive	2x4 = 8	<ul style="list-style-type: none"> <li>Develop the LDF to ensure it meets the required Government criteria</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Draft plan is currently out for consultation. Publication plan expected to be develop by May 2014</li> </ul>	1x4 = 4
<b>PL 2</b> Failure to deliver our place-shaping activities in a coordinated manner (including economic housing and transport investments)	Janet Johnson, Deputy Chief Executive	2x3 = 6	<ul style="list-style-type: none"> <li>Adopt an ambitious, developer/investor friendly Core Strategy (Land Use Plan) that will guide high quality future physical development that is synonymous with a modern, vibrant, aspirational city</li> <li>Develop and implement the Sunderland Housing Strategy</li> <li>Set up the "Combined Authority" that will have responsibility for the creation of an area wide integrated transport authority and preparation of a local transport plan</li> <li>Utilise all available funding opportunities to improve infrastructure, e.g. Regional Growth Fund</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Combined Authority expected to be in place by April 2014</li> <li>Schemes being developed to access the RGF funding.</li> </ul>	1x3 = 3
<b>PL 3</b> Delivery of capital investment priorities is too slow to realise opportunities available	Janet Johnson, Deputy Chief Executive	Score 2x3 = 6	<ul style="list-style-type: none"> <li>Development of a Local Asset Backed Vehicle (LABV) to deliver accelerated regeneration and economic development activity</li> </ul>	1x3 = 3

Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
			<ul style="list-style-type: none"> <li>Continue to support the development of priority areas including               <ul style="list-style-type: none"> <li>Vaux site</li> <li>Sunniside</li> <li>Seaburn</li> <li>City square</li> <li>Minster Quarter</li> </ul> </li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Procurement process for the LABV is ongoing</li> </ul>	
<b>PL 4</b> Inability to stimulate sufficient inward investment for development projects, particularly in relation to the City Centre	Janet Johnson, Deputy Chief Executive	2x3 = 6	<ul style="list-style-type: none"> <li>Promote the City nationally and internationally as a place to invest, through the Make it Sunderland campaign</li> <li>Private sector partners to develop a Business Improvement District proposal providing resources that will contribute to physical improvement in the city centre</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Make it Sunderland campaign continues to promote investment in the City</li> </ul>	1x3 = 3
<b>PL 5</b> The City's infrastructure does not provide appropriate access and movement for all, including those with restricted mobility	Neil Revely, ED of Health, Housing & Adult Services	2x2 = 4	<ul style="list-style-type: none"> <li>Continue to engage with Nexus to develop Community Transport, taking into consideration the market and the commercial viability of transport routes</li> <li>Engage with the Voluntary and Community sector to provide access for people with restricted mobility (e.g. volunteer drivers)</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>On going engagement with NEXUS in relation to community transport</li> </ul>	2x2 = 4
<b>PL 6</b> Fail to agree and implement a Cultural Strategy and associated action plan	Neil Revely, ED of Health, Housing & Adult Services	2x2 = 4	<ul style="list-style-type: none"> <li>Develop Cultural Strategy and implementation plan</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Cultural Partnership formed to bring a wider base to the development of the strategy</li> </ul>	1x2 = 2

## ECONOMY

### Desired Outcomes

A national hub of the low carbon economy

A prosperous and well connected waterfront city centre

An inclusive city economy for all ages

Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
<b>EC 1</b> The increased costs of university fees and restricted access to appropriate learning opportunities will dissuade some young people from attending HE and skills levels will not increase as quickly as anticipated	Janet Johnson, Deputy Chief Executive	3x3 = 9	<ul style="list-style-type: none"> <li>Education Leadership Board to promote the benefits of higher education</li> <li>North East Local Enterprise Partnership (NELEP) to support the promotion of higher education</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>The recommendations of the economic review of the NELEP undertaken by Lord Adonis(2013) confirmed the importance of the NELEP supporting higher education</li> </ul>	2x3 = 6
<b>EC 2</b> The City doesn't attract inward investors because of a lack of sites / finance	Janet Johnson, Deputy Chief Executive	3x3 = 9	<ul style="list-style-type: none"> <li>Development of a Local Asset Backed Vehicle (LABV) to leverage private sector funding and investment in the City</li> <li>Allocation of appropriate employment sites through the LDF process</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Procurement process for the LABV is ongoing</li> </ul>	2x3 = 6
<b>EC 3</b> The more highly qualified/skilled people in the City will leave to find suitable work outside of the region, reducing the proportion of highly qualified/skilled people living in the City	Janet Johnson, Deputy Chief Executive	3x3 = 9	<ul style="list-style-type: none"> <li>Deliver an Employment Strategy that sets the direction for our efforts to attract employment opportunities to the city, across a wide range of sectors</li> <li>Implement a Housing Investment Plan that ensures we have the right range and types of housing, in the right locations, to retain existing residents and attract new people into the City</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Housing Investment Plan to be included in the Housing Strategy</li> </ul>	2x3 = 6

Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
<b>EC 4</b> Inability to deliver on the New Wear Crossing in line with the planned timescales	Janet Johnson, Deputy Chief Executive	3x3 = 9	<ul style="list-style-type: none"> <li>Complete the revised procurement phase and deliver the construction phase of the New Wear Crossing</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>New Wear Crossing is being re-planned.</li> </ul>	2x3 = 6
<b>EC 5</b> Fail to ensure plans are in place to support carers, people with disabilities and mental health issues into or to maintain employment	Neil Revely, ED of Health, Housing & Adult Services	2x4 = 8	<ul style="list-style-type: none"> <li>Continue to engage with Remploy, who provide sustainable employment opportunities for disabled people and those who experience complex barriers to work</li> <li>Continue to support the Carers Strategy Group</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>On going engagement with Remploy and the Carers Strategy Group</li> </ul>	1x4 = 4
<b>EC 6</b> Pace and scale of regeneration in the City Centre does not satisfy economic prosperity ambitions	Janet Johnson, Deputy Chief Executive	2x4 = 8	<ul style="list-style-type: none"> <li>Progress development opportunities, e.g. Vaux site, City Square, Sunnyside</li> <li>Support the Business Improvement District proposal</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>City Centre businesses have voted to form a Business Improvement District. A BID company should be set up by April 13</li> <li>St Mary's Way realignment is underway, which will support development of the Vaux Site</li> </ul>	1x4 = 4
<b>EC 7</b> Partners do not have a coordinated approach to supporting, developing and attracting business to the City	Janet Johnson, Deputy Chief Executive	2x2 = 4	<ul style="list-style-type: none"> <li>Continue to support the Business and Innovation Centre which provides a joint approach for business support</li> <li>Implement the Enterprise and Innovation Strategy</li> <li>Continue to develop the North East Local Enterprise Partnership (NELEP) Enterprise Zones</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Enterprise and Innovation Strategy signed off by the Economic Leadership Board</li> <li>Enterprise Zones continue to attract new businesses</li> </ul>	1x2 = 2

## ORGANISATION

### Desired Outcomes

Achieving Community Leadership.

Delivering High Quality Services That Are Led By Our Customers' Needs

Ensuring Value for Money and Productive Use Of Resources

Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
<b>OR 1</b> The Council and the community may not have the required skills and capacity to deliver the City's priorities	Sue Stanhope, Director of HR & OD Sarah Reed, Assistant Chief Executive	3x3 = 9	<ul style="list-style-type: none"> <li>Focus upon strengthening local self-help capacity, In order to meet our aspirations as a Community Leadership Council</li> <li>Utilise workforce planning to develop and transfer skills across the council</li> <li>Deliver the Voluntary and Community Sector Relationship Transition project</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>VCS project looking to enable volunteer and community groups to support delivery of City priorities</li> </ul>	2x3 = 6
<b>OR 2</b> Lack of pace, leadership, innovation and commitment resulting in inability to achieve the required outcomes	Malcolm Page, ED of Commercial and Corporate Services	2x4 = 8	<ul style="list-style-type: none"> <li>Develop the role of a Community Leadership Council to be more intelligent in setting relevant and focused priorities</li> <li>Deliver the Business Transformation Programme</li> <li>Deliver New Service Delivery Models</li> </ul> <p><b>Progress</b></p> <ul style="list-style-type: none"> <li>Transformation Programme undergoing review</li> <li>NSDM projects include Care &amp; Support, ICT and Leisure</li> </ul>	1x4 = 4
<b>OR 3</b> Council does not secure the required savings	Malcolm Page, ED of Commercial and Corporate Services	2x4 = 8	<ul style="list-style-type: none"> <li>Agree MTFS (in context of Community Leadership Council)</li> <li>Agree Service Area efficiency targets and monitor progress</li> <li>Deliver the Business Transformation Programme</li> <li>Deliver Alternative Service Delivery Models</li> <li>Deliver the Workforce Planning project</li> </ul>	1x4 = 4

Risk Description	Risk Owner	Current Score Lx I	Mitigation and progress to reduce current score	Residual Score Lx I
			<b>Progress</b> <ul style="list-style-type: none"> <li>MTFS in place subject to review</li> <li>Good progress in relation to delivery of BTP</li> <li>Care and Support ASDM on track for December</li> <li>Proposals for New Library Service being considered</li> <li>Workforce Planning efficiency targets for 2013/14 secured</li> </ul>	
<b>OR 4</b> Failure to collect, analyse and use intelligence to enable customer insight to inform decision making	Sue Stanhope, Director of HR & OD Sarah Reed, Assistant Chief Executive	<b>2x3 = 6</b>	<ul style="list-style-type: none"> <li>Development and delivery of the Intelligence Hub</li> <li>Strategic planning and service redesign to reflect the needs and preferences of our customers and communities</li> </ul> <b>Progress</b> <ul style="list-style-type: none"> <li>Scoping of Intelligence Hub project on target</li> </ul>	<b>1x3 = 3</b>
<b>OR 5</b> Employee engagement falls as a result of ongoing significant changes	Sue Stanhope, Director of HR & OD	<b>2x3 = 6</b>	<ul style="list-style-type: none"> <li>Continue to monitor and intervene in areas where employee engagement is showing signs of diminishing</li> </ul> <b>Progress</b> <ul style="list-style-type: none"> <li>Surveys being analysed</li> </ul>	<b>1x3 = 3</b>



## Appendix 2

### Detailed Internal Audit Coverage

Key Risk Area	2011/12 Audits / Opinions	2012/13 Audits / Opinions	2013/14 Audits / Opinions	Scope of 2013/14 Audit	Overall Opinion
Customer Focus		Children's Services – Safeguarding	L	Early Intervention and Locality Based Services	Insufficient work to enable opinion to be given
		Personal Budgets	L	Out of Area Placements	
				Web Content Development	
				Crisis Loans / Social Fund	
Legality		Equality Impact Assessments	M		Substantial
		Licensing (Compliance with Provision of Services Regulations 2009)	N		
		Corporate Legality	F		
Service / Business Planning	Responsive Local Services			Corporate Service/ Business Planning	Moderate
	Facilities Management	Children's Services – Safeguarding	L	Derwent Hill	
	Reablement at Home - Adults			Out of Area Placements	
	Business Support			Building Management	

Key Risk Area	2011/12 Audits / Opinions	2012/13 Audits / Opinions		2013/14 Audits / Opinions		Scope of 2013/14 Audit	Overall Opinion
				Early Intervention and Locality Based Services		Review the governance arrangements for multi agency working, information sharing & performance management.	
Programme and Project Management	Project Management Information Governance (Project Server)			Implementation of the Economic Master Plan	M	Review progress against Business Investment Team projects within the plan	Substantial
		Landscape and Reclamation Service	M				
		Programme and Project Management - support to major projects	M				
		Operating Model – realisation of benefits	S				
Change Management				Payroll		Verification of input of new pay and grading information to SAP HCM.	None (new risk area)
				Health and Wellbeing Partnership Board		A review of governance arrangements and transaction checks on public health activity payments.	
Partnerships				Health and Wellbeing Partnership Board		As above	Moderate
Business Continuity and Emergency Planning	Major Incident Planning			HHAS Business Continuity Planning	L	Examination of the process for determining the level of criticality of each function, and the arrangements for recovery of non critical functions on a service by service basis. (Business recovery for critical functions is currently being reviewed by the Corporate Business Continuity Officer).	Moderate
	Business Continuity Planning - Children's Services						

Key Risk Area	2011/12 Audits / Opinions	2012/13 Audits / Opinions	2013/14 Audits / Opinions	Scope of 2013/14 Audit		Overall Opinion	
Procurement	Purchasing Card Arrangements	Capital Procurement	S	Derwent Hill	M	Assess the governance arrangements and the robustness of the key financial and non financial systems and procedures in operation at the Centre.	Substantial
	Capital Procurement	Unplanned Audit – Revenue Procurement	S	Out of Area Placements		Review implementation of new placements strategy.	
	Revenue Procurement			Building Management		Assess arrangements in place to manage portfolio of operational buildings	
				Revenue Procurement		Transaction Testing	
Relationship and Contract Management		Care and Support Sunderland Ltd – contract management	M	Corporate Contract Management Arrangements		Assess the robustness of the new Corporate Contract Management Framework and the arrangements for its implementation.	Insufficient work to enable opinion to be given
		Housing Related Support	L	Events Company Contract Management		Review the arrangements for ensuring that Sunderland Live fulfils contractual requirements and examine payment arrangements.	
Financial Management	Corporate Budget Setting and Management	YPLA Schools Sixth Form Grant	S	EFA / SFA Funding	S	Grant Certification work	Substantial
	Adoption Allowances	YPLA Young Apprenticeships Cohort 6 Grant	S	DECC Fuel Poverty Grant	M	Grant Certification work	
	Social Care Resource Agency	YPLA Young Apprenticeships Cohort 7 Grant	S	Foster Care Allowances		Review the robustness of the arrangements for payment of allowances.	
	Personal Budgets - Adults	Department for Business Innovation & Skills – LEP Start Up Fund	S	Out of Area Placements		Review implementation of new placements strategy.	
	Port Governance Arrangements	Department for Business Innovation & Skills – LEP Capacity Fund	S	Direct Payments		Assessment of the effectiveness of the arrangements for monitoring use of Direct Payments following implementation of a risk based verification system.	

Key Risk Area	2011/12 Audits / Opinions	2012/13 Audits / Opinions	2013/14 Audits / Opinions	Scope of 2013/14 Audit		Overall Opinion	
	Treasury Management	Deprived Areas Fund Grant	F	Charging for Non Residential Adults Care Services		Review of the arrangements for determining and collecting charges from service users.	
	1 Leisure Centre	Single Investment Programme Grant	F	Personal Budgets		Transaction Testing (to include verification of Direct Payments)	
	Accounts Payable	Local Transport Capital Block Funding Grant	S	Local Transport Capital and Integrated Transport Grants		Grant Certification work	
	Accounts Receivable - Collection	Growing Places Funds 2, 3 and 7	F	Growing Places Funds 2, 3 and 7		Grant Certification work	
	Periodic Income - Recovery and Enforcement	1 Leisure Centre	S	SAP Organisation Structures		Review of staffing structures as recorded on SAP HCM, and assessment of the adequacy of the arrangements for amendments and updates.	
	Cash Receipting - Central System	35 Schools	S	Building Management		Assess arrangements in place to manage portfolio of operational buildings	
	Council Tax - Setting	Home Improvement Agency – Loans and Mortgages	S	Asset Register / Capital Accounting		Review of the arrangements to ensure that all capital assets are recorded in the asset register, valuations are correct, and capital accounting rules have been complied with.	
	Council Tax - Billing	Personal Budgets	L	Capital Programme Funding and Monitoring		Review of the arrangements for developing and financing the Capital Programme, and for monitoring expenditure against plans.	
	Council Tax - Valuation	Direct Payments	L	BACS Processing	M	Assessment of the effectiveness of the arrangements for monitoring use of Direct Payments following implementation of a risk based verification system.	
	Council Tax - Recovery	Care and Support Sunderland Ltd – compliance	S	Treasury Management		Review of borrowing and lending arrangements, and compliance with the Prudential Code.	
	Business Rates – Recovery & Enforcement	Landscape and Reclamation Service	M	Cash Receipting		Transaction Testing, including a review of the arrangements for providing telephone facilities in Customer Service Centres to enable payments to the Council by credit / debit card.	

Key Risk Area	2011/12 Audits / Opinions	2012/13 Audits / Opinions	2013/14 Audits / Opinions	Scope of 2013/14 Audit		Overall Opinion
	BACS Arrangements	BACS Payments	S	External Funding		A review of the arrangements that are in place to ensure that all possible sources of external funding are utilised and access to available funding is maximised.
	Charging for Services - HHA	Cash Receipting checks	S	Insurance Claims Handling		
	Future Jobs Fund Grant	Capital Procurement	S	Payroll		Verification of input of new pay grades to SAP HCM, following the Workforce Transformation Project.
	Deprived Areas Fund Grant	Payroll transactions checks	M	Council Tax Support Scheme		A review of the arrangements for implementing the new Council Tax Support Scheme.
	Payroll Processing and Payment	Council Tax Transactions checks	S	Council Tax		Transaction Testing
	Unplanned Audit – SIB and Community Chest Grants	Business Rates transactions checks	S	Local Business Rates Scheme		A review of the arrangements for implementing the new Local Business Rates Scheme.
	Unplanned Audit – Future Jobs Fund – final audit certificate	Accounts Payable transactions checks	S	Business Rates		Transaction Testing
	Unplanned Audit – SWITCH Modelling	Accounts Receivable transactions checks	S	Crisis Loans / Social Fund		Review the arrangements for implementing the new Local Welfare Provision Scheme, and delivery of the new Crisis Support and Community Care Support, Services.
		Housing Related Support	L	Accounts Payable		Transaction Testing
				Accounts Receivable and Periodic Income		Review of key controls in income collection arrangements, together with transaction testing
				Troubled Families Performance Reward Grant		Grant certification work
			Derwent Hill	M	Assess the governance arrangements and the robustness of the key financial and non financial systems and procedures in operation at the Centre.	

Key Risk Area	2011/12 Audits / Opinions	2012/13 Audits / Opinions		2013/14 Audits / Opinions		Scope of 2013/14 Audit	Overall Opinion
				Aquatic Centre		Examination of the arrangements for budget management, cash collection and purchasing.	
				Events Company Contract Management		Review the arrangements for ensuring that Sunderland Live fulfils contractual requirements and examine payment arrangements.	
Human Resource Management	Corporate Training and Development Arrangements	Corporate Attendance Management Arrangements	L	SAP HCM Organisation Structures		Verification of input of new pay grades to SAP HCM, following the Workforce Transformation Project.	Moderate
	Personnel Administration Arrangement	Management of SWITCH	S	Corporate HR Management		Review of compliance with corporate HR procedures	
	Management of Employees in SWITCH						
Information Governance	Corporate Information Governance (including procedures for remote working)	Vulnerable Adults Protection Arrangements	S	Corporate Information Governance Arrangements	L	A survey of managers is to take place together with a general employee survey to gauge awareness and understanding of, and compliance with information governance policies and procedures.	Moderate
	Email Security	Information Governance compliance checks	L				
	Smarter Working – Remote Working in Children's Services						
	Document Management						
	Corporate Data Protection Arrangements						
	Follow Up – Customer Services Network Info Gov (2010/11)						
Performance Management	Responsive Local Services	Design of corporate performance management arrangements	S	Building Management		Assess arrangements in place to manage portfolio of operational buildings	Moderate

Key Risk Area	2011/12 Audits / Opinions	2012/13 Audits / Opinions	2013/14 Audits / Opinions	Scope of 2013/14 Audit	Overall Opinion
	Port Governance Arrangements		Early Intervention and Locality Based Services	Review the governance arrangements for multi agency working, information sharing & performance management	
	Customer Services Network				
	Reablement at Home - Adults				
	Social Care Resource Agency				
	Follow up – Sunderland Compact				
Asset Management	Asset Register/Capital Accounting	Asset management	M Derwent Hill M	Assess the governance arrangements and the robustness of the key financial and non financial systems and procedures in operation at the Centre.	Moderate
	Unplanned Audit - Technoforge		Technology Forge	Examine progress in implementing the Technology Forge property management software.	
			ICT Asset Management	Review arrangements for identifying, recording and controlling ICT equipment.	
			Asset Register / Capital Accounting	Review of the arrangements to ensure that all capital assets are recorded in the asset register, valuations are correct, and capital accounting rules have been complied with.	
ICT Strategy and Delivery	ICT Remote Access Threats		ICT Asset Management	Review arrangements for identifying, recording and controlling ICT equipment.	Moderate
	Information Technology Infrastructure Library		ICT Strategy	Review of the ICT Strategy to assess whether that it supports delivery of Council Objectives	
Fraud and Corruption	Counter Fraud Testing (including in schools)	Counter Fraud Testing	Counter Fraud Testing		Substantial
	Access to IT systems - with movement of employees	National Fraud Initiative checks	National Fraud Initiative Case Investigations		

Key Risk Area	2011/12 Audits / Opinions	2012/13 Audits / Opinions	2013/14 Audits / Opinions	Scope of 2013/14 Audit		Overall Opinion	
	1 Leisure Centre	Home Improvement Agency	S	Direct Payments		Transaction Testing	
	Asset Management - ICT Equipment	Direct Payments	L	Personal Budgets		Transaction Testing	
	Unplanned Audit – SIB and Community Chest Grants	Cash Receipting Transaction checks	S	BACS Processing		Transaction Testing	
	Social Care Resource Agency	Payroll transaction checks	M	Cash Receipting		Transaction Testing	
		Council Tax transaction checks	S	Payroll		Verification of input of new pay grades to SAP HCM after Workforce Transformation Project.	
		Business Rates transaction checks	S	Council Tax		Transaction Testing	
		Housing Benefit transaction checks	S	Business Rates		Transaction Testing	
		Accounts Payable transaction checks	S	Benefits		Transaction Testing	
		Accounts Receivable transactions	S	Accounts Payable		Transaction Testing	
				Accounts Receivable and Periodic Income		Review of key controls in income collection arrangements, together with transaction testing.	
Risk Management	Port Governance Arrangements						Substantial
	1 Leisure Centre						
	Insurance Policies						
Housing Benefits	Housing Benefit Administration	Housing Benefit transaction checks	S	Benefits		Transaction Testing	Substantial
				Council Tax Support Scheme		A review of the arrangements for implementing the new Council Tax Support Scheme.	



Key Risk Area	2011/12 Audits / Opinions	2012/13 Audits / Opinions	2013/14 Audits / Opinions	Scope of 2013/14 Audit	Overall Opinion
Schools	38 schools audits completed – 35 good, 3 satisfactory	29 schools audits completed – 7 full, 20 substantial, 1 moderate, 1 limited	S 34 schools 13 schools completed to date – 4 full, 5 substantial, 1 moderate, 1 limited	Review of governance and financial management arrangements at 34 schools.	Substantial



## Risk and Assurance Activity

Area of activity	Work ongoing
Strategic Risk Profile	<p>Mitigating actions have been agreed.</p> <p>A review of the strategic risks affecting the Council was agreed with EMT. The risk areas have been categorised into People, Place, Economy and Organisational, in line with the Council's Outcomes Framework. The risks and scores have been agreed and mitigating action areas identified. The new Profile and progress in relation to the action areas is included in Appendix 1.</p>
Transformation Programme	<p>Ongoing assurance work is being undertaken in relation to progress in delivering the projects within the Transformation Programme and the related efficiency savings target. A progress report is presented to the Transformation Board on a monthly basis setting out the progress in relation to key project deliverables and the achievement of efficiency savings targets. Work is ongoing with Project Executives, Project Managers and Heads of Service to report the position and address any change control issues required.</p>
Supporting Executive Directors and Heads of Service to manage risks	<p>Activity is ongoing to aid the managing of risks through service planning, programmes and key projects and partnerships. This will be linked to mitigating actions in the Strategic Risk Profile where appropriate.</p>
Support to Schools	<p>A new approach to supporting schools will be introduced in the current year. A number of workshops have been arranged for schools to attend to help them identify and manage their risks more effectively. This will allow Schools to support each other and manage their risks on a more ongoing basis, as well as reducing the resources required from the Risk and Assurance Team.</p>

Area of activity	Work ongoing
Service Reviews (including alternative service delivery models), Programmes and Projects (including ICT)	<p>Major projects / service reviews being supported include:</p> <ul style="list-style-type: none"> <li>• Local Asset Backed Vehicle</li> <li>• Workforce Transformation Project</li> <li>• Workforce Planning Project</li> <li>• Care and Support Services – Adults</li> <li>• Smarter Working Phase 2</li> <li>• St Mary’s Boulevard/Magistrates Square</li> <li>• Customer Service Network</li> <li>• Intelligence Hub</li> <li>• Training Centres new model</li> <li>• Transport and Fleet Management</li> <li>• ICT – Shared service model</li> <li>• Economic Master Plan</li> <li>• Adult Social Care</li> <li>• Development of the Intranet</li> <li>• Safeguarding – Childrens</li> <li>• Personalisation – Adults</li> <li>• Settlement of Equal pay claims</li> <li>• Streetscene projects</li> <li>• Development of the Voluntary and Charitable Sector</li> </ul>
Partnerships	<p>Support is being provided to the following specific partnerships:</p> <ul style="list-style-type: none"> <li>• Sunderland Economic Leadership Board</li> <li>• Waste Management Partnership</li> <li>• Health and Wellbeing Board</li> <li>• Sunderland Safeguarding Adults Board</li> </ul>
Governance Review	The results from Risk and Assurance activity feed into the Annual Governance Review and the Annual Governance Statement
Investigations	Two investigations are currently ongoing

## Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2013/14

## Efficiency and Effectiveness

Objectives	KPI's	Targets	Actual Performance
1) To ensure the service provided is effective and efficient.	1) Complete sufficient audit work to provide an opinion on the key risk areas identified for the Council	1) All key risk areas covered over a 3 year period	1) On target
	2) Percentage of draft reports issued within 15 days of the end of fieldwork	2) 90%	2) Behind target - 88%
	3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report)	3) 70%	3) Ahead of target - 86%

## Quality

Objectives	KPI's	Targets	Actual Performance
1) To maintain an effective system of Quality Assurance	1) Opinion of External Auditor	1) Satisfactory opinion	1) Achieved
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	2) Significant – N/A Behind target - Medium 88% (excluding schools)

## Client Satisfaction

Objectives	KPI's	Targets	Actual Performance
1) To ensure that clients are satisfied with the service and consider it to be good quality	1) Results of Post Audit Questionnaires	1) Overall average score of better than 1.5 (where 1=Good and 4=Poor)	1) On target - 1 to date
	2) Results of other Questionnaires	2) Results classed as 'Good'	2) Non undertaken
	3) Number of Complaints / Compliments	3) No target – actual numbers will be reported	3) 4 compliments 0 complaints

