**AUDIT AND GOVERNANCE COMMITTEE**          **15 December 2017**

**RISK AND ASSURANCE MAP UPDATE – 2017/18**

**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. The risk profiles and the Risk and Assurance Map have since been updated in line with the refreshed Corporate Plan and Delivery Plan (as reported to Members in September 2017).

**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.

        Strategic Risk Areas

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 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.

4.4     An audit of 'Adult Social Care – Personal Budgets' which reviewed the arrangements in place to manage the financial aspects of adult social care through the care and assessment process has recently been completed and concluded that no assurance could be provided that the systems of internal control were adequate. This was due to the arrangements being inadequate in a number of areas and the opportunities for financial savings should controls be improved (shown as Red in the Internal Audit column against Protecting Vulnerable Adults). A Senior Manager from the Directorate shall be in attendance at the Committee to provide an update.

4.5     An update in relation to the actions being taken to manage individual risks in the Strategic Risk Profile has resulted in current risk scores being reduced for risks R01, R08 and R021.

Corporate Risk Areas

4.6     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. The mitigating actions in relation to these risks are due to be complete, in the main, by the end of April 2018. Therefore instead of the planned audit of these arrangements it is more appropriate for the Risk and Assurance Team to support the development of these arrangements with the Corporate Health and Safety Team.

4.7     The assurance level for Information Governance from Internal Audit has moved from limited to moderate (Amber) due to improved results from the follow up of last year's audit. This has confirmed that awareness of the requirements has improved. Developments are continuing regarding the implementation of the requirements of the General Data Protection Regulations. An audit of this has been started.

4.8     An audit of the Council's ICT disaster recovery / business continuity arrangements has been completed. A significant amount of work has been done to improve the arrangements with more work planned to improve the resilience of the infrastructure of the data centre at Moorside. A number of tests in discrete areas have been undertaken by ICT with positive results with a full test being planned for February 2018. The current conclusion of the audit is Moderate assurance which is to be revisited once the full test by ICT has been completed.

4.9 The red assurance level in relation to Cyber Security is the result of an audit undertaken some time ago. An audit has been started to re-assess the arrangements now in place.

Council Owned Companies

4.10 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 first two audits of Together for Children Ltd. have been completed, both of which concluding Substantial assurance.

Assurance from Internal Audit

4.11 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.

4.12 The Assurance rating/level provided regarding the overall Council's ICT arrangements remains Amber following the completion of the audit of Disaster Recovery / Business Continuity arrangements. An audit of Cyber Security is on-going and an audit of the ICT Strategy and Infrastructure is planned.

Assurance from Risk and Assurance Team

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 assurance 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.
- Risk management support for events, including the Airshow and Tall Ships.

Assurance from others within the Council

4.14    Assurance provided from others within the Council is shown in the Risk and Assurance Map. Assurance from Financial Resources in relation to Sunderland Care and Support Ltd has moved from Amber to Green. Assurance has been received for Together for Children Ltd in relation to its business continuity arrangements, this being Amber.

Assurance from Management

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.

Assurance from External Sources

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.

Overall

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 28th November 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 Schools. The percentage for the Council and schools is shown below.

| Area | Implementation Rate |
|---|---|
| Council services | 90% |
| Schools | 87% |

**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.