

ASSURANCE MAPPING

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 8.3

Appendices A of the report is not for publication

Reason for this Report

1. To provide Audit Committee members with an update on work being undertaken to develop an Assurance framework and Assurance map.

Background

2. There has been a drive toward risk based auditing across all audit sectors, with many audit teams undertaking audits only using this approach. Section 2010 of the Public Sector Internal Audit Standards (PSIAS) includes a requirement that the risk based plan takes into account the organisation's assurance framework and that the work of internal audit will address both local and national issues.
3. With the significant budgetary pressures faced in the public sector, it is important that resources are targeted to best effect to add value to the business. This very much applies to Internal Audit staff where there has been a reduction in numbers, often at times of increasing demands and expectations.
4. This has brought about a need to more formally capture the different level of assurance available from both within and outside the Council, to make more informed decisions on how best to utilise resources in the future. This assurance exercise is primarily looking at risk management, governance and internal control matters, rather than wider aspects of service delivery.
5. The Audit team has begun work on developing an Assurance framework and Assurance map to help with future audit planning needs, although the information should also serve useful to others in identifying where assurance can be found, and importantly, where there are gaps that need to be addressed. This is very much a work in progress as it will need to capture any emerging risks or issues as they arise and any actions to mitigate or deal with these over time.

Issues

6. Internal Audit has developed an assurance framework using the "three lines of defence" model, and all three lines have a specific role to play in the Council's internal control environment.

	Source of Assurance
1st	Business operations / management assurance, including local management controls
2nd	Corporate governance oversight, such as Cabinet and Scrutiny committees
3rd	External or third party review, such as Estyn, CSSiW, Wales Audit Office

7. This identifies that senior managers, acting as the first line of defence, have a joint and individual responsibility for risk management, governance and their control environments and should provide assurance through their own internal processes and working methods.
8. Each Council will also have in place corporate arrangement for overseeing risk, governance and control, providing a challenge and an assessment of assurance from the work it performs.
9. All Councils are subject to a range of inspection / audit regimes and there will be a number of organisations involved and reports prepared, many of which will comment on a range of service delivery, performance and improvement matters. This 3rd level of defence includes the assurance provided from WAO and the Internal Audit team.
10. The assurance map has been developed using a number of sources which may inform how risk, governance and control matters are “managed” across the Council. Key sources will include the Corporate Risk Register, known operational or business risks, Annual Governance Statement significant issues and any matters arising from Senior Management Assurance Statements. External reports, including those from WAO and external regulators and those from Internal Audit should also inform the “map”.
11. By mapping assurance coverage against the key risks and significant issues within the organisation, it should be possible to give senior management and Members an informed view on the level of assurances in different areas and to make more informed decisions on where resources are best targeted. It should avoid duplication of effort and contribute to supporting the work on compiling the Annual Governance Statement.
12. Internal Audit is able to use the assurance map to ensure that activities can be targeted to provide better coverage in key areas and minimise duplication of effort through the sharing and coordinating of activities with other management activities.

Reason for Recommendation

13. As part of the arrangements for good corporate governance, it is important that the Council has a way of capturing the different levels of assurance it can seek to rely upon, from both within and outside the Council. The development of an assurance framework and assurance map is a formal approach adopted to achieve this so duplication can be avoided, any gaps can be highlighted and addressed, and more informed decisions can be taken regards utilizing diminishing resources to best effect.

Financial Implications

14. There are no direct financial implications arising from this report.

Legal Implications

15. There are no direct legal implications arising from this report.

RECOMMENDATION

16. The Committee is recommended to note the content of the Assurance Map.

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CORPORATE DIRECTOR RESOURCES**

The following Appendix is attached:

Appendix A – Internal Audit Assurance Map