
STRATEGIC RISK ASSURANCE MAPPING EXERCISE

1 SUMMARY

- 1.1 This report sets out internal audit's assessment of the sources of assurance for the Audit Committee on the management of the Council's strategic risks.

The report describes the approach to the work and the outcomes, including recommendations for future internal audit work.

Appendix A highlights our overall assessment against each of the strategic risks. It should be noted that the assessment is based on the level of assurance that the Committee can rely on at each level. A 'low' level therefore highlights where there are gaps in evidence of active /targeted actions /activity and therefore the level of assurance that can be given, rather than an assessment on the management of that risk.

2 RECOMMENDATION

- 2.1 The Audit Committee notes the Strategic Risk Register at Appendix A.
- 2.2 The Audit Committee considers implications for the Internal Audit annual plans in 2015-16 and 2016-17, specifically:
- verification of data quality within Pyramid
 - partnership governance arrangements
 - governance and political management arrangements in due course
- 2.3 The Audit Committee and Performance Review and Scrutiny Committee consider areas of potential duplication relating to scrutiny of service performance. The role of the Performance Review and Scrutiny Committee could be focused on the extent to which reported outcomes have a mitigating effect on the risks facing the Council.

3 BACKGROUND

- 3.1 As part of the action plan emerging from the Audit Committee Development Day, internal audit undertook to develop an assurance mapping exercise to:
- give senior management and elected/committee members comfort that there is a comprehensive risk and assurance framework with no potential gaps
 - ensure that internal audit plans are targeted to address the key risks facing the Council, and where assurance gaps remain
 - identify any potential areas of overlap or duplication of assurance.

- 3.2 Internal audit has developed the assurance map attached at Appendix A to highlight the key sources of assurance available for each strategic risk, across each of the three lines of defence.

4 FIRST LINE OF DEFENCE – MANAGEMENT ASSURANCE

- 4.1 The council has a well-developed Planning and Performance Management Framework, which underpins much of the management assurance process.
- 4.2 The Strategic Risk Register has clear links to the SOA and Corporate Plan and associated aims and outcomes. Service plans containing outcomes and success measures are agreed annually by the council as part of the budget setting process.
- 4.3 Performance against the plans is reviewed quarterly and subject to DMT exception reporting where performance does not meet the target, and by the Chief Executive at one to ones with Executive Directors that examine departmental scorecards.
- 4.4 Where the Strategic Risk is directly linked to a strategic or corporate objective, we therefore found strong management assurance arrangements in place to review the risk and mitigating actions.
- 4.5 Where Strategic Risks cannot be directly attributed to a strategic objective, there was less evidence of systematic management assurance.
- 4.6 We also noted that the first line of defence places significant reliance on the accuracy of data within Pyramid. Internal audit has conducted a separate audit of Pyramid as part of the 2014-15. Early findings suggest that there is scope to improve the verification arrangements in place at service level, and we would therefore recommend that data quality is incorporated within Internal Audit's programme of continuous audit procedures.

5 SECOND LINE OF DEFENCE – MANAGEMENT OVERSIGHT

- 5.1 The Council is currently following up an Audit Scotland Statutory report and an action plan is in place. Revised Political Managements arrangements, scrutiny arrangements and Member briefing arrangements are in place. It is our opinion that management oversight is adequate although it is noted these arrangements are in their infancy and will need time to develop and embed. We also noted that although mitigation of risk is being monitored and further developments planned, there is no direct link to performance reporting ,therefore there is scope to better scrutinise and challenge this area of performance. We would therefore recommend that this is considered as part of the post-implementation review of the revised political management arrangements.

6 THIRD LINE OF DEFENCE – INDEPENDENT ASSURANCE

6.1 Under the Public Sector Internal Audit Standards, Internal Audit has adopted a risk-based audit approach. Internal audit activity is therefore planned to address the key risks facing the Council. External audit also provides assurance on a number of key risk areas.

6.2 The Assurance Map has identified a number of areas where independent assurance has been limited. These include:

- the external built environment
- partnership governance
- reputation; and
- demographic changes.

6.3 In the draft Internal Audit Annual Plan 2015-16, Internal Audit has identified audits relating to the built environment. We therefore recommend that the Audit Committee uses the Assurance Map to inform and consider the Internal Audit Annual Plan for 2015-16 and 2016-17.

7 CONCLUSION

7.1 Overall, Appendix A highlights a strong performance management framework is in place across the Council. We have used the exercise to highlight improvements to the assurance framework, to ensure that the Audit Committee and Performance Review and Scrutiny Committee understand how risks are managed mitigated.

8 IMPLICATIONS

- 8.1 Legal – None.
- 8.2 Finance – None.
- 8.3 HR – None.
- 8.4 Policy – None.
- 8.5 Risk – None.
- 8.6 Equalities – None.
- 8.7 Customer Services – None.

For further information please contact

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