

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 20 March 2024
Subject:	Sefton Assurance Map		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

This report sets out Internal Audit's and the Risk and Resilience Team's assessment of the sources of assurance for the Audit and Governance Committee on the management of the Council's strategic risks.

The report describes the approach to the work and the outcomes, including recommendations for improvement.

Appendix A highlights the overall assessment against each of the strategic risks. It should be noted that the overall assessment is based on the level of assurance that Members can rely on from each line of defence. A 'low/red' level therefore highlights where there are gaps in evidence of active/ targeted actions / activity rather than an assessment on the management of that risk.

Recommendation(s):

- (1) Members note the outcome of the Sefton Risk Assurance Map at Appendix A.
- (2) Members consider the implications for the Internal Audit annual plans in 2024-25.

Reasons for the Recommendation(s):

Approval of the recommendations will facilitate Members' understanding the key sources of assurance for the highest scoring risks facing the Council.

Alternative Options Considered and Rejected: (including any Risk Implications)

Not undertaking the assurance mapping, which would be against good practice.

What will it cost and how will it be financed?

(A) Revenue Costs – There are no direct financial implications arising from this report.

(B) Capital Costs - There are no direct capital cost implications arising from this report.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): There are no direct resource implications from the report	
Legal Implications: There are no legal implications.	
Equality Implications: There are no equality implications.	
Impact on Children and Young People: No There are no direct implications from the report although the effective management of risks, there are a number of Children’s related risks in the Corporate Risk Register, will be more likely to lead to the outcome of more positive outcomes to Children and Young People.	
Climate Emergency Implications: The recommendations within this report will	
Have a positive impact	No
Have a neutral impact	Yes
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes
The report has no direct climate emergency implications.	

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Positive.
Facilitate confident and resilient communities: Neutral.
Commission, broker and provide core services: Neutral.
Place – leadership and influencer: Positive
Drivers of change and reform: Positive
Facilitate sustainable economic prosperity: Positive.
Greater income for social investment: Neutral
Cleaner Greener: Neutral

What consultations have taken place on the proposals and when?

(A) Internal Consultations - The Executive Director of Corporate Resources and Customer Services (FD.7574/24) and the Chief Legal and Democratic Officer (LD.5674/24) have been consulted and any comments have been incorporated into the report.

(B) External Consultations - None

Implementation Date for the Decision

Immediately following the Committee / Council meeting.

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Appendices:

The following appendices are attached to this report:

- Appendix A - Risk Assurance Map
- Appendix B – Sefton Assurance Framework – September 2022

Background Papers:

The following background papers, which are not available elsewhere on the Internet can be accessed on the Council website <http://smbc-modgov-03/documents/s122305/CIPFA%20-%20Developing%20an%20effective%20assurance%20framework%20in%20a%20local%20authority.pdf>

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- Chartered Institute of Public Finance and Accountancy - Developing an effective assurance framework in a local authority

1. Introduction/Background

1.1 CIPFA has long provided standards and guidance on good practice in governance and public financial management for local authorities, including the role of the audit committee. CIPFA also sets internal audit standards for the local government sector in the UK.

1.2 CIPFA states an assurance framework supports the authority's leadership team and all those in governance roles, enabling them to make informed decisions, agree priorities and take remedial action where required. CIPFA defines an assurance framework in the following way: *The means by which leaders, managers and decision makers can have confidence that the governance arrangements that they have approved are being implemented, operating as intended, and remain fit for purpose.*

- 1.4 CIPFA has produced guidance on assurance framework “Developing an effective assurance framework in a local authority” in November 2023.
- 1.5 A Sefton Council Assurance framework was developed and approved by the Audit and Governance Committee in September 2022 (Appendix B). The framework describes the sources of assurance that are provided to Cabinet and the Audit and Governance Committee. The framework is generic and doesn’t currently provide an assessment of how assurance is provided on the key risks to the achievement of the Council’s strategic objectives detailed in the Corporate Risk Register.
- 1.6 As a result it was agreed that Internal Audit would prepare, through an assurance mapping exercise, an assurance map to list the sources of assurance through the three lines model to each key risk using the Corporate Risk Register for March 2024. The aim of the assurance map is to:
- give senior management and elected/committee members comfort that there is a comprehensive risk and assurance framework with no duplicated effort or 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.
- 1.7 Appendix A provides a summary of the Council’s strategic assurance map, which follows the three lines model issued by the Global Institute of Internal Auditors. The Assurance Map is based on the three lines model detailed in the Table below:

First line	Second line	Third line
The first level of the defence is the control environment - the business operations that perform day to day risk management activity.	Oversight functions such as the Executive Leadership Team (ELT) and individual committees set directions, define policy and provide assurance	Internal and external audit, and any other scrutiny or regulatory body, offer independent challenge to the levels of assurance provided by business operations and oversight functions

- 1.8 The assurance map details where the Audit and Governance Committee can gain assurance against the monitoring and management of strategic risks.

2. Findings

- 2.1 The table below summarises the assessment against each strategic risk in the Corporate Risk Register.

No	Strategic Risk	Residual Risk Score March 2024	Assurance Assessment
1	Dedicated Schools Grant High Needs Funding for Special Educational Needs is inadequate to meet requirements.	22	Green

No	Strategic Risk	Residual Risk Score March 2024	Assurance Assessment
2	Financial sustainability beyond 2023/24	22	Green
3	The Council is the victim of a cyber-attack.	22	Green
4	Inadequate capability to prepare for and respond effectively to a Major Incident affecting the Council or occurring in Sefton as per the Council's responsibilities under the Civil Contingencies Act 2004.	21	Green
5	Market Failure of Social Care Provision across Adults and Children's	21	Green
6	Demand and Cost of Home to School Transport – Impact on the Financial Sustainability of the Council	21	Green
7	Children's Services - Impact of Regulatory Framework Outcomes	21	Green
8	Increase in academisation of schools within the borough	21	Red
9	Failure to Comply with Sections 1 and 10 of the Freedom of Information Act 2000	20	Amber
10	Ability of the Council to Recruit to its Workforce in order to Deliver its Core Purpose.	20	Amber
11	Non achievement of our aim and ambition to secure the best outcome from a CQC assessment, against current local pressures and demands.	20	Green
12	Inability to deliver the Requirements and Commitments for the Growth Program and its Associated Projects.	19	Green

- 4.2 The Assurance Map has identified that for the risk “Increase in academisation of schools within the borough” there may be an apparent discrepancy between the level of risk identified, and the assurance provided to the various governance bodies. This reflects in part that this is a new risk in the Corporate Risk Register.
- 4.3 There is an assurance gap on the “Failure to Comply with Sections 1 and 10 of the Freedom of Information Act 2000” due to there being limited assurance, an annual report only, provided to Members on progress to address as well as no regular third line assurance.

- 4.4 There is also an assurance gap on the “Ability of the Council to recruit to its workforce in order to deliver its Core Purpose” risk where there is limited assurance provided to Members on the progress to address the issue outside of Children’s Services.
- 4.5 Audit has carried out assurance mapping to provide a map of external assurance which is then used to develop the internal audit plan and input into the Chief Internal Auditor’s Annual Opinion. The external assurance mapping has been used to provide assurance for areas where the team has limited expertise to assess, for example cyber security and the Children’s regulatory framework. The external assurance has been frequent and undertaken by independent qualified competent expertise.
- 4.6 The remaining areas where assurance has been assessed as “amber” or where internal audit assurance has not taken place will be taken into account in developing Internal Audit plans for 2024-25.

5. Conclusion

- 5.1 Overall, the report and its appendices highlight that a strong assurance framework is in place across the Council. This is the first occasion that the Council has undertaken this exercise, and it is to be expected that there will be gaps and that further work is required.
- 5.2 This exercise has been used to highlight areas for improvements to the assurance framework, to ensure that the Audit and Governance Committee understand how risks are managed and mitigated across the Council.
- 5.3 The map highlights that further clarity is required on monitoring the “Increase in academisation of schools within the borough that remain with the Council” risk through the scrutiny 2nd line. Further work is also required on improving monitoring to provide holistic monitoring on the two amber risks.