

AGENDA ITEM

**REPORT TO AUDIT COMMITTEE
31 JULY 2023**

**REPORT OF DIRECTOR OF
CORPORATE SERVICES**

**CORPORATE RISK REGISTER UPDATE REPORT AND INTERNAL AUDIT
ACTIVITY REPORT**

SUMMARY

The Committee is reminded that quarterly reports on the Corporate Risk Register are presented for the purpose of reviewing the key risks that have been identified as having the potential to deflect services from achieving their objectives over the next 12 months and beyond. They also set out the actions being taken to ensure that the risks, and possible adverse outcomes, are minimised.

As a reminder, risks are scored on a scale of one to five for both 'impact' and 'likelihood'.

To inform members of the progress of audit testing to date and present a forward plan of testing and the resources available to meet the plan to support the assessment of risk.

RECOMMENDATIONS

It is recommended that:-

1. The current risk position as identified in the attached update report is noted.
2. The audit activity is noted and the proposed areas of work approved.

DETAIL

1. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. To support this, audit work is aligned to the strategic risk register and activity is structured around the strategic risks of the organisation.
2. The overall summary shows a summary of audit results against each risk area. The audit assurance is an indicator of how well controls to manage risks are operating, however this is an indicator of internal controls and there may be external factors that remain outside of the council's control which may need to be reflected in a higher risk score.

| Risk | Red | Amber | Green | Total | Assurance |
|--|-----------|-----------|------------|------------|--------------|
| | | | 2 | 2 | 100.00 |
| A growing economy | | | 9 | 9 | 100.00 |
| Clean and green spaces | | 3 | 5 | 8 | 77.27 |
| Cohesive and safe communities | | 2 | 17 | 19 | 95.65 |
| Dedicated and resourceful employees | | 3 | 25 | 28 | 95.83 |
| Education and skills development | | 2 | 23 | 25 | 97.22 |
| Financially sustainable and value for money | | 12 | 71 | 83 | 94.03 |
| Great places to live and visit | 2 | 7 | 34 | 43 | 88.68 |
| Job creation and increased employment | | 1 | 2 | 3 | 90.00 |
| People are supported and protected from harm | 7 | 7 | 73 | 87 | 89.24 |
| People live healthy lives | 1 | 1 | 12 | 14 | 89.44 |
| Rich cultural experiences | | | 5 | 5 | 100.00 |
| Strong leadership and governance | 5 | 17 | 92 | 114 | 87.33 |
| Total | 15 | 55 | 370 | 440 | 90.79 |

3. Audit testing results breaks down work undertaken in the previous period to provide members with an update on where audit resources have been employed and the results of that work. This will highlight any concerns raised in the period. Three Red controls have been identified in the period, one relates to child placements, this has previously been reported and whilst management recognise the risk there is a national shortage of suitable placements so whilst the risk is being managed it remains and continues to be shown as Red. The second relates to an out of date Public Rights of Way Improvement Plan, due to a lack of resources it is unlikely this will not be updated in the short-term and finally some issues were identified with how DBS checks are being recorded on the system, however checks have been correctly undertaken. All 3 of these have been previously reported.

| Risk | Red | Amber | Green | Total |
|--|----------|----------|-----------|-----------|
| | | | 2 | 2 |
| A growing economy | | | 1 | 1 |
| Clean and green spaces | | 2 | 3 | 5 |
| Cohesive and safe communities | | | 2 | 2 |
| Dedicated and resourceful employees | | | 4 | 4 |
| Education and skills development | | | 4 | 4 |
| Financially sustainable and value for money | | 1 | 11 | 12 |
| Great places to live and visit | 1 | 1 | 4 | 6 |
| People are supported and protected from harm | 1 | 2 | 19 | 22 |
| People live healthy lives | | | 1 | 1 |
| Strong leadership and governance | 1 | 3 | 18 | 22 |
| Total | 3 | 9 | 69 | 81 |

- The next section is a graph against key governance themes, this is for all testing undertaken not just in the period. With all areas showing as 75% or higher there are no issues to bring to members attention.



- Planned work identifies the areas to be examined in the next period as required by the Public Sector Internal Audit Standards. We are planning work on a quarterly basis rather than the previous annual basis to enable the service to be more responsive to changing risk.

| Impact Risk | 1 Very Low | | 2 Low | | 3 Medium | | 4 High | | 5 Very High | | Total | |
|--|------------|-------------|-----------|--------------|-----------|--------------|-----------|--------------|-------------|-------------|-----------|--------------|
| | Number | Time | Number | Time | Number | Time | Number | Time | Number | Time | Number | Time |
| | | | 1 | 1.00 | 1 | 0.50 | | | | | 2 | 1.50 |
| Cohesive and safe communities | | | 3 | 2.00 | 1 | 0.50 | 1 | 3.00 | | | 5 | 5.50 |
| Dedicated and resourceful employees | | | 4 | 9.00 | 1 | 1.00 | | | | | 5 | 10.00 |
| Education and skills development | | | 1 | 4.00 | 2 | 1.50 | 1 | 1.50 | | | 4 | 7.00 |
| Financially sustainable and value for money | 1 | 0.50 | 7 | 5.25 | 2 | 3.25 | 1 | 0.50 | 2 | 1.50 | 13 | 11.00 |
| Great places to live and visit | | | 1 | 0.50 | 2 | 0.75 | | | | | 3 | 1.25 |
| People are supported and protected from harm | | | 2 | 1.50 | 7 | 9.25 | 5 | 8.00 | 5 | 5.50 | 19 | 24.25 |
| People live healthy lives | | | 2 | 1.00 | | | 2 | 4.00 | | | 4 | 5.00 |
| Rich cultural experiences | | | 1 | 2.00 | | | | | | | 1 | 2.00 |
| Strong leadership and governance | | | 3 | 1.75 | 12 | 13.00 | 2 | 2.00 | 1 | 0.50 | 18 | 17.25 |
| Total | 1 | 0.50 | 25 | 28.00 | 28 | 29.75 | 12 | 19.00 | 8 | 7.50 | 74 | 84.75 |

- Quality Assurance and Improvement shows a balanced scorecard for the delivery of the audit service. The majority of indicators will be reported annually but the ones shown provide an update on progress against agreed work to date. The level of adequate resources is calculated after staff time is adjusted to allow for Annual Leave, Bank Holidays and a reasonable amount of Admin Time.

Quality, Assurance & Improvement Process

| | | | |
|----------------|------------|----|-----------|
| Period Covered | April 2023 | to | June 2023 |
|----------------|------------|----|-----------|

| Stewardship (Coverage) | | |
|--|--------|-------------|
| Measure | Target | Performance |
| Adequate Resources (Next 3 Months) | 15 | 25 |
| Portfolio Coverage (Period) | 83 | 81 |
| Presentation of Annual Report (Annual) | June | * |
| Presentation of Activity Report | Qtrly | * |

| Stakeholders | | |
|-------------------------------|------------|-------------|
| Measure | Target | Performance |
| Reports Issued | Qtrly | * |
| Fraud Strategy Review | 31/03/2022 | * |
| Client Satisfaction | TBC | * |
| Recommendation Implementation | TBC | * |

| Process | | |
|--|------------|-------------|
| Measure | Target | Performance |
| Self assessment against standards (Annual) | March | * |
| External Assessment (Every 5 Years) | March 2023 | * |
| Staff Meetings Held (Period) | 6 | 7 |
| Up to Date Audit Manual | March 2023 | * |

| People | | |
|-------------------------------|--------|-------------|
| Measure | Target | Performance |
| Productivity (Period) | 75% | 75% |
| Training (Per Financial Year) | 20 | * |
| Code of Conduct (Annual) | 100% | * |
| Appraisals (Annual) | 100% | * |

* - To be reported as part of annual report

7. NFI Progress – Reported in the Annual Report at this committee meeting.

FINANCIAL AND LEGAL IMPLICATIONS

None directly

RISK ASSESSMENT

This is a summary of the Council's risk environment.

COMMUNITY STRATEGY IMPLICATIONS

None

CONSULTATION

N/A

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