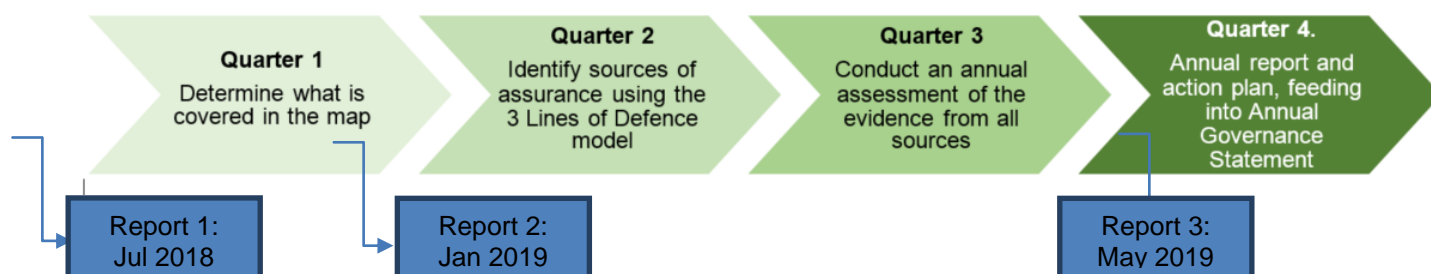


**1 May 2019****Agenda Item: 10****REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE &  
IMPROVEMENT****ASSURANCE MAPPING ANNUAL REPORT 2018-19****Purpose of the Report**

1. To present the outcomes from the assurance mapping pilot carried out during 2018-19, to consider its benefits and to propose its retention, and possibly expansion, in 2019-20.

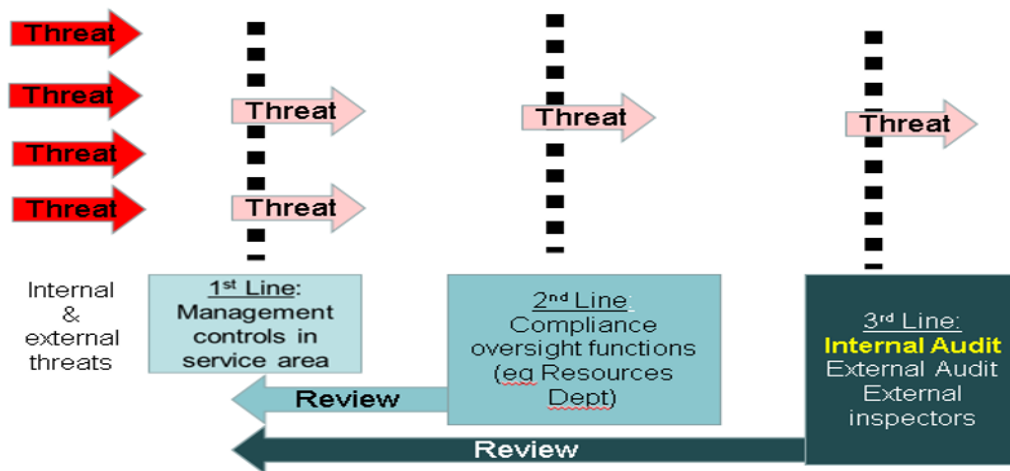
**Information**

2. This is the final report in a series of three considered by the Governance & Ethics Committee to pilot an assurance mapping process for the Council. The pilot has been conducted in a four-stage approach, as depicted below.



3. As determined by the Committee in approving the pilot at its meeting in March 2018, mapping has been applied to three aspects of governance:
  - Financial management
  - Performance management
  - Risk management
4. For each of these three areas, Key Lines of Enquiry (KLOEs) were determined and used to map the sources of assurance available to the Council across its three lines of defence.

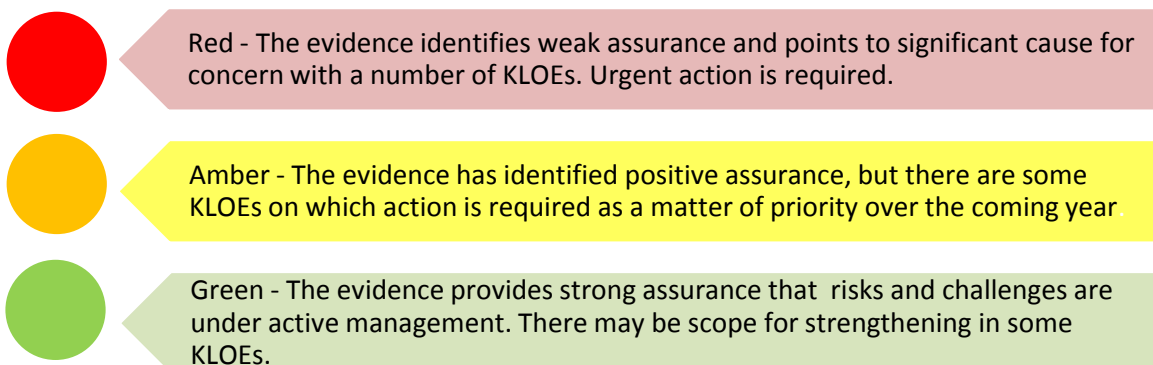
## Three Lines of Defence



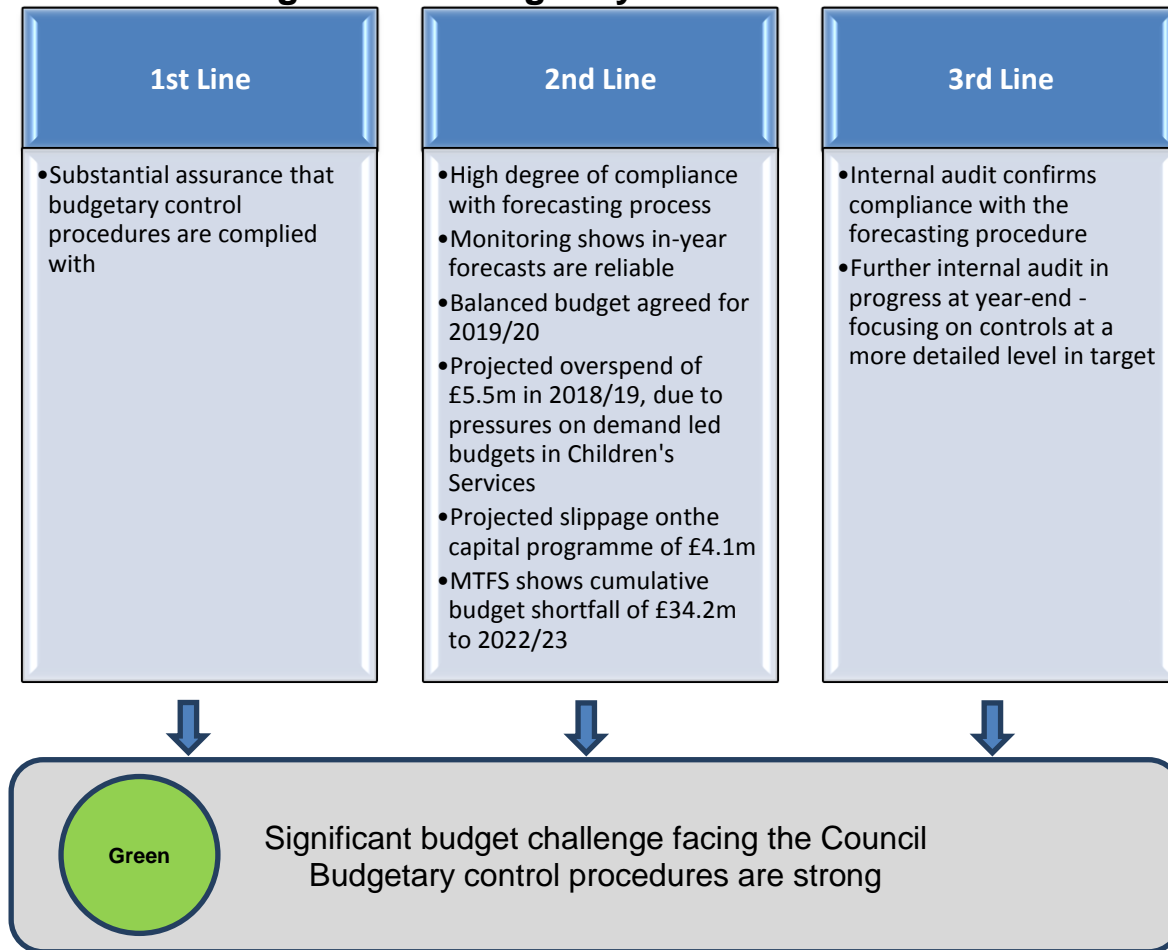
5. Being the final report in the series for 2018/19, this report covers the following elements:
  - a) Reporting the evidence gathered from the assurance sources across the three lines of defence, and assessing what assurance can be taken from it about the Council's arrangements for financial management, performance management and risk management
  - b) Proposing actions to be taken in 2019/20 to address any concerns identified
  - c) Setting out how the findings from the pilot exercise are being used to inform and strengthen the Council's governance arrangements
  - d) Considering the benefits of the pilot exercise and possibilities for its expansion in 2019/20.

## Assurance mapping outcomes in 2018/19

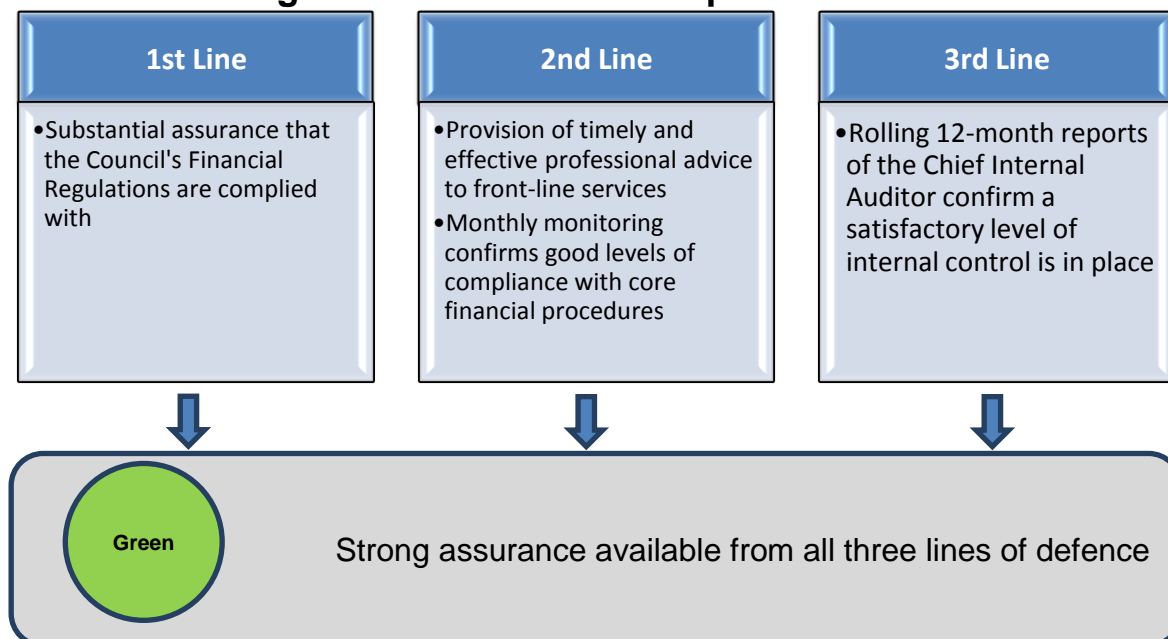
6. **Appendix 1** presents details of the evidence gathered in the final phase of the pilot. The evidence for each KLOE is presented across the three lines of defence. A summary for each of the aspects of governance under review is set out below, along with an assessed rating for the assurance level suggested by the evidence. A simple 'Red-Amber-Green (RAG) rating' has been applied, based around the following principles:



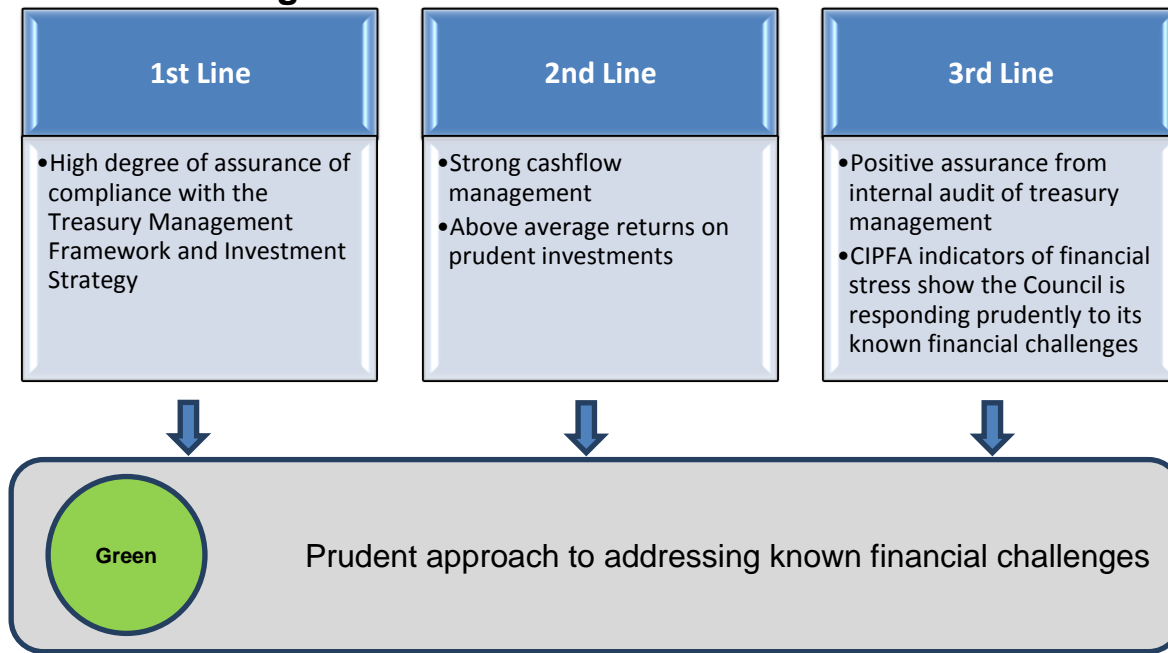
## Financial Management – Budgetary Control



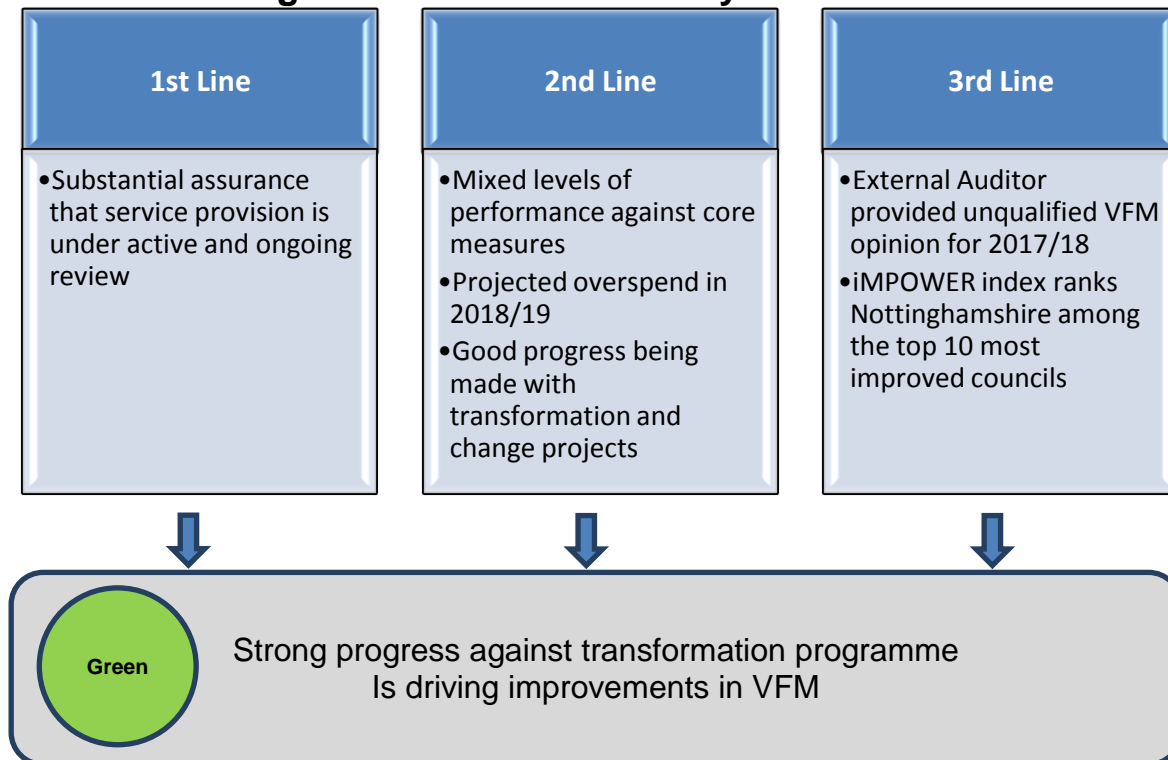
## Financial Management – Financial Compliance



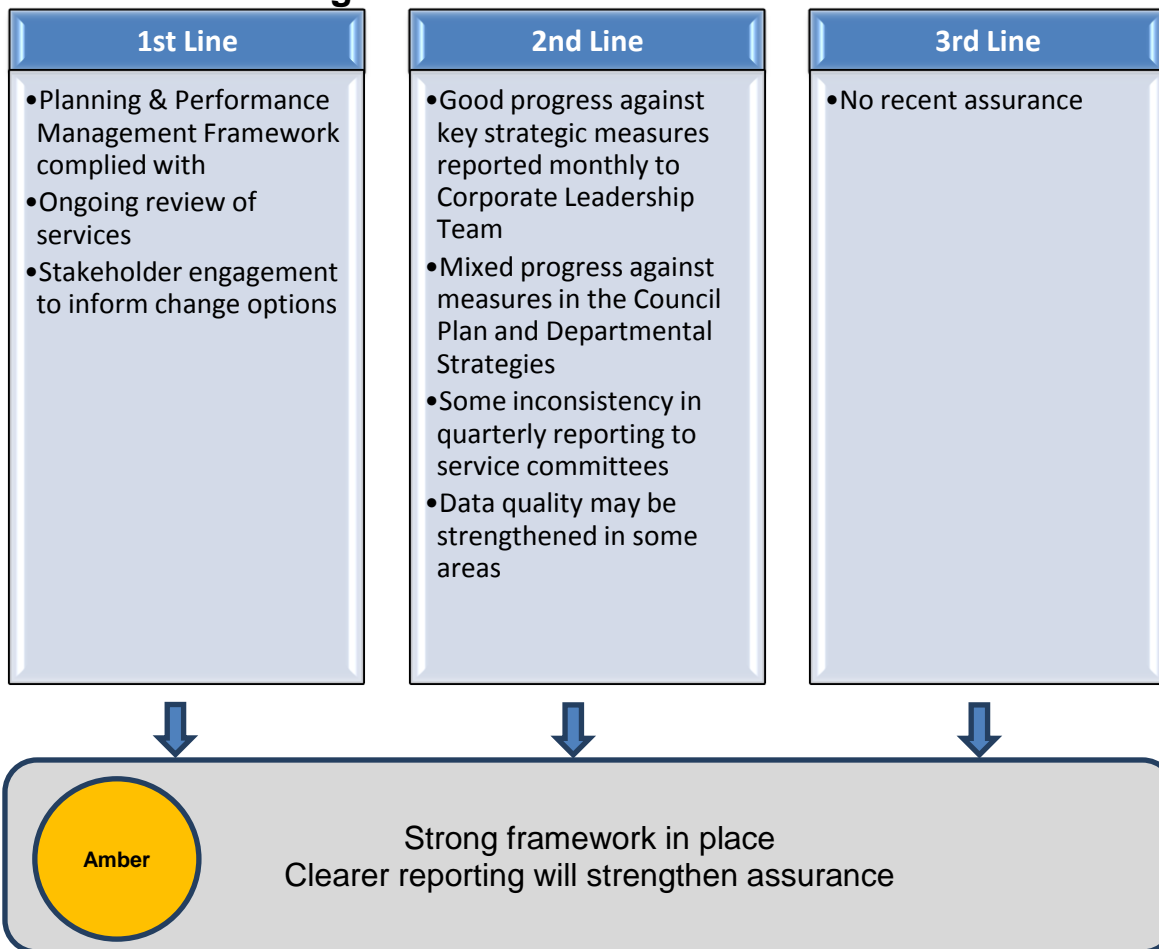
## Financial Management – Financial Prudence



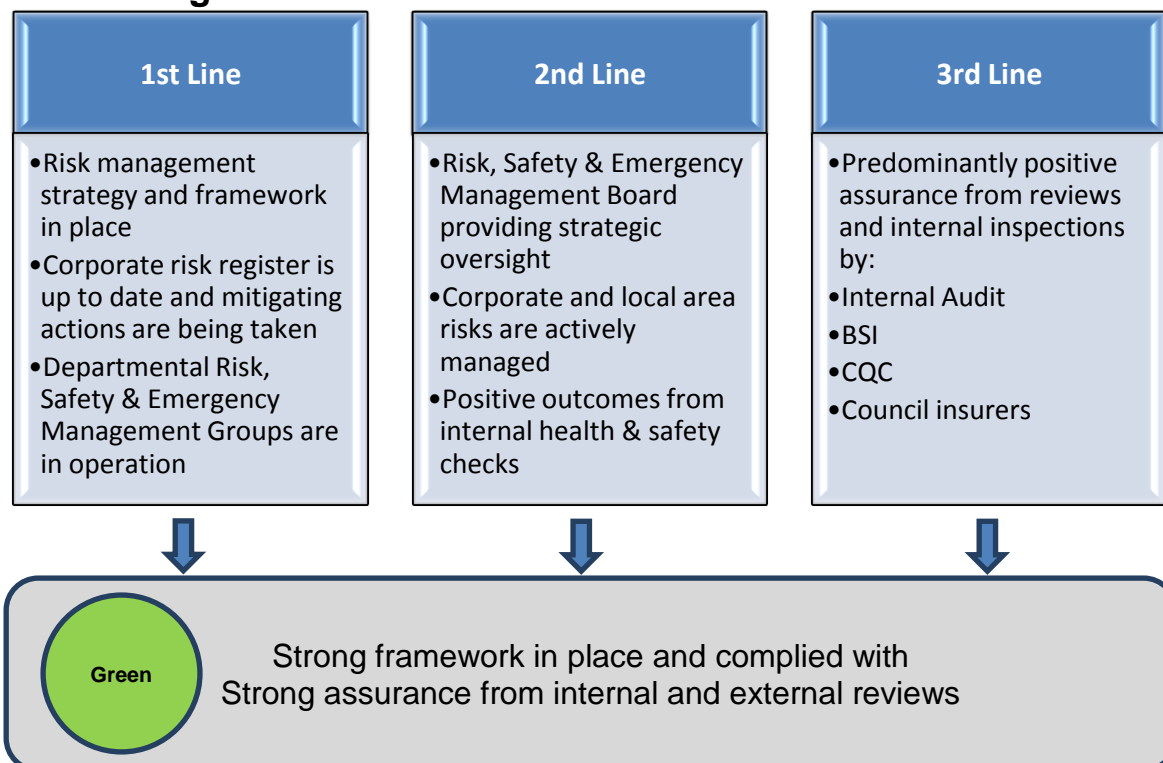
## Financial Management – Value for Money



## Performance Management



## Risk Management



7. **Appendix 1** also incorporates proposed developments in 2019/20 for each aspect of governance in the pilot. These developments are fed into the Annual Governance Statement (AGS) for 2018/19 and captured within the AGS Action Plan for 2019/20. This ensures the Council has one single governance-focused action plan to progress in the coming year. Committee will wish to monitor the implementation of these actions, and it is proposed in the report on the AGS that regular progress updates should be brought to the Committee as part of its 2019/20 Work Programme.
8. Key conclusions that may be drawn from the evidence presented are:
- The Council is fully aware of the financial challenges it faces and it is taking appropriate and effective action to meet them
  - Essential to this is the clear approach the Council has set out to further strengthen its performance management arrangements
  - The Council values and acts upon the risk management guidance it receives, both through its internal procedures and from its external advisors.

## **Use of the outcomes from Assurance Mapping**

9. One of the primary aims of assurance mapping is to provide annual assurance to the Council (both the Corporate Leadership Team (CLT) and the Governance & Ethics Committee) that effective governance arrangements are in place in the areas that matter most to the Council. This is an important purpose of itself and, it might be argued, reason enough to carry out the exercise.
10. Beyond this, the assurance assembled through this process can be put to effective use to inform and direct wider governance activity in the Council. The outcomes of this pilot exercise have been used as set out below:
- a) The Council's Local Code of Corporate Governance and the AGS for 2018/19 – the report has been used as a further source of assurance for the statutory AGS, published alongside the Council's financial accounts, and to consider whether any changes should be recommended to the Council's Local Code of Corporate Governance. Improvements have been made over the past two years to strengthen the evidence base for the AGS; assurance mapping represents a further step improvement. The annual review of the Local Code of Corporate Governance and the proposed AGS for 2018/19 are presented together as a separate item on the agenda for today's meeting. Members will note that report highlights the important contribution made by this assurance mapping report.
  - b) Governance & Ethics Committee's work programme – a further item on today's agenda is the presentation of a draft Annual Report to Council on the activities of the Governance & Ethics Committee. An important element of that report is to reflect on the achievements of the past year and to consider the Committee's priority areas of focus for the coming year. This assurance mapping report provides an important steer for the Committee with regard to assurances it should be seeking in 2019/20 in respect of financial management, risk management and performance management.
  - c) Internal Audit Plans – assurance mapping has delivered a clear view of the relative areas of strength and weakness in the governance processes covered by the pilot. The Section has updated its Priority Needs Assessment as a result, which Members will know serves

as the basis for Internal Audit's proposed termly plans. The Group Manager – Assurance is due to present his Annual Head of Internal Audit Report at the Committee meeting in July 2019, and this will incorporate proposals for the next termly plan (Term 2 – August to November 2019). The Group Manager will reference further in that report how the outcomes from this report have influenced the proposed coverage for the next Termly Plan.

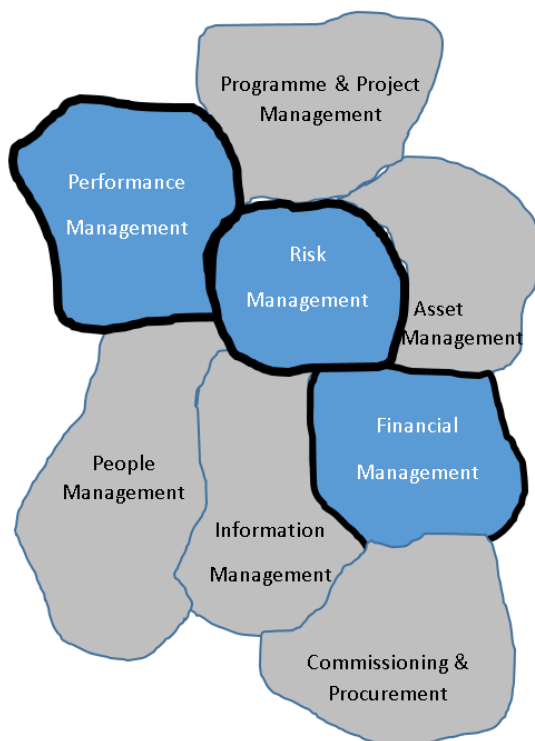
## **Review of the assurance mapping pilot and proposals for 2019/20**

11. The uses of the outcomes of the pilot exercise in 2018/19, set out above at paragraphs 7 and 8, suggest strongly that assurance mapping has proven successful. The approach has brought important benefits to the overall assurance framework in the Council:
  - a) It has provided a co-ordinated view of the sources of assurance available in the Council in respect of financial management, risk management and performance management. It has provided both senior management and Members with a timely point of review. If retained, it will continue to deliver assurance regarding governance activities that are working well, along with focused prompts for action in target areas.
  - b) The outcomes from assurance mapping are directly relevant to, and an important source of evidence for, the remit of the Governance & Ethics Committee, as set out in the Council's Constitution ([part 4-11](#)):
    - It provides a prompt for Members to consider whether there is a need for policy development in relation to governance and ethics
    - It reviews the performance of governance activities across the Council
    - It strengthens the base of evidence for the Committee in advising Full Council on the adequacy of the Council's systems of internal control
    - It bolsters the basis for the Annual Governance Statement and annual review of the Local Code of Corporate Governance
    - It informs the Committee's understanding of the Council's risk management strategy.
12. The experience of carrying out the pilot exercise in 2018/19 has identified some opportunities to improve the process, if retained:
  - a) Improved engagement with senior managers – assurance mapping is a new concept for the Council and, at times, the exercise has appeared somewhat esoteric. This has been a deterrent to securing a high and consistent degree of compliance across the organisation. Whilst the Group manager – Assurance has attempted to engage with the Committee, Corporate Leadership Team and the Extended Corporate Leadership Team on a regular basis throughout the year-long pilot, he reflects that greater engagement with the Service Directors and Group Managers within the Council is an important improvement to make. This was confirmed during the third quarter of the exercise when, on discussing the subject with the Corporate Director for Adults' Social Care & Health, he attended her Senior Leadership Team meeting to discuss the pilot with her team of Service Directors. This was a helpful opportunity to clarify the process, clear up misunderstandings and raise its profile. Additional, helpful information was received as a consequence, relating to relevant sources of assurance available in that department.

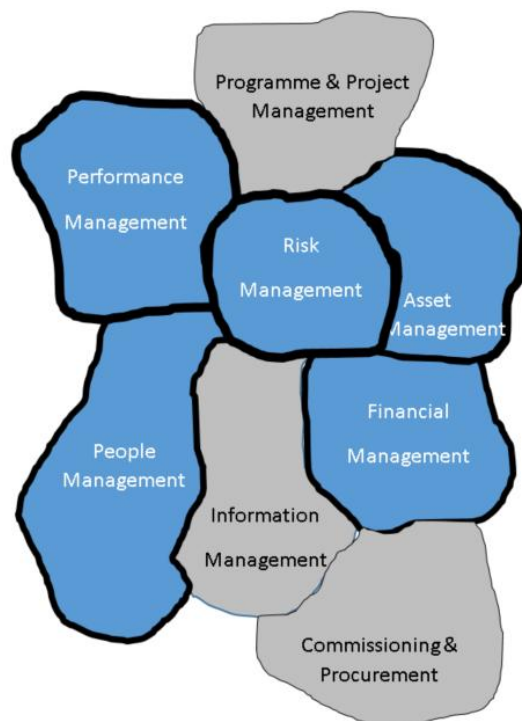
- b) The final stage of the process, to gather evidence from the available sources of assurance, may be streamlined now that key sources of assurance have been identified for the three aspects of governance included in the pilot. In order to spread the load of collecting evidence, it should be possible to implement a mechanism by which collection activity can provide a continuous feed of updates throughout the year, ready for assessment for the year-end report. The Group Manager – Assurance has responsibility for services wider than Internal Audit, all of which can play a part in providing a feed of continual updates to the evidence base. If it is agreed to retain assurance mapping, he will work to design and implement these mechanisms with his teams.

## Proposals for assurance mapping in 2019/20

13. Given the assessed benefits outlined above, it is firstly proposed to continue with the assurance mapping process in 2019/20.
14. Should this proposal be accepted by Committee, consideration should be given to the aspects of governance to be included in the map for the coming year. *Figure 1* below depicts the aspects of governance currently included, along with suggestions for further aspects which might also be considered. The other areas suggested are by no means exhaustive.
15. *Figure 2*, below, presents a proposal for the aspects of governance to be included in the map for 2019/20.



*Fig. 1* Current scope of assurance map in 2018/19



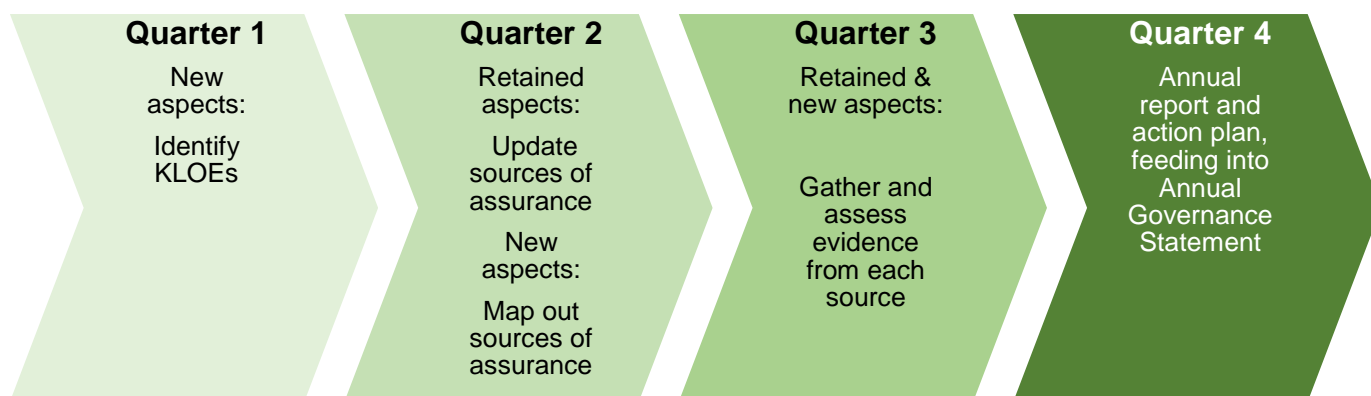
*Fig. 2* - Proposed scope of assurance map in 2019/20



16. The rationale for the proposal at *Figure 2* is as follows:

- a) The current aspects of governance should be retained in the map for 2019/20. This will provide a basis for tracking the actions arising from the 2018/19 pilot exercise, and it will facilitate trends and progress in these areas to be monitored over time.
- b) The inclusion of people management would recognise that the Council's staff are its most valuable asset, without which none of the other aspects of governance would function and without which none of the goals and aspirations in the Council's Plan would be achieved.
- c) The inclusion of asset management would reflect the fact that assets represent the most valuable item on the Council's balance sheet and therefore are a priority area for strong management.

17. The process for the retained aspects of governance may be simplified for 2019/20 and designed to mesh with the established process for any new aspects of governance approved to be brought in to the map. This is illustrated below:



## Other Options Considered

18. The assurance mapping process might be discontinued. This would deny the Council the benefits of the approach highlighted in this report. The scope of the assurance map might be retained to cover just the three aspects of governance included in the 2018/19 pilot. This would preclude the measured widening of the scope to allow extended benefits to accrue.

## Reasons for Recommendations

19. To recognise the benefits that the pilot approach has brought to the Council, along with the improvements that may be made to it. Further, to apply the benefits of the approach to a manageable widening of its scope.

## Statutory and Policy Implications

20. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below.

Appropriate consultation has been undertaken and advice sought on these issues as required.

The assurance map aims to deliver a comprehensive assessment of the effectiveness of the Council's governance, risk and control framework. This will provide assurance relating to many of the considerations listed above.

## **RECOMMENDATION/S**

- 1) The assurance mapping process is retained in 2019/20.
- 2) The scope of the assurance map for 2019/20 is widened to embrace two further aspects of governance. The areas of people management and asset management are proposed.
- 3) Progress against proposed actions to address the issues identified by the pilot should be reported to Committee as part of update reports on the AGS.
- 4) Members consider the positive assurance delivered in the three aspects of governance covered by the pilot exercise and determine whether there are additional actions they would like to see implemented.

**Nigel Stevenson**

**Service Director – Finance, Infrastructure and Improvement**

**For any enquiries about this report please contact:**

Rob Disney, Group Manager – Assurance

### **Constitutional Comments (SLB 11/04/2019)**

21. Governance and Ethics Committee is the appropriate body to consider the content of this report.

### **Financial Comments (RWK 11/04/2019)**

22. There are no specific financial implications arising directly from the report.

## **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

## **Electoral Division(s) and Member(s) Affected**

- All