



AUDIT & GOVERNANCE COMMITTEE
16 February 2015

Assurance Mapping

SUMMARY AND PURPOSE:

This report sets out the background and planned approach to Assurance Mapping.

RECOMMENDATIONS:

The committee are asked to note the proposed methodology and consider whether it will meet the expectations of the committee.

BACKGROUND:

1. Over the course of a number of years it is evident that across all audit sectors there has been a drive towards risk based auditing. However, in recent years there has also been recognition that risk alone is not sufficient. Section 2010 of the Public Sector International Accounting Standards (PSIAS) includes a requirement that the risk based plan takes in to account the organisation's assurance framework and that the work of internal audit will address local and national issues.
2. By mapping assurance coverage against the key risks in the organisation it should be possible to give senior management and elected/committee members comfort that there is a comprehensive risk and assurance framework with no potential gaps. Internal audit are then able to use the assurance map to ensure that activities can be targeted to provide sufficient coverage and minimise duplication of effort through the sharing and coordinating of activities with other management activities.
3. Through integrating assurance mapping with the audit planning process the exercise will build on existing knowledge and develop increased awareness of the wider assurance framework.

ASSURANCE MAPPING AT SCC:

4. An assurance framework is based on a 'three lines of defence' model, as outlined in Table 1 below. All three lines have a specific role to play in the internal control environment.

Table 1: The 3 lines of defence

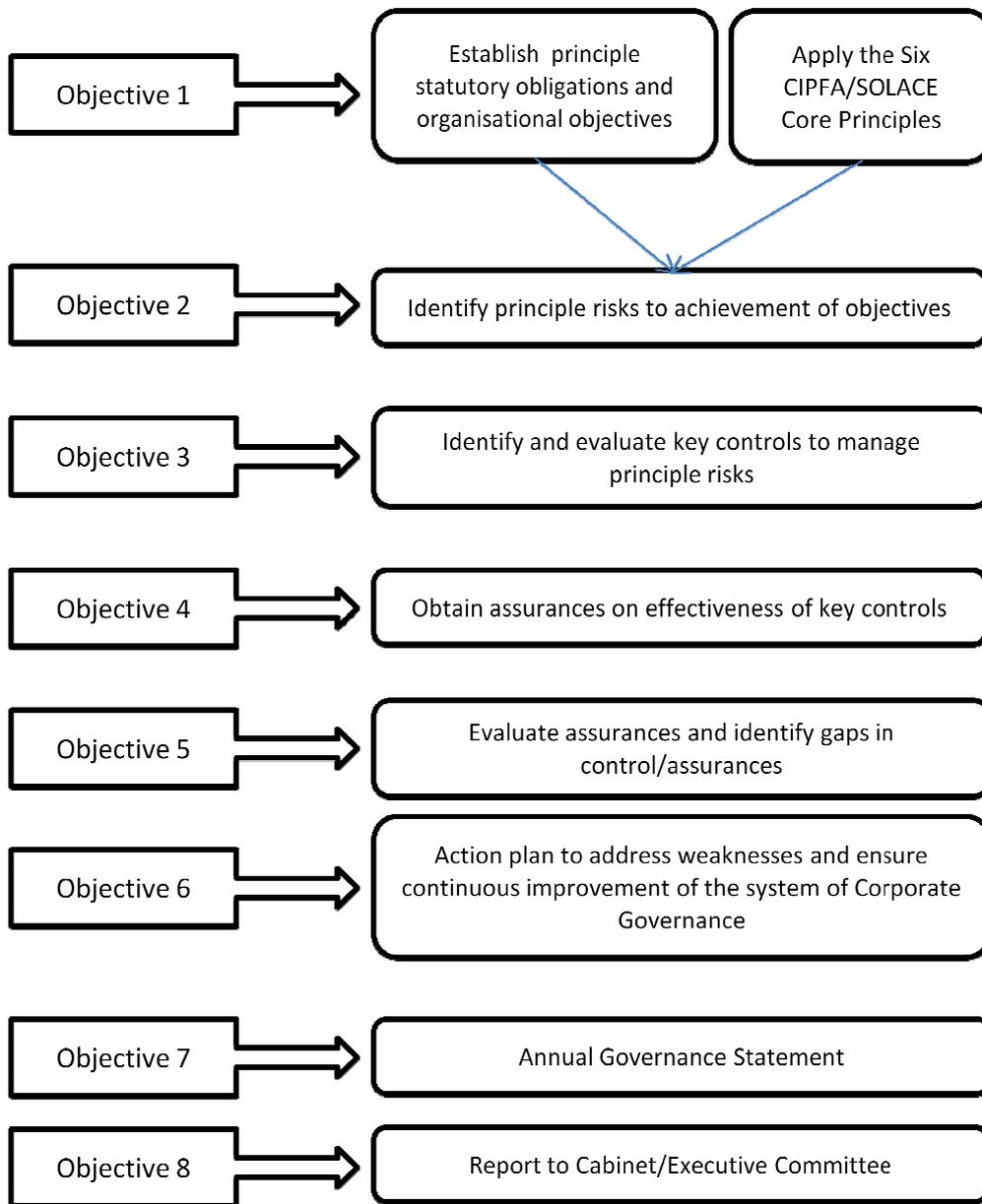
	Source	Nature of Assurance
1 st Line	Front line / business operations	Direct assurance - examples include direct management monitoring, local management controls, financial regulations, contract standing orders, performance data, KPIs
2 nd Line	Corporate governance oversight	Risk assurance - this includes corporate mechanisms for reporting and monitoring including compliance & legal mechanisms, corporate risk management, Equality Impact Assessments
3 rd Line	Third party review	Independent assurance - for example Internal Audit review, External Audit, External Inspectorate

5. The Audit Commission's **'Taking it on Trust'** report highlighted that effective assurance requires a number of elements to be present together:
 - the right governance framework and risk culture;
 - a clear understanding of strategic objectives and risks;
 - good internal controls;
 - evidence that internal controls are operating effectively.

6. By combining the mapping exercise with existing internal audit assurance work it will be possible to consider the evidence that exists about the effectiveness of internal controls. However, the development, implementation and ongoing maintenance of an assurance map will take time. Consequently, Internal Audit have considered the options for undertaking Assurance Mapping and have identified a phased approach.

7. Internal Audit have designed a dashboard that will be used to map management assurance across the organisation, attached at Appendix A. We have conducted an initial assurance mapping exercise covering the Council's key strategic risks on the Leadership Risk Register to provide an overview for the Audit & Governance Committee of sources of assurance. It is proposed that the assurance map will then be consolidated with directorate risk areas and key council projects and programmes. This will allow the Committee to consider key areas and where there may be gaps in assurance or where assurance is required to be targeted by Internal Audit.

8. In terms of future development, there is opportunity to combine the mapping exercise with the processes in place for compiling the Annual Governance Statement (AGS). The CIPFA Rough Guide for Practitioners outlines the stages of reporting for internal governance and it is evident that the assurance mapping process would have a clear affinity with objectives 4 and 5 where assurance is obtained and evaluated on the key controls (figure 1).



9. The method of obtaining assurance for mapping purposes will vary but is likely to follow similar processes to the AGS, consequently there is clear scope to combine with control effectiveness statements or control risk self assessments (CRSA) in the annual governance process.
10. Internal Audit will work closely with the Risk & Governance Manager to develop a framework that combines the governance process with the essential elements of assurance mapping and ensures compliance with best practice and PSIAS.
11. Internal Audit have advised the Statutory Responsibilities Network of the proposed approach where support was widely received.

NEXT STEPS

12. Proposed Assurance Dashboard will be rolled out to all directorates mapping strategic risks and identifying any gaps in assurance.
13. The findings from this exercise will be reported back to Audit Committee for their consideration.
14. Internal Audit will liaise with the Risk & Governance Manager to develop an assurance framework in line with best practice.

IMPLICATIONS:

Financial

There are no direct financial implications arising from this report

Equalities

There are no direct equalities implications arising from this report

Risk management

Assurance mapping will provide assurance on the effectiveness of the risk management framework and the associated control environment.

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Sources/background papers: Public Sector Internal Audit Standards (CIPFA/IIA, 2013), Taking it on Trust (Audit Commission, 2009), The Statement on Internal Control – meeting the Requirements of the Accounts and Audit Regulations 2003: Rough Guide for Practitioners (IPF, 2005)
