

TITLE	Assurance Mapping
FOR CONSIDERATION BY	Audit Committee on 7 February 2024
WARD	None Specific
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

To describe the assurance framework which currently exists for the Council, in the interests of clarity and transparency, to aid understanding of how they all work together and to support improvement of practice.

RECOMMENDATION

That the Audit Committee: -

- 1) Reviews the work undertaken on the Assurance Map and makes suggestions for improvement.
- 2) Utilises the Assurance Map to understand how, where and when the Council derives its assurance and use this to strengthen the assurance provision and to reduce duplication/strengthen co-ordination.

SUMMARY OF REPORT

Local authority governance is critically important in this era of financial pressure and rapid change. Local governance arrangements are being stretched and tested as local authorities take on more risks and look for innovative ways to deal with funding pressures and growing demand for services.

Assurance mapping is recognised as a good tool to support Audit Committees in their role of providing independent assurance of the organisation's internal controls and risk management. It is proposed to use this technique to plan and prioritise the Committee's work programme for 2024/25 so that the Committee fulfils its terms of reference.

The report provides the Committee with the first draft of an assurance map for the Council. The report uses the Local Government Association (LGA's) draft Assurance and Improvement Framework to identify the governance arrangements of the Council and utilise this to map the different high-level sources and types of assurance the Council receives.

The attached Assurance Map at Appendix A is intended to be a starting point for discussion and review that will be developed further, particularly when the LGA has published the final results of its work in this area.

The Audit Committee can utilise the Assurance Map when considering the plans of assurance providers; Internal and External Audit, Risk Management and Management to identify any duplication or gaps that need to be addressed.

Background

1. Assurance is an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the organisation. An assurance map is a structured means of identifying and mapping the main sources and types of assurance in an organisation and coordinating them to best effect.
2. There are many opportunities for councils to be held to account and these can contribute to trust in the decision-making process. Councils conduct their business in the most open and transparent way of all public authorities. Decisions are based on openly available written advice, and an overwhelming majority of decisions made in the public interest are made in open public meetings.
 - The structures that reinforce this accountability include:
 - free and fair elections for councillors responsible for making public decisions
 - independent external audit
 - independent regulation of service standards and practice
 - opportunities for individuals and their advocates to complain and seek remedy and redress for service and ethical failures.
3. All councils have internal controls, challenges and practices in place to ensure that they adhere to good governance principles. These include:
 - councillor scrutiny
 - audit and risk controls
 - the publication of annual governance statements
 - everyday actions taken by officers who have statutory roles for financial matters
 - propriety in decision-making
 - responsibility for management arrangements.
4. Currently, there is no document or framework which sets out, in one place, the various required elements of council assurance and how they all fit together.
5. **Assurance**
6. Assurance is information, evidence and evaluation of how local authorities are delivering their duties, functions and outcomes, which can be used to hold them to account and may give confidence. There should be no assumption that assurance will always be gained – in some cases the outcome will be 'not assured'.
7. **How does accountability work?**
8. There are multiple elements of accountability in local government for example:
 - councillors to their constituents
 - the executive to the overview and scrutiny function
 - the executive and the organisation to the audit committee
 - officers to the council (through line management)
 - specific statutory officers to the full council (through reporting responsibilities)

- officers to their professional bodies in relation to professional standards and conduct (where applicable)
- the council for its stewardship of public resources (through external audit)
- the council to ombudsmen / inspectors / regulators
- the council to Government departments (through grant funding arrangements)
- the council to parliamentary select committees (as and when required)
- the council to the courts/ redress schemes
- the council to wider partnerships, bodies and authorities.

9. Draft principles of assurance and accountability

The LGA have drafted principles of assurance and accountability are:

- clarity – who is accountable for what?
- proportionality
- a whole-council approach
- a culture of assurance and accountability
- monitoring against standards / benchmarks / local targets
- data quality / credibility of information
- transparency / public accessibility / intelligibility of information.

10. What does ‘good’ look like?

The LGA consultation draft identifies good practice in local government assurance as including:

- visible collective ownership and leadership of good governance at senior political and managerial levels
- everyone – including wider stakeholders – understands their contribution to assurance
- a learning organisation: self-awareness, open to challenge
- assurance as a constant management process, not a one-off event
- assurance activity increases as risk increases
- assurance supports achievement of priority outcomes
- good communication with the public on performance and how they can contribute to holding the council to account
- regional / sub-regional / national oversight, challenge and support

11. The Three Lines of Defence Model outlines how assurance is provided. Both the first and second lines of defence are operated by management. The third line of defence is independent of management is fulfilled by internal audit. First and second line roles may be blended or separated. Some second line roles may be assigned to specialists to provide complementary expertise, support, monitoring, and challenge to those with first line roles. Second line roles can focus on specific objectives of risk management, such as: compliance with laws, regulations, and acceptable ethical behaviour; internal control; information and technology security; sustainability; and quality assurance. Alternatively, second line roles may span a broader responsibility for risk management, such as enterprise risk management (ERM). However, responsibility for managing risk remains a part of first line roles.

Analysis of Issues

12. In May 2023 the LGA launched a consultation on the Assurance and Improvement Framework that sought to map the interaction of the Council's Assurance and Improvement components for a local authority. We have utilised this as the basis of our assurance map.
13. The high-level objective of the Assurance Map is to provide an overview of the Council's governance on a single page. The Assurance Map complements the Council's Local Code of Corporate Governance. These two documents are twins and should be read together.
14. The Council is a part of a complex system and has multiple stakeholder demands. This complexity is reflected in the sources of assurance. The Assurance Map provides a high-level view of the governance system and how assurance is provided over each competent. The challenge the Assurance Map is attempting to fulfil is to integrate both the governance system and assurance in a single view for the Council.
15. One issue that we have identified when reviewing assurance provision is that there are many different assurance ratings and that these have different meaning. Many providers of assurance have their own ratings and some assurance is not formally rated. We have attempted to interpret these assurance ratings using a simple RAG status but acknowledge that this is a simplification and that there is the danger of loss of nuance and important context. The majority of these are outside the Council's control but, where they are, the Audit Committee should support the adoption of a common assurance language throughout the Council.
16. It is important that everything the Council does is subject to a value for money test, and this applies equally to governance. Learning from others attempts to produce assurance maps have demonstrated that they can absorb resources greater than their benefits without stakeholder engagement. We have therefore tried to create a simple first draft to test with the Committee if this approach is going to add value to them. We can then add further detail where the Committee identifies that it adds value.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	Yes	Revenue
Next Financial Year (Year 2)	£0	Yes	Revenue

Following Financial Year (Year 3)	£0	Yes	Revenue
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Other financial information relevant to the Recommendation/Decision
Effective governance supports the mitigation of financial risks associated with the Council achieving its objectives.

Cross-Council Implications
Good governance influences all areas of the Council – assurance mapping is one of the ways assurances is provided that the Council’s key priorities and objectives will be achieved.

Public Sector Equality Duty
This is an information report.

Climate Emergency – <i>This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030</i>
Assurance mapping supports the identification of effective assurance over the key priorities for the Council.

Reasons for considering the report in Part 2
Not applicable.

List of Background Papers
LGA Assurance and Improvement Framework.

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