

City & County of Swansea Assurance Map

Business Risk	Current Likelihood	Current Impact	Overall RAG Status	Risk Owner	Level and Source of Assurance							Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area
					Level 1	Level 2			Level 3					
					Management Assurance	Other <u>Internal</u> Assurance			Other <u>Independent</u> Assurance					
						Council/Cabinet	Scrutiny	Other	Internal Audit	Other Bodies	External Audit			
Corporate Risk Register														
<p>Financial Control and MTFP aspects of Sustainable Swansea (CR80)</p> <p>Category: Corporate Finance</p>	<p>If we fail to deliver Sustainable Swansea and maintain sufficient financial control, and in particular do not ensure we contain service overspending, then we will not be able to respond appropriately to continuing austerity, demographic pressures, increasing demand and changing public expectations.</p>	Very High	Very High	Red	Ben Smith	<p>>Corporate level monitoring. >Agreed budget. >Clear governance and reporting in place. >Prevention Strategy. >Monitoring at monthly P&FM's. >FSTG reporting and monitoring. MTFP. >Tracker in place from June 2018 to capture and warn of delivery risks.</p>	<p>>Collaborative Officer/ Member budget setting process in place. >Overspend and under delivery of savings openly and transparently escalated and reported to Cabinet and Council by S151 Officer.</p>	<p>>Dedicated Scrutiny Service Improvement and Finance Performance Panel consider and scrutinise the budget on a quarterly basis.</p>	<p>>Monthly P&FM Meetings. Transform & Future Council PDC. >Budget holders required to monitor and report any budget variances to monthly P&FM for review. >Reshaping Board launched to challenge delivery/ non-delivery and accelerate timescales. >Cabinet & Audit Committee resolved that Directors must produce credible plans immediately to rebalance budget. Outstanding (04.11.19)</p>	<p>>Audit Committee provide challenge, oversight and assurance >Periodic budget monitoring reports go to Audit Committee >Budget reports included in the 2020/21 workplan for Audit Committee</p>	<p>>External audit likely to comment imminently on overall financial standing as part of an all Wales commentary - will inevitably draw attention to low level of reserves and repeated under achievement of savings and over spending - all of which have been very publicly documented by the S151 officer. >WAO review currently underway in relation to the MTFP aspects of Sustainable Swansea.</p>	<p>>Audit of the MTFP aspects of Sust Swansea included on the 19/20 audit plan. Awaiting results of the external WAO review of this. Other strands of the prog. may be reviewed in year review. (non-MTFP) pending outcome of WAO review.</p>	<p>>Budget setting and management audit inc. in 2019/20 audit plan. >Sust. Swansea audit included in the plan for 20/21, scope pending based on coverage of WAO MTFP aspects of Sust. Swansea and proposed changes to the overall project.</p>	Service Specific / Fundamental Audits - Section 151 Officer Assurance

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City Centre (CR81) Category: Corporate Plan Priorities	If we are unable to attract sufficient external investment and financial support and do not regenerate the city centre, then there will be a detrimental impact on the Swansea economy and reputational damage for the Council.	High	Medium	Amber	Martin Nicholls	<ul style="list-style-type: none"> >City Deal agreement in place. >City Centre Strategic Framework and resources for delivery. >Political mandate, leadership and support. >Positive comms attracting inward investment. >Corporate priority. >Developer confidence taking schemes forward. >BID and buy-in from city centre businesses. >Financial control of revenue budget providing headroom for capital schemes. >Financial commitment through Capital and Revenue Programme and EU/WG funding streams. >Revised City Region Governance agreed 28/05/19 Joint Committee. >New Programme Director due to be appointed by programme board. 	<ul style="list-style-type: none"> >Funding approved by Cabinet via FPR 7 on 21/11/19. 	<ul style="list-style-type: none"> >Regular scrutiny programme reviews of progress and pre decision scrutiny of cabinet reports. >Scrutiny undertaken on FPR Report November 2019. 	<ul style="list-style-type: none"> >Monthly member steering group. >City Deal Governance Structure now agreed and private sector board appointed (Sep 2018) >City Deal Joint Committee constituted. >Development Advisory Group in place. >Programme board to agree amended joint working agreement and governance changes on 11/07/19, inc. appt. of new Programme Director. City Deal Sign off planned 15/07/19. 	<ul style="list-style-type: none"> >Internal review of Swansea Bay City Deal completed 18/19 by Pembs CC involving all four LA's. >Rec's made included in action tracker presented to Joint Scrutiny Board to monitor progress. Last update June 2019. 	<ul style="list-style-type: none"> >A Joint Scrutiny Committee has been set up to scrutinise City Deal across all partners. >Prog. Board in place with new Prog. Director appointed. 	<ul style="list-style-type: none"> >Independent completed of Swansea Bay City Deal in Q4 2018/19 jointly by Local and Central Government >Status of implementation being reported to Joint Scrutiny Committee – last update June 2019. >Some recommendations made will be followed up in 2019/20 and ongoing review in 2020/21. >Follow up review of City Deal due to be completed by Pembs Q4 19/20. 	<ul style="list-style-type: none"> >Some work required to follow up on review findings / monitor progress as reported to Joint Scrutiny Committee via external/ internal review action log. 	<ul style="list-style-type: none"> >Time has been allocated in 2020/21 Audit Plan to allow for possible work required to follow up on Internal and WG review outcomes. >Review of ongoing Swansea Central Phase 1 included in the 2020/21 audit plan. 	n/a

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Safeguarding (CR82) Category: Corporate Plan Priorities	If our safeguarding arrangements are not sufficiently robust, then we will not be doing everything we possibly can to prevent the death, injury or neglect of a child or vulnerable adult and consequential reputational damage.	Medium	Very High	Red	David Howes	>Sufficient numbers of trained adult/children service staff. >Corporate Safeguarding Policy/Group. >Strong performance monitoring/reporting. >Commitment to invest in social care strong. >Regional and multi-agency safeguarding partnerships. >New and revised safeguarding policy in place following PDC review. >Frontline supported care planning teams restructure completed in Children Services. >Adult Services staff training almost complete. >Multi-agency monitoring of referrals now in place at front door of Adult Services. >Regular audit of safeguarding cases established in Adult Services to mirror Child Services. >Regular safeguarding audits of schools.	>Positive engagement and support from Cabinet and Council.	>Two dedicated scrutiny panels in place to monitor social services work and performance. >People PDC in place.	>Corporate safeguarding training in place for staff and members. Safeguarding leads identified across all Council services. Separate safeguarding arrangements in place in schools. >Corporate safeguarding board. >Chief Exec public protection board.	>Safeguarding Audit included on the Audit Plan.	CIW	WAO	Currently included as part of standard rolling audit schedule, repeated based on audit risk score.	Safeguarding audit completed in 2019/20. Periodic audit.	Service Specific – Safeguarding People from Harm

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Pupil attainment and achievement (CR83) Category: Corporate Plan Priorities	If we cannot get schools to improve pupil attainment and achievement at a time of reduced resources and increasing demand, then pupils will not get the qualifications and skills they need to succeed in life and there will be a detrimental impact on the future Swansea economy.	Medium	Medium	Amber	Nick Williams	>Commitment to invest in Education. >Corporate Priority. >Good school-to-school support. >Effective partnership working and engagement with stakeholders through School Budget Forum and Headteacher meetings. >School Improvement Strategy and Partnership. >EOTAS Strategy & Programme. >Attendance Strategy. >Strong school building programme. >Strong leadership commitment to influence ERW agenda. >Commissioning review on ALN.	>Positive engagement and support from Cabinet and Council.	>Dedicated Scrutiny Panel to scrutinise education work and performance.	>Child Protection Board. Commission review on ALN. Improving Education & Skills PDC. >Education Skills Co-ordinator appointed. >PSO's/ Accountancy provide support and oversight of school finance.	>Various Edu. Audits in the Audit Plan. >ESTYN reports review during school audits for finance / mgt. control.	>ESTYN prog. of external school inspect's..	>WAO & CIW.	>Range of Education audits in the plan to be completed as part of the rolling audit schedule.	>School and other Education audits due in 2020/21	Service Specific – Improving Education and Skills

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Tackling poverty (CR84) Category: Corporate Plan Priorities	If we do not have a sufficient strategy in place to tackle poverty, then there will continue to be negative consequences for current and future generations, high demand for Council services and a continuing detrimental impact on the Swansea economy.	Medium	Medium	Amber	David Howes	>Updated Tackling Poverty Strategy agreed by Cabinet. >Cross Council delivery plan in place and performance framework being introduced. >Council Poverty Forum renewed, chaired by Chief Exec. Tackling Poverty a corporate priority. >Poverty forum refreshed with leadership via Deputy Chief Exec.		>Scrutiny Inquiry undertaken 2016 and report recommendations largely accepted.	>Tackling Poverty PDC in place with appropriate agendas and involvement.	>Various audits in Audit Plan for Poverty & Prev.	>Poverty Truth Commission start-up in place with rep. from Cabinet agreed.	>Range of Poverty & Prevention audits in the plan to be completed as part of the rolling audit schedule.	>Poverty & Prevention audits due in 2020/21 as per rolling prog of scheduled audits.	Poverty & Prevention Audits – Tackling Poverty	

<p>Workforce Strategy (CR85)</p> <p>Category: Corporate Governance</p>	<p>If we do not have a robust workforce strategy in place, then we will not have staff with sufficient capacity and the right knowledge and skills to manage change, deliver transformed services and ensure statutory compliance.</p>	<p>Medium</p>	<p>Medium</p>	<p>Amber</p>	<p>Sarah Lackenby</p> <ul style="list-style-type: none"> >Workforce planning. Corporate Plan – Sustainable Development principles embedded in the objectives. >Workforce planning forms part of Service Planning. >Gender Pay Gap analysis and action plan also feeds into this risk. >OD Strategy and implementation plan. Tracking and monitoring of OD plan and delivery. >New reporting via revised CMT/Cabinet governance and Leadership Team. >Service planning template being co-produced with HoS to incorporate workforce planning. >PSED return made to WG. >OD Strategy & workforce development incorporated into Future Council strand of SS. >Leadership Hub sessions underway. >Mgt training & development underway. >Mandatory training review/updated. >HR Policy Review underway. >Gender Pay Gap analysis / plan part of PDC work plan. >Completed service plans informed by workforce analysis by each service. 		<ul style="list-style-type: none"> >Forms part of the overall annual Scrutiny review of Sustainable Swansea transformation programme. 	<ul style="list-style-type: none"> >Finance & Service Transformation (FSTG) receive progress updates around the OD strategy and workforce planning. >The Transformation & Future Council Policy Development Committee (PDC) has undertaken a strand of work around the gender pay gap. 				<ul style="list-style-type: none"> >An audit of the OD strategy, implementation plan, workforce planning as part of service planning and the gender pay gap action plan would be helpful in 2020 	<ul style="list-style-type: none"> >Workforce Planning audit included in 2019/20 audit plan, deferred pending Oracle Cloud implementation per SL BS. To be reviewed in 2020/21. 	<p>Cross Cutting Audits – Other Assurance</p>
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<p>Digital, data and cyber security (CR86)</p> <p>Category: Corporate Governance</p>	<p>If we do not have robust digital, data and information security measures and systems in place, then we will be vulnerable to cyber threats, disruption to service delivery, possible loss of information including confidential information and associated fines and reputational damage.</p>	<p>Low</p>	<p>High</p>	<p>Amber</p>	<p>Sarah Lackenby</p>	<ul style="list-style-type: none"> >Communications and awareness raising to staff and Councillors monthly on good practice. >SIRO identified. >DPO in place. >Information Governance Unit established. >Created register of processing activities to identify personal data controlled/processed. GDPR project delivered. >Data breach process updated in line with GDPR. >GDPR Compliant privacy notice placed on public website. >Data Protection Impact Assessment completed to measure impact of individual right to privacy. >DPO appointed. >GDPR information for schools published on Staffnet. >Revised security policy, Cyber Security Policy and Information governance framework agreed by CMT. >DPO largely independent and annual report to be presented to Cabinet & Scrutiny. >Regional multi-agency cyber cell meetings taking place. 	<ul style="list-style-type: none"> >Information Management Annual Report to be presented to Cabinet from 2018/19. >GDPR compliance monitoring and reporting through PFM and new CMT/ Cabinet governance. 	<ul style="list-style-type: none"> >Information Management Annual Report to be presented to Scrutiny from 2018/19. >More use of secure cloud storage. 	<ul style="list-style-type: none"> >Mandatory data protection training for staff / Councillors. >GDPR Compliance monitoring/ reporting through P&FM's, CMT, Cabinet governance. >External email filter preventing viruses. >Firewall/filter software. Software patches for updates/ security Mobile device encryption. >Up to date anti-virus software. >ICT policies remind staff of responsibilities Restricted access to social media / networking. >Council data back-up off site. >Agile ICT as secure as office network. Increased use of secure cloud storage. >Member of Wales WARP & CISP sharing knowledge of threats. 	<ul style="list-style-type: none"> >Various IT / System audits in Audit Plan. >GDPR audit added 18/19. 	<ul style="list-style-type: none"> >Public Services Network (PSN) compliance certificate – tested annually. >Achieved IASME Cyber Essentials certification, working towards Cyber Essentials Plus by March 2019 	<ul style="list-style-type: none"> >WAO review undertake an IT audit each year as part of reviewing financial accounts 	<ul style="list-style-type: none"> >Range of IT audits in the plan to be completed as part of the rolling audit schedule. 	<ul style="list-style-type: none"> >IT audits due in 2020/21 >New cross cutting Info. Governance audit is completed in 2019/20 added to rolling prog of audits. 	<p>Service Specific – Digital & Transformation and IT Audits – Transformation and Future Council Development</p>
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Emergency Planning, Resilience and Business Continuity (CR87) Category: Corporate Governance	<p>If we do not have sufficient emergency planning, resilience and business continuity arrangements in place, then we will not be able to respond effectively in an emergency, provide the necessary civic leadership or continue to run vital services and ensure compliance with the legal requirements of the Civic Contingencies Act 2004 as a Category 1 Responder.</p>	Low	Very High	Amber	Adam Hill	<p>>Various plans in place including: Major Incident Plan; Flood Management Plan; Mass Fatality Plan; Temporary mortuary arrangements; Crisis Media Plan; Rest Centre Plan and Arrangements; Recovery Plan; Offsite COMAH Plan and Exercising; Risk Profiling; Project Griffin Training; Vehicle Mitigation & Protective Security Advice; Multi Agency Exercising & Training; Call Out & Activation Protocols; Continual review of Plans & Protocols; Service and Corporate Business Impact Assessments & Business Continuity Plans; RAG alert system across H&S and emergency management.</p> <p>>Training for Senior Officers at Gold level undertaken to increase capacity at strategic level.</p>				<p>>Emerg. Mgt audit in Audit Plan for CBS.</p> <p>>H&S, Emerg. Planning / Civil Cont. and Business Continuity in Audit Plan for HR&OD.</p>		<p>>Standard audits in the plan already cover this area.</p>	<p>>Audits in the plan to be completed when due as part of the standard rolling schedule.</p>	Cross Cutting Audits – Other Assurance

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Health & Safety (CR88) Category: Corporate Governance	If we fail to have robust Health & Safety policies and arrangements in place, then there could be a health and safety breach identified as a corporate failing with associated legal, financial and reputational consequences.	Low	High	Amber	Adam Hill	>H&S Policies H&S Toolkits RIDDOR procedures for reportable incidents to HSE. >H&S audit plan. >Well Being Policies. >Membership of BACP. >SEQOSH accreditation by Faculty of Occupational Medicine. >Noise, Dust, Lighting, Humidity & Vibration Sampling. >Directors H&S Committees & Sub Safety Groups. >RAG alert system across H&S, emergency management and well-being. >Regular update on corporate H&S introduced at Resources DMT. >H&S mandatory training updated now corporate mandatory. >H&S reviewed on weekly basis via CMT.				>H&S Audit in Audit Plan for HR&OD.		>Standard audits in the plan already cover this area.	>Audits in the plan to be completed when due as part of the standard rolling schedule.	Cross Cutting Audits – Other Assurance

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<p>New legislative and statutory requirements (CR89)</p> <p>Category: Corporate Governance</p>	<p>If the council cannot respond adequately to new legislative and regulatory requirements due to reduced resources, then it will be open to external challenge and may suffer reputational damage and fines.</p>	Low	Medium	Amber	Tracey Meredith	<p>>Corporate Plan: captures major change/duties under the WFGA to set well-being objectives and steps to meet them. Service Planning use of the SWOT/PESTLE process to capture external legislative changes/threats, etc. and embed the WFGA.</p> <p>>Directors/Heads of Service duty to horizon scan and present papers on new changes and to resource accordingly and in accordance with the Sustainable Development Principle of the WFGA.</p> <p>>Regular policy briefings and foresighting policy. Monitoring of new legislation by Legal and Dem. Services.</p> <p>>Lawyers in Local Government Update circulated by Head of Legal to CMT.</p> <p>>Legal implications inserted into decision making reports.</p> <p>>WFGA internal guidance webpage up to date. CMT advised of legislative changes/consultation in WG from LLG by Tracey Meredith.</p>	<p>>All reports for Cabinet/ Council have legal implications paragraph and report authors are supported by legal officers when considering legislative requirements in decision making process.</p>		<p>>Appraisals and identification of training needs.</p> <p>> The Data Protection Officer provides an annual report on compliance with data protection legislation.</p>	<p>>Consult with CMT / HoS each year as part of annual consult'n exercise to inform the Audit Plan and inform forward work plan for the following year.</p> <p>>Audits added to plan as they arise prioritised by risk.</p>		<p>>Audits to be added to the plan via as per annual consult with HoS/ Directors.</p>	<p>>New audits to be added as requested by HoS/ Directors via consult exercise.</p> <p>>New Local Gov & Elections (Wales) Bill audit added to 2020/21 audit plan.</p>	Service Specific – Across Corporate Priorities / Monitoring Officer Assurance

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Decision to leave the European Union (BREXIT) (CR90) Category: Corporate Finance	If there continuing uncertainty from the decision to exit the European Union (BREXIT), then there may be a risk to investment in the region due to the loss of grants and decisions affecting strategic inward investment.	Very High	Medium	Red	Adam Hill	>A risk outside directly of Council control/ influence. >Maximise existing grant take ups/explore alternative sources of grant/investment >Event horizon scanning of all media, parliamentary decisions, negotiations. >Lobbying through WLGA, professional associations for UK/WG government grant/other decisions to attract inward investment via alternative means e.g. City Deal, Tidal Lagoon (despite UK government rejection of financial support re latter)		>Brexit Scrutiny Working Group set up, met 23/09/19 to review Council preparedness for Brexit.	>Corporate work with WLGA and WG to ensure collective and consistent approach. >Leader of Council leads for WLGA on Europe-WLGA response to Brexit aids identifying risks. >Civil Contingency Plan Reviewed. >Duty rotas in place for strategic/ tactical Officers.	Internal Audit completed re preparedness for BREXIT in 2019/20. High Assurance given.	>Grant Thornton commissioned by WLGA to undertake independent review to assist Councils prepare for Brexit. Staff interview on 20/09/19, report presented to WLGA 02/10/19.	>Welsh Audit Office call for Evidence was used to gather information on work undertaken to date to prepare and identify issues in relation Brexit. This information will be used to develop a more robust response through the Brexit Steering group.	>Unknown at present what audit work may be required in 2020/21	>Some time included in 2020/21 should issues arise following EU exit requiring audit input.	n/a

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Tax evasion (CR91) Category: Corporate Finance	If the Council fails to prevent those who act for or on its behalf from knowingly or unknowingly facilitating (including failing to prevent) tax evasion, then the Council will be criminally liable and will face an investigation by HMRC with potential prosecution and unlimited financial liability.	Low	Medium	Amber	Ben Smith	>VAT Manual, Guidance Notes and Accounting Instructions. >VAT advice available via Principal Finance Partner and external VAT advisors. >Financial Procedure Rules (FPRs) and Contract Procedure Rules (CPRs). >IR35 guidance and procedure notes available. >Procurement rules and procedures. >Segregation of duties.				>VAT Audit in the Audit Plan. >Cover aspects of VAT, CPR's, FPR's and seg. of duties as part of standard audit tests across all audits. >VAT audit completed 19/20 – High Assurance	>HMRC compliance team has visited and “signed off” our tax arrangements.	>VAT arrangements considered as part of wider financial audit	>None – elements are already covered in the audit plan.	>Planned audits to be completed as per the standard rolling schedule.	Section 151/Monitoring Officer Assurance–Other Assurance

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Regional Working (CR101) Category: Corporate Governance	If the Council, along with its partners and Welsh Government, does not develop and improve regional working, then it will divert the Council and its resources from key priorities and will not benefit Swansea and its residents.	Medium	Medium	Amber	Phil Roberts	>Senior management restructure on 21/06/18 strengthens management capacity. >Mapping exercise undertaken identifying key local, regional and national partnerships. >The Council has a clear rationale in place when collaborating and it is clear on the anticipated benefits and costs. >The Council is playing a leading and proactive role in major regional collaborations. >Ministerial discussions have been productive. >Chief Exec and Leader attendance at Regional Scrutiny update on 15/10/19. >Chief Exec preparing a report for the four SW Wales Councils in advance of ministerial meeting early 2020.	>Council is playing a leading and proactive role in major regional collaborations. >Leader of the Council is the City Region Joint Committee Chair. >Council meets up regionally with 5 other local authorities to discuss collaboration projects. >Annual Report on Regional Working presented to Council.	>Scrutiny inquiry findings documented as required actions on the Risks Register. >Annual Report on Regional Working is produced by Scrutiny providing overview of three key collaborations inc. ERW, West Glam. Regional Partnership (prev. Western Bay), and Swansea Bay City Deal.	>Chief Executive takes the lead role for ERW and Western Bay as well as being an executive member of the City Deal Joint Committee. ERW has fully formed Governance Arrangements. >City Deal has Joint Committee Agreement and joint scrutiny arrangements agreed by Council. >Western Bay has a Joint Committee and scrutiny arrangements in place.	>City Deal has a Joint Working Agreeem't in place, which was approved at Council on 26th July 2018. >Review of progress by IPC on the Western Bay Health & Social Care collab'n.	None	n/a	n/a		

<p>Decision to leave the European Union (BREXIT) supplement to CR90 (CR102)</p> <p>Category: Corporate Governance</p>	<p>If there is continuing uncertainty from the decision to exit the European Union (BREXIT), then the Council will not be able to prepare as effectively as it would in order to ensure service continuity and to safeguard the financial / economic, social, environmental and cultural well-being of citizens and resident EU nationals.</p>	<p>Very High</p>	<p>Medium</p>	<p>Red</p>	<p>Adam Hill</p>	<p>In addition to details in CR 90:</p> <ul style="list-style-type: none"> >Ensured organisations supplying agency workers to the Council are complying with Government advice, guidance, rules concerning employment and status of EU nationals. >Draft communication plan and portal for BREXIT related internal and external communication and information, inc. Welsh and UK Government advice developed. >Deputy CX attends WG and UK Gov briefings, sits on SWLRF and re-introduced Brexit Working Group. Meet every 2 weeks. >All services completed assurance assessment and RAG rating on preparedness. >Deputy CX met with range of companies and organisations inc. SBPHA to check preparedness. >Brexit steering group meets 2-weekly Brexit workshop for S.Wales held on 4th Oct. 				<p>>Internal Audit completion of Internal Review on preparedness – High Assurance</p>					
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Sustainable Swansea Transformation Programme Delivery (CR103) Category: Corporate Plan Priorities	If the Sustainable Swansea Transformation Programme does not deliver radical cross-cutting change, then the Council and its workforce are at risk of being unsustainable in the longer term.	Medium	High	Amber	Sarah Lackenby	>MTFP. Programme Plan. Robust programme governance and reporting. >Monitoring and reporting via CMT away days and Reshaping Board. >Robust programme management for risks, issues, changes. >Links with Corporate Governance risk around reporting major projects, >Annual programme review reflecting lessons learned into revised programme. Annual Report to Scrutiny, Governance reshaping board established. Online trackers developed for revenue and capital. >New tracker monitored by CMT away days monthly.		>Scrutiny received annual report update on progress.	>Reshaping board in place			>Sustainable Swansea review being completed by WAO, likely to be focused on MTFP Savings Plans and progress to date.	>Work needed to cover non MTFP Savings that is not covered by WAO review. Project currently pending changes following review to be discussed and reviewed in 2020/21.	>Internal audit work to be completed in 19/20 covering non MTFP Savings elements of the SS Prog deferred pending results of WAO external review and recs. >Time allocated to 2020/21 audit plan to cover above and proposed changes to the project following review.	

Updated: 31/01/20

Source & Level of Assurance - Three Lines of Defence

Assurance can come from many sources within an organisation. A concept for helping to identify and understand the different contributions the various sources can provide is the Three Lines of Defence model. By defining the sources of assurance in three broad categories, it helps to understand how each contributes to the overall level of assurance provided and how best they can be integrated and mutually supportive. For example, management assurances could be harnessed to provide coverage of routine operations, with internal audit activity targeted at riskier or more complex areas.

First Line of Defence – Level 1 – Management Assurance

Within the 'front-line' or business operational areas, there will be many arrangements established that can be used to derive assurance on how well objectives are being met and risks managed; for example, good policy and performance data, monitoring statistics, risk registers, reports on the routine system controls and other management information.

Nature of assurance: This comes direct from those responsible for delivering specific objectives or operation; it provides assurance that performance is monitored, risks are identified and addressed and objectives are being achieved. This type of assurance may lack independence and objectivity, but its value is that it comes from those who know the business, culture and day-to-day challenges.

Second Line of Defence – Level 2 – Other Internal Assurance

This work is associated with oversight of management activity. It is separate from those responsible for delivery, but not independent of the organisation's management chain. This could typically include compliance assessments or reviews carried out to determine that policy or quality arrangements are being met in line with expectations for specific areas of risk across the organisation.

Nature of assurance: The assurance provides valuable management insight into how well work is being carried out in line with set expectations and policy or regulatory considerations. It will be distinct from and more objective than first line assurance.

Third Line of Defence – Level 3 – Other Independent Assurance & External Assurance

This relates to independent and more objective assurance and focuses on the role of internal audit, which carries out a programme of work specifically designed to provide the Section 151 Officer with an independent and objective opinion on the framework of governance, risk management and control. Internal audit will place reliance upon assurance mechanisms in the first and second lines of defence, where possible, to enable it to direct its resources most effectively, on areas of highest risk or where there are gaps or weaknesses in other assurance arrangements. It may also take assurance from other independent assurance providers operating in the third line, such as those provided by independent regulators, for example.

As an additional line of assurance, sitting outside of the internal assurance framework and the Three Lines of Defence model, are external auditors, who are external to the organisation with a statutory responsibility for certification audit of the financial statements.

Nature of assurance: Independent of the first and second lines of defence. Internal audit operates to professional and ethical standards in carrying out its work, independent of the management line and associated responsibilities. External audit operates similarly.