

APPENDIX 1 – ASSURANCE MAPPING

BACKGROUND

1. An integrated assurance mapping exercise provides a coordinated view of an organisations' assurance providers. The 'Three Lines of Defence' model helps to identify the range of assurance sources available to an entity. A company's own internal controls form the first line of defence against risk. The effectiveness of these controls is then subjected to monitoring by the second line of defence consisting of the Council's internal quality control and compliance processes. The third, and final, line of defence is Internal Audit and third parties such as regulators and can offer independent assurance over both the first and second lines of defence.
2. The purpose of assurance mapping is to provide a high-level assessment of the level of assurance within each line of defence. This is to provide a visual, holistic view of the risk and control environment at the Council which will be used as a tool to help shape the areas of focus for the 2021-22 internal audit plan. As the assurance mapping approach is high level, it seeks to identify gaps between expected and actual controls, whilst we have asked risk and action owners for their reflections on if the control is operational, the operating effectiveness of the controls has not been tested. The testing of operational effectiveness of the controls identified would form part of any internal audit review.

SCOPE AND APPROACH

1. 11 risks from the Q3 Corporate Risk Register (CRR) were reviewed under the Three Lines of Defence model. The 11 risks were selected using the below methodology:
 - All risks which were 'Critical' as per the 2020-21 Q3 CRR;
 - A sample of risks which had recently changed risks scores; and
 - A sample of risks which were new or emerging risks.
2. Using the information provided in the CRR as a starting point, we held interviews with the CRR risk and action owners. For each risk in the sample we discussed the processes and controls in place over each line of defence. Each line of defence has been split into control/ process areas to allow for greater granularity within the assurance map. The information shared within the interviews was used to make a judgemental assessment over the assurance level per risk.
3. Our framework for assessing the assurance levels was as follows:
 - None/ N/A: where either no information was provided, or it is not an applicable area of control.
 - Low assurance: some level of assurance i.e. one process or expected control is in place or a number of controls identified as not being sufficiently robust to give assurance over this aspect.
 - Medium assurance: greater level of assurance than 'Low' i.e. where one or more expected controls operate together. Or where enhancements may have been identified in interviews to strengthen the current control arrangements.
 - High assurance: greater level of assurance than 'Medium' where multiple expected controls are in place, and only minor best practice improvement opportunities were noted in interviews.
4. We have summarised the assurance levels in a table in Appendix One.
5. It should be noted that where we have listed third line defences as 'High' such as internal/ external audit that this relates to the level of assurance that this provides, i.e. an independent assessment of the control environment, rather than the outcome of the internal or external audit.

