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AUDIT COMMITTEE MONDAY, 12 DECEMBER 2022

A MEETING of the AUDIT COMMITTEE will be held VIA MICROSOFT TEAMS on MONDAY, 12 DECEMBER 2022 at 10.00 am

J. J. WILKINSON,
Clerk to the Council,

2 December 2022

BUSINESS		
1.	Apologies for Absence	
2.	Order of Business	
3.	Declarations of Interest	
4.	Audit Action Sheet (Pages 3 - 4) Consider Audit Business Action Sheet. (Copy attached.)	5 mins
5.	Director Risk Management Presentation Consider presentation by Director Education and Lifelong Learning.	15 mins
6.	Risk Appetite Toolkit for Managers (Pages 5 - 46) Consider report by Chief Officer Audit and Risk. (Copy attached.)	10 mins
7.	Mid-Year Treasury Management Report 2022-23 Consider report by Acting Chief Financial Officer.	10 mins
8.	Internal Audit Work to October 2022 (Pages 47 - 58) Consider report by Chief Officer Audit and Risk. (Copy attached.)	15 mins
9.	Internal Audit Mid-Term Performance Report 2022-23 (Pages 59 - 70) Consider report by Chief Officer Audit and Risk. (Copy attached.)	15 mins
10.	Follow-up Review of In Progress Audit Recommendations (Pages 71 - 76) Consider report by Chief Officer Audit and Risk. (Copy attached.)	15 mins
11.	Why Best Value Matters - Chair of Accounts Commission blog Consider update by Chief Officer Audit and Risk.	5 mins

12.	Any Other Items Previously Circulated	
13.	Any Other Items which the Chair Decides are Urgent	

NOTES

- 1. Timings given above are only indicative and not intended to inhibit Members' discussions.**
- 2. Members are reminded that, if they have a pecuniary or non-pecuniary interest in any item of business coming before the meeting, that interest should be declared prior to commencement of discussion on that item. Such declaration will be recorded in the Minute of the meeting.**

Membership of Committee:- Councillors E. Thornton-Nicol (Chair), N. Richards (Vice-Chair), J. Anderson, P. Brown, J. Cox, M. Douglas, J. PatonDay, E. Robson, S. Scott, F. Sinclair, Mr S. Whalley and Mr P. Whitfield

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ACTION SHEET MASTER COPY

SCOTTISH BORDERS COUNCIL AUDIT COMMITTEE 2022/23

Notes:-

1. Paragraphs Marked with a * require full Council approval before action can be taken
2. Items for which no actions are required are not included

TITLE	DECISION REQUIRING ACTION	DIRECTORATE/ SECTION	RESPONSIBLE OFFICER	STATUS
22 November 2021				
Internal Audit Work to October 2021 (Audit of Business Continuity Framework)	AGREED to request the Corporate Management Team to review business continuity arrangements across the Council and that an assurance report be presented to the Audit and Scrutiny Committee at its February 2022 meeting.	Acting Chief Executive / Emergency Planning	David Robertson	BC software Project complete. Progress on Internal Audit Actions at December 2022 AC meeting.
27 June 2022				
Proposed Briefings/Seminars at Development Sessions 2022-23 for Audit and Scrutiny Committee	AGREED that development sessions would be rearranged so they were not scheduled in the 45 minutes immediately preceding formal business of the Audit and Scrutiny Committee and self-assessment questionnaires would be issued prior to the sessions.	Audit & Risk	Jill Stacey	Risk Management Framework (7 September 2022); Treasury Management (9 November 2022); Internal Audit (1 December 2022); Skills and Knowledge self-assessment (2 February 2023); annual Audit Committee self-assessment (1 March 2023)
12 September 2022				
Progress Update on LDS Financial Management Recommendation	AGREED to keep the LDS Financial Recommendation action on the Audit Business Action Tracker.	Health & Social Care IJB	Chris Myers	Further update at March 2023 AC meeting.
Audit Scotland National Fraud Reports 2022	AGREED to request that the Integrity Group reports back to the Audit Committee on its findings and proposed further actions arising from these tasks (<i>recommendations arising from the Audit Scotland Fraud and Irregularity 2021/22 and National Fraud Initiative reports</i>).	Audit & Risk	Jill Stacey	Action underway by Integrity Group. Propose reports on Counter Fraud Controls Assessment and National Fraud Initiative at February 2023 AC meeting.

Agenda Item 4

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RISK APPETITE TOOLKIT FOR MANAGERS

Report by Chief Officer Audit & Risk

AUDIT COMMITTEE

12 December 2022

1 PURPOSE AND SUMMARY

- 1.1 **The purpose of this report is to provide Members with the Risk Appetite Toolkit for Managers that has been developed.**
- 1.2 Effective Risk Management is one of the foundations of effective Corporate Governance as recognised in the Council's Local Code of Corporate Governance. Compliance with the principles of sound Corporate Governance requires the Council to adopt a coherent approach to the management of risks that it faces every day. Better and more assured risk management will bring many benefits to the Council and the people it serves.
- 1.3 Management have the primary responsibility to systematically identify, analyse, evaluate, control and monitor risks to the achievement of the Council's objectives. Internal Audit is required to give independent assurance on the effectiveness of all internal controls and other arrangements put in place by Management to manage risk. One of the Audit Committee's functions is to scrutinise the framework of internal financial control, risk management and governance throughout the Council to ensure its adequacy.
- 1.1 In 2021, a revised Risk Management Policy statement and a 3-year Risk Management Strategy were endorsed by this Committee and approved by the Council to enable the Council to refine its approach to managing risks and embed these key aspects into the management practices of the Council. A Risk Appetite Toolkit for Managers has been developed (Appendix 1). The Toolkit provides additional guidance to Management by defining acceptable levels of risk in relation to different risk categories and builds on guidance set out in the Risk Management Process Guide.

2 RECOMMENDATIONS

- 2.1 **I recommend that the Audit Committee:**
 - a) **Acknowledges the development of the Risk Appetite Toolkit for Managers as an enhancement in support of implementing the Council's Risk Management Policy and Strategy; and**
 - b) **Notes that the Risk Appetite Toolkit is being applied by Management, following its approval by SLT on 19 October 2022.**

3 BACKGROUND

- 3.1 Effective Risk Management is one of the foundations of effective Corporate Governance as stated in the Council's Local Code of Corporate Governance (approved by Council, June 2018). Compliance with the principles of sound corporate governance requires the Council to adopt a coherent approach to the management of the risks that it faces every day. Common sense serves to underline the message that better and more assured risk management will bring many benefits to the Council and the people it serves.
- 3.2 In 2021, a revised Risk Management Policy statement and a 3-year Risk Management Strategy were endorsed by this Committee and approved by the Council to enable the Council to refine its approach to managing risks and embed these key aspects into the management practices of the Council.
- 3.3 The Roles and Responsibilities are set out in the Council's Risk Management Policy. Management have the primary responsibility to systematically identify, analyse, evaluate, control and monitor risks that potentially endanger or have a detrimental effect upon the achievement of the Council's objectives and its people, property, reputation and financial stability whether through core service delivery or through a programme of change. Management continue to be supported by the Chief Officer Audit & Risk and the Corporate Risk Officer to apply the risk management practices.
- 3.4 Internal Audit is required to give independent assurance on the effectiveness of all internal controls and other arrangements put in place by Management to manage risk, and to make recommendations designed to improve the management and mitigation of risks, in particular where there is exposure to significant financial, strategic, reputational and operational risks to the achievement of the Council's objectives.
- 3.5 One of the Audit Committee's functions is to scrutinise the framework of internal financial control, risk management and governance throughout the Council to ensure its adequacy.

4 RISK APPETITE, TOLERANCE AND CAPACITY TOOLKIT FOR MANAGERS

- 4.1 The quantification of the Council's risk appetite, tolerance and capacity to provide greater clarity and consistency was an enhancement set out in the revised Risk Management Policy and Strategy 2021-24.
- 4.2 During the first two quarters of 2022/23, work has been undertaken by the Chief Officer Audit & Risk and the Corporate Risk Officer to finalise the Risk Appetite, Capacity and Tolerance Toolkit for use by Management across the Council (Appendix 1). The Toolkit: will help to meet the recommendations set out in the Risk Management Internal Audit Report 2021; will support a consistent approach to managing risks and the prioritisation of subsequent activities, provide guidance to Managers; and will facilitate additional risk reporting to the Strategic Leadership Team (SLT).
- 4.3 The Risk Appetite, Capacity and Tolerance Toolkit provides additional guidance to Management by defining acceptable levels of risk in relation to different risk categories and builds on guidance set out in the Risk Management Process Guide.

5 IMPLICATIONS

5.1 Financial

There are no financial implications as a direct result of the report. The corporate risk staff resource costs are contained within budgets. Any additional costs arising from enhanced risk mitigation will have to be considered and prioritised against other pressures in the revenue budget.

5.2 Risk and Mitigations

The report sets to assure the Audit Committee that the Council is undertaking its risk management responsibilities adequately. Oversight of the risk toolkits being used by Management allows the Committee to fulfil their remit as set out in the Corporate Risk Management Policy.

5.3 Integrated Impact Assessment

There is no relevance to Equality Duty or the Fairer Scotland Duty for this report. An Integrated Impact Assessment (IIA) was completed as part of the revised Risk Management Policy statement and Risk Management Strategy 2021-2024, approved by Council on 16 December 2021. This is a routine good governance report for assurance purposes.

5.4 Sustainable Development Goals

The recommendations in this report will not directly impact any of the 17 UN Sustainable Development Goals, based on completion of the checklist as part of the revised Risk Management Policy statement and Risk Management Strategy 2021-2024, approved by Council on 16 December 2021. Good governance including the managing risks is important to enable Scottish Borders Council to achieve its objectives, including those supporting sustainable development.

5.5 Climate Change

This report does not relate to any proposal, plan or project and as a result the checklist on Climate Change is not an applicable consideration.

5.6 Rural Proofing

This report does not relate to new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

5.7 Data Protection Impact Statement

There are no personal data implications arising from the content of this report.

5.8 Changes to Scheme of Administration or Scheme of Delegation

No changes are required to either the Scheme of Administration or the Scheme of Delegation as a result of the content in this report.

6 CONSULTATION

- 6.1 The Risk Appetite Toolkit for Managers was approved on 19 October 2022 by the Strategic Leadership Team (SLT), who play a key leadership role in ensuring the identification and effective management of the risks relating to the Council's core business, transformation and partnership activities, and in embedding these key aspects into the management practices of the Council.

6.2 The Acting Chief Financial Officer, Chief Legal Officer (and Monitoring Officer), Director – People Performance & Change, Clerk to the Council, and Communications team have been consulted on this report and any comments received have been taken into account.

Approved by

Jill Stacey, Chief Officer Audit and Risk Signature

Author(s)

Name	Designation and Contact Number
Jill Stacey	Chief Officer Audit & Risk
Emily Elder	Corporate Risk Officer

Background Papers: Scottish Borders Council’s Corporate Risk Management Policy Statement and Corporate Risk Management Strategy

Previous Minute Reference: Audit Committee 27 June 2022

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Emily can also give information on other language translations as well as providing additional copies.

Contact us at Emily.Elder@scotborders.gov.uk



Scottish Borders Council

Risk Appetite, Capacity and
Tolerance Toolkit – Guidance for
Managers

Jill Stacey, Chief Officer Audit and Risk
Emily Elder, Corporate Risk Officer
SCOTTISH BORDERS COUNCIL

Contents

Introduction and Overview	2
Benefits of an Appetite, Capacity and Tolerance Statement.....	5
Definitions.....	6
Appendix One – Standard Risk Prioritisation Matrix	9
Appendix Two – Risk Appetite and Tolerance Matrix Part One.....	10
Appendix Three – Risk Appetite and Tolerance Matrix Part Two	10
Appendix Four - Risk Appetite, Capacity and Tolerance by Taxonomy	11
Additional Reading	36

Risk Appetite, Capacity and Tolerance Statement

Introduction and Overview

A recent refresh of the Risk Management Policy, Strategy and Process Guide has presented an opportunity to define the Council's Risk Appetite in the form of a toolkit and by doing so provide additional guidance to managers.

As set out in the Process Guide a **Risk is defined as:**

"An uncertain event or set of events that, should they occur, will have an effect on the achievement of objectives."

Risks can have either a positive or negative impact on the achievement of objectives i.e. they can arise in the form of a threat or an opportunity and the actions taken to either manage the threats or capitalise on the opportunities will differ. In line with this the Council's risk appetite will also vary depending on whether a risk focuses on minimising a threat or maximising an opportunity.

Risk management, of which risk appetite is a key component, is integral to good corporate governance and serves to provide assurance to stakeholders (e.g. Elected members, tax payers and partners) that sound decision making processes are in place, finite resources are utilised in an effective and efficient way and that best value is achieved in the delivery of services using the public pound.

The purpose of this toolkit is to cultivate a shared organisational understanding and ensure consistency of approach to managing risks, on a taxonomical basis, across the organisation, irrespective of the level (e.g. corporate/operational) service directorate, or programme/project and to guide decision making throughout. This serves to build upon the risk management responsibilities set out in the Risk Policy Statement and Strategy 2021-24 by setting out the Council's expectations and thresholds with regards to different risk areas, thereby providing additional guidance to risk managers on those levels of risk which are acceptable and those which are not in relation to any given risk category. With this in mind the toolkit has been developed with the Council's risk management capabilities and maturity in mind.

Defined appetites and tolerances will provide an indication as to whether additional actions are needed to mitigate risks or capitalise on opportunities and where risks may need to be escalated for action at a more senior level or for oversight purposes. Equally, it will provide an indication as to whether a risk, with the implementation of additional controls/actions, will be over-controlled, using resources which would be better utilised elsewhere or which will cost more to control the risk than the impact of the risk should it materialise. Finally, it will further enable managers to prioritise their activities towards risks which pose more serious consequences e.g. those relating to life and limb and statutory breaches over those which may result in minor reputational damage.

It is worth noting that this toolkit, to a significant degree, reflects existing expectations with regards to risk management appetite, tolerance and capacity levels along with subsequent activity already being implemented by Council employees across the organisation. This is evidenced, for example, in the Council's adherence to the Local Code of Corporate Governance; the production of annual financial and performance statements; the health & safety and safeguarding policies and procedures in place; and the creation of Business Continuity Plans. All of these examples serve as key controls to manage risks within expected and tolerable levels and to prevent risks from exceeding the Council's capacity to absorb negative impacts. Another way to look at this is that managers, already, in the course of their duties, consider risk appetite when taking decisions – balancing expected benefits with potential losses that may be incurred. This toolkit simply aims to clarify expectations and provide guidance that is both appropriate and proportionate to ensure a consistent and systematic approach is taken across, what is, a large and diverse organisation.

Every organisation must take some risks in the course of its business to achieve its objectives, while avoiding others. If an organisation were to avoid all risks it would severely stifle innovation. As such, calculated/planned risks may be taken by the Council e.g. in the pursuit of efficiencies; when developing new processes or offering new services while risks which may result in statutory breaches or significant reputational damage will be avoided. In essence the Council will seek to balance innovation with control.

In line with this, the Council's approach to risk taking is not fixed because the environment it operates in is not fixed. Risk appetite and tolerance levels must be flexible in order to respond to, for example, the health of the economy (boom or bust), the availability of cash reserves, changing social expectations and demographics and changing political landscapes and subsequent expectations. At the time of writing the Council has seen significant changes to its operating environment over the past five years, impacted by national and international events: there has been a global pandemic; the UK left the European Union; war has broken out in Ukraine bringing instability to Europe after 70 years of relative peace; and there is an emerging cost of living crisis. The threats facing the Council have changed but so have the opportunities it can pursue, for example, to modernise service delivery through its Transformation Programme, ensuring finite resources are best used and positive outcomes for its communities are achieved. The Council's operating environment will never remain static and as such its appetite and tolerance levels must be flexible and adaptable.

The Council must also be cognisant of the combined appetite and tolerance levels for different risks. As risks do not exist in a vacuum there is a need to be aware of the possibility that several risks may materialise at the same time, bringing with them, for example, the potential for compounded financial and reputational damage which may result in the Council's capacity to absorb these impacts being exceeded.

The Council's risk appetite and tolerance levels are defined in relation to taxonomy, or categories (see Appendix Four). It is not appropriate to set one overall appetite or tolerance for the entire organisation as this will not adequately reflect the complexity of the risk universe in which the Council operates, due to the diverse range of services delivered. Nor is

it appropriate to set one overall appetite for a particular service area - there is no 'one size fits all' approach. While every effort has been made to ensure that this toolkit is straightforward and accessible the complex nature of risk cannot be avoided if it is to be managed appropriately, effectively and proportionately. Similarly, the complex nature of the Council's risk appetite and tolerance cannot be over-simplified but it can be clarified.

Benefits of an Appetite, Capacity and Tolerance Statement

- Ensures a consistent and systematic approach to managing risks both vertically and horizontally across the organisation by defining the appetite and tolerance levels for different categories of risk and thereby setting clear standards and expectations for risk management.
- Supports performance measurement/improvement and risk reporting to the Strategic Leadership Team (SLT) by highlighting those risks that are within appetite, tolerance and capacity levels and those that are not and for which corrective action is needed. In short, it allows SLT to assess the Council's current exposure to risk with that which is deemed tolerable and for which it has capacity to bear.
- Presents an opportunity for SLT to regularly assess the appropriateness of appetite and tolerance thresholds and amend them if the underlying premise for setting the threshold significantly changes, becomes irrelevant or was incorrect to begin with. Without a formal statement this is not possible.
- Allows for better targeting of resources to ensure appropriate and proportionate responses to risks are embedded throughout the organisation. In essence it should highlight to managers those risks which should be prioritised for action because they have exceeded appetite, capacity and tolerance levels and for which mitigating actions would have the greatest positive impact on reducing the risk likelihood and/or impact. This is in contrast to putting in place additional controls and assigning finite resources to a risk that does fall within the expected levels. This subsequently helps to improve the health of the organisation as 'trade-offs' can be made to target action where it is most needed to achieve objectives.
- Provides assurances to the public that the Council is managing its publicly funded activities appropriately and prudently and that resources are directed and managed proportionately with respect to any given risk area, in a way which delivers best value and protects the public purse.
- Building on the above, as it is not possible to manage all risks to a desirable level at the same time due to limited resources (e.g. financial/workforce), and the changing environment in which the Council operates, defined appetites and tolerances further enable the Council to prioritise those risks which require more immediate mitigation and monitoring.
- Provides clarity on and reduces uncertainty for risk owners/managers in terms of where current and target risks should be positioned relative to the Risk Matrix, in essence setting out a statement of intent or goal for risk managers to work towards.
- Increases confidence in the management of risk across the organisation and enables better decision making because defined organisational expectations help to cultivate transparency. With reference to Elected Members, this then allows them to better fulfil and more effectively undertake their oversight, scrutiny and decision making

roles as they can more easily identify where risks do/do not meet expectations and the extent to which, for example, Council proposals may help bring risks within acceptable levels. Equally, it helps protect the Council from taking decisions/risks where it cannot bear the impact.

The Council's defined appetite and tolerance levels are made in reference to residual (or current) risks rather than inherent (or original ones). Simply put, the Council will normally accept those risks which when scored in accordance with the Risk Matrix after mitigations are in place (i.e. the residual risk) are Green (see Appendices One and Two) while it will likely not accept residual risks which are Red.

Definitions

Risk Appetite – *The amount of risk the organisation, or sub-set (e.g. services/ programmes / projects) of it is willing to pursue/accept.*

In essence this details the risks that:

- The Council will/will not pursue or accept e.g. in an attempt to achieve its objectives
- The Council will take on new initiatives or to capitalise on opportunities
- The Council is willing to accept e.g. for competing objectives/if the course of action being pursued cannot be abandoned.

Risk Capacity – *The maximum amount of risk that an organisation, or subset of it, can bear, linked to factors such as its reputation, capital, assets and ability to raise additional funds.*

The Council's Risk Appetite is informed by its capacity to bear the impact of any given risk should it arise, relating to e.g. regulatory breaches, reputational damage and harm to people. In other words risk appetite should not exceed risk capacity because if the risk materialises the Council will not have the capacity to bear the consequences. If for example the Council sets a high risk appetite for a particular capital project then it needs to be able to absorb the impact (e.g. in this case, financial) if the project were to fail.

Risk Tolerance – *The threshold levels of risk exposure that, with appropriate approvals, can be exceeded, but which when exceeded will trigger some form of response (e.g. reporting the situation to senior management for enhanced action).*

Tolerance levels represent a 'line in the sand' which should not be crossed and as such risk appetite levels should not exceed tolerance thresholds and should be set below it. Similarly, tolerance levels should not exceed risk capacity. With reference to the Risk Matrix this could result in an Appetite level of a low Amber e.g. 6-9 for a particular risk area but the risk can be tolerated at higher Amber levels e.g. 10-12. If the same risk were to increase to e.g. 15 on the Risk Matrix, pushing it into the Red this would mean that the risk has exceeded tolerance levels and urgent remedial

action is required along with an increased frequency of monitoring to avoid the risk exceeding the Council's Capacity to bear the impact of the risk should it materialise. Typically, this scenario may also trigger an escalation to more senior management for oversight or action.

As a public sector organisation, the Council has a legal responsibility to provide certain services. Unlike private sector organisations where decisions can be taken to stop the provision of services/retire product lines if they, for example, become unprofitable, the Council cannot take such an approach and as a result there are not only unavoidable risks that will require ongoing management but several tolerance levels that will be informed by legislative and regulatory requirements.

Note: Tolerance thresholds should not be confused with the Management Approach to Tolerate a risk (one of the 4 T's: Treat, Tolerate, Transfer, Terminate), as set out in the Risk Management Process Guide.

Appetite and tolerance levels/thresholds will also be informed by the nature of any given risk in terms of whether the risk focuses on mitigating a threat or capitalising on an opportunity. Thresholds will typically be lower for mitigating threats than for capitalising on opportunities if successful capitalisation of the opportunity in question will bring about greater rewards than costs should the opportunity be missed.

Another way to look at risk appetite and tolerance is that appetite refers to the amount of risk the organisation is willing to pursue while tolerance relates to what the organisation can actually cope with.

Finally, it is not always possible to fully mitigate all risks to an optimal level at the same time and in some cases they may need to be tolerated at a higher level that would normally be expected. This could arise from significant shortages in resources, adverse economic/market conditions, or significant global disruption e.g. a global pandemic, such as Covid-19, over which the Council has little to no control. In such instances increased monitoring should be undertaken as far as is possible and the Council's approach, while reactive in nature, will need to be flexible and agile to mitigate impacts rather than reduce likelihoods. In the same vein it is not possible to set appetite levels for unknown risks or, to a certain extent, develop controls in advance for the endless spectrum of risks which may arise. As result the Council, in these situations should, reactively but timeously, set appetite and tolerance levels to enable expectations to be disseminated which guide the implementation of appropriate and proportionate mitigations.

The Council's Risk Appetite, Capacity and Tolerance Statement has been consulted on and subsequently approved by SLT. As the environment in which the Council operates is ever changing this statement will be reviewed annually by SLT to ensure that it remains relevant and reflective of the Council' expectations.

The Council's Three Risk Appetite Levels are defined as:

Low – The Council is unwilling to accept such risks that could result in e.g. harm to people, significant damage to reputation or its operations, incur severe financial losses or breach legislation.

Medium – The Council is willing to accept some risk and subsequent activities in the pursuit of opportunities, where potential benefits/rewards are achievable and/or where risks inherent in an activity are unavoidable.

High – The Council is willing to accept a high level of risk in the undertaking of certain activities or to maximise opportunities where the potential for positive rewards are higher than the negative impacts of the risk should that risk materialise, acknowledging that risk taking is inherent in e.g. large scale programmes of change.

While some high risks will be considered acceptable and tolerated, risks for which the Council has a defined low or medium appetite and tolerance must, as a result of their significance, have controls and mitigation actions implemented as a matter of urgency to ensure that they do not exceed the Council's capacity to bear the consequences of the risk should it materialise.

A series of illustrative appendices have been created to provide additional clarity to managers:

Appendix One – An example of the Council's Standard Risk Prioritisation Matrix, detailing Likelihood and Impact definitions.

Appendix Two – A brief overview of which levels of risk are broadly acceptable and those which are not, mapped to the Risk Prioritisation Matrix.

Appendix Three – Required management activities have been mapped to the Risk Prioritisation Matrix, in relation to the different levels of risk appetite and tolerance.

Appendix Four – Provides details of the Council's risk appetite, capacity and tolerance on a taxonomical basis with a corresponding commentary section to provide additional clarity and guidance for managers.

Appendix One – Standard Risk Prioritisation Matrix

LIKELIHOOD

Almost Certain	5	10	15	20	25
Likely	4	8	12	16	20
Possible	3	6	9	12	15
Unlikely	2	4	6	8	10
Remote	1	2	3	4	5
	None	Minor	Moderate	Major	Catastrophic

IMPACT

Description					
	Service Delivery	Reputation	Life & Limb	Legal	Financial
Catastrophic 5	Unable to deliver service. Failure of key strategic contract. Performance failure. Impact on Corporate objectives not realised. Benefits not realised.	Loss of public/stakeholder/regulator confidence. Highly damaging publicity. Ministerial involvement. Special measures.	Death or life changing injury. Severe psychological damage to a number of people.	Significant regulatory/statutory breach, including prosecution of individuals; or Criminal activities; or Significant contractual breach; or Significant breach of duty of care.	Severe financial loss or fines impacting on the financial position of the organisation. Funding withdrawn. Significant savings not realised, income forfeited or additional expenditure incurred including cost over-runs, additional overheads/resource.
Major 4	Unable to deliver/significant delays delivering parts of the service. Performance considerably under target. Contract under threat. Objectives/benefits not realised. Business case threatened.	Damaging publicity. Loss of stakeholder credibility. Significant value-for-money concerns. Ministerial enquiry/briefing.	Serious injury. Severe psychological damage to individuals.	Regulatory/statutory breach; or Contractual breach; or Breach of duty of care.	Major financial loss or fines impacting on financial position of the organisation or Service. Current/future funding is threatened. Significant savings not realised, income forfeited or additional expenditure incurred including cost over-runs, additional overheads/resource.
Moderate 3	Some aspects of service not delivered. Performance not on target. Some concerns of contractor's ability to deliver. Material delays delivering objectives/benefits.	Repeated non-headline exposure or one-off headline exposure. Some value-for-money concerns. Ministerial interest.	Some physical or psychological harm to individual/s.	Possible legal implications.	Some financial impact impacting on the budget holder's financial position. Some savings not realised, income forfeited or additional expenditure incurred including cost over-runs, additional overheads/resource.
Minor 2	No significant impact on service delivery. Some minor concerns performance. Minor concerns over contract. Minor delays delivering objectives/benefits.	Non-headline exposure. Some public embarrassment. Minor value-for-money concerns.	First-aid treatment/counselling required.	No significant legal implications.	Small financial impact. Minor savings not realised, income forfeited or additional expenditure incurred including cost over-runs, additional overheads/resource.
Negligible 1	Negligible impact on service delivery. No material concerns over performance of contract. No effect on achievement of objectives/benefit realisation.	No external interest.	No obvious harm.	No legal implications.	Negligible financial impact.

Likelihood/Probability		
5	Almost Certain (near miss)	Over 91%
4	Likely (has happened before)	76-90%
3	Possible (has happened elsewhere)	50-75%
2	Unlikely (not expected but possible)	16-49%
1	Remote (force majeure)	0-15%

Appendix Two – Risk Appetite and Tolerance Matrix Part One

LIKELIHOOD OF OCCURRENCE

Normally acceptable	Normally not acceptable	Only rarely acceptable	Unacceptable	Unacceptable
Normally acceptable	Normally acceptable	Normally not acceptable	Only rarely acceptable	Unacceptable
Always acceptable	Normally acceptable	Normally acceptable	Normally not acceptable	Only rarely acceptable
Always acceptable	Always acceptable	Normally acceptable	Normally acceptable	Normally not acceptable
Always acceptable	Always acceptable	Always acceptable	Normally acceptable	Normally not acceptable

IMPACT SHOULD RISK OCCUR

Appendix Three – Risk Appetite and Tolerance Matrix Part Two

LIKELIHOOD OF OCCURRENCE

Minimum Annual Review – Monitor	Minimum 6 Monthly Review – Check appetite levels/Implement additional actions	Minimum 3 Monthly Review – Consider escalating if above appetite/tolerance. Action required.	Minimum 3 Monthly Review – Urgent action required to bring within appetite and tolerance levels	Minimum 3 Monthly Review – Urgent action required to bring within appetite and tolerance levels
Minimum Annual Review – Monitor	Minimum 6 Monthly Review	Minimum 6 Monthly Review – Check appetite levels/Implement additional actions	Minimum 3 Monthly Review – Consider escalating if above appetite/tolerance. Action required.	Minimum 3 Monthly Review – Urgent action required to bring within appetite and tolerance levels
Minimum Annual Review – Monitor	Minimum 6 Monthly Review	Minimum 6 Monthly Review – Check appetite levels/Implement additional actions	Minimum 6 Monthly Review – Check appetite levels/Implement additional actions	Minimum 3 Monthly Review – Consider escalating if above appetite/tolerance. Action required.
Minimum Annual Review – Monitor	Minimum Annual Review – Monitor	Minimum 6 Monthly Review	Minimum 6 Monthly Review	Minimum 6 Monthly Review – Check appetite levels/Implement additional actions
Minimum Annual Review – Monitor	Minimum Annual Review – Monitor	Minimum Annual Review – Monitor	Minimum Annual Review – Monitor	Minimum Annual Review – Ensure Business Continuity Plans Functional

IMPACT SHOULD RISK OCCUR

Appendix Four - Risk Appetite, Capacity and Tolerance by Taxonomy

Risk Category	Low (1-5)	Medium (6-12)	High (15-16)	Comments (expectations, actions)
Strategic (delivery of objectives) <div style="writing-mode: vertical-rl; transform: rotate(180deg); position: absolute; left: -40px; top: 50%; font-size: small;">Page 20</div>				<p>In theory the Council has a low to medium risk appetite and tolerance with regards to strategic delivery risks. As noted earlier in this toolkit every organisation must take risks if it is to achieve its objectives and avoid stifling innovation. As such, the Council will seek to balance innovation with control at a strategic level (i.e. minimising threats while capitalising on opportunities).</p> <p>Risks relating to strategic delivery should be linked to the Council Plan which sets out how the Council will achieve its vision. Inherent in this plan is the requirement to take risks in some areas while avoiding them in others to deliver upon objectives (both explicit and implicit), within agreed timeframes. There is a fine balance to be struck between reaping the benefits of any opportunity being pursued and being aware of the negative implications should the opportunity fail to materialise or if the costs of failing exceed the benefits that would be gained. In short, opportunities to deliver upon strategic objectives cannot be sought without due regard to the potential 'cost'. At this juncture then it is worth noting that the achievement of ambitious objectives requires some risk taking.</p> <p>Assessments of successful strategic delivery is monitored through corporate performance reporting to SLT and Executive Committee and through the Scrutiny Committee to review the achievement of policy objectives and priorities. This is to ensure that there is clear accountability for the use of resources and the subsequent outputs and outcomes for service users and communities, as set out in the Local code of Corporate Governance.</p>

Risk Category	Low (1-5)	Medium (6-12)	High (15-16)	Comments (expectations, actions)
<p>Strategic (delivery of objectives)</p> <p>(cont'd)</p> <p>Page 21</p>				<p>As set out in the Risk Management Process Guide, Corporate Risks are reviewed and presented to SLT on a quarterly basis, thus allowing for frequent assessment of the effectiveness of controls, the need for additional mitigating actions and the provision of oversight, with significant changes highlighted for attention. Corporate risks are also presented to Audit Committee on a cyclical basis to enable additional oversight and allow Elected Members to better undertake their scrutiny functions.</p> <p>The Council's capacity to bear the consequences of risks at this level will differ depending on the consequences in question as some may result in reputational damage while others may have links to financial sustainability or partnership working. As a result, it is important to reference the other categories in this table to determine the appropriate appetite and tolerance levels for differing strategic risks.</p> <p>As there is a low to moderate risk appetite and tolerance for risks relating to the delivery of strategic objectives, the effectiveness of controls and associated mitigating actions would be expected to result in no higher than a medium risk score (i.e. 6 -12 or Amber on the Risk Matrix).</p> <p>Again, as touched upon earlier in this toolkit, in certain situations it may be necessary to tolerate risks at a higher level than would normally be expected, noting that this might be for a relatively short period of time to take advantage of opportunities that may arise. As the Council does not exist within a vacuum and does not have control over its external operating environment it is likely that there will be times when risks to delivering strategic objectives are unavoidable. In such instances it may not be possible to fully mitigate them and plans may need to be adapted/expectations realigned and these should be communicated to stakeholders (e.g. Elected Members and the public).</p>

Risk Category	Low (1-5)	Medium (6-12)	High (15-16)	Comments (expectations, actions)
<p>Operational (delivery of objectives)</p> <p>(cont'd)</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 23</p>				<p>Key measures of success focus on the effectiveness of activities in meeting Service Plan Objectives, elements of which are also likely to be reflected in performance reporting arrangements. However, it may also be indicated by e.g. a reduction in complaints, staff turnover and overspends.</p> <p>Directors and Managers are expected to implement appropriate controls to limit the likelihood and impact of service disruption and ensure that standards of service are maintained at a high level and in line with legislative and regulatory expectations. This includes for example: the development of effective and up-to-date business continuity/disaster recovery plans, policies and procedures; ensuring staff undertake mandatory and complementary training and development; succession and people planning; risk identification and mitigation and implementation of Internal Audit recommendations.</p> <p>As the Council has a low to high appetite and tolerance for risks relating to operational service delivery, effective controls and mitigating actions are typically expected to result in no higher than a medium risk score (6-12 or Amber on the Risk Matrix). However, in certain circumstances the Council is willing to accept and tolerate a higher level of risk and in such instances it is acknowledged that tolerance thresholds, after risk mitigation could result in high risk score (a Red rating of 15-16 on the Risk Matrix).</p> <p>As with the delivery of strategic objectives, the Council's capacity to bear the consequences of risks at this level will differ depending on the consequences in question as some may result in moderate reputational damage while others may have implications for keeping people safe or fulfilling statutory functions. As a result, it is important to reference the other categories in this table to determine the appropriate appetite and tolerance levels for differing operational risks.</p> <p>If risks exceed appetite and tolerance thresholds, Management should engage with the Corporate Risk Officer with a view to escalating these risks to Directors for information/oversight purposes and, where required, to enable the implementation of enhanced mitigation actions.</p>

Risk Category	Low (1-5)	Medium (6-12)	High (15-16)	Comments (expectations, actions)
<p>Regulatory/Statutory Compliance</p> <p style="text-align: center;">Page 24</p>				<p>The Council has a low risk appetite and tolerance in relation to regulatory and statutory compliance. Scottish Borders Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and abiding by regulations and legislation are a form of implicit objectives.</p> <p>This category is probably the most far reaching of all those that are defined in this section. For example, and while not exhaustive, it covers legislation relating to: health and safety, employment, the environment, child and adult protection, waste disposal, community empowerment, UN sustainability goals, licensing, transport, data protection and Equal & Human Rights.</p> <p>Directors and Managers are expected to implement appropriate controls to ensure ongoing compliance, and identify, report and resolve breaches when they occur. As an example, controls will include: safeguarding, policy frameworks (with appropriate updates made in line with any changes to legislation/regulations), training and awareness, supervision/oversight, notification routes e.g. incident reporting, enhanced governance arrangements and audits.</p> <p>These controls need to be in place to ensure that risks are managed down to an acceptable level and to ensure that no Council Officer or Elected Member takes or recommends decisions or actions that contravene legislation. The effectiveness of these controls need to be monitored on a regular basis and appropriate actions implemented to address any deficiencies.</p> <p>As noted above the Council has a low risk appetite for regulatory and statutory risks along with a low tolerance for them. The Council's capacity to bear the consequences of these risks, should they arise are significantly limited as they pertain to the organisation's reputation, credibility, its ability to keep people from harm and the potential for financial penalties which would ultimately take money away from providing services.</p>

Risk Category	Low (1-5)	Medium (6-12)	High (15-16)	Comments (expectations, actions)
Regulatory/Statutory Compliance (cont'd) Page 25				<p>As noted in the Operational (delivery of objectives) section, in the event of significant disruption which limits the Council's ability to deliver all of its services (achieve all of its objectives), priority for continued delivery will be given to those areas where there is a risk of breaching statutory or regulatory obligations, thus ensuring a risk based approach to service delivery.</p> <p>As risks relating to regulatory/statutory compliance will not be tolerated the effectiveness of controls and associated mitigating actions would be expected to result in a low residual risk score (i.e. 1-5 or Green on the Risk Matrix).</p> <p>If risks in this category exceed a score of 5 on the Risk Matrix, additional actions are required to be identified as a matter of priority and the risk is likely to require additional oversight by more Senior Management. With reference to the Risk Management Process Guide and the management approaches set out within, consideration should also be given to terminating an activity if there is an increasing risk of breaching regulatory/statutory compliance.</p>

Risk Category	Low (1-5)	Medium (6-12)	High (15-16)	Comments (expectations, actions)
<p>Reputation</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 26</p>				<p>The Council has a low to medium risk appetite and tolerance for reputational damage. As the Council is responsible for delivering a wide range of complex services and meeting differing and sometimes opposing expectations it is likely that, from time to time, there will be some negative impacts on its reputation.</p> <p>Reputational damage could arise as a result of changes in service delivery through to missed bin collections and pot holes; where the Council has not quite met expected levels of performance; where there are policy decisions that fail to meet everyone’s expectations or are perceived to do so. Lastly, this type of reputational damage may result from unavoidable or necessary situations or decisions such as a planned rise in the rate of Council Tax or the prioritisation of service delivery in the event of major or disruptive incidents.</p> <p>The Council has a slightly higher appetite and tolerance for above types of scenarios than it does for reputational damage that has arisen as a result of, for example, breaches in legislation or a failure to apply/follow its own processes/policies; a failure in accountability, credibility and transparency; unacceptable staff and Elected Member behaviour; actions taken/not taken that result in people coming to harm (physical, psychological, financial) or; serious failures in investment activities such as those relating to capital projects or the prevention and detection of fraud. The Council has a low risk appetite and tolerance for these latter examples of reputational damage.</p> <p>Directors and Managers are required to implement appropriate controls to prevent significant and avoidable instances of reputational damage and to set a good example for their colleagues. All staff have a responsibility to, in the course of their duties, follow policies and procedures and act in a professional and responsible manner and, if they identify risks threatening the Council’s reputation, raise these with relevant colleagues. This will ensure that appropriate mitigating actions may be taken and that lessons learned are incorporated into future activities. As the Council aspires to be a ‘learning organisation’ Directors and Managers also have a responsibility to learn from customer complaints and feedback and put in place measures in order that avoidable reputational damage does not become chronic in nature and to ensure that transferable knowledge is shared across the organisation.</p>

Risk Category	Low (1-5)	Medium (6-12)	High (15-16)	Comments (expectations, actions)
Reputation (cont'd)				<p>In addition to the above and where, for example, the Council knows it may not be able to meet expectations with regards to service delivery (e.g. as a result of resources/capacity or where prioritisation has been given to delivering another service), steps should be taken to communicate why this is the case, through enhanced customer engagement. A good example of this can be found when looking at the Council's prioritisation of activities during the Covid-19 pandemic where non-statutory or complementary services were suspended or reduced in order to support the provision of those services that were statutory in nature e.g. keeping people safe and sustaining the provision of education.</p> <p>It is also acknowledged that the Council will never be able to please all of its stakeholders and has a medium appetite and tolerance for reputational damage in relation to taking decisions which may be unpopular with some stakeholders but are none the less necessary for the achievement of statutory objectives.</p> <p>With regards to those risks which may give rise to what could be termed "run of the mill" reputational damage the Council has a medium risk appetite and tolerance and as such the effectiveness of internal controls and mitigating actions would be expected to result in no higher than a Medium residual risk score (i.e. 6-12 or Amber on the Risk Matrix).</p> <p>Conversely, for those risks which may give rise to what could be termed "significant" reputational damage (for example, those events which may result in national news coverage due to their severity) the Council has a low risk appetite and tolerance and the effectiveness of internal controls and mitigation actions are expected to result in a low residual risk score (i.e. 1-5 or Green on the Risk Matrix). Where this is not the case and residual risk scores exceed this level immediate and urgent remedial action must be taken to bring the risk within tolerable levels. This may also result in the need to escalate the risk to more Senior Managers to ensure a greater level of oversight and to apprise them of the potential impacts of the risk should it materialise, while enabling the implementation of additional and enhanced mitigation actions if required/possible.</p>

Risk Category	Low (1-5)	Medium (6-12)	High (15-16)	Comments (expectations, actions)
Technology & Information (Cont'd) Page 29				<p>Appropriate risk appetite and tolerance levels are maintained through the use of key controls, including but not limited to: security measures (e.g. firewalls, encryption, user access protocols); physical security i.e. locked doors and storage cabinets); system back-ups and upgrades, cyber security assessments/vulnerability scanning, cyber accreditations (and the achievement of required criteria) and stress testing; documented and disseminated policies and procedures, data sharing agreements Data Protection Impact Assessments (DPIAs) and the establishment of records retention periods; disaster recovery plans, business continuity plans i.e. the development of manual workarounds; staff training, audits and governance groups such as the Information Governance Group (IGG). Additional controls also include engagement with specialist national forums and applying best practice principles and practices as they are developed.</p> <p>Directors and Managers are responsible for ensuring ongoing compliance with legislation (e.g. GDPR, Data Protection), security protocols and procedures, including those which relate to externally hosted services and to raise any concerns where these are encountered. All staff have a responsibility to follow technology and information security protocols and procedures and to be aware of threats to security e.g. phishing emails and the inappropriate sharing/disposal of information.</p> <p>The Council has a low appetite and tolerance for those risks which relate to how technology and information is used, safeguarded, shared and accessed and as such the effectiveness of internal controls and mitigating actions would be expected to result in a low residual risk score (1-5 or Green on the Risk Matrix).</p> <p>The Council has a medium appetite for those risks relating to technological innovation and the pursuit of new ways of working as risk is inherent with any such venture. Ultimately, there is no guarantee that it will be successful and there is always the possibility that unforeseen problems could emerge. As such the effectiveness of internal controls and mitigating actions would be expected to result in no higher than a medium residual risk score (6-12 or Amber on the Risk Matrix).</p>

Risk Category	Low (1-5)	Medium (6-12)	High (15-16)	Comments (expectations, actions)
<p>Financial Sustainability</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 30</p>				<p>The Council has a low to medium appetite in relation to financial risks, and may be prepared to accept some risk subject to:</p> <ul style="list-style-type: none"> • setting and achieving an annual balanced revenue budget in line with legislative requirements; • maintaining a General Fund unallocated reserves balance in line with legislative requirements. <p>The Council, as set out in the Local Code of Corporate Governance, has a requirement, as a public sector organisation, to:</p> <ul style="list-style-type: none"> • ensure financial management supports both long-term achievement of outcomes and short-term financial and operational performance and; • ensure well-developed financial management is integrated at all levels of planning and control, including management of financial risks and control. <p>The Council’s strategic financial risks are set out in the Financial Strategy Risk Register which is presented annually, in February/March, along with Financial Resources, Strategies and Plans, to Council. Strategic financial risks are also captured on the Corporate Risk Register and various significant financial risks are captured within relevant Programme, Project and Service Risk Registers.</p> <p>The core governance and internal controls to aid in ensuring financial sustainability are set out in various code of governance documents including: the Scheme of Delegation (to Officers); Procedural Standing Orders; The Scheme of Administration (Committee constitutions, remits and functions); the Financial Regulations and the Procurement Contract Standing Orders, Employee and Councillor Codes of Conduct.</p>

Risk Category	Low (1-5)	Medium (6-12)	High (15-16)	Comments (expectations, actions)
Financial Sustainability (cont'd) Page 31				<p>Directors and Managers are expected to design and maintain proper risk management, governance and internal control processes and systems to ensure probity in systems and operations, including the prevention, detection and resolution of fraud and irregularities. Directors and Managers are also responsible for checking that these arrangements and controls are operating effectively. These are known as first and second lines and are not fixed but evolve as the Council changes. Internal Audit as the third line independently and objectively examines, evaluates and reports on the adequacy of risk management, governance and internal controls.</p> <p>All staff with budgetary responsibilities are expected to familiarise themselves with the content of the Financial Regulations and any associated procedures, policies and practices to ensure they fulfil their responsibilities in connection with Council's financial sustainability and integrity.</p> <p>The Council has a low appetite and tolerance for those risks which relate to how funds are allocated, utilised and protected from fraud and corruption. It is also recognised that reserves (as a key measure of financial sustainability) can only be used once and as such risks relating to these aspects of financial sustainability will not be tolerated. As such, the effectiveness of internal controls and mitigating actions would be expected to result in a low residual risk score (1-5 or Green on the Risk Matrix).</p> <p>The Council has a medium appetite and tolerance for those risks relating to capital investment in infrastructure or transformative service delivery as risk is inherent (in terms of minimising threats and capitalising on opportunities) with any such venture. Ultimately, there is no guarantee that these will be successful and there is always the possibility that unforeseen problems could emerge. As such the effectiveness of internal controls and mitigating actions would be expected to result in no higher than a medium residual risk score (6-12 or Amber on the Risk Matrix).</p>

Risk Category	Low (1-5)	Medium (6-12)	High (15-16)	Comments (expectations, actions)
<p>Suppliers, Contractors & the Third Sector</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 32</p>				<p>The Council has a low to medium risk appetite and tolerance for those risks relating to the use and management of supplier, contractor and third sector organisations. Appetite and tolerance will typically vary in accordance with the nature of the services provided by the organisation and the specific context from which risk may arise.</p> <p>The Council has a low appetite and tolerance for risks relating to the delivery of critical services to meet statutory requirements such as those which are contracted in the provision of a service to vulnerable people on the Council’s behalf (e.g. out of hours call handling or commissioned care services); those which are not easily or quickly replaced or for which few to no substitutes exist (e.g. electoral management systems, IT provision); those which have cost a substantial amount of money (as it is vitally important to ensure that public funds are used appropriately to achieve best value); or those which are vital for the delivery of key organisational objectives (e.g. high profile programmes or projects).</p> <p>In addition, the Council has a low appetite and tolerance for risks which relate to the application of the procurement process (from initial tendering to longer-term contract management) for any supplier, contractor or third sector organisation and; for risks relating to health and safety practices or the conduct of these organisations (and Council employees) e.g. relating to ethical/legal practices such as modern day slavery, working time regulations, fraud, bribery/corruption and links to serious and organised crime.</p> <p>The Council expects its employees and Elected Members to act within the law and to maintain high ethical standards of integrity, honesty and openness, which are reflected in the Council’s Code of Conduct internal codes, rules and procedures. The Council also expects that all external individuals and organisations, including service users, partners, suppliers, and contractors will act to the same standards.</p>

Risk Category	Low (1-5)	Medium (6-12)	High (15-16)	Comments (expectations, actions)
<p>Suppliers, Contractors & the Third Sector</p> <p>(cont'd)</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 33</p>				<p>The Council's capacity to bear the consequences of the examples noted above are severely limited as they could ultimately result in: legal action, fines, harm to individuals, significant financial loss, reputational damage, undermined credibility, and disruption to critical services which may result in a failure to fulfil statutory duties.</p> <p>In contrast, the Council has a medium appetite and tolerance for those risks relating to the use of suppliers, contractors and third sector organisations which do not, for example, fall into the above categories. An example of this could be where several substitute organisations exist; where the service provided is non-critical in nature; its scale in terms of service provision is minimal; or where reasonable contingencies can be put in place in the event that an organisation can no longer deliver the expected service.</p> <p>The Council has various controls that underpin and ensure that these expectations are met, such as: the Council's Contract Management Framework, Procurement Contract Standing Orders, established procurement processes, codes of conduct (incl. registers of interest, gifts and hospitality and whistleblowing procedures), performance monitoring (incl. the External Services/Providers Monitoring Group), relevant staff training, internal audit and assurance processes and by taking appropriate measures to ensure that the Council meets its legal duty to provide best value as set out in the Local Code of Corporate Governance.</p> <p>Directors and Managers are expected to ensure that controls are applied consistently and effectively to both reduce the likelihood of these risks occurring and to limit the impact if they do. Where problems are identified, Directors and Managers are also expected to take immediate remedial action and, where appropriate, raise concerns to more Senior Management for oversight or for action which may require enhanced authority and decision taking powers.</p>

Risk Category	Low (1-5)	Medium (6-12)	High (15-16)	Comments (expectations, actions)
<p>Suppliers, Contractors & the Third Sector</p> <p>(cont'd)</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 34</p>				<p>Additionally, Directors and Managers are expected to ensure that business continuity arrangements i.e. contingency plans have been developed and can be implemented in the event that suppliers, contracts and third sector organisations can no longer deliver the expected service and furthermore to forward plan for the end of contract periods to ensure that there is little to no service disruption when contracts come to an end. Finally, it is essential that the Directors and Managers remain cognisant of the fact that outsourcing services through contracts and commissioned services does not remove the statutory obligation the Council has with regards to the delivery of certain services and therefore the consequences of any failure of these arrangements.</p> <p>Suppliers, contractors and third sector organisations who deliver a service to the Council or on its behalf are expected to have developed their own Risk Management and Business Continuity arrangements to ensure that there is reasonable preparedness and contingencies in place for disruptive events.</p> <p>Where the Council has a low risk appetite and tolerance for risks relating to suppliers, contractors and third sector organisations (detailed above), the effectiveness of controls and mitigating actions would be expected to result in a low risk score (i.e. 1-5 or Green on the Risk Matrix).</p> <p>Where the Council has a medium risk appetite and tolerance for risks relating to suppliers, contractors and third sector organisations (again, detailed above), the effectiveness of controls and mitigating actions would be expected to result in no higher than a medium risk score (i.e. 6-12 or Amber on the Risk Matrix).</p>

Risk Category	Low (1-5)	Medium (6-12)	High (15-16)	Comments (expectations, actions)
<p>Workforce</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 35</p>				<p>The Council has a low to medium risk appetite and tolerance for risks relating to its workforce.</p> <p>In terms of recruitment, retention and development the Council has a medium risk appetite and tolerance. The Council strives to recruit and retain suitably skilled and qualified staff and facilitate and encourage professional and personal development. However, it should be acknowledged that there are several external and internal factors which have a bearing on its ability to do this, some of which are outwith the Council's control, such as: labour market conditions (e.g. availability of skilled professionals such as care workers, EHOs, Social Workers, Teachers), sickness/absence (e.g. resulting from a global pandemic such as Covid-19), reducing budget availability and stretched resources, and the rural nature of the Scottish Borders region. There may also be instances where pursuing the development of staff (excl. mandatory training) needs to be postponed in order to ensure service provision, especially statutory service provision, is maintained. In addition, there may also be situations, such as those experienced during Covid-19 where there may be a need to deploy staff to areas other than those in which they typically work in order to deliver front line or statutory services.</p> <p>Directors and Managers are expected to consistently implement control measures that focus on, for example, removing barriers to recruitment and retention for areas that are within its control and by doing so maintain risks within the expected appetite and tolerance levels. Key controls include: defined and standardised recruitment and induction processes, people planning (e.g. resolving SPOFS, forward/succession planning and 'growing your own'), consistent application of the appraisal framework, undertaking training needs assessments, attaining memberships of professional bodies, and ensuring the provision of flexible and agile working arrangements.</p> <p>With regards to external labour market conditions and the shortages of certain professionals (giving rise to unavoidable risks), there may be instances where the Council needs to manage these risks above its appetite and tolerance levels. In such situations Directors and Managers are expected to increase the level of monitoring/oversight and develop contingency plans as far as is possible e.g. by deploying staff, by assessing the activities being undertaken by staff and reassigning activities that do not require a professional qualification to undertake to others in order to free-up capacity.</p>

Risk Category	Low (1-5)	Medium (6-12)	High (15-16)	Comments (expectations, actions)
<p>Partnership Management</p> <p>(cont'd)</p> <p style="text-align: center;">Page 38</p>				<p>Directors and Managers are expected to develop and implement controls to enable and facilitate effective joint working and partnership arrangements. Key controls may include but are not limited to: Service Agreements (e.g. Scheme of Integration for IJB, Service Provision Agreement with Live Borders); Establishment of Terms of Reference (e.g. shared vision statement, mechanisms for dispute resolution etc.); Protocols (e.g. expectations, appropriate behaviours) and regular engagement, collaboration and communication activities to underpin appropriate levels of transparency, reporting and oversight arrangements.</p> <p>In contrast with the above, the Council has a moderate risk appetite and tolerance with regards to the establishment of new joint working and partnership arrangements or the expansion of current ones in the pursuit of its objectives or to capitalise on emerging opportunities. Risk taking is inherent in such activities and there is no guarantee that these joint working and partnership arrangements or the activities being pursued by them will be successful. Furthermore, it is expected that, in time, the development and implementation of governance and internal controls will progress from informal to more formal arrangements, as outlined above.</p> <p>As noted elsewhere in this guide there is a need for Directors and Managers to cross reference this category with others in this table to determine the appropriate risk appetite and tolerance levels for different areas and types of risk that may emerge when working with partners.</p> <p>Where the Council has a low risk appetite and tolerance for partnership related risks (detailed above) the effectiveness of controls and mitigating actions would be expected to result in a low risk score (1-5 or Green on the Risk Matrix).</p> <p>Where the Council has a medium risk appetite and tolerance for partnership related risks (again, detailed above) the effectiveness of controls and mitigating actions would be expected to result in no higher than a medium risk score (6-12 or Amber on the Risk Matrix).</p>

Risk Category	Low (1-5)	Medium (6-12)	High (15-16)	Comments (expectations, actions)
<p>Programmes and Projects (Incl. Transformation)</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 39</p>				<p>The Council has a wide ranging appetite and tolerance for risks relating to programmes and projects that help to deliver its strategic aims. It is acknowledged that risk taking is inherent in any given change programme or when looking to capitalise on opportunities, implement a new process, improve service delivery or elements of its estate, design and build a new establishment (e.g. cultural attractions/high schools), embark on joint ventures with partners; and because of the significant variables involved in progressing programmes and projects from conception to completion.</p> <p>The appetite and tolerance levels for each type of programme or project will differ depending on the given nature of the programme or project in question. A decision as to appetite and tolerance will be informed by, for example: levels of criticality, the result of any failures in terms of impacts on Council service delivery, responsibilities and its process, resources, service users and finances (e.g. cost of initial investment and potential impact on reserves); the availability of contingency plans; the potential for reputational damage, whether or not the reward for success outweighs the cost should the programme or project fail; the programme/project drivers and whether it is external or internal facing.</p> <p>In light of this, Programme/Project Sponsors, Managers and Directors must determine the expected appetite and tolerance levels that should be adhered to with regards to any given programme or project based on the considerations outlined above and informed by other categories in this table. Appropriate management and governance arrangements must then be designed and implemented to ensure that these levels are not exceeded and a risk register is developed and reviewed at intervals as set out in the Risk Management Process Guide with respective escalation procedures in place informed by e.g. Early Warning and Key Performance Indicators (EWIs and KPIs).</p>

Risk Category	Low (1-5)	Medium (6-12)	High (15-16)	Comments (expectations, actions)
Programmes and Projects (Incl. Transformation) (Cont'd)				<p>Where there is a high appetite and tolerance for a risk care should still be taken to maintain this at a responsible and sustainable level. With regards to the Risk Matrix, Red risks (with controls and mitigating actions in place) would not be expected to exceed a score of 15-16. If scores do exceed this level it would give rise to concern about the Council's ability to bear any potential impact. In such instances the frequency of risk monitoring should be increased, urgent remedial action taken and the risk raised to more senior management for oversight purposes and potential additional action in order to bring it within appropriate levels.</p> <p>Projects and programmes do not exist in a vacuum and need to take into account the impact of their intended successes, or unintended setbacks or failures, on other Council services, especially where there is a service dependency on the outcome of a project or programme.</p>

Risk Category	Low (1-5)	Medium (6-12)	High (15-16)	Comments (expectations, actions)
<p>Governance and Decision Making</p> <p style="text-align: center;">Page 41</p>				<p>The Council has a low risk appetite and tolerance in relation to governance and decision making. As a Local Authority and in line with its legislative framework Scottish Borders Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for.</p> <p>The Local Code of Corporate Governance States that “Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.”</p> <p>In discharging this overall responsibility Elected Members and Senior Officers are responsible for putting in place proper arrangements for the governance of Scottish Borders Council’s affairs and facilitating the exercise of its functions in a timely, inclusive, open, honest and accountable manner. These responsibilities are set out within the framework of the Council’s Local Code of Corporate Governance and the key controls are defined in: the Procedural Standing Orders, the Scheme of Administration, Scheme of Delegation, Financial Regulations, the Councillors Code of Conduct (as set out by the Standards Commission) and Employees Code of Conduct, all of which are subject to audit assurance processes. Another key element of sound and proper governance and decision making is transparency. Key controls include appropriate recording and subsequent accessibility of decision making processes by the Council e.g. minutes of Council meetings and the availability of these and their relative agendas and supporting documents/reports on Mod.Gov.</p> <p>The key controls outlined above are in place to ensure that no Officer or Elected Member takes or recommends decisions or actions that contravene legislation, brings the Council into disrepute or causes harm to the communities it serves.</p>

Risk Category	Low (1-5)	Medium (6-12)	High (15-16)	Comments (expectations, actions)
Governance and Decision Making (cont'd)				<p>The Council has a low risk appetite and tolerance for governance and decision making risks because its capacity to bear the consequences of these risks is significantly limited e.g. in relation to legislative requirements, the potential negative impact on its reputation and credibility as well as the trust that the general public and its local communities places in it as a public sector organisation.</p> <p>The effectiveness of controls and associated mitigating actions would be expected to result in a low residual risk score (i.e. 1-5 or Green on the Risk Matrix). Where this is not the case and residual risk scores exceed this level immediate and urgent remedial action must be taken to bring the risk within tolerable levels. This will likely also result in the need to escalate the risk to more senior managers to ensure a greater level of oversight and, if required, the development of enhanced mitigation actions and controls.</p>

Additional Reading

1. Institute of Risk Management - Risk Appetite and Tolerance Guidance Paper, can be found at:
[Risk appetite and tolerance: guidance for practitioners \(theirm.org\)](https://www.theirm.org/risk-appetite-and-tolerance-guidance-for-practitioners)
2. UK Government Finance Function – Risk Appetite Guidance Note, can be found at:
[Orange Book - GOV.UK \(www.gov.uk\)](https://www.gov.uk/orange-book)

Version 1.0 October 2022

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INTERNAL AUDIT WORK TO OCTOBER 2022

Report by Chief Officer Audit and Risk

AUDIT COMMITTEE
12 December 2022

1 PURPOSE AND SUMMARY

- 1.1 **The purpose of this report is to provide members of the Audit Committee with details of the recent work carried out by Internal Audit and the recommended audit actions agreed by Management to improve internal controls and governance arrangements.**
- 1.2 The work Internal Audit has carried out in the period from 1 August to 31 October 2022 associated with the delivery of the approved Internal Audit Annual Plan 2022/23 is detailed in this report. A total of 5 final Internal Audit reports have been issued. There were 6 recommendations made associated with 2 of the reports (3 Medium-rated; 3 Low-rated).
- 1.3 An Executive Summary of the final Internal Audit assurance reports issued, including audit objective, findings, good practice, recommendations (where appropriate) and the Chief Officer Audit and Risk's independent and objective opinion on the adequacy of the control environment and governance arrangements within each audit area, is shown in Appendix 1 to this report.
- 1.4 The SBC Internal Audit function conforms to the professional standards as set out in Public Sector Internal Audit Standards (PSIAS) (2017) including the production of this report to communicate the results of the reviews.

2 RECOMMENDATIONS

- 2.1 **I recommend that the Audit Committee:**
- a) **Notes the Executive Summaries of the final Internal Audit assurance reports issued in the period from 1 August to 31 October 2022 associated with the delivery of the approved Internal Audit Annual Plan 2022/23;**
 - b) **Notes the Internal Audit Consultancy and Other Work carried out in accordance with the approved Internal Audit Charter; and**
 - c) **Acknowledges the assurance provided on internal controls and governance arrangements in place for the areas covered by this Internal Audit work.**

3 BACKGROUND

- 3.1 The Internal Audit Annual Plan 2022/23 was approved by the Audit and Scrutiny Committee on 14 March 2022. To facilitate operational delivery an Internal Audit Programme of Work has been developed which provides an indication of when work is scheduled during the year, taking account of discussions with Management and availability of Internal Audit resources.
- 3.2 For each assurance audit: prior to commencement of the fieldwork, an Audit Assignment detailing the scope, objectives and timing is agreed with the relevant Service Management; and, at the conclusion of the fieldwork, a draft Report is issued to relevant Service Management for response on the factual accuracy and acceptance of the findings and recommendations, as appropriate, which is then issued as a final Report.

4 PROGRESS UPDATE

- 4.1 Internal Audit has carried out the following work in the period from 1 August to 31 October 2022 associated with the delivery of the Annual Plan 2022/23.
- 4.2 The SBC Internal Audit function conforms to the professional standards as set out in Public Sector Internal Audit Standards (PSIAS) (2017) including the production of this report to communicate the results of the reviews.

Completed Internal Audit Assurance Reports

- 4.3 Internal Audit issued final assurance reports on the following subjects:
- Assessor Service (b/f from 2021/22)
 - Public Protection
 - Hawick Conservation Area Regeneration Scheme (CARS)
 - Adult Social Care: Self-Directed Support
 - Members Allowances
- 4.4 An Executive Summary of the final Internal Audit assurance reports issued, including audit objective, findings, good practice and recommendations (where appropriate), and the Chief Officer Audit and Risk's independent and objective opinion on the adequacy of the control environment and governance arrangements within each audit area, is shown in Appendix 1.
- 4.5 The definitions for Internal Audit assurance categories are as follows:

Level	Definition
Comprehensive assurance	Sound risk, control, and governance systems are in place. These should be effective in mitigating risks to the achievement of objectives. Some improvements in a few, relatively minor, areas may be required.
Substantial assurance	Largely satisfactory risk, control, and governance systems are in place. There is, however, some scope for improvement as current arrangements could undermine the achievement of objectives or leave them vulnerable to error or misuse.
Limited assurance	Risk, control, and governance systems have some satisfactory aspects. There are, however, some significant weaknesses likely to undermine the achievement of objectives and leave them vulnerable to an unacceptable risk of error or misuse.
No assurance	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or misuse is unacceptable. Significant improvements are required.

Current Internal Audit Assurance Work in Progress

4.6 Internal Audit assurance work in progress to complete the delivery of the Internal Audit Annual Plan 2022/23 consists of the following:

Audit Area	Audit Stage
Jedburgh Conservation Area Regeneration Scheme (CARS)	Awaiting guidance from funder Historic Environment Scotland on specific matters
Economic Development Funded Programmes - UK Community Renewal Fund	Testing underway
Passenger Transport	Testing underway
Procurement	Testing underway
Payroll	Testing underway
Benefits Assessments	Testing underway
Housing Strategy	Testing underway
Corporate Transformation – Digital	Testing underway
Fleet Management	Testing underway
Financial Planning, Budgeting & Monitoring, including Workforce Planning	Testing underway
Schools Financial and Business Administration Processes	Testing underway

Changes to Internal Audit Planned Assurance Work

4.7 The following changes have been made to the Internal Audit Annual Plan 2022/23 to reflect changes in risks and assurance requirements:

- a) The planned Internal Controls assurance audit on Residential Care Homes (Review of internal financial controls and administrative procedures in place in Council-managed establishments for the effective delivery of services) has been removed from the Internal Audit Annual Plan 2022/23 in agreement with the Director Strategic Commissioning and Partnerships. Due to changes in processes and practices being implemented, this has been designated as an Internal Audit consultancy review in a 'critical friend' role.
- b) The planned Internal Controls assurance audit on Homecare (Controls are adequate to ensure homecare provision is in place for those in need, and financial controls and administrative procedures are sound to safeguard Council and client funds) has been removed from the Internal Audit Annual Plan 2022/23 in agreement with the Director Strategic Commissioning and Partnerships. Due to changes in processes and practices being implemented, this has been designated as an Internal Audit consultancy review in a 'critical friend' role.

Internal Audit Consultancy and Other Work

4.8 Internal Audit staff have been involved in the following for the Council to meet its aims and objectives, and its roles and responsibilities in accordance with the approved Internal Audit Charter:

- a) Provide 'critical friend' internal challenge and assurance through engagement in meetings of programmes and projects involving major change (Fit for 2024 Transformation Programme, Information Governance Group, Social Work Performance Board, Social Work Programme Board, Sustainability Board).

- b) Learning and development is undertaken by all Internal Audit team members during the research stage of new audit areas, and through joining appropriate webinars and completing mandatory e-Learning courses.
- c) One of the Internal Auditors has passed her final exams to become a professionally qualified Certified Internal Auditor, and has been promoted to one of the vacant Senior Internal Auditor posts in accordance with the Audit and Risk People Plan.
- d) The Chief Officer Audit & Risk is the Chair of the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG) and a member of the CIIA Local Authority Forum whose virtual meetings provide the opportunity to share good practice and to keep knowledge of new Internal Audit developments up to date. The Chief Officer Audit & Risk and the Principal Internal Auditor joined virtual CIIA webinars on the topics of 'Risk in Focus 2023'; 'Risk Appetite and Risk Tolerance'; and 'Wellbeing – Future Generations and Auditing Wellbeing'. The Principal Internal Auditor is a member of CIIA Practitioners Forum, CIIA Data Analytics Forum and CIIA Fraud Forum, whose virtual meetings are providing valuable insights.
- e) The Chief Officer Audit & Risk provided support in the advertising, recruitment and selection processes for the External Members Audit Committee.

Recommendations

4.9 Recommendations in reports are suggested changes to existing procedures or processes to improve the controls or to introduce controls where none exist. The grading of each recommendation reflects the risk assessment of non-implementation, being the product of the likelihood of the risk materialising and its impact:

High: Significant weaknesses in existing controls, leaving the Council or Service open to error, fraud, financial loss or reputational damage, where the risk is sufficiently high to require immediate action within one month of formally raising the issue. Added to the relevant Risk Register and included in the relevant Assurance Statement.
Medium: Substantial weaknesses in existing controls, leaving the Council or Service open to medium risk of error, fraud, financial loss or reputational damage requiring reasonably urgent action within three months of formally raising the issue.
Low: Moderate weaknesses in existing controls, leaving the Council or Service open to low risk of error, fraud, financial loss or reputational damage requiring action within six months of formally raising the issue to improve efficiency, effectiveness and economy of operations or which otherwise require to be brought to attention of senior management.
Outwith the report, Internal Audit informs operational managers about other matters as part of continuous improvement.

4.10 The table below summarises the number of Internal Audit recommendations made during 2022/23:

	2022/23 Number of Recs
High	0
Medium	3
Low	3
Sub-total reported this period	6
Previously reported	7
Total	13
Recommendations agreed with action plan	13
Not agreed; risk accepted	0
Total	13

5 IMPLICATIONS

5.1 Financial

There are no costs attached to any of the recommendations in this report.

5.2 Risk and Mitigations

- a) During the development of the Internal Audit Annual Plan 2022/23 and at the start of each audit engagement, to capture potential areas of risk and uncertainty more fully, key stakeholders have been consulted and risk registers have been considered.
- b) If audit recommendations are not implemented, there is a greater risk of loss and/or reduced operational efficiency and effectiveness, and Management may not be able to demonstrate effective management of risks through improved internal controls and governance.

5.3 Integrated Impact Assessment

- (a) There is no relevance to Equality Duty or the Fairer Scotland Duty for this report. This is a routine good governance report for assurance purposes, required under the Local Authority Accounts (Scotland) Regulations 2014 and the professional standards as set out in Public Sector Internal Audit Standards (PSIAS) (2017).
- (b) The Internal Audit work is carried out in accordance with the appropriate legislation and professional standards. The latter includes compliance by those in the Internal Audit function with the Code of Ethics set out in the PSIAS which is appropriate for the profession of Internal Audit founded as it is on trust placed in its objective assurance about risk management, internal control and governance.

5.4 Sustainable Development Goals

The recommendations in this report will not directly impact any of the 17 UN Sustainable Development Goals, based on completion of the checklist during the preparation of the Internal Audit Strategy and Plan 2022/23. Good governance is important to enable Scottish Borders Council to achieve its objectives, including those supporting sustainable development.

5.5 Climate Change

This report does not relate to any proposal, plan or project and as a result the checklist on Climate Change is not an applicable consideration.

5.6 Rural Proofing

This report does not relate to new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

5.7 Data Protection Impact Statement

There are no personal data implications arising from the content in this report. The Internal Audit work is carried out in accordance with the appropriate legislation and professional standards.

5.8 Changes to Scheme of Administration or Scheme of Delegation

No changes are required to either the Scheme of Administration or the Scheme of Delegation as a result of the content in this report.

6 CONSULTATION

- 6.1 The Directors relevant to the Internal Audit reports issued have signed off the relevant Executive Summary within Appendix 1.
- 6.2 The Strategic Leadership Team has been consulted on this report to ensure their awareness and oversight of internal control, governance and risk arrangements and any matters requiring their attention.
- 6.3 The Acting Chief Financial Officer, Chief Legal Officer (and Monitoring Officer), Director – People Performance and Change, Clerk to the Council, and Communications team have been consulted on this report and any comments received have been taken into account.

Approved by

Jill Stacey, Chief Officer Audit and Risk Signature

Author(s)

Name	Designation and Contact Number
Jill Stacey	Chief Officer Audit and Risk Tel 01835 825036
Sue Holmes	Principal Internal Auditor Tel 01835 825556

Background Papers: Appropriate Internal Audit files

Previous Minute Reference: Audit Committee 12 September 2022

Note – You can get this document on tape, in Braille, large print and various computer formats by using the contact details below. Information on other language translations can also be given as well as provision of additional copies.

Contact us at Internal Audit intaudit@scotborders.gov.uk

APPENDIX 1

Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
<p>Audit Plan Category: Financial Governance</p> <p>Subject: Members Allowances</p> <p>No: 022/014</p> <p>Date issued: 31 October 2022 Draft; 16 November 2022 Final</p> <p>Level of Assurance: Substantial</p>	<p>The purpose of the audit was to review that adequate controls are in place to ensure Members allowances and expenses are accurate, and are paid correctly and timely.</p> <p>The Ethical Standards in Public Life etc. (Scotland) Act 2000 defines the behaviours required from elected members. Standards are set out in the Code of Conduct for Councillors issued by the Scottish Government. It is a requirement of the above Act that elected members’ remuneration and expenses are made public. The Democratic Services team provides advice and guidance to the elected members regarding their remuneration, expenses and allowances. The information is summarised in an annual report that is published on the Council’s website, to ensure transparency of remuneration and expenses and compliance with the Act.</p> <p>The following examples of good practice were identified:</p> <ul style="list-style-type: none"> • Policies and procedures, which comply with Scottish Government requirements, are reviewed and updated periodically, prior to elections taking place. • Good communication processes are in place, including issuing correspondence, arranging training events and the new protocol on working relationships with councillors. <p>Internal Audit are able to provide Substantial assurance that Councillors’ remuneration, allowances and other expenses are paid as set by Scottish Borders Council and Scottish Government.</p> <p>Internal Audit have made the following recommendations:</p> <ul style="list-style-type: none"> • Develop a policy on Councillor training to provide clarity on requirements to facilitate training needs assessment, monitoring and evaluation. (Low) • Design and use an electronic process for reimbursement of Councillors’ expenses, in line with the Digital Strategy, that would still comply with national guidelines/requirements. (Low) 	0	0	2	Management have accepted the factual accuracy of the report and its findings, and have agreed to implement the recommendations.

Page 53

Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
<p>Audit Plan Category: Internal Controls</p> <p>Subject: Assessor Service (b/f from 2021/22)</p> <p>No: 053/006</p> <p>Date issued: 13 September 2022 Draft; 27 September 2022 Final</p> <p>Level of Assurance: Substantial</p>	<p>The purpose of the audit was to assess that there are adequate controls to ensure that statutory responsibilities are discharged appropriately to provide and maintain the valuation roll and to ensure timely and correct value assessment of properties to meet statutory requirements, standards and practices.</p> <p>New arrangements relating to self-catering units came into force with effect from April 2022. Self-catering units which are currently in the valuation roll and liable for non-domestic rates (NDR) will only remain so liable provided that additional criteria are satisfied.</p> <p>The Assessor has been proactive in notifying operators of the change and has provided Customer Services with some guidance on answering operator enquiries. Information about the change to legislation was included in the 2022/23 NDR bills. The Assessor has liaised with the Scottish Assessors Association to understand how other Assessors are preparing to administer the change.</p> <p>The change in legislation is relatively straightforward and will not present the Assessor with any significant technical difficulties, although it is very probable the logistics will be problematic, as the Assessor cannot influence when information comes in and in what numbers or whether the information supplied by the operator will be sufficient to make a decision. The Assessor has undertaken some scenario planning which indicates significant strain on current resources.</p> <p>Internal Audit are able to provide Substantial assurance. Largely satisfactory risk, control, and governance arrangements are in place or have been planned to be in place at an appropriate time. The changes in legislation will likely adversely impact on resources within the Assessor Service, although there is a degree of uncertainty as to the precise extent to which this will occur.</p> <p>Internal Audit made no recommendations.</p>	0	0	0	Management have accepted the factual accuracy of the report and its findings.

Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
<p>Audit Plan Category: Legislative and Other Compliance</p> <p>Subject: Hawick Conservation Area Regeneration Scheme (CARS)</p> <p>No: 154/031</p> <p>Date issued: 28 September 2022 Draft; 04 October 2022 Final</p> <p>Level of Assurance: Substantial</p>	<p>The purpose of the review was to examine and evaluate compliance with the scheme rules and contract, including auditing requirements, specifically: Historic Environment Scotland Clause 5 (Auditing Procedures) of the contract signed 5 April 2019.</p> <p>Hawick Conservation Area Regeneration Scheme (CARS) Partnership Project between Historic Environment Scotland (HES), South of Scotland Enterprise (SOSE) (previously South of Scotland Economic Partnership) and Scottish Borders Council (SBC) started in 2019/20. Its purpose, to undertake heritage and conservation based regeneration activities within Hawick town centre over a six year period from 2019 to 2025.</p> <p>This is being achieved through the award of grants to property owners for external fabric building repairs and complementary initiatives relating to upgrading the public realm, education and training opportunities.</p> <p>The revenue project budget is £1.575m jointly funded by HES (£1.315m), SOSE (£60k) and SBC (£200k).</p> <p>Robust documented processes are in place which cover the key stages starting with an enquiry through to payment of the grant based upon evidence of completed work to payment. The management of the scheme is fundamentally sound and run substantially in accordance with the requirements of the contract, and appropriate controls exist around segregation of duties and authorisations were in operation.</p> <p>Budget monitoring reports are produced monthly which covers relevant areas including Hawick CARS. The Project Officer maintains a financial spreadsheet that records expenditure for grants on the basis of offers made to overcome the timing differences between grant offer and claim by the Grantees.</p> <p>Internal Audit are able to provide assurance of substantial compliance with the scheme rules and the HES contract.</p>	0	0	0	<p>Management have confirmed the factual accuracy and accepted the findings of the audit report.</p> <p>The submission to Historic Environment Scotland, on 30 September 2022 to meet the requirements, included the assurance conclusions from this Internal Audit report within an Accountant's Report and the Abstract Accounts 2021/22 for Hawick CARS.</p>

Page 55

Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
<p>Audit Plan Category: Internal Controls</p> <p>Subject: Adult Social Care - Self-Directed Support</p> <p>No: 181/004</p> <p>Date issued: 06 October 2022 Draft; 31 October 2022 Final</p> <p>Level of Assurance: Substantial</p>	<p>The purpose of the audit was to assess that the internal financial controls and governance arrangements regarding Self Directed Support (SDS) ensure that national policy objectives are being met and public funds are safeguarded.</p> <p>The Social Care (Self-directed Support) (Scotland) Act 2013 came into force on the 1 April 2014. Self-directed support is offered to people for their social care requirements that social work pay for. It is support which helps people to have better lives, ensures they have the same freedom and choices, and they get support when they need it. People are encouraged to plan for the future, and can plan for emergencies.</p> <p>Self directed support places duties on the local authority:</p> <ul style="list-style-type: none"> • Clients must be involved in assessment and planning as they wish. These should be completed collaboratively and participation facilitated between the client and the social worker • The local authority must provide or signpost information to allow service users to make informed decisions; must provide reasonable assistance to enable a person's views to be heard; ensure that any choices are informed through consideration of impact implication. <p>Client records are held in the Mosaic system, which contains all the care plans and relevant information relating to the client. Maintaining client records is the responsibility of the relevant Social Worker.</p> <p>The existing payment processes are due for a major change (in October 2022) as an interface between Mosaic and Business World (BW) systems has been developed. This demonstrates good collaboration between the Care Resource Team (CRT), Accounts Payable (AP) and Finance.</p>	0	3	1	Management have accepted the factual accuracy of the report and its findings, and have agreed to implement the recommendations.

Page 56

Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
Subject: Adult Social Care - Self-Directed Support (cont'd)	<p>Internal Audit are able to provide substantial assurance. Largely satisfactory risk, control, and governance systems are in place. There is some scope for improvement, such as: development of a structured policy review timetable; re-establishing Management Information; ensuring changes to care plans are actioned timeously; and completing a reconciliation process. There is urgency in respect of implementing the latter recommendation as part of the development of an interface between Mosaic and Business World systems.</p> <p>Internal Audit have made the following recommendations:</p> <ul style="list-style-type: none"> • A structured timetable for SDS policy review and update should be established to formalise the process ensuring a consistent approach is followed. (Low) • Monitoring and reporting should be re-instated to provide meaningful and accurate data regarding SDS for senior management. (Medium) • Locality Managers should ensure that changes to Clients SDS care plans are actioned timeously. (Medium) • A full reconciliation should be completed of data held in Mosaic against data held in the Access Database prior to the Go-Live date – now set for 21 November 2022. (Medium) 				

Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
<p>Audit Plan Category: Internal Controls</p> <p>Subject: Public Protection</p> <p>No: 183/002</p> <p>Date issued: 04 October 2022 Draft; 31 October 2022 Final</p> <p>Level of Assurance: Substantial</p>	<p>The purpose of the audit was to review the governance arrangements, including roles and responsibilities of partners, to ensure statutory obligations are met, for both adults and children.</p> <p>From the transition to an integrated Public Protection Committee (PPC) model in January 2020, the PPC has fulfilled the statutory roles the of Adult Support Protection Committee and the Child Protection Committee as well as incorporating Justice Services, Violence against Women and Girls, CONTEST/Prevent and Serious & Organised Crime. The PPC reports to the Critical Services Oversight Group (CSOG), an executive level group with representation from the Council, NHS Borders and Police Scotland.</p> <p>Throughout the Covid-19 pandemic the PPC met remotely to ensure that local public protection services continued to operate effectively, and CSOG maintained an overview of public protection services, ensuring that a clear focus was maintained on Child Protection, Adult Support & Protection, and Domestic Abuse. During our audit we noted that the Independent Chair of the PPC resigned; a new Chair is now in place.</p> <p>Policies and procedures are currently undergoing review, and these will be updated and made available when the review is complete. A Joint Learning and Development Framework identifies a broad set of competencies and shared learning aims to enable consistency of training provision across all public protection areas. Training is delivered both on-line via Teams and face to face. The current information sharing protocol is being reviewed to ensure compliance with GDPR.</p> <p>Internal Audit are able to provide substantial assurance. Largely satisfactory risk, control, and governance systems are in place to meet statutory obligations. Internal Audit have made no recommendations at this time; however, Internal Audit have made suggestions for improvement actions.</p>	0	0	0	Management have accepted the factual accuracy of the report, its findings and suggestions for improvement actions.

INTERNAL AUDIT MID-TERM PERFORMANCE REPORT 2022/23

Report by Chief Officer Audit and Risk

AUDIT COMMITTEE

12 December 2022

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to inform the Audit Committee of the progress Internal Audit has made, in the first 6 months of the year to 30 September 2022, towards completing the approved Internal Audit Annual Plan 2022/23. It also summarises the statutory obligations for Internal Audit and requirements of the Public Sector Internal Audit Standards.**
- 1.2 The Internal Audit Annual Plan 2022/23 that was approved by the Audit and Scrutiny Committee on 14 March 2022 sets out the audit coverage for the year utilising available Internal Audit staff resources to enable the Chief Officer Audit & Risk (the Council's Chief Audit Executive (CAE)), to provide the statutory annual Internal Audit opinion regarding the adequacy and effectiveness of internal control within the Council. Internal Audit assurance services and annual opinions are also provided to the Scottish Borders Pension Fund Board and Committee, and the Scottish Borders Health and Social Care Integration Joint Board to meet their obligations.
- 1.3 The Appendix 1 to this report provides details of the half-yearly progress by Internal Audit with the delivery of its programme of work, which indicates good progress. Some revisions to the Internal Audit Annual Plan 2022/23 require approval by the Committee. The programme of work for the six months from October 2022 to March 2023 with current resources indicates that the revised Internal Audit Annual Plan 2022/23 can be delivered in full.
- 1.4 The report also summarises the statutory obligations for Internal Audit and the requirements of the Public Sector Internal Audit Standards (PSIAS) with which the SBC Internal Audit function conforms.

2 RECOMMENDATIONS

- 2.1 I recommend that the Audit Committee:**
 - a) Notes the progress Internal Audit has made towards completing the Internal Audit Annual Plan 2022/23;**
 - b) Confirms that it is satisfied with the Performance of the Internal Audit service; and**
 - c) Approves the revisions to the Internal Audit Annual Plan 2022/23.**

3 BACKGROUND

- 3.1 The authority for Internal Audit to operate in Scottish Borders Council is contained in the Council's Local Code of Corporate Governance, and Financial Regulations. The Internal Audit Charter expands upon that framework, alongside the Internal Audit Strategy and Annual Plans.
- 3.2 The Objectives of Internal Audit are set out in its Charter: "As part of Scottish Borders Council's system of corporate governance, Internal Audit's purpose is to support the Council in its activities designed to achieve its declared objectives and to do so:
- As a contribution to the Council's corporate management of risk.
 - As an aid to ensuring that the Council and its Members, managers and officers are operating within the law and relevant regulations.
 - In support of the Council's vision, values and priorities.
 - As a contribution towards establishing and maintaining a culture of honesty, integrity, openness, accountability and transparency throughout the Council in all its activities and transactions.
 - As a contribution towards ensuring that financial statements and other published information are accurate and reliable."
- 3.3 Internal Audit provides assurance to Management and the Audit Committee on the effectiveness of internal controls and governance within the Council.
- 3.4 The Internal Audit Annual Plan 2022/23, approved on 14 March 2022, sets out the audit coverage for the year utilising available staff resources to enable the Chief Officer Audit & Risk (the Council's Chief Audit Executive (CAE)), to provide the statutory annual internal audit opinion regarding the adequacy and effectiveness of internal control within the Council.
- 3.5 Internal Audit assurance services are also provided during the year to the Scottish Borders Council Pension Fund, and the Scottish Borders Health and Social Care Integration Joint Board, and annual assurance reports including audit opinions are provided to their respective Management and Board / Committee to meet their obligations.

4 HALF YEAR RESULTS AGAINST INTERNAL AUDIT ANNUAL PLAN 2022/23

- 4.1 The Internal Audit programme of work led by the Principal Internal Auditor takes account of the availability of Internal Audit resources and consultation with Management to consider operational service delivery demands and timing of the Council's transformation programmes.
- 4.2 The Appendix 1 to this report provides details of the half yearly progress by Internal Audit with the achievement of its programme of work. Those audits which are complete are highlighted in dark shading, those underway to reflect their continuous audit approach are highlighted in light shading, and those scheduled for the second half of the year are not shaded. Internal Audit has made good progress in the first half of the year towards delivering the approved Internal Audit Annual Plan 2022/23 to meet its objectives.
- 4.3 The continuous audit approach enables Internal Auditors to provide added value advice on internal controls and governance and 'critical friend' consultancy services as the Council continues to transform its service delivery. The continuous audit approach is applied to non-SBC Internal Audit work for the Scottish Borders Council Pension Fund and the Scottish Borders Health and Social Care Integration Joint Board.

5 COMPLETING THE INTERNAL AUDIT ANNUAL PLAN 2022/23

- 5.1 The Internal Audit staff resources comprises the Chief Officer Audit & Risk (50%), one Principal Internal Auditor, two Senior Internal Auditors (one is an interim contractor), and two Internal Auditors.
- 5.2 The proposed audits to be deferred to 2023/24 are as follows:
- Residential Care Homes (Internal Controls)
 - Homecare (Internal Controls)
- 5.3 The Internal Audit programme of work for the six months from October 2022 to March 2023, based on maintaining current staffing levels within this period, presently indicates that the revised Internal Audit Annual Plan 2022/23 can be delivered in full.
- 5.4 The Internal Audit work will continue to be reported to the Strategic Leadership Team and to the Audit Committee. The Internal Audit Work reports will include: an Executive Summary of the audit objective, findings, good practice, recommendations (where appropriate) and audit opinion of assurance for each Final Internal Audit Report issued to relevant Service Management; a summary of Internal Audit Assurance Work in Progress; and an outline of Internal Audit Consultancy and other work carried out in accordance with the approved Internal Audit Charter.
- 5.5 Internal Audit's compliance with its Strategy and delivery of its risk-based Annual Plan will continue to be communicated to the Strategic Leadership Team and the Audit Committee within the Internal Audit Annual Assurance Report 2022/23, scheduled for May 2023, which will also provide the statutory audit opinion based on audit findings over the year.

6 THE LOCAL AUTHORITY ACCOUNTS (SCOTLAND) REGULATIONS 2014

- 6.1 The Local Authority Accounts (Scotland) Regulations 2014 which came into force on 10 October 2014 require a local authority to operate a professional and objective internal auditing service. This service must be provided in accordance with recognised standards and practices in relation to internal auditing. Recognised standards and practices are those set out in the *Public Sector Internal Audit Standards: Applying the IIA International Standards to the UK Public Sector* (PSIAS). The standards require internal audit to have suitable operational independence from the authority.
- 6.2 The regulations require a local authority to assess the efficiency and effectiveness of internal auditing activity from time to time in accordance with recognised internal auditing standards and practices i.e. PSIAS.

7 PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS) AND QUALITY ASSURANCE & IMPROVEMENT PLAN (QAIP)

- 7.1 The SBC Internal Audit function follows the professional standards as set out in Public Sector Internal Audit Standards (PSIAS) effective April 2013 (updated April 2017) which includes:
- Definition of Internal Auditing;
 - Code of Ethics;
 - Attribute Standards (responsibility, independence, proficiency, quality);

- Professional Standards (managing activity, nature of work, engagement planning, performing the engagement, communicating results, monitoring progress, risk management).
- 7.2 The PSIAS requires the Chief Audit Executive (CAE), the Council's Chief Officer Audit & Risk, to carry out an annual internal self-assessment against the PSIAS, develop a quality assurance and improvement plan (QAIP) based on the outcome, and report the results of the QAIP to senior management and elected members.
 - 7.3 An internal self-assessment 2021/22 of Internal Audit practices against the Standards was carried out in April/May 2022, as required by the PSIAS. Its outcomes and conclusions were presented to the Audit and Scrutiny Committee on 27 June 2022 within the Internal Audit Annual Assurance Report 2021/22. This confirmed the implementation of the improvements identified in the EQA January 2021, and further identified some minor enhancements relating to operational tools to ensure their efficiency and effectiveness. There are no improvement actions for inclusion in the QAIP arising from the 2021/22 internal self-assessment.
 - 7.4 The PSIAS also requires the self-assessment to be subject to an External Quality Assessment (EQA) each five years, by appropriately qualified and independent reviewers. The first EQA of SBC Internal Audit was carried out by Renfrewshire Council in October 2015 and the results reported to the Audit and Risk Committee in November 2015. The findings of the second EQA of SBC Internal Audit, completed by North Lanarkshire Council in early January 2021, were reported to the Audit and Scrutiny Committee on 15 February 2021. Both EQAs assessed the SBC Internal Audit function as 'fully conforms' with the requirements within the 13 Assessment Areas of the Definition of Internal Auditing, the Code of Ethics, Attribute Standards and Performance Standards (consistent with the internal self-assessments).
 - 7.5 An annual internal self-assessment against the PSIAS of the Internal Audit function will be completed prior to the end of 2022/23. The results and any associated improvement actions will continue to be reported to the Strategic Leadership Team and the Audit Committee within the Internal Audit Annual Assurance Report 2022/23. This will enable the Council to meet the requirements of the Local Authority Accounts (Scotland) Regulations 2014 to consider the findings of assessments as part of the consideration of the system of internal control required by regulation 5.

8 IMPLICATIONS

8.1 Financial

The authority for Internal Audit to operate in Scottish Borders Council is contained in the Council's Local Code of Corporate Governance, and Financial Regulations. This Internal Audit Charter expands upon that framework, alongside the Internal Audit Strategy and Annual Plans.

There are staff resources available to achieve the Internal Audit Annual Plan 2022/23 and to meet the key objective of delivering an effective Internal Audit function and providing the statutory internal audit opinion on internal controls, governance and risk. The Chief Officer Audit & Risk and Principal Internal Auditor carry out budget monitoring of the Audit and Risk service on a monthly basis to manage service delivery within budget and discussions are held at least on a quarterly basis with Finance staff to address any budgetary control issues or other financial matters.

8.2 Risk and Mitigations

- a) The Objectives of Internal Audit are set out in its Charter. "As part of Scottish Borders Council's system of corporate governance, Internal Audit's purpose is to support the Council in its activities designed to achieve its declared objectives." Specifically as "a contribution to the Council's corporate management of risk".
- b) The PSIAS require Internal Audit to evaluate the efficacy of Risk Management arrangements and associated internal controls put in place by Management and provide independent assurance on the effectiveness of the Risk Management Strategy and activities as part of its assurance on the Council's Corporate Governance arrangements.
- c) Key components of the audit planning process include a clear understanding of the Council's functions, associated risks, and potential range and breadth of audit areas for inclusion. During the development of the Internal Audit Annual Plan 2022/23, at the start of each audit engagement, and during the programming of work to deliver the Plan, to capture potential areas of risk and uncertainty more fully, key stakeholders have been consulted and risk registers have been considered.
- d) If Internal Audit staffing levels fall below that assumed for the remaining six-month period, there is the risk that the revised Annual Plan 2022/23 will not be delivered in full. This will be mitigated by way of people planning, scheduling of audit programme of work, regularly monitoring progress, and taking action as necessary. This is to ensure that a sufficient range and breadth of assurance audit work will be carried out during 2022/23 to underpin the statutory audit opinion to Management and the Audit Committee on the effectiveness of internal controls and governance within the Council.

8.3 Integrated Impact Assessment

- (a) There is no relevance to Equality Duty or the Fairer Scotland Duty for this report. This is a routine good governance report for assurance purposes, required under the Local Authority Accounts (Scotland) Regulations 2014 and the professional standards as set out in Public Sector Internal Audit Standards (PSIAS) (2017).
- (b) The Internal Audit work is carried out in accordance with the appropriate legislation and professional standards. The latter includes compliance by those in the Internal Audit function with the Code of Ethics set out in the PSIAS which is appropriate for the profession of Internal Audit founded as it is on trust placed in its objective assurance about risk management, internal control and governance.

8.4 Sustainable Development Goals

The recommendations in this report will not directly impact any of the 17 UN Sustainable Development Goals, based on completion of the checklist during the preparation of the Internal Audit Strategy and Plan 2022/23. Good governance is important to enable Scottish Borders Council to achieve its objectives, including those supporting sustainable development.

8.5 Climate Change

This report does not relate to any proposal, plan or project and as a result the checklist on Climate Change is not an applicable consideration.

8.6 Rural Proofing

This report does not relate to new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

8.7 Data Protection Impact Statement

There are no personal data implications arising from the content in this report. The Internal Audit work is carried out in accordance with the appropriate legislation and professional standards.

8.8 Changes to Scheme of Administration or Scheme of Delegation

No changes are required to either the Scheme of Administration or the Scheme of Delegation as a result of the content in this report.

9 CONSULTATION

9.1 The Strategic Leadership Team has been consulted on this report to ensure their awareness and oversight of Internal Audit performance against Plan.

9.2 The Acting Chief Financial Officer, Chief Legal Officer (and Monitoring Officer), Director - People Performance and Change, Clerk to the Council, and Communications team have been consulted on this report and any comments received have been taken into account.

Approved by

Jill Stacey, Chief Officer Audit and Risk Signature

Author(s)

Name	Designation and Contact Number
Jill Stacey	Chief Officer Audit and Risk Tel 01835 825036
Sue Holmes	Principal Internal Auditor Tel 01835 825556

Background Papers: Appropriate Internal Audit files

Previous Minute Reference: Audit Committee 14 March 2022

Note – You can get this document on tape, in Braille, large print and various computer formats by using the contact details below. Information on other language translations can also be given as well as provision of additional copies.

Contact us at Internal Audit intaudit@scotborders.gov.uk

AUDIT	DAYS	COMMENTARY	STATUS
Corporate Governance			
Corporate Governance	35	Prepare an Annual Assurance Report for Management and the Audit Committee summarising the work undertaken by Internal Audit during the year and forming an opinion on adequacy of the Council's arrangements for risk management, governance and internal control. Continuous audit approach on progress with areas of improvement. Annual evaluation of compliance with Local Code of Corporate Governance covering the corporate whole and Directorates/Services.	Continuous audit approach to follow-up on implementation of actions on Areas of Improvement set out in the Annual Governance Statement 2021/22. Review and refresh of the Council's Local Code of Corporate Governance is underway by Officer Working Group for presentation to Audit Committee for scrutiny prior to approval by Council. Annual evaluation of compliance with and effectiveness of the Local Code scheduled 4th Quarter. Internal Audit Annual Assurance Report 2022/23 will be presented to Audit Committee in May 2023.
Information Governance	20	Continuous audit approach performing 'critical friend' role through the review of the Information Governance framework including roles and responsibilities for the different data controllers (including Assessor & ERO), review policy development and implementation, assess compliance with the legislation, and provide annual assurance to the Senior Information Risk Owner (SIRO).	Continuous audit approach as Chief Officer Audit & Risk attends quarterly meetings of Information Governance Group and Internal Auditor attends meetings of the Information Management Team. Assurance review of information governance framework scheduled 4th Quarter.
Performance Management	35	Provide independent validation of performance indicators and benchmarking information to support self-assessment and continuous improvement of the Council's services, specifically to ensure accuracy of data submitted for either Local Government Benchmarking Framework or Corporate Priorities PIs. Critically evaluate the revised Performance Management Framework and test a sample of performance indicators in Service Plans to validate their relevance, completeness and accuracy.	Split into two reviews - Performance Management Framework (PMF) and Local Government Benchmarking Framework (LGBF). LGBF: Draft report issued 19 August 2022. Final Report issued 5 September 2022. Executive Summary to Audit Committee 12 September 2022. PMF: Review underway which will conclude in 4th Qtr.
Corporate Transformation Programme - Fit for 2024	20	Review the governance and accountability arrangements, including processes for benefit (financial and other) identification, tracking and realisation (return on investment and value for money), and evaluation of outcomes and lessons learned.	Continuous audit approach as Chief Officer Audit & Risk attends Fit for 2024 Programme Board meetings. Assurance review of transformation programme and projects governance scheduled 3rd Quarter.
Workforce Planning	10	Review of approach to workforce development and succession planning in alignment with business and financial planning processes to provide skills, knowledge and competency requirements for service delivery to meet the Council's objectives.	Engaged as a 'critical friend' in the pilot of People Planning & Succession Planning within Infrastructure & Environment. Provided observations, conclusions and further steps for consideration within the next phases of roll out across the Council. Reported to Audit Committee on 12 September 2022.
Attendance Management	15	There are adequate controls in place to manage short and long term absences to minimise the impact on service delivery.	Draft report issued 17 August 2022. Final report issued 5 September 2022. Executive Summary reported to Audit Committee on 12 September 2022.
Business Planning, Budget Setting, Monitoring and Reporting	10	Ensure business plans are aligned to Council priorities, that the systems and procedures for preparing, monitoring and controlling the budget, including efficiency savings, are robust, that the roles and responsibilities of budget holders are clear, and there is transparency of reporting to Elected Members.	Continuous audit approach to reflect the cycle of activity over the year, combining Workforce Planning to enable Internal Audit to follow progress with people planning and succession planning during the year.
Contract Management - Strategic Contracts: CGI and Live Borders	15	Review of the Council's Strategic Contract Management and Contract Monitoring arrangements associated with the service provision agreement with the Integrated Sports and Culture Trust, Live Borders, and the IT contract with CGI, including roles and responsibilities, to ensure that there are adequate governance and effective internal controls in place.	Draft report issued 17 August 2022. Final report issued 5 September 2022. Executive Summary reported to Audit Committee on 12 September 2022.
Complaints	10	Review and assess the new arrangements in place for complaints to ensure the implementation of the revised policy and procedures.	Scheduled 4th Quarter
Partnering Arrangements	10	Assess the governance and strategic arrangements in place to ensure they are robust; roles and responsibilities of partners are clearly defined; and controls are in place to ensure resources are used effectively.	Scheduled 4th Quarter
	180		

AUDIT	DAYS	COMMENTARY	STATUS
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Financial Governance			
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Members Allowances	10	Adequate controls are in place to ensure Members allowances and expenses are accurate, and are paid correctly and timely.	Draft report issued 31 October 2022. Final report issued 16 November 2022. Executive Summary reported to Audit Committee on 12 December 2022.
Payroll	20	Compliance testing of controls at Service level, including assurance work on Payroll processes.	Scheduled 3rd Quarter
Procurement to Payment	25	Review of implementation of Contract and Supplier Management System, including assurance work on Procure to Pay processes.	Scheduled 3rd Quarter
Schools Budgets (DSM)	10	Review the Council's implementation of the new DSM scheme.	Draft report issued 4 July 2022. Final report issued 27 July 2022. Executive Summary reported to Audit Committee on 12 September 2022.
	65		

AUDIT	DAYS	COMMENTARY	STATUS
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ICT Governance			
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IT Systems Maintenance and Support (including new developments)	15	Review of the controls in place to ensure new systems are adequately installed, tested and implemented in a timely manner to ensure business requirements are met, including ongoing ownership of support and maintenance.	Scheduled 4th Quarter
	15		

AUDIT	DAYS	COMMENTARY	STATUS
Internal Controls			
Schools Financial and Business Administration Processes	40	Review of internal financial controls and business administrative procedures in place to ensure the efficient and effective use of resources in the school establishments including evaluation of the systems in place to set and monitor DSM budgets.	Scheduled 3rd Quarter
Mental Health Services (Adults & Children) (b/f from 2021/22)	15	Assess the governance arrangements in place to commission specialist mental health services to promote closer integration and partnership working to meet the needs of people with mental health needs. Ensure there is sound budgetary control in place.	Scheduled 3rd Quarter
Public Protection	10	Review the governance arrangements, including roles and responsibilities of partners, to ensure statutory obligations are met, for both adults and children.	Draft report issued 04 October 2022. Final report issued 31 October 2022. Executive Summary reported to Audit Committee on 12 December 2022.
Self Directed Support	10	Review of internal financial controls and governance arrangements regarding Self Directed Support to ensure national policy objectives are being met and public funds are safeguarded.	Draft report issued 06 October 2022. Final report issued 31 October 2022. Executive Summary reported to Audit Committee on 12 December 2022.
Protective Services (Environmental Health)	10	Review the Private Water Supply processes to ensure that statutory obligations are met and risks are appropriately managed.	Scheduled 4th Quarter
Residential Care Homes	20	Review of internal financial controls and administrative procedures in place in Council-managed establishments for the effective delivery of services.	Removed from the Internal Audit Annual Plan 2022/23 in agreement with the Director Strategic Commissioning and Partnerships. Due to changes in processes and practices being implemented, this has been designated as an Internal Audit consultancy review in a 'critical friend' role.
Homecare	20	Controls are adequate to ensure homecare provision is in place for those in need, and financial controls and administrative procedures are sound to safeguard Council and client funds.	Removed from the Internal Audit Annual Plan 2022/23 in agreement with the Director Strategic Commissioning and Partnerships. Due to changes in processes and practices being implemented, this has been designated as an Internal Audit consultancy review in a 'critical friend' role.
Assessor Service (b/f from 2021/22)	10	There are adequate controls to ensure that responsibilities are discharged appropriately to provide and maintain the valuation roll and to ensure timely and correct value assessment of properties to meet required standards and practices.	Draft report issued 13 September 2022. Final report issued 27 September 2022. Executive Summary reported to Audit Committee on 12 December 2022.
Winter Service	15	Assess the economy, efficiency and effectiveness with which resources are deployed to deliver the Winter Service to ensure that operational practices are being carried out as planned and objectives and goals are met.	Draft report issued 10 August 2022. Final report issued 19 August 2022. Executive Summary reported to Audit Committee on 12 September 2022.
Benefits Assessments	15	Assess the adequacy of operational processes in place to administer the payment of grants and social funds to ensure they are effective, appropriate and consistent.	Scheduled 3rd Quarter
	165		

AUDIT	DAYS	COMMENTARY	STATUS
Asset Management			
Asset Management (Property)	20	The Council has a structured asset management framework for buildings, other property and facilities to ensure they are fit for purpose, and accurate records to demonstrate efficient and effective use. Specific review of the controls over the consumption of utilities (energy and water consumption) ensuring usage is adequately controlled and represents value for money.	Scheduled 4th Quarter
Housing Strategy	10	Controls are in place to ensure efficient and effective use of funding and other resources for the provision of affordable housing to ensure achievement of housing strategy with partners.	Scheduled 3rd Quarter
Passenger Transport	15	Analyse and assess current processes for Passenger Transport to identify the approach which represents best value. Review the internal and client provider practices and consider options for improvement.	Delayed in 2nd Quarter to prioritise other work; continuing in 3rd Quarter.
Fleet Management	15	Adequate controls are in place to ensure fleet asset records are complete and accurate and fleet replacement decisions represent value for money.	Scheduled 3rd Quarter
	60		

AUDIT	DAYS	COMMENTARY	STATUS
Legislative & Other Compliance			
Hawick Conservation Area Regeneration Scheme (CARS)	5	Review as part of programme compliance and evaluation requirements of the external funders including audit requirements.	Draft report issued 28 September 2022. Final report issued 04 October 2022. Executive Summary reported to Audit Committee on 12 December 2022.
Jedburgh Conservation Area Regeneration Scheme (CARS)	5	Review as part of programme compliance and evaluation requirements of the external funders including audit requirements.	Delayed beyond 2nd Quarter: Awaiting guidance from funder Historic Environment Scotland on specific matters.
Economic Development Funding / Funded Programmes	20	Annual audits of grant-funded programmes under the terms of Service Level Agreements (SLAs) to assess compliance with the requirements of the SLAs and relevant regulations.	EU Funded Programme (LEADER) final review of the end of the extended programme reported to Audit Committee on 12 September 2022. Community Renewal Funding review of submission underway in 2nd and 3rd Qtr.
Sustainable Environment	25	Continuous audit approach to assess progress with arrangements and action plans to meet obligations regarding sustainable environmental programmes, including corporate and social responsibility.	Continuous audit approach to reflect the cycle of activity over the year, including observation of Sustainability Board. Specific assurance testing scheduled 4th Quarter
	55		

AUDIT	DAYS	COMMENTARY	STATUS
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Consultancy

Advice	5	Provision of ad-hoc Internal Audit advice and assistance on internal controls, risk management and governance in response to requests.	Ongoing.
Critical Friend Consultancy	85	In its 'critical friend' role provide: internal challenge and quality assurance on a sample of programmes and projects involving major change and systems implementation; provide independent challenge of the evidence to support improvement; and perform an independent and objective assessment of the evidence to support self-evaluation and improvement in support of Best Value.	Ongoing provision of 'critical friend' internal challenge and assurance through engagement in various forums including Fit for 2024 Transformation Programme, Information Governance Group, Social Work Performance Board, Social Work Programme Board, and Sustainability Board. 3rd & 4th Quarters will include 'critical friend' review of changes in processes and practices being implemented in Residential Care Homes and Homecare.
	90		

AUDIT	DAYS	COMMENTARY	STATUS
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Other

Contingency	10	Carry out investigations and other reactive work to ensure high risk issues and concerns identified by Management during the year are appropriately addressed.	No significant contingency activity in first 6 months of the year.
Follow-Up	15	Monitor progress with implementation of Internal Audit recommendations and ensure that Management Actions have been timeously and effectively implemented, to check that these have had the desired effect to manage identified risks, and to demonstrate continuous improvement in internal control and governance.	Ongoing as part of related Internal Audit work. Quarterly update report to Strategic Leadership Team. Follow-Up of In Progress Internal Audit Recommendations scheduled 3rd Quarter to Audit Committee 12 December 2022. Follow up of Completed Internal Audit Recommendations scheduled 4th Quarter to Audit Committee in May 2023.
Counter Fraud Whistleblowing arrangements	40	Provide intelligence via data sharing requests from Police Scotland, and submission of data sets and case management of data matches arising from the Cabinet Office / Audit Scotland-led National Fraud Initiative (NFI) exercise. Review of the Council's Counter Fraud controls, including strategies, policies and whistleblowing arrangements.	Data sharing requests ongoing. Preparations with other Council Services for NFI completed to meet timescales for data submissions in November and December 2022. Testing of counter fraud controls included in scopes of relevant Internal Audit work during the year. Review of Whistleblowing Policy scheduled 4th Quarter.
PSIAS Self-Assessment	10	Undertake annual self-assessment of the Internal Audit function against the Public Sector Internal Audit Standards (PSIAS) and report findings to CMT and the Audit Committee.	Scheduled 4th Quarter. Findings will be outlined in Internal Audit Annual Assurance Report 2022/23.
Audit Committee Self-Assessment	5	Provide assistance to Chair of the Audit and Scrutiny Committee in undertaking a self-assessment of the committee against the CIPFA best practice guidance.	The previous Chair presented the Audit and Scrutiny Committee Annual Report 2021/22 (Audit functions) to Council on 31 March 2022. All continuing and new members have completed the Skills and Knowledge self-assessment to inform development sessions (delivered Induction - 27 June 2022; Overview of Risk Management - 7 September 2022). The 2022/23 self-assessment is scheduled 4th Quarter.
Integrity Group and Serious Organised Crime Group	5	Attend and provide support to the Integrity Group and the Serious and Organised Crime Group.	Integrity Group meet every 3 months. No meetings to date in 2022/23 of Serious Organised Crime Group.
Attendance at Boards / Committees	10	Prepare for and attend Audit and Scrutiny Committee meetings and other Boards / Committees as relevant.	Ongoing
Administration of Audit Scotland Reports	2	Monitor publication of Audit Scotland reports and co-ordinate submission by Management of Audit Scotland Reports to the relevant Committees.	Ongoing
Audit Planning for 2023/24	8	Develop and consult on proposed coverage within the Internal Audit Annual Plan 2023/24.	Scheduled 4th Quarter
	105		

SBC Total	735
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AUDIT	DAYS	COMMENTARY	STATUS
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Non SBC

Scottish Borders Pension Fund	5	To be determined and agreed with Pension Fund Committee and Management for review of governance of pension fund and provision of annual governance statement.	SBC Pension Fund Internal Audit Annual Plan 2022/23 approved by Joint Pension Fund Board and Committee on 17 March 2022. Audit work ongoing. Reports will be presented to Joint Pension Fund Board and Committee.
Scottish Borders Health and Social Care Integration Joint Board	45	To be determined and agreed by the Scottish Borders Health and Social Care Integration Joint Board (IJB) Audit Committee for review of the adequacy of the IJB's arrangements for risk management, governance and control of the delegated resources.	SBIJB Internal Audit Annual Plan 2022/23 approved by SBIJB Audit Committee on 14 March 2022. Audit work ongoing. Reports will be presented to SBIJB Audit Committee.
	50		

Overall Total	785
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PROGRESS WITH IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

Report by Chief Officer Audit and Risk

AUDIT COMMITTEE

12 December 2022

1 PURPOSE AND SUMMARY

- 1.1 The purpose of the report is to provide an update to Members of the Audit Committee on the status of the implementation by Management of audit recommendations made and agreed in Internal Audit reports during 2021/22 and previous years.**
- 1.2 Internal Audit is an independent appraisal function established for the review of the internal control system as a service to Scottish Borders Council. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources and the management of risk.
- 1.3 The Internal Audit activity adds value to the organisation (and its stakeholders) when it considers strategies, objectives, and risks; strives to offer ways to enhance governance, risk management and control processes (by way of making audit recommendations); and objectively provides relevant assurance.
- 1.4 The Remit of the Audit Committee includes the function to consider “all matters relating to the implementation of recommendations contained within internal audit reports”, as part of its high level oversight of the framework of internal control, risk management and governance within the Council.

2 RECOMMENDATIONS

- 2.1 I recommend that the Audit Committee:**
 - a) Acknowledges the progress made by Management in implementing Internal Audit recommendations to improve internal controls and governance, and mitigate risks;**
 - b) Considers whether it is satisfied with the progress or whether any further action is required; and**
 - c) Notes that Internal Audit will continue to monitor the completion of outstanding recommendations and will provide update reports to this Committee.**

3 BACKGROUND

- 3.1 Internal Audit is an independent appraisal function established for the review of the internal control system as a service to Scottish Borders Council. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources and the management of risk.
- 3.2 The Internal Audit activity adds value to the organisation (and its stakeholders) when it considers strategies, objectives, and risks; strives to offer ways to enhance governance, risk management and control processes (by way of making audit recommendations); and objectively provides relevant assurance.
- 3.3 Management has the responsibility for ensuring that agreed audit actions are implemented to address the identified weaknesses and mitigate risks. At Internal Audit Final Report stage the Audit Recommendations are input to Pentana Risk (previously Covalent), the Council's corporate performance management system. This is designed to assist with Management tracking of implementation, link with relevant risks and evidence improvement.
- 3.4 The Remit of the Audit Committee includes the function to consider "all matters relating to the implementation of recommendations contained within internal audit reports", as part of its high level oversight of the framework of internal control, risk management and governance within the Council. An update report on Progress with Implementation of Internal Audit Recommendations was presented to the Audit and Scrutiny Committee on 22 November 2021. Furthermore, a Follow-Up Review of Completed Internal Audit Recommendations was presented to the Audit and Scrutiny Committee on 14 March 2022.
- 3.5 Internal Audit continues to perform its standard quarterly follow-up activity to check that recommendations have been implemented and to ensure that the new controls had the desired effect on improving internal control and governance, and reducing risk. Internal Audit works with Management to address any actions that become overdue, and bring any matters to the attention of the Audit Committee.
- 3.6 The Audit and Scrutiny Committee 25 November 2019 decision "Requested that the Corporate Management Team determine an escalation process to address those Internal Audit recommendations not completed within the agreed timescale". In response, quarterly update reports on Internal Audit recommendations have been presented to the Corporate Management Team / Strategic Leadership Team to enhance the senior Management monitoring and oversight of progress (with the latest one presented on 27 July 2022).

4 PROGRESS UPDATE

4.1 The following table highlights the status as at 24 November 2022 of Internal Audit recommendations from current and previous years:

Year	Total	Implemented	Not Yet Due	Overdue
2019/20	40	38	2	0
2020/21	8	7	1	0
2021/22	32	12	20	0
2022/23 to Nov	13	3	10	0

4.2 Further details on those Internal Audit recommendations that are not yet fully implemented are shown in Appendix 1.

4.3 There are occasions when it is necessary to grant extra time to complete recommendations. Some Managers have proposed extensions to due dates which have been approved by Internal Audit based on the further work required to implement these recommendations in full, as highlighted in the Appendix. The Pentana Risk system has been updated accordingly.

4.4 Internal Audit will complete an annual audit in the fourth quarter of each year on a sample of Internal Audit actions that have been completed within the preceding calendar year. The purpose of this Follow-up activity will be to check the evidence that improvement action has been undertaken and to ensure that the new controls or governance had the desired effect on improving internal control and governance. The findings will be presented to the Strategic Leadership Team and then to the Audit Committee. This practice is to provide additional assurance on the evidence of improvement in internal controls, risk management and governance as part of its continuous improvement processes.

4.5 A further update on progress with the implementation of Internal Audit recommendations will be included within the Internal Audit Annual Assurance Report 2022/23 for Scottish Borders Council, which is scheduled for presentation to the Audit Committee in May 2023.

5 IMPLICATIONS

5.1 Financial

It is anticipated that efficiencies will arise either as a direct or indirect result of Management implementing the recommendations made by Internal Audit through improved internal controls and governance arrangements.

5.2 Risk and Mitigations

- a) Internal Audit provides assurance to Management and the Audit Committee on the adequacy and effectiveness of internal controls and governance within the Council, including risk management, highlights good practice and makes recommendations.
- b) It is anticipated that improved risk management or mitigation will arise as a direct result of Management implementing the Internal Audit recommendations which will evidence improvements in internal controls and governance arrangements. If the Internal Audit recommendations are not implemented then risks may be more likely to occur or have a greater impact if they do.

- c) Internal Audit recommendations also highlight potential risks and are taken into account when risk registers are reviewed and new risks are identified. Internal Audit is the third line in the governance of risk.

5.3 Integrated Impact Assessment

There is no relevance to Equality Duty or the Fairer Scotland Duty for this report. This is a routine good governance report for assurance purposes, required under the Local Authority Accounts (Scotland) Regulations 2014 and the professional standards as set out in Public Sector Internal Audit Standards (PSIAS) (2017).

5.4 Sustainable Development Goals

The recommendations in this report will not directly impact any of the 17 UN Sustainable Development Goals, based on completion of the checklist.

5.5 Climate Change

This report does not relate to any proposal, plan or project and as a result the checklist on Climate Change is not an applicable consideration.

5.6 Rural Proofing

This report does not relate to new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

5.7 Data Protection Impact Statement

There are no personal data implications arising from the content of this report.

5.8 Changes to Scheme of Administration or Scheme of Delegation

No changes are required to either the Scheme of Administration or the Scheme of Delegation as a result of the content in this report.

6 CONSULTATION

- 6.1 The Strategic Leadership Team has been consulted on this report and any comments received have been taken into account.
- 6.2 The Acting Chief Financial Officer, Chief Legal Officer (and Monitoring Officer), Director - People Performance and Change, Clerk to the Council, and Communications team have been consulted on this report and any comments received have been taken into account.

Approved by

Jill Stacey, Chief Officer Audit and Risk Signature

Author(s)

Name	Designation and Contact Number
Jill Stacey	Chief Officer Audit and Risk Tel 01835 825036
Sue Holmes	Principal Internal Auditor Tel 01835 825556

Background Papers: Appropriate Internal Audit files and Pentana system

Previous Minute Reference: Audit and Scrutiny Committee 22 November 2021

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Contact us at Internal Audit intaudit@scotborders.gov.uk

Internal Audit Recommendations

Status Overdue and Not Yet Completed - 24 November 2022

Code	Title	Progress	Original Due Date	Current Due Date	Status	Priority	Managed By	Assigned To
AUDIT.095	(2019) Performance Management – DMT Agenda Item	<div style="width: 10%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 10%	30-Sep-19	31-Mar-23	In Progress	Medium	Director People Performance & Change	Corporate Performance Lead
AUDIT.106	(2019) Developer Contributions / Development Management Fees – Operating Procedures	<div style="width: 30%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 30%	30-Jun-20	31-Mar-23	In Progress	Medium	Planning & Development Standards Manager	Lead Planning Officer
AUDIT.145	(2020) LDS Financial Management – Budget	<div style="width: 80%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 80%	31-Jul-21	28-Feb-23	In Progress	Medium	Chief Officer IJB/Health & Social Care Partnership	General Manager Mental Health & Learning Disabilities
AUDIT.149	(2021) Business Continuity – BC Policy	<div style="width: 10%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 10%	30-Sep-22	30-Nov-22	In Progress	Medium	Emergency Planning Officer	Emergency Planning Officer
AUDIT.151	(2021) Business Continuity – Resources & Training	<div style="width: 10%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 10%	30-Sep-22	28-Feb-23	In Progress	Medium	Emergency Planning Officer	Emergency Planning Officer
AUDIT.152	(2021) Business Continuity – Programme of Testing	<div style="width: 25%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 25%	30-Sep-22	31-Mar-23	In Progress	Medium	Emergency Planning Officer	Emergency Planning Officer
AUDIT.156	(2021) Schools Financial and Business Admin Processes – Training	<div style="width: 70%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 70%	31-Aug-22	31-Dec-22	In Progress	High	Director Education & Lifelong Learning	Director Education & Lifelong Learning
AUDIT.157	(2021) Schools Financial and Business Admin Processes – Data Checks	<div style="width: 95%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 95%	31-Aug-22	31-Dec-22	In Progress	Low	Director Resilient Communities	Senior Business Services Manager
AUDIT.158	(2021) Grants incorporating FPP – Waiver Process	<div style="width: 60%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 60%	31-Mar-22	31-Jan-23	In Progress	Low	Director Resilient Communities	Communities and Partnership Manager
AUDIT.159	(2021) Sustainable Environment – Annual Declaration	<div style="width: 60%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 60%	31-Dec-22	31-Dec-22	In Progress	Medium	Director Environment & Infrastructure	Environmental Strategy Co-ordinator
AUDIT.160	(2021) Sustainable Environment – Data Validation	<div style="width: 75%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 75%	30-Jun-22	30-Nov-22	In Progress	Medium	Director Environment & Infrastructure	Corporate Policy Adviser; Environmental Strategy Co-ordinator
AUDIT.162	(2021) Economic Development Industrial Property – Performance Indicators	<div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0%	30-Jun-23	30-Jun-23	In Progress	Medium	Director Environment & Infrastructure	Estates Strategy Manager
AUDIT.163	(2021) Roads Asset Management – RAMP	<div style="width: 5%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 5%	31-Mar-24	31-Mar-24	In Progress	Medium	Director Environment & Infrastructure	Network Manager
AUDIT.164	(2021) Roads Asset Management – Financial Plans	<div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0%	31-Mar-25	31-Mar-25	In Progress	Medium	Director Environment & Infrastructure	Network Manager
AUDIT.165	(2021) Roads Asset Management – Performance Monitoring	<div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0%	31-Mar-26	31-Mar-26	In Progress	Medium	Director Environment & Infrastructure	Network Manager
AUDIT.166	(2021) Capital Investment – Asset Management Plans	<div style="width: 5%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 5%	31-Dec-23	31-Dec-23	In Progress	Medium	Director Environment & Infrastructure	Director Environment & Infrastructure
AUDIT.167	(2021) Capital Investment – Capital Board	<div style="width: 75%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 75%	30-Sep-22	31-Mar-23	In Progress	Medium	Director Environment & Infrastructure	Director Environment & Infrastructure
AUDIT.168	(2021) Capital Investment – Risk Register	<div style="width: 75%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 75%	30-Sep-22	31-Mar-23	In Progress	Medium	Director Environment & Infrastructure	Director Environment & Infrastructure
AUDIT.169	(2021) Capital Investment – Sustainability	<div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0%	31-Dec-22	31-Dec-22	In Progress	Medium	Director Environment & Infrastructure	Director Environment & Infrastructure
AUDIT.170	(2021) IT Asset Management – Strategy	<div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0%	30-Nov-22	30-Nov-22	In Progress	Medium	Director Strategic Commissioning & Partnerships	ICT Client Manager
AUDIT.171	(2021) IT Asset Management – Business World	<div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0%	31-May-23	31-May-23	In Progress	Low	Director Strategic Commissioning & Partnerships	ICT Client Manager
AUDIT.172	(2021) IT Asset Management – Review of assets	<div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0%	30-Nov-22	30-Nov-22	In Progress	Low	Director Strategic Commissioning & Partnerships	ICT Client Manager
AUDIT.174	(2021) Business World – Mandatory Training	<div style="width: 73%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 73%	31-Dec-22	31-Dec-22	In Progress	Medium	Director People Performance & Change	Employee Relations Manager
AUDIT.177	(2022) Winter Service – Policy Evaluation	<div style="width: 60%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 60%	30-Sep-23	30-Sep-23	In Progress	Low	Director Environment & Infrastructure	Chief Officer Roads
AUDIT.178	(2022) Winter Service – Performance Assessment	<div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0%	30-Sep-23	30-Sep-23	In Progress	Low	Director Environment & Infrastructure	Chief Officer Roads
AUDIT.179	(2022) Winter Service – Cost Benefit Analysis	<div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0%	30-Sep-23	30-Sep-23	In Progress	Low	Director Environment & Infrastructure	Chief Officer Roads
AUDIT.180	(2022) Contract Management – Live Borders Service Provision Agreement	<div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0%	31-Dec-22	31-Dec-22	In Progress	Medium	Director Resilient Communities	Director Resilient Communities
AUDIT.181	(2022) LGBF – Live Borders	<div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0%	31-Dec-22	31-Dec-22	In Progress	Low	Director Resilient Communities	Director Resilient Communities
AUDIT.183	(2022) Attendance Management – Training Completion	<div style="width: 50%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 50%	31-Dec-22	31-Dec-22	In Progress	Medium	Director People Performance & Change	Employee Relations Manager
AUDIT.184	(2022) Self Directed Support – Policy Review	<div style="width: 25%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 25%	31-Dec-22	31-Dec-22	In Progress	Low	Director Social Work & Practice	Self-Directed Support/Unpaid Carers Lead (SDS Team Lead)
AUDIT.185	(2022) Self Directed Support – Monitoring and Reporting	<div style="width: 5%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 5%	31-Dec-22	31-Dec-22	In Progress	Medium	Director Social Work & Practice	Self-Directed Support/Unpaid Carers Lead (SDS Team Lead)
AUDIT.188	(2022) Members Allowances – Develop Policy	<div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0%	31-Mar-23	31-Mar-23	In Progress	Low	Chief Legal Officer	Clerk to the Council
AUDIT.189	(2022) Members Allowances – Electronic Process	<div style="width: 0%;"><div style="background-color: #0070C0; height: 10px;"></div></div> 0%	31-Aug-23	31-Aug-23	In Progress	Low	HR Shared Services Business Partner	Clerk to the Council

Comments:

6 previous actions have been completed since last report 19 July 2022:

(150 – Business Continuity: Continuity2 System; 153 – Waste & Recycling: Performance Data; 154 – Digital Strategy – Governance Structure; 155 – Schools Financial & Business Admin Processes; 161 – Economic Development Industrial Property: Financial Performance; 173 – Business World – Petty Cash)

13 previous actions have shown an increase in % progress since last report 19 July 2022:

(149, 151 & 152 – Business Continuity: Policy, Resources & Training, Testing; 156 & 157 – Schools Financial and Business Admin Processes: Training, Data checks; 158 – Grants incorporating FPP – Waiver Process; 159 & 160 – Sustainable Environment: Annual Declaration, Data Validation; 163 – Roads Asset Management: RAMP; 166, 167 & 168 Capital Investment: Asset Management Plans, Capital Board, Risk Registers; 174 – Business World: Mandatory Training)

12 previous actions have had an extension to due date granted by Internal Audit since last report 19 July 2022:

(095 – Performance Management: DMT Oversight; 106 – Developer Contributions: Operating Procedures; 145 – LDS Financial Management: Budget; 149, 151 & 152 – Business Continuity: Policy, Resources & Training, Testing; 156 & 157 – Schools Financial and Business Admin Processes: Training, Data checks); 158 – Grants incorporating FPP – Waiver Process; 160 – Sustainable Environment: Data Validation; 167 & 168 Capital Investment: Capital Board, Risk Registers;

0 actions overdue

(5 actions overdue at last report 19 July 2022)

13 new actions since last report 19 July 2022 (3 of those completed: 182 – Attendance Management: eLearning Update; 186 & 187 – Self Directed Support: Care Plans Actions & Data Reconciliations)

(177, 178 & 179 – Winter Service: Policy Evaluation, Performance Assessment, Cost/Benefit Analysis; 180 – Contract Management: Live Borders; 181 – LGBF Live Borders; 182 & 183 – Attendance Management: eLearning Update, Training Completion; 184, 185, 186 & 187 – Self Directed Support; 188 & 189 – Members Allowances)

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