

APPENDIX 1

AUDIT	2017/18	COMMENTARY	STATUS
Corporate Governance			
Local Code of Corporate Governance / Corporate Governance - annual evaluation and statement 2017/18	40	Ensure SBC's Local Code of Corporate Governance complies with the CIPFA / SOLACE Revised Framework (2016). Continuous audit approach on compliance with the Local Code of Corporate Governance and progress on improvement action plans. Annual evaluation against Local Code of Corporate Governance covering the corporate whole and individual Service Directorates. In connection with local elections involvement in the review of the Scheme of Delegation and Scheme of Administration, and associated Code of Conduct for Members and Members Induction Training.	Revising the Council's Local Code of Corporate Governance to ensure it complies with the CIPFA / SOLACE Revised Framework (2016) completed in 1st Quarter and Revised Local Code approved by Council 24 August 2017; Follow-up ongoing; Annual evaluation scheduled 4th Qtr.
Information Governance	25	Continual Audit approach performing 'critical friend' role through the review of the Information Governance framework including roles and responsibilities, policy development and implementation, and assess progress with implementation of improvement actions. Assess preparedness for General Data Protection Regulations (GDPR) coming into force May 2018.	Ongoing as part of assurance role on the Information Governance Group and the Information Management Team. Assurance Report 4th Qtr.
Performance Management	30	Provide independent validation of performance indicators and benchmarking to support self-assessment and continuous improvement of Council's services, specifically to ensure accuracy of data submitted for Local Government Benchmarking Framework and Corporate Priorities Pls.	Final Report on Local Government Benchmarking Framework (LGBF) issued 15 September 2017; Corporate Priorities audit work scheduled 4th Qtr.
Corporate Transformation	30	Continual Audit approach performing 'critical friend' role plan through input to the planned review and possible refresh of the Corporate Transformation Programme to influence 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.	Final report issued 20 June 2017
Complaints	10	Review and assess arrangements in place for both Corporate and Social Work complaints to provide assurance on whether the complaints process is being applied consistently to enable successful outcomes and realisation of the benefits associated with efficient resolution of complaints.	Final report issued 19 June 2017
Community Engagement	5	Evaluate systems and procedures in place to assist the Council deliver an effective, consistent and integrated approach to engage with and communicate to the community in setting, delivering and reporting on its vision, priorities and plans. Assess Community Empowerment Act implications and extent to which the Council is complying with key elements of the legislation.	Implementation of Community Empowerment Act Final Report issued on 6 November 2017.
	140		

AUDIT	2017/18	COMMENTARY	STATUS
Financial Governance			
Financial Policy Framework	15	Continual Audit approach to assess the Financial Policy Framework established as part of Business World implementation, review progress with update of Financial Regulations and associated policies, procedures and guidelines, and evaluate whether there is a comprehensive programme in place to review, update and develop relevant policies, procedures and guidelines.	Follow-up on areas of improvement as part of assurance roles on the Business World ERP Project Board and other groups; Chief Officer Audit & Risk meets regularly with Chief Financial Officer. Specific review of Petty Cash including Emergency arrangements - Report 3rd Qtr.

Payroll	20	Business World assurance work on Payroll processes; compliance testing of controls at Service level.	Involvement in the independent validation of Payroll data migrated; Substantive testing scheduled 3rd Qtr.
Sales to Cash	20	Business World assurance work on Sales to Cash processes. Review of income management controls in place throughout the Council to set fees and charges for services, raise invoices promptly, and collect debts efficiently resulting in debtors' balances that are complete, accurate and recoverable.	Involvement in the independent validation of Finance data migrated; Substantive testing scheduled 3rd Qtr.
Procurement to Payment	20	Business World assurance work on Procure to Pay. Review of purchase to payment processes at Service level including authorisation to test compliance.	Involvement in the independent validation of Procurement data migrated; Substantive testing scheduled 3rd Qtr.
Record to Report	20	Assurance work on Record to Report processes to determine if expected improved internal financial controls via the business World ERP system are being achieved. Key controls work relating to core General Ledger and Management Reporting.	Involvement in the independent validation of Finance data migrated; Substantive testing scheduled 4th Qtr.
Contract Management	20	Assess governance and internal controls in place over contract monitoring arrangements with third parties including integrated sports and culture trust (Live Borders) and ALEO (SB Cares).	Assurance work underway though slight delay compared to schedule in programme of work - Report 3rd Qtr. Input to Audit Scotland national review of ALEOs.
Revenues (Council Tax)	30	Assess the application of the Council Tax increase in 2017/18 and the legislative changes to the 2017 Council tax multiplier affecting bands E - H. Follow-up testing on completeness and accuracy of Council Tax income associated with the new 2016/17 approved policy on second homes, and key controls introduced including application of discretionary exemptions.	Final Report issued 3 November 2017.
Grants incorporating Following the Public Pound	20	Review of authorisation and monitoring procedures including criteria to evaluate grant applications and monitoring compliance with conditions of grant. Assess process against Following the Public Pound code of practice in support of securing best value.	Scheduled 4th Qtr
	165		

AUDIT	2017/18	COMMENTARY	STATUS
-------	---------	------------	--------

ICT Governance

ICT Contract Management	20	Review of client relationship and contract management with CGI contract to assess compliance with Service Delivery and terms and conditions.	Follow-up ongoing; Assurance work scheduled 4th Qtr
ICT Security	20	Assess the adequacy of the security arrangements including: physical and environmental; disaster recovery; third party access; and operational controls.	Scheduled 3rd Qtr
Public Secure Network (PSN) Compliance	10	Examine the Council's compliance with the requirements of the Public Secure Network (PSN) and progress with implementation of actions required to achieve full compliance. Assess fulfilment of roles and responsibilities within the Council and CGI under contract.	Final Report issued 15 September 2017.
	50		

AUDIT	2017/18	COMMENTARY	STATUS
-------	---------	------------	--------

Internal Controls

Schools	30	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 budgets devolved to head teachers to ensure adherence to DSM standards and practices.	Scheduled 3rd Qtr; sample of schools selected for visits are Peebles, Berwickshire and Selkirk High Schools and Morebattle, Duns and St Boswells Primary Schools.
Community Safety	10	Evaluate the partnership working within Community Safety to ensure responsibilities and accountabilities of partners are clearly defined and to ensure funds are used effectively and economically for the intended purpose to meet local priorities.	Scheduled 3rd Qtr.
Children and Young People Services	20	Continual audit approach and 'critical friend' role to provide independent challenge of the evidence to support self evaluation and improvement arising from the inspection programme. Specific review to assess what controls and processes are in place to ensure safety of children and young people on excursions.	Ongoing 'critical friend' role under development. Specific Review: Schools Excursions Final Report issued 06 September 2017.
Registration Service		Assess compliance with the relevant legislation and adequate controls are in place for registration fees and charges income.	Additional to approved Audit Plan on request by Service Management; Final Report issued 3 November 2017.
	60		

AUDIT	2017/18	COMMENTARY	STATUS
-------	---------	------------	--------

Asset Management

Asset Registers	20	Review of processes and controls Management have implemented to ensure complete and accurate records of all Property, Fleet, and IT assets that underpin Asset Management Plans to deliver Council's strategies, plans and priorities. Review of stock management controls relating to inventory turnover, and prevention and detection of fraud.	Scheduled 3rd Qtr.
Capital Investment	10	Assess progress with implementation of identified improvement actions to ensure compliance with good practice by Accounts Commission - strategic asset management plans; capital planning; review, scrutiny and challenge; capital budget monitoring; delivery of capital programme and projects.	Scheduled 3rd Qtr.

Industrial and Business Premises	20	Assess the corporate governance and financial governance arrangements linked to priorities within the Economic Strategy relating to premises and associated estate management including: strategy; development and implementation of infrastructure; demand analysis; estate management end to end processes from lease agreements, voids, and income management.	Assurance work underway though slight delay compared to schedule in programme of work - Report 3rd Qtr.
Fleet Management	15	Evaluate controls in place to ensure fleet asset records are complete and accurate and fleet replacement decisions represent value for money. Review procurement practices for compliance and consider options for volume / value invoice processing. Consider repair and maintenance processes and supporting evidence associated with insurance claims.	Final Report issued 15 September 2017.
	65		

AUDIT	2017/18	COMMENTARY	STATUS
-------	---------	------------	--------

Legislative & Other

Selkirk Conservation Area Regeneration Scheme (CARS)	10	Review as part of programme compliance and evaluation requirements of the external funders including audit requirements.	Scheduled 3rd Qtr
LEADER	15	Annual audit of EU grant-funded LEADER programme required by the Service Level Agreement between Scottish Ministers (Managing Authority and the Paying Agency) and SBC (Lead Partner for Scottish Borders Local Action Group (LAG)) to assess compliance by SBC with the terms of the SLA.	EU Funded Programmes 2014-2020 LEADER and EMFF Final Report issued 6 November 2017. Audit Assurance Report will be issued to Scottish Government by 13 November 2017 to comply with Audit terms in SLA.
European Maritime Fisheries Fund (EMFF)	15	Annual audit of EU grant-funded EMFF programme under the terms of the SLA and legislative compliance including an assessment of compliance with the requirements of the SLA and the relevant EC Regulations.	
Carbon Reduction	5	Annual audit as part of the requirement under the Carbon Reduction Commitment Energy Efficiency Scheme (CRC) prior to the Council's annual submission to Department of Energy and Climate Change (DECC).	Final Report issued 18 September 2017.
	45		

AUDIT	2017/18	COMMENTARY	STATUS
-------	---------	------------	--------

Consultancy

Advice	20	Provision of ad-hoc Internal Audit advice and assistance on internal controls, risk management and governance in response to requests.	Ongoing
Corporate Transformation Project Boards / Teams (for example): -Digital Transformation Programme (including Benefits Realisation); -Business Intelligence; -Other Project Boards / Teams (for example): - Serious Organised Crime; - Welfare Reform	50	Provision of Internal Audit consultancy activities to support Management in delivering innovation and transformational change and continue to add value to the Council by influencing and offering ways to enhance the governance and internal control environment. In its 'critical friend' role provide: internal challenge as part of strategic and service reviews; quality assurance on a sample of projects involving major change and systems development; and an independent and objective assessment of the evidence to support self-evaluation and improvement.	Ongoing - during first 6 months the Internal Audit function, in adopting its 'critical friend' role, continues to collaborate with the Corporate Performance team to perform independent and objective validation of Services' performance measures and self-assessments within a programme to ensure robust evidence of performance and improvement that demonstrates best value.
	70		

AUDIT	2017/18	COMMENTARY	STATUS
-------	---------	------------	--------

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.	On request and in agreement by Chief Officer Audit & Risk.
Follow-Up	22	Carry out Follow-Up activity to monitor progress with implementation of 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
Counter Fraud	20	Provide intelligence via data sharing requests from Police Scotland, and submission of data sets and case management of data matches arising from National Fraud Initiative (NFI) exercise in liaison with the Corporate Fraud and Compliance Officer as part of the wider assurance framework on counter fraud and crime controls.	Ongoing
	52		

SBC Total	647
-----------	-----

AUDIT	2017/18	COMMENTARY	STATUS
-------	---------	------------	--------

Non SBC

SB Cares	25	Audit Plan to be determined and agreed with SB Cares Board and Management for review of the adequacy of the arrangements for risk management, governance and control of SB Cares. Annual audit assurance opinion to be reported to SB Cares Management and Board.	SB Cares Internal Audit Annual Plan 2017/18 approved by SB Cares Board on 26 May 2017 following consultation with SB Cares Management Team.
Scottish Borders Pension Fund	5	Reliance on work over the SBC systems and controls in place which covers the same systems for the Pension Fund for assessment of the governance of Pension Fund. Annual audit assurance opinion to be reported to Pension Fund Committee and Board.	Attendance at Pension Fund Committee and Board; Assurance audit work and input to Annual Governance Statement scheduled in 4th Quarter.

Scottish Borders Health and Social Care Integration Joint Board	35	Audit Plan to be determined and agreed by the Scottish Borders Health and Social Care Integration Joint Board (IJB) for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources. Annual audit assurance opinion to be reported to IJB Chief Officer and Chief Financial Officer, Audit Committee and Board.	Scottish Borders Health and Social Care Integration Joint Board (IJB) Internal Audit Annual Plan 2017/18 approved by IJB Audit Committee on 27 March 2017. In respect of joint services, assurances will be sought as appropriate from partner internal audit service providers (e.g. NHS Borders - PwC; SBC - SBC IA).
	65		
Overall Total	712		