
INTERNAL AUDIT WORK TO MARCH 2023

Report by Chief Officer Audit and Risk

AUDIT COMMITTEE

10 May 2023

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 January to 31 March 2023 associated with the delivery of the approved Internal Audit Annual Plan 2022/23 is detailed in this report. A total of 10 final Internal Audit reports have been issued. There were 4 recommendations made associated with 2 of the reports (4 Medium-rated; 0 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 January to 31 March 2023 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 January to 31 March 2023 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:
- Business Planning, Budget Setting, Monitoring & Reporting (and Workforce Planning)
 - Procurement to Payment
 - Benefits Assessments
 - Jedburgh Conservation Area Regeneration Scheme (CARS)
 - Economic Development Funded Programmes - UK Community Renewal Fund
 - Mental Health Services (Adults and Children) (b/f from 2021/22)
 - Sustainable Environment (Climate Change)
 - Protective Services (Private Water Supplies)
 - IT Systems Maintenance & Support
 - Information Governance
- 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 Levels of Assurance for Audit Engagements 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.

Internal Audit Consultancy and Other Work

4.6 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) Commenced the process to consider the governance within organisations which constitute significant partnering arrangements from the Council's perspective, and completed the initial mapping exercise. Further analysis will be undertaken in 2023/24 as part of Internal Audit planned assurance work.
- c) Continuous audit work as a 'critical friend' on the development of a revised Performance Management Framework for the Council led by the Corporate Performance & Improvement Team. Significant activity includes:
 - The commencement of Service level self-assessment using questionnaires based on the Improvement Service's PSIF, that will ultimately culminate in the production of Service Improvement Plans.
 - Continuing to work with Services to develop a refreshed set of public performance indicators that link through to the new Council Plan, which will be presented in a clear and easy to digest format.
 - The ongoing development of benchmarking across all Services through the identification of suitable sources for benchmarking information.
- d) Continuous audit oversight of the Fit for 2024 Transformation Programme, the purpose of which was to enable the Council to respond to unprecedented challenge (ranging from customer expectations to demography to digital transformation) and, above all, to a financial imperative. Having regard to the transition from the Fit for 2024 Transformation Programme to the Digital Transformation Programme and the associated changes in governance arrangements, further assessment will be undertaken in 2023/24 as part of Internal Audit planned assurance work.

- e) Completed an Internal Audit consultancy review of the sufficiency of the Council’s Whistleblowing Policy requested by the Chief Executive in connection with the Independent Inquiry Action Plan. The findings of the review concluded that the Whistleblowing Policy set out in Appendix 2 of the Code of Conduct for Employees of Scottish Borders Council meets the requirements of the national counter fraud standard CIPFA’s Code of Practice on ‘Managing the Risk of Fraud and Corruption’ published in December 2014. Some enhancements might provide the opportunity to raise awareness of the Policy and encourage use of the process. The Integrity Group, as part of its remit to oversee the Council’s counter fraud policy framework, should consider the findings within the Internal Audit Consultancy Report, agree any actions required to enhance arrangements, and monitor their implementation. The next scheduled meeting of the Integrity Group is in June 2023.
- f) 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.
- g) 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 ‘HIA Annual Opinion’, ‘Internal Audit Plan’ and ‘2023 from an Internal Audit Perspective’. 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 to take into account within Internal Audit work.
- h) All team members engaged in an in-person Audit and Risk Away Day on 8 March 2023 at Council HQ. This provided the opportunity to review risk management, counter fraud and internal audit policies, strategies, procedures and practices, consider PSIAS Self-Assessment 2022/23 and the Quality Assurance and Improvement Plan (QAIP), and to develop Service Improvement Actions for 2023/24.

Recommendations

4.7 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:

<p>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.</p>
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<p>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.</p>
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<p>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.</p>

<p>Outwith the report, Internal Audit informs operational managers about other matters as part of continuous improvement.</p>

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

	2022/23 Number of Recs
High	0
Medium	4
Low	0
Sub-total reported this period	4
Previously reported	22
Total	26
Recommendations agreed with action plan	26
Not agreed; risk accepted	0
Total	26

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.

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. The Internal Audit review on Sustainable Environment (Climate Change), the Executive Summary of which is referenced within the Appendix 1, assessed the governance arrangements in place and action plan to progress towards achieving its objectives and fulfil its climate change obligations.

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 Directors relevant to the Internal Audit reports issued have signed off the relevant Executive Summary within Appendix 1.

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
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Background Papers: Appropriate Internal Audit files

Previous Minute Reference: Audit Committee 13 February 2023

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: Business Planning, Budget Setting, Monitoring and Reporting (and Workforce Planning)</p> <p>No: 035/009</p> <p>Date issued: 14 April 2023 Draft; 26 April 2023 Final</p> <p>Level of Assurance: Substantial (Business Planning; People Planning); and Comprehensive (Budget Setting, Monitoring and Reporting)</p>	<p>A combination of two Council-wide audits, the purpose of which was at a high level to ensure financial, people and 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 that there is transparency of reporting to Elected Members, and the approach to workforce development and succession planning enables the provision of the skills, knowledge and competency requirements for service delivery to meet the Council's objectives.</p> <p>The Council undertakes extensive financial and people planning developed in consultation with stakeholders. In the absence of business plans the connection between the strategic objectives and priorities, set out in the Council Plan, and operational service activity and planning is less clear. Management have agreed to reintroduce Departmental Delivery Plans for 2023/24.</p> <p>Systems and procedures for preparing, monitoring and controlling the budget, including efficiency savings are well established, timely and robust. A clearly defined process is in place for setting the Council's budget, which includes engagement with staff, partners, stakeholders and the Scottish Borders community. The Council has over a number of years recognised the benefits of employing a longer term approach to financial planning, which includes working closely with Service Managers. This approach has resulted in Scottish Borders Council being in a better financial position than many other local authorities in Scotland.</p> <p>The Financial Regulations set out the roles and responsibilities in relation to budgets for Directors and place the onus on them to deliver services within budget; in practice this responsibility is normally discharged at Tier 6 and Service Manager levels.</p>	0	0	0	Management from HR and Finance have accepted the factual accuracy of the relevant sections of the report and its findings.

Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
Subject: Business Planning, Budget Setting, Monitoring and Reporting (and Workforce Planning) (cont'd)	<p>Elected Members of the Executive Committee receive a revenue budget monitoring report at Service level by Directorate with relevant commentary on a quarterly basis. The report includes progress with the achievement of savings. Officers are available at meetings to which reports are presented to answer any questions that Committee Members may have. The reports are also available on ModernGov for transparency.</p> <p>No up-to-date Workforce Strategy is in place; however, a revised draft Strategy will be prepared by the end of June 2023, which is later than anticipated to capture recent discussions on a Target Operating Model. The new approach to People and Succession Plans was introduced to all Services in October 2022. At the time of the audit approx. 90% of Service areas have a People Plan and 75% have a Succession Plan, though work is ongoing to ensure Plans are developed for all Service areas.</p> <p>Internal Audit are able to provide Substantial assurance in respect of business planning and people planning, and Comprehensive assurance in respect of budget setting, monitoring and reporting.</p> <p>Required developments in respect of business and people planning has been recognised by senior management and are ongoing: to reintroduce business plans to demonstrate alignment with the Council Plan consistently for all Service areas; and to ensure People and Succession Plans are in place for all Service areas and there is an up-to-date Strategy. Minor improvements in response to feedback received from Budget Holders are being progressed by the Finance Team, as well as further support and updating Guidance to ensure these reflect current practices.</p> <p>Accordingly, Internal Audit made no recommendations though will follow-up these Management Actions during 2023/24.</p>				

Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
<p>Audit Plan Category: Financial Governance</p> <p>Subject: Procurement to Payment</p> <p>No: 078/016</p> <p>Date issued: 31 March 2023 Draft; 14 April 2023 Final</p> <p>Level of Assurance: Comprehensive</p>	<p>The purpose of the audit was to review implementation of Contract and Supplier Management System and perform assurance work on Procurement to Payment processes, including key controls to prevent fraud and error.</p> <p>The following examples of good practice were found:</p> <ul style="list-style-type: none"> • Policies and documents are comprehensive, well designed and controlled. • Contracts risks are identified at the project stage and managed by the individual Service. <p>The Contract and Supplier Management System is currently under Management review to consider options. This has limited the analysis of this area during the audit, no related recommendations were made, and it has not been considered in assurance rating.</p> <p>Comprehensive policies, document and training were in evidence together with dedicated procurement team and additional assurance checks are in place. In addition, Scotland Excel noted during the most recent Procurement and Commercial Improvement Programme (PCIP) assessment in 2018/19 <i>"it is apparent the team has a clear understanding of what is required to continue on an upward curve of development, whilst maintaining current high performance."</i></p> <p>The procurement pipeline plan is well designed with clear engagement with Services. Contract risks are identified throughout the process and are managed by the Services as part of contract management. There are processes in place to identify any purchase orders over £5,000 that do not have a contract.</p> <p>The previous recommendation relating to Petty Cash is currently in progress. All other recommendations specific to procurement to payment have been completed satisfactorily.</p> <p>Internal Audit are able to provide comprehensive assurance. Sound risk, control, and governance systems are in place.</p>	0	0	0	Management have accepted the factual accuracy of the report and its findings, and will continue to implement the previous recommendation in accordance with recent discussions.

Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
<p>Audit Plan Category: Internal Controls</p> <p>Subject: Benefits Assessments</p> <p>No: 085/011</p> <p>Date issued: 10 March 2023 Draft; 19 April 2023 Final</p> <p>Level of Assurance: Substantial</p>	<p>The purpose of the audit was to 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, including key controls to prevent fraud and error, and management information and reporting to ensure transparency.</p> <p>Throughout the Covid-19 pandemic, the Scottish Government has provided funding and guidance to assist individuals who are suffering from financial hardship as a direct result of the pandemic. Various funding streams were established at differing points of the pandemic journey. Local Authority frontline staff have been at the sharp end of administering these and credit should be given to them for their resilience in coping with an ever changing, and evolving, situation.</p> <p>When Scottish Government introduced the funding streams (this sample: Tenant Hardship Fund, Poverty Inclusion Fund, Cost of Living Payments, and Self-Isolation Grant) each one had criteria set which the claimant had to meet prior to an award of payment.</p> <p>Internal Audit noted an improvement in the administration of these Scottish Government Grants since our previous audit. In response to a previous Internal Audit recommendation, the History Sheet has been developed and was used in one of the 4 Grants (Cost of Living Payments). The other 3 Grants had been started before the History Sheet was introduced.</p> <p>Internal Audit are able to provide Substantial assurance. All payments tested were found to be accurate, across the 4 funding streams. Largely satisfactory risk, control, and governance systems are in place. There is some scope for improvement in both showing a clear audit trail of the sequence of events (documenting key information, events and decisions made), and making payments more timeously.</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 & Compliance</p> <p>Subject: Jedburgh Conservation Area Regeneration Scheme (CARS)</p> <p>No: 154/030</p> <p>Date issued: 10 February 2023 Draft; 24 February 2023 Final</p> <p>Level of Assurance: Substantial</p>	<p>The purpose of the audit was at a high level to assess compliance with requirements, including audit requirements, set by external funders.</p> <p>Jedburgh Conservation Area Regeneration Scheme (CARS) Partnership Project between Historic Environment Scotland (HES) and Scottish Borders Council (SBC) started in 2017/18. Its purpose: to undertake heritage and conservation based regeneration activities within Jedburgh town centre over a five-year period from 2017 to 2022.</p> <p>This is 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 £1.0645m jointly funded by HES (£909.5k) and SBC (£155k revenue funded).</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 which were in operation.</p> <p>Budget monitoring reports are produced monthly which cover a variety of budget areas including Jedburgh CARS. The Project Officer maintains a separate financial spreadsheet that records expenditure for grants on the basis of offers made to overcome the timing differences between grant offer and claim by Grantees.</p> <p>Internal Audit are able to provide assurance of substantial compliance with the scheme rules and the HES contract. Largely satisfactory risk, control, and governance systems are in place.</p>	0	0	0	<p>Management have accepted the factual accuracy of the report and its findings.</p> <p>The submission to Historic Environment Scotland, on 31 January 2023, included the assurance conclusions from this Internal Audit report within an Accountant's Report (Appendix 1) and the Abstract Accounts 2021/22 and 2022/23 to take account of late finishing projects (Appendix 2) for Jedburgh CARS.</p>

Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
<p>Audit Plan Category: Legislative & Compliance</p> <p>Subject: Economic Development Funded Programmes - UK Community Renewal Fund</p> <p>No: 154/032</p> <p>Date issued: 10 February 2023 Draft; 20 March 2023 Final</p> <p>Level of Assurance: Substantial</p>	<p>The purpose of the review was to audit grant-funded programmes to assess compliance with the requirements of the Funding Agreements and relevant regulations.</p> <p>The Community Renewal Fund comprises £220m government funding which is being distributed pursuant to Section 50 of the United Kingdom Internal Market Act (UKIM) 2020. In 2021, lead authorities invited bids from eligible project applicants, appraised them and submitted a shortlist to the Cities and Local Growth Unit (CLGU). CLGU assessed and selected which projects should proceed, based on published assessment criteria. Department for Levelling Up Housing and Communities (DLUHC) provided funds to the lead authorities for the selected projects in their locality, via a grant funding agreement.</p> <p>The Grants Team within Resilient Communities directorate has applied management and administration arrangements based on the stringent requirements set out for EU LEADER Grants. This decision has ensured compliance with the UK Government Assurance Framework issued in August 2022, two months after the scheme officially concluded, in all significant respects.</p> <p>The conditions for the scheme are set out in Funding Agreement. The Agreement in conjunction with audit instructions covers funding agreements, separation of function, project monitoring, expenditure, risk, procurement, conflict of interest, state aid / subsidy control, and counter fraud.</p> <p>Internal Audit are able to provide Substantial assurance. Effective governance, management processes, and administration are in place for the UK Community Renewal Fund and adequate arrangements to ensure compliance with the relevant Funding Agreement and applicable Regulations. Appropriate controls are in place over the administration of grant claims in respect of reimbursement of project and management costs for projects within the UK Community Renewal Fund.</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: Internal Controls</p> <p>Subject: Mental Health Services (Adults and Children) (b/f from 2021/22)</p> <p>No: 177/008</p> <p>Date issued: 20 February 2023 Draft; 20 March 2023 Final</p> <p>Level of Assurance: Limited</p>	<p>The purpose of the audit at a high level was to 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. The focus was on how the Council discharges its duties set out in relevant sections of the Mental Health (Care and Treatment) (Scotland) Act 2003.</p> <p>Roles and responsibilities, accountability, and risk management and mitigation within the mental health provision for which the Council is responsible are unclear. A Mental Health Board is in place and meets regularly, although the Council is not adequately represented at meetings. The Chief Social Work Officer does not receive adequate management and performance information to ensure that the Council's statutory duties are being met.</p> <p>Internal Audit are able to provide Limited assurance in respect of the governance, roles and responsibilities, and management and performance information of mental health service delivery (adults and children) within the Council's operations.</p> <p>Internal Audit have made the following recommendations:</p> <ul style="list-style-type: none"> • Management should ensure that the revised Mental Health Services governance arrangements are adequate and put in place in order to improve governance within the Council's provision, including appropriate representation at relevant Board meetings for monitoring and oversight. (Medium) • Performance and management information should be made available to the Chief Social Work Officer on a regular basis, in order to provide assurance to the Council that statutory obligations regarding Mental Health Services are met. (Medium) 	0	2	0	<p>Management have accepted the factual accuracy of the report and its findings, and have agreed to implement the recommendations.</p> <p>This assurance audit is relevant to the Integration Joint Board and its function as strategic commissioner of Health and Social Care services in the Scottish Borders.</p> <p>Audit Scotland is carrying out a performance audit on mental health services including Scottish Borders as a case study. The report is expected to be published in Autumn 2023.</p>

Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
<p>Audit Plan Category: Legislative & Compliance</p> <p>Subject: Sustainable Environment (Climate Change)</p> <p>No: 202/013</p> <p>Date issued: 07 April 2023 Draft; 28 April 2023 Final</p> <p>Level of Assurance: Substantial</p>	<p>The purpose of the audit was to assess progress with arrangements and action plans to meet obligations regarding sustainable environmental programmes, including corporate and social responsibility.</p> <p>The Climate Change (Scotland) Act 2009 set economy-wide (not organisational) emissions reduction targets. It introduced a statutory requirement for public bodies to undertake 'climate change duties' and to operate in the way best calculated to contribute to delivering these targets and to help meet any Scottish programme for adapting to the impacts of a changing climate. The Scottish Government voted in 2019 to require a 75% cut in greenhouse gas emissions by 2030 (compared to a 1990 baseline) and it set a net-zero emissions target for 2045. Scottish Borders Council decided to make the Council's activities net carbon zero by 2045.</p> <p>The Climate Change Route Map (CCRM) sets out the direction for the Council and its partners and communities to move to a net zero emissions Scottish Borders economy by 2045, and was approved by Council on 10 March 2022. The CCRM has been distilled into 5 themes, each with its own action plan, and progress is ongoing with the delivery of actions and outcomes by the Sustainability Operational Group. Actions and outcomes are continually monitored, subject to review and are reported to the Sustainability Board and relevant Committee for transparency.</p> <p>The Sustainable Development Committee has been removed from the Scheme of Administration with responsibilities remitted to the Council's Executive Committee. Its Members continue to operate as a cross-party reference & consultative group (the 'Sustainability Members Reference Group'). Its Terms of Reference were being developed to provide oversight and scrutiny of the Council's strategies, plans, policies and actions regarding tackling climate change and promoting sustainable environmental practices.</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	
Subject: Sustainable Environment (Climate Change)	<p>Climate Change was identified in 2015 as a corporate risk, and was revisited following the Council’s Declaration of a Climate Change Emergency in 2020. This risk, which underpins the Council Plan and the specific ‘Clean, Green Future’ outcome, is reviewed quarterly by relevant senior officers and the appropriate Director. A number of mitigation actions are being pursued to manage and minimise this risk as far as is possible. Furthermore, risks and mitigations are considered by the Sustainability Board of officers.</p> <p>The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020 (applicable November 2022) requires local authorities and other major public bodies to report to Scottish Ministers in November each year in respect of the preceding financial year on what they have done to comply with their duties. Good progress has been made on resources, skills, and processes to ensure the Council fulfils its obligations and regulatory reporting requirements. The report was submitted on time although gaps in the reporting information still remain. The Climate Change Officer along with the Sustainability Board are seeking to provide further information to reduce the gap. The Sustainable Scotland Network (SSN) submission also indicated that the peer validation process did not take place. It is the intention of the Climate Change Officer to carry out a peer validation exercise with another rural local authority for the next report. Accordingly, the due dates of the two previous Internal Audit recommendations have been extended.</p> <p>Internal Audit considers that the level of assurance is Substantial, with largely satisfactory risk, control, and governance systems in place. Internal Audit made no further recommendations, although it might be beneficial to review committee reports in order to gauge whether decision making adequately considers tackling climate change and promoting sustainable environmental practice.</p>				

Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
<p>Audit Plan Category: Internal Controls</p> <p>Subject: Protective Services (Private Water Supplies)</p> <p>No: 207/005</p> <p>Date issued: 18 April 2023 Draft; 28 April 2023 Final</p> <p>Level of Assurance: Substantial</p>	<p>The purpose of the audit was to review the Private Water Supply processes to ensure that statutory obligations are met and risks are appropriately managed.</p> <p>The following example of good practice was identified:</p> <ul style="list-style-type: none"> Comprehensive procedures, training/shadowing and staff briefings are in place to assist staff with the complex legislation and sampling process. <p>The sampling of private water supplies is improving but is not quite meeting statutory requirements at 87.8% (331 of 377). Completion of risk assessments needs considerable improvement. An up to date register of all supplies is in place. The annual return to Scottish Government was made timeously.</p> <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 in carrying out risk assessments and budget setting as current arrangements could undermine the achievement of objectives.</p> <p>Internal Audit made the following recommendations:</p> <ul style="list-style-type: none"> Management should continue to pursue all avenues of improvement to reduce or minimise the administrative burden to technical officers to allow the required amount of samples and risk assessments to be carried out to meet statutory requirements; and develop a Service Improvement Plan to achieve this. (Medium) Management should review its Service charges and associated income targets to ensure they are achievable. (Medium) 	0	2	0	Management have accepted the factual accuracy of the report and its findings, and have agreed to implement the recommendations.

Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
<p>Audit Plan Category: IT Governance</p> <p>Subject: IT Systems Maintenance and Support</p> <p>No: 233/026</p> <p>Date issued: 18 April 2023 Draft; 28 April 2023 Final</p> <p>Level of Assurance: Substantial</p>	<p>The purpose of the audit was to review the controls in place to ensure new developments in systems are adequately tested and implemented in a timely manner to ensure business requirements are met, including ongoing ownership of support and maintenance.</p> <p>Based on a sample of six systems the audit findings were:</p> <p>Good working processes and collaboration with colleagues when upgrades are required.</p> <p>Reasonable administrative arrangements for the core system security including suitable password controls and data integrity processes. Some minor improvements required in system housekeeping processes, although the majority of leavers had been made inactive. The Information Management Team holds a central record of DPIAs, although it is recognised that it needs to be updated and requires further awareness across relevant staff.</p> <p>Good participation in the System Admin Review.</p> <p>Some progress with relevant previous audit recommendations.</p> <p>Discussions during the course of the audit indicated that engagement would continue through the Information Governance Group (IGG) to enhance awareness of Data Protection Impact Assessments (DPIA) and Security Impact Assessments (SIA) requirements, noting that the DPIA is a business responsibility. This area will be included in future audits involving IT systems.</p> <p>Internal Audit are able to provide Substantial assurance. Largely satisfactory risk, control, and governance systems are in place. Management Actions are underway on the areas for improvement including regular system housekeeping tasks, DPIA requirements, and implementation of previous audit recommendations.</p> <p>No recommendations were made.</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: Corporate Governance</p> <p>Subject: Information Governance</p> <p>No: 236/016</p> <p>Date issued: 12 April 2023 Draft; 26 April 2023 Final</p> <p>Level of Assurance: Substantial</p>	<p>The purpose of the review was to examine the Information Governance Framework including roles and responsibilities, policy development and implementation, and compliance with legislation, and provide assurance to Senior Information Risk Owner (SIRO).</p> <p>Information Governance: The Information Governance Group (IGG) meets quarterly to monitor improvement actions through a Tracker. The Risks in IGG Risk Register are linked to improvement actions and reviewed appropriately. IGG launched an integrated Information Management awareness e-Learning course in June 2022, and monitor quarterly the completion stats of the course.</p> <p>Records Management: The Council is progressing actions to bring all the elements of its records management arrangements into full compliance with the Act and fulfil the Keeper's expectations. Review of Records Management Policy underway (updated in 2021) to capture archiving permanent records.</p> <p>Information Security and Information Sharing: The Council's PSN accreditation was renewed successfully in May 2022; the PSN compliance certificate with the Cabinet Office is to 16 May 2023. The existence of data sharing agreements is recorded on the Information Asset Registers maintained within Services, overseen by Information Management Team. IGG considers Security Incident reports quarterly to determine any lessons learned.</p> <p>Data Protection and Information Access: FOI/EIR guidance and procedure have been amended. Information Access reports and Data Breach reports are monitored by IGG quarterly to check performance and determine any actions required.</p> <p>Internal Audit are able to provide Substantial assurance. There is scope for improvement, specifically to ensure that the mandatory training completion rate is achieved and information management documents are up-to-date and published. Management actions are underway, therefore no recommendations were made.</p>	0	0	0	<p>The Senior Information Risk Owner (SIRO) has accepted the factual accuracy of these findings.</p> <p>The Executive Summary will be presented to the Information Governance Group of Officers at its next scheduled meeting on 17 May 2023.</p> <p>The IGG will oversee implementation of further improvements.</p>