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## **INTERNAL AUDIT WORK TO DECEMBER 2023**

**Report by Chief Officer Audit and Risk**

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### **AUDIT COMMITTEE**

**12 February 2024**

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#### **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 28 October to 31 December 2023 associated with the delivery of the approved Internal Audit Annual Plan 2023/24 is detailed in this report. A total of 6 final Internal Audit reports have been issued. There were 8 recommendations made associated with 4 of the reports (0 High-rated; 1 Medium-rated; 7 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 relating to with work Internal Audit has carried out in the period from 28 October to 31 December 2023 (Appendix 1) associated with the delivery of the approved Internal Audit Annual Plan 2023/24;**
  - b) Notes the Internal Audit Consultancy and Other Work carried out in accordance with the approved Internal Audit Charter;**
  - c) Acknowledges the assurance provided on internal controls and governance arrangements in place for the areas covered by this Internal Audit work; and**
  - d) Approve the minor amendments to the Internal Audit Annual Plan 2023/24, as set out in paragraph 4.9.**

### 3 BACKGROUND

- 3.1 The Internal Audit Annual Plan 2023/24 was approved by the Audit Committee on 13 March 2023. 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, an Audit Assignment detailing the scope, objectives and timing is agreed with the relevant Director and Service Management; at the conclusion of the fieldwork, a Draft Report is issued to the relevant Director and Service Management for response on the factual accuracy and acceptance of the findings and recommendations, as appropriate; and a Final Report is then issued.

### 4 PROGRESS UPDATE

- 4.1 Internal Audit has carried out the following work in the period from 28 October to 31 December 2023 associated with the delivery of the Annual Plan 2023/24.
- 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:

- Record to Report (R2R)
- Sales to Cash
- Schools Financial and Business Administration Processes
- Scottish Government Community Led Local Development (CLLD) Fund
- Flood Protection
- IT Environmental & General Controls

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
Full assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied, to support the achievement of objectives. Minor improvements might be required.
Substantial assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives.
Moderate assurance	Whilst there is a system of governance, risk management and control in place, there are weaknesses in the system that leaves some risks not addressed, and there is evidence of non-compliance with some of the controls.
Limited assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives.
No assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives.

## 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 2023/24 consists of the following:

<b>Audit Area</b>	<b>Audit Stage</b>
Cost of Living Crisis Support ( <i>originally Benefits Assessments audit in Plan split into 2</i> )	Testing further information provided
Sustainable Environment - Climate Change	Initial discussions on findings/observations with Sustainability Board of Officers
Staff Recruitment and Retention	Testing underway
UK Government Shared Prosperity Fund	Testing underway
Management of Capital Programme and Projects	Testing underway
Corporate Transformation Programme	Planning the Engagement

## Changes to Internal Audit Planned Assurance Work

- 4.7 It was highlighted within the cover report for the Internal Audit Strategy and Annual Plan 2023/24 that “the Plan should be considered to be flexible and will be periodically reviewed, and amended as required, to reflect any new arrangement or changing risks and priorities. Any amendments relating to the Council will be brought to Council Management Team and the Audit Committee for approval.”

- 4.8 The planned Financial Governance assurance audit on ‘VAT’ has been removed from the Internal Audit Annual Plan 2023/24 and deferred to 2024/25 in agreement with the Director Finance & Procurement. The associated Commentary in the Plan is:

“Review of the VAT treatment of supplies and services made by the Council to customers.”

This change to the timing of Internal Audit assurance work is to avoid over-burdening the Income & Reconciliations team in the Finance Service with more than one audit in-year, and will not impair the Internal Audit assurance work required to inform the Chief Officer Audit & Risk’s annual audit opinion. This will allow the Income & Reconciliations team to focus on the implementation of the recommendations to improve debt management practices, arising from the recent Sales to Cash audit.

- 4.9 The following minor amendments have been made to assurance audits in the Internal Audit Annual Plan 2023/24 to ensure each audit engagement reflects the specific risks and areas of assurance required by the relevant Directors and Service Managers consistent with the Council’s objectives:

- Staff Recruitment and Retention (*2 separate audit engagements re-integrated to one audit as originally set out in Plan to align with progress with change activity*)
- Residential Care Homes Administration Processes (*added to 2023/24 Plan on request; originally in Plan 2022/23 deferred in agreement with Director*)

This demonstrates the increased emphasis on our agile approach to design risk-based audit engagements that determine the priorities of the Internal Audit activity in the Plan on a rolling basis throughout the year.

## Internal Audit Consultancy and Other Work

4.10 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 change programmes and projects (Fit for 2024 / Digital Transformation Programme Boards, Information Governance Group, Sustainability Board, and Digital Security Board).
- b) Continuous audit work as a 'critical friend' in the development of a property asset management review activity led by the Infrastructure & Environment directorate. Significant activity included the working group.
- c) Carried out a specific review of the controls over the consumption of utilities (energy and water), as part of Property Asset Management assurance, to confirm on a sample basis that utility bills at the time of payment relate to property that form part of the Council's estate.
- d) Quarterly updates to Council Management Team on the status of in-progress Internal Audit recommendations to ensure senior management oversight of progress with their implementation to demonstrate continuous improvement. The Follow-Up Review of In Progress Internal Audit Recommendations as at Q3 2023/24 is presented as a separate report to the Audit Committee this cycle, as requested.
- e) The Chief Officer Audit & Risk is the Chair of the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG), a member of the Chartered Institute of Internal Auditors (CIIA) Local Authority Forum, and a member of the Heads of Internal Audit and Risk UK Forum, which provide the opportunity to share good practice and to keep knowledge of new Internal Audit developments up to date. The virtual CIIA webinars in recent months covered the topics of 'Global Internal Audit Standards', 'Digital Services' and 'Review of 2023'. Others in the Internal Audit team are members of relevant specialist practitioners' forums, including Data Analytics, Counter Fraud, and Computer Audit.
- f) The Chief Officer Audit & Risk delivered a presentation on 30 October 2023 covering an 'Overview of Role of Internal Audit' to members of the Audit Committee to assist their knowledge and understanding.
- g) Internal Audit team members joined virtual Data & Information Strategy stakeholder sessions led by SBC project managers in late October 2023.

## Recommendations

4.11 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:

<b>High:</b> Significant weakness in existing controls, leaving the Council or Service open to a very high risk of not achieving its strategic objectives or evidencing best value, 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 Director Assurance Statement on Internal Control and Governance.
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<b>Medium:</b> Substantial risk of not achieving its strategic objectives or evidencing best value, requiring reasonably urgent action within three months of formally raising the issue.
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<b>Low:</b> Moderate risk of not achieving its strategic objectives or evidencing best value, 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 the attention of Senior Management.
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Outwith the report, Internal Audit informs operational managers about other matters as part of continuous improvement.
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4.12 The table below summarises the number of Internal Audit recommendations made during 2023/24:

	2023/24 Number of Recs
High	0
Medium	1
Low	7
<b>Sub-total reported this period</b>	<b>8</b>
Previously reported	10
<b>Total</b>	<b>18</b>
Recommendations agreed with action plan	18
Not agreed; risk accepted	0
<b>Total</b>	<b>18</b>

## 5 IMPLICATIONS

### 5.1 Financial

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

### 5.2 Risk and Mitigations

During the development of the Internal Audit Annual Plan 2023/24 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 during discussions with the Corporate Risk Officer. The agreed Internal Audit recommendations are linked to relevant risks and risk registers in the Pentana system.

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

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).

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.

The Internal Audit Strategy for 2023/24 has been amended to include integrated impact assessment compliance into all assurance audits as a cross-cutting risk to provide assurance that the underlying controls and processes in all Services are operating as intended to demonstrate the Council is fulfilling its Equality Duty and Fairer Scotland Duty.

### 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 Charter, and the Internal Audit Strategy and Plan 2023/24. 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.

The Internal Audit Strategy for 2023/24 has been amended to include integrating climate change into all assurance audits as a cross-cutting risk to provide assurance that the underlying controls and processes in all Services that support climate change commitments, plans and programmes are operating as intended.

During 2023/24 the Internal Audit function has adopted a continuous audit approach, including observation of the Sustainability Board, to assess the Council's governance arrangements and progress with the Climate Change Route Map Priority Actions to meet the Council's 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.

6.2 The Council Management Team have been consulted on this report by email on 31 January 2024 to acknowledge its content, assurance and actions therein.

6.3 The Director of Finance & Procurement, Director of Corporate Governance (and Monitoring Officer), Director of People Performance and Change, and Communications team have been consulted on this report by email as required practice.

### 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
Scott Pow	Principal Internal Auditor

**Background Papers:** Appropriate Internal Audit files

**Previous Minute Reference:** Audit Committee 13 November 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](mailto:intaudit@scotborders.gov.uk)

Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
<p>Audit Plan Category: Financial Governance</p> <p>Corporate Risk: none - Core financial system</p> <p>Subject: Record to Report (R2R)</p> <p>No: 073/006</p> <p>Date issued: 19 January 2024 Draft; 30 January 2024 Final</p> <p>Level of Assurance: Substantial</p>	<p>The purpose of the audit was to review Record to Report (R2R) processes, including controls within the core General Ledger system and Management monitoring and reporting.</p> <p>It is essential that the General Ledger provides a complete and accurate record of financial transactions over time as it holds the information required to prepare financial statements as well as providing the basis for budget monitoring.</p> <p>Internal Audit tested the end to end processes and associated key controls to ensure that sufficient functionality currently exists to provide Management with assurance over the correct operation of the Business World Record to Report (R2R) module.</p> <p>The following examples of good practice were found:</p> <ul style="list-style-type: none"> <li>• Bank and Feeder System reconciliations are completed and independently reviewed on a regular basis.</li> <li>• Control account balances in the trial balance agree with the balances in Accounts Payable and Accounts Receivable.</li> </ul> <p>Budget holders currently receive the primary information they require to manage their budgets via the monthly forecast reports issued, with some budget holders also having access to the Financial Information Centre Dashboard (FIC) on a prioritised basis, as licences are limited in number. The Business World ERP system will migrate to the cloud environment in the foreseeable future at which point FIC will be replaced with the Financial Plan Analysis (FPA) tool. Therefore, Internal Audit did not review FIC.</p> <p>Internal Audit are able to provide Substantial assurance. There is a generally sound system of governance, risk management and control in place. Some minor issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives.</p> <p>Internal Audit have made the following recommendation:</p> <ul style="list-style-type: none"> <li>• Suspense accounts should be clearly identified and designated as such to assist with their regular clearance. (Low)</li> </ul>	0	0	1	Finance Management have checked the factual accuracy of the report, accepted its findings, and agreed to implement the recommendation.


Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
<p>Audit Plan Category: Financial Governance</p> <p>Corporate Risk: none - Core financial system</p> <p>Subject: Sales to Cash</p> <p>No: 086/017</p> <p>Date issued: 28 November 2023 Draft; 18 December 2023 Final</p> <p>Level of Assurance: Moderate</p>	<p>The purpose of the audit was to review the 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.</p> <p>The following examples of good practice were found:</p> <ul style="list-style-type: none"> <li>• Segregation of duties exists within the Service.</li> <li>• A positive approach to improvement opportunities and actions.</li> </ul> <p>Within the Income &amp; Reconciliations Team there is a good working policy. Our fieldwork found evidence of monthly Team meetings where discussions were held relating to the recovery actions needed, and evidence of the annual Write Off report for the Executive Committee in accordance with the Financial Regulations. The testing of Invoices identified Services where timeliness of correct action being taken was not consistent with Debt Recovery policy. The SB Learn training course needs updating to reflect current policy, systems, and practices.</p> <p>Internal Audit are able to provide Moderate assurance. Whilst there is a system of governance, risk management and control in place, there are weaknesses in the system that leaves some risks not addressed, and there is evidence of non-compliance with some of the controls.</p> <p>Internal Audit have made the following recommendations:</p> <ul style="list-style-type: none"> <li>• The existing Debt Recovery policy should be reviewed for relevance and published to ensure awareness of expected practices across the Council. (Low)</li> <li>• A formal monitoring process should be established to notify Services whose invoices do not conform to policy. (Low)</li> <li>• The Service Manager should develop a performance framework giving a systematic approach to measuring, managing and improving the performance of the debt recovery process. (Low)</li> <li>• SB Learn training on Debt Recovery should be updated to align to current policy and practices. This should include a process for monitoring completion of the course by relevant staff. (Low)</li> </ul>	0	0	4	<p>Management in the Finance Service have confirmed the factual accuracy of the report, accepted its findings, and agreed to implement the recommendations.</p> <p>There is a strong commitment within the Income &amp; Reconciliations team in the Finance Service to implement these recommendations to improve debt management practices, and work is already underway to achieve this.</p>



Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
<p>Audit Plan Category: Internal Controls</p> <p>Corporate Risk: none - key controls in Schools</p> <p>Subject: Schools Financial and Business Administration Processes</p> <p>No: 127/036</p> <p>Date issued: 19 December 2023 Draft; 04 January 2024 Final</p> <p>Level of Assurance: Moderate</p>	<p>The purpose of the audit was to ensure the internal financial controls and business administrative procedures are in place to ensure the efficient and effective use of resources in the school establishments.</p> <p>The school estate has 67 establishments within the Scottish Borders Council region. This is made up of 9 High schools and 58 Primary settings. The establishments have the responsibility for educating 14,758 young people (Primary pupils 7,995 and High school pupils 6,763).</p> <p>Internal Audit are able to provide Moderate assurance (whilst there is a system of governance, risk management and control in place, there are weaknesses in the system that leaves some risks not addressed, and there is evidence of non-compliance with some of the controls) regarding the implementation of the Inspire programme, the use of Cypads for ordering school meals, the continued improvement in use of Purchase Cards, the governance of School Funds, maintaining Inventories, the completion of Mandatory Training by teaching and support staff, the recording of pupil attendance, and full resolution of previous Internal Audit recommendations. Internal Audit acknowledge the improvements that have been made within some of these areas since the previous Internal Audit review, though further work is required to ensure completeness and consistency of practice in all Schools.</p> <p>Internal Audit have made the following recommendations:</p> <ul style="list-style-type: none"> <li>• Management should ensure a robust second line is in place to maximise adherence to the School Fund policy. This includes compliance functions to provide independent oversight and monitoring. (Low)</li> <li>• The Attendance policy should be fully revised and include monitoring and compliance reporting, ensuring collaboration between school office and teaching staff to minimise the Follow-up cases. (Medium)</li> </ul>	0	1	1	Education Management have confirmed the factual accuracy of the report, accepted its findings, and agreed to implement the recommendations.

Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
<p>Audit Plan Category: Legislative and Other Compliance</p> <p>Corporate Risk: none (third party funder assurance)</p> <p>Subject: Scottish Government Community Led Local Development (CLLD) Fund</p> <p>No: 154/034</p> <p>Date issued: 10 January 2024 Draft; 26 January 2024 Final</p> <p>Level of Assurance: Full</p>	<p>The purpose of the audit was to assess compliance with the requirements of the Funding Agreement and other relevant regulations.</p> <p>The Community Led Local Development Fund is a specific fund for rural areas of Scotland provided by the Scottish Government since 2022. The fund is distributed to Local Action Groups (LAGs) across rural Scotland. The Scottish Borders has its own LAG that is made up of Public, Private and Third Sector organisations. Scottish Borders Council is the Lead Partner for the LAG and distributes the funding based on the recommendations of the LAG.</p> <p>The terms of funding for the Community Led Local Development Fund are set out in the letter dated 15 August 2022 and is overseen by the Local Action Group (LAG) which assesses and, where appropriate, approves projects for funding in accordance with the conditions set out in the Offer of Grant. Internal Audit established that all the 42 projects funded in the financial year 2022/23 have been completed. Internal Audit also noted that the End of Grants Report required by the Scottish Government has been produced as required.</p> <p>Internal Audit ascertained that effective governance, management processes, and administration for the Community Led Local Development Fund are in place and adequate arrangements exist to ensure compliance with the relevant Funding Agreement and applicable regulations.</p> <p>Internal Audit selected a sample of funded projects and found them to be compliant with the conditions of the Offer of Grant. It was found that appropriate controls are in place over the administration of claims for projects within the Fund.</p> <p>Internal Audit are able to provide Full assurance. A sound system of governance and control exists, with internal controls operating effectively and being consistently applied, to support the achievement of objectives.</p> <p>Internal Audit made no recommendations.</p>	0	0	0	Management in the Resilient Communities directorate have checked the factual accuracy of the report, and have accepted its findings.

Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
<p>Audit Plan Category: Asset Management</p> <p>Corporate Risk: Corporate Risk: CMT032 Climate Change ●</p> <p>Subject: Flood Protection</p> <p>No: 214/006</p> <p>Date issued: 26 January 2024 Draft; 02 February 2024 Final</p> <p>Level of Assurance: Substantial</p>	<p>The purpose of the audit was to ensure that there is a structured framework, including community partner engagement, for investment in flood protection schemes and there are adequate operational and financial controls in place for the effective response to flooding to meet statutory obligations and to demonstrate efficient and effective use of resources.</p> <p>Flood risk management responsibilities and statutory obligations including those for the protection of Biodiversity are set out in various Acts. The obligations imposed by these Acts are clearly recognised and action taken to satisfy those obligations.</p> <p>Processes are in place which ensure that statutory obligations imposed upon the Council are complied with. The timing and frequency of inspections is determined by the assessed risk of flooding although inspections have been sporadic at times due to a lack of resources. A new flood technician has been employed and it is expected that the inspections will be fully up to date in accordance with the inspection schedule during 2024/25.</p> <p>A Flood Risk Management Plan has been produced and flood protection schemes are being progressed. Flood Protection schemes are typically expensive to deliver. There are clearly identified priorities that cannot be put in place until adequate financial backing is secured.</p> <p>Internal Audit are able to provide Substantial assurance. There is a generally sound system of governance, risk management and internal control processes in place. There is some scope for improvement relating to performance information to be able to demonstrate the achievement of objectives.</p> <p>Internal Audit have made the following recommendation:</p> <ul style="list-style-type: none"> <li>• Key performance indicators should be developed for water course inspections and related activities and performance measured against those indicators in order to assess service performance i.e. 2nd line monitoring of compliance with inspection routines. (Low)</li> </ul>	0	0	1	<p>Management have checked the factual accuracy of the report, accepted its findings, and agreed to implement the recommendation.</p> <p>This will be a linked action associated with the relevant service risk on River Course Inspections to formalise and integrate performance monitoring and risk management in this area.</p>

Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
<p>Audit Plan Category: ICT Governance</p> <p>Corporate Risk: CMT002 IT Data and System Security </p> <p>Subject: IT Environmental &amp; General Controls</p> <p>No: 230/009</p> <p>Date issued: 19 December 2023 Draft; 20 December 2023 Final</p> <p>Level of Assurance: Not assessed at this time</p>	<p>The purpose of the audit was to assess the adequacy and effectiveness of the governance in place for cyber security including the progress of the Cyber Security Maturity Assessment improvement actions.</p> <p>The Digital Security Board was established in June 2023 with a purpose to define and deliver the strategy, governance procedures, advice and assurance to the Council on all matters concerning Digital and Cyber Security. The Board was created in response to the Cyber Security Maturity Assessment carried out by CGI. A Cyber Security Terms of Reference, Strategy, Roadmap and Action Plan are all in place. The Board reports to CMT and includes senior officers from both SBC and CGI, along with Internal Audit as a critical friend. As the Board has been recently established, evaluating the adequacy and effectiveness of the governance in place has not been possible at this time.</p> <p>Similarly, the progress of the improvement actions was difficult to assess stemming not only from the recent establishment of the Board but also due to the complexity and interconnecting aspects of the improvement actions which is currently being refined through the Roadmap. Initial findings are that the Board utilises an Action Tracker which could be developed to give a more robust audit trail of implementation. In addition, several actions on the tracker cover multiple findings and further development is required to ensure that all elements are addressed by the completion of relevant action. The associated risks also require to be reviewed to achieve better linkages with the risk register and the Action Plan i.e. as new Risk Mitigation actions or enhancements to the effectiveness of existing Internal Controls.</p> <p>Therefore, this work will be covered as a continuous audit in 2024/25 to ensure comprehensive coverage and that the implemented actions effectively and fully address the specific findings from the Cyber Security Maturity Assessment. Internal Audit will provide an assurance rating at the end of 2024/25.</p>	0	0	0	Management have accepted the audit findings and the noted areas for development.