Internal Audit Work 2014/15 to December 2014

Report by Chief Officer Audit & Risk

Audit & Risk Committee

19 January 2015

1   PURPOSE AND SUMMARY

1.1   **The purpose of this report is to provide the Audit & Risk Committee with details of:**

(a)   **the recent work carried out by Internal Audit and the recommended audit actions agreed by Management to improve internal controls and governance arrangements, and**

(b)   **internal audit work currently in progress.**

1.2   The Internal Audit Annual Plan 2014/15 was approved by the Audit Committee on 10 March 2014. The work Internal Audit has carried out in the period from 30 August to 19 December 2014 is detailed in this report. During this period a total of 10 final internal audit reports have been issued. There were 11 recommendations made (0 Priority 1 High Risk, 1 Priority 2 Medium Risk, and 10 Priority 3 Low Risk) specific to 4 of the reports. Management have agreed to implement the recommendations in all cases to improve internal controls and governance arrangements. The report goes on to detail current work in progress to deliver the Internal Audit Annual Plan 2014/15 and other productive work relevant to the Internal Audit function fulfilling its remit as set out in its approved Charter.

1.3   An executive summary of the final internal audit reports issued, including audit objective, findings, good practice, recommendations and the Chief Officer Audit & 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.

2   RECOMMENDATION

2.1   **I recommend that the Audit & Risk Committee:**

a)   **Notes the final reports issued in the period from 30 August to 19 December 2014, and**

b)   **Acknowledges that it is satisfied with the recommended audit actions agreed by Management to improve internal controls and governance arrangements.**

3   PROGRESS REPORT

3.1   The Internal Audit Annual Plan 2014/15 was approved by the Audit Committee on 10 March 2014. Internal Audit has carried out the following work in the period 30 August to 19 December 2014 to deliver the plan.

3.2   **Audit Reports**

Internal Audit issued final internal audit reports on the following subjects:

- Communications
- Overtime
- Earlston High School
- Eyemouth High School
- Hawick High School
- LEADER – Grant Funding Compliance
- European Fisheries Fund – Grant Funding Compliance
- Homecare
- St Ronan's Residential Home and Tweeddale Day Service
- Flood Risk and Coastal Management

3.3   An executive summary of each final internal audit report including audit objective, findings, good practice, recommendations and the Chief Officer Audit & 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.

The definitions for Internal Audit assurance categories are as follows:

Level of Assurance	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.

3.4 **Current Work in Progress**

Internal Audit work in progress to deliver the Internal Audit Annual Plan 2014/15 consists of the following:

Audit Area	Audit Stage
Performance Management	Fieldwork is underway to follow-up on progress with implementation of Improvement Actions within the Annual Governance Statement 2013/14
Business Transformation Programme & Project Management	
Local Code of Governance	
Workforce Planning	
Financial Planning, Management Reporting and Efficiency Savings	
Data Security & Information Management	
Health & Social Care Integration Programme	
Income Charging, Billing & Collection	Drafting the Report
Passenger Transport	Drafting the Report
Capital Investment	Fieldwork nearly completed
Procurement to Payment – Contract Monitoring	Fieldwork nearly completed
Criminal Justice	Fieldwork underway
Neighbourhood Management	Fieldwork underway
Property Asset Management	Fieldwork underway
Economic Development & Regeneration	Audit Assignment approved
Revenues (Council Tax and Non Domestic Rates)	Audit Assignment approved
Benefits Assessment	Audit Assignment approved
Homelessness	Audit Assignment approved
ICT Infrastructure	Audit Assignment approved
ICT Business Systems	Audit Assignment approved

3.5 **Other Productive Work**

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

- Internal Auditors are attending relevant seminars, development workshops and user groups, and feedback to colleagues as relevant.
- Attendance at Scottish Local Authorities Chief Internal Auditors Group (SLACIAG) meetings. The Chief Officer Audit & Risk is currently Chairman of this internal audit forum. Topics at November 2014 meeting included Health & Social Care Integration – Internal Audit Implications and Auditing Arms'-Length External Organisations (ALEOs)
- Offering advice on internal controls and governance to managers on request and a number of clients are proactively engaging internal audit in consultancy work as the Council's continues to transform its services. This included a Social Enterprise Review where we have identified the impact, issues and opportunities relating to the areas which would support and assist the Council in fulfilling its duties and responsibilities in respect of providing Best Value services and adopting

the Following the Public Pound principles. The report was issued to Management with the joint aims of providing the opportunity to increase awareness on Social Enterprise, and to promote ways of providing services utilising Social Enterprise at a time of significant funding constraints.

- Reviewing outstanding and overdue audit recommendations to ensure management action that has been taken has had the desired effect in improving internal controls and governance and is reflected in the corporate performance systems for reporting purposes. The standard follow-up process has a particular focus on Priority 1 and 2 recommendations and those audit recommendations arising from previous years that have not yet been implemented.
- Internal Audit has been offering advice on improvements to fraud prevention controls and detection processes put in place by management.

3.6 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 our risk assessment of non-implementation, being the product of the likelihood of the risk materialising and its impact. The gradings are:

a) **Priority 1**: 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 and to be included in the relevant risk register and for the matter to be reported in the relevant Assurance Statement on Internal Control and Governance;

b) **Priority 2**: Substantial weaknesses in existing controls, leaving the Council or Service open to high risk of error, fraud, financial loss or reputational damage requiring reasonably urgent action;

c) **Priority 3**: Moderate weaknesses in existing controls, leaving the Council or Service open to medium risk of error, fraud, financial loss or reputational damage requiring action to improve the efficiency, effectiveness and economy of operations or which otherwise require to be brought to the attention of senior management;

d) **Other**: Minor administrative weaknesses posing little risk of error, fraud, financial loss or reputational damage.

The action plans in audit reports address only recommendations rated **Significant, Substantial** or **Moderate**. Outwith the audit report, we inform local management about **Minor** matters.

3.7 **Recommendations**

	2014/15 Number of Recommendations
Reported this period	
Priority 1	0
Priority 2	1
Priority 3	10
Total reported this period	**11**
Previously reported	12
Total	**23**

Recommendations agreed with action plan	23
Not agreed; risk accepted	0
Total	**23**

4   IMPLICATIONS

4.1   **Financial**

(a)   It is anticipated that cost efficiencies will arise as a direct result of Management implementing some of the recommendations made by Internal Audit during this period.

4.2   **Risk and Mitigations**

(a)   Internal Audit provides assurance to management and the Audit Committee on the effectiveness of internal controls and governance within the Council. The Internal Audit Annual Plan 2014/15 has been developed using a risk-based approach which includes the use of the Risk Registers within Covalent as the basis of the audit coverage and consultation with appropriate stakeholders on the audit coverage. This will ensure that the Internal Audit plan continues to reflect the key risks facing the organisation.

(b)   If audit recommendations are not implemented, there is a greater risk of financial loss and/or reduced operational efficiency and effectiveness, and management may not be able to demonstrate improvement in internal control and governance arrangements.

(c)   No environmental risks arise as a direct result of this report.

4.3   **Equalities**

(a)   It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religious/belief arising from the work contained in this report.

4.4   **Acting Sustainably**

(a)   There are no direct economic, social or environmental issues with this report.

4.5   **Carbon Management**

(a)   There are no direct carbon emissions impacts as a result of this report.

4.6   **Rural Proofing**

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

4.7   **Changes to Scheme of Administration or Scheme of Delegation**

(a)   No changes to the Scheme of Administration or Scheme of Delegation are required as a result of this report.

5   CONSULTATION

5.1   The Corporate Management Team has been consulted on this report and any comments received have been taken into account.

5.2   The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Service Director Strategy and Policy, the Chief Officer HR, and the Clerk to the Council have been consulted and any comments received have been incorporated into the report.

Approved by

Jill Stacey, Chief Officer Audit & Risk   Signature ....

Author(s)

Name	Designation and Contact Number
Jill Stacey	Chief Officer Audit & Risk Tel 01835 825036
James Collin	Internal Audit Manager Tel 01835 824000 Ext 5232

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Contact us at James Collin, Chief Executive's Department jcollin@scotborders.gov.uk

Report	Summary of key findings and recommendations	Recommendations			Status
		1	2	3	
Subject: Communications No: 051/002 Date issued: 11 December 2014 Risk rating: Medium Level of Assurance: Comprehensive assurance	The purpose of the review was to ensure robust systems and procedures are in place to assist the Council deliver an effective, consistent and integrated approach to the way in which it communicates to the Borders community. Within the last year the Communications, Graphics teams and Print Manager have co-located. This has resulted in closer working, enhancing the working processes and ultimately the end to end service provided by the team including the range of products on offer. There is effective liaison and working relationships between the Communication team and its Client Departments. The base budget for the current financial year 2014-15 is £599k. Whilst completing the audit, it was announced that following an independent review by Sitemorse.com, SBC had been recognised as having the best local authority website in the UK. This is a major achievement and has built on their achievement 3 years ago when they were judged as the best in Scotland (out of 32 authorities) and third best out of 429 authorities in the UK. Internal Audit considers that the level of assurance we are able to give is comprehensive. 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 are planned by Management including formal evaluation process on the effectiveness of communications and full handover of the Print Contract to the Communications team. We have made no recommendations.	0	0	0	Management have agreed the report findings. Work is continuing by Management to ensure completion of their improvement actions.

Report	Summary of key findings and recommendations	Recommendations			Status
		1	2	3	
Subject: Overtime No: 079/999/001 Date issued: 19 December 2014 Contingency Level of Assurance: Substantial Assurance	The purpose of the review, carried out in connection with the HR Shared Services audit, was to ensure there are adequate controls in place for authorisation of overtime hours to demonstrate efficient and effective use of staff resources. Analysis of Overtime data included comparing payments made across the last 3 financial years £3.8M (2011/12), £3.5M (2012/13) and £3.3M (2013/14) with the former Environment & Infrastructure and Social Work departments representing 61% and 26% (2011/12), 59% and 27% (2012/13) and 54% and 32% (2013/14) respectively of total spend. It is acknowledged that overtime is a necessary element for the continuation of the Council's services. However the findings of this audit indicate that there is an opportunity to improve controls and governance of workforce utilisation prior to commitment of overtime and to improve authorisation of overtime hours and claims in order to more easily demonstrate delivery of services at costs which represent good value for money and to ensure compliance with legislation. Internal Audit considers that the level of assurance we are able to give is substantial. 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. Overtime is an area currently under review by Management and we hope the findings from this internal audit review will assist in their consideration on how to address the risks, issues and concerns.	0	1	2	Management have agreed to implement the recommendations Progress has been made already in respect of completing two of the three recommendations and the third will be implemented as part of Management Review of Overtime within the financial, business and workforce planning processes for 2015/16.

Report	Summary of key findings and recommendations	Recommendations			Status
		1	2	3	
Subject: Overtime (Cont'd)	We have made the following recommendations: • Where overtime hours are worked and claims are regularly made (and not seasonal), Management should consider, as part of its workforce planning arrangements, employing other members of staff working at basic rate rather than the overtime rate. (P3) • All Managers whose staff work additional hours which exceed the EU Working Time Directive should ensure that an "Opt Out" form is completed and retained. (P3) • Authorisation of overtime hours worked and claimed should be reviewed and revised as appropriate to ensure Line Managers fulfil their responsibility for authorising the hours worked and subsequent payments and to ensure that there is adequate segregation of duties. (P2)				

Report	Summary of key findings and recommendations	Recommendations			Status
		1	2	3	
Subject: Earlston High School No: 127/020 Date issued: 6 January 2015 Risk rating: Medium Level of Assurance: Comprehensive assurance	The purpose of the review was to assess whether adequate internal financial controls and administrative procedures are in place to ensure the effective use of resources. The scope of this audit was to examine and evaluate the key controls in the following areas: Petty cash imprests; Inventories; Staffing establishment and Workbook; Business Continuity Planning; School lets and Income Collection and Banking procedures; School Fund; Ordering/Invoice processing procedures; Data Protection / Confidential Waste Management. The building of Earlston High School was funded by a Private Public Partnership (PPP) scheme, and responsibility for Inventories, Security and Disposal of confidential waste lies with the management company, AMEY. The school operates very good financial procedures with experienced staff fully aware of the Financial Regulations and SBC policy. Internal Audit considers that the level of assurance we are able to give is comprehensive. 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.	0	0	0	Management have agreed the report findings.

Report	Summary of key findings and recommendations	Recommendations			Status
		1	2	3	
Subject: Eyemouth High School No: 127/021 Date issued: 18 December 2014 Risk rating: Medium Level of Assurance: Comprehensive assurance	The purpose of the review was to assess whether adequate internal financial controls and administrative procedures are in place to ensure the effective use of resources. The scope of this audit was to examine and evaluate the key controls in the following areas: Petty cash imprests; Inventories; Staffing establishment and Workbook; Business Continuity Planning; School lets and Income Collection and Banking procedures; School Fund; Ordering/Invoice processing procedures; Data Protection / Confidential Waste Management. The building of Eyemouth High School was funded by a Private Public Partnership (PPP) scheme, and responsibility for Inventories, Security and Disposal of confidential waste lies with the management company AMEY. The business and administrative processes which are completed within the school are effective, and there is good evidence that they adhere to the Financial Regulations. Internal Audit considers that the level of assurance we are able to give is comprehensive. 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.	0	0	0	Management have agreed the report findings.

Report	Summary of key findings and recommendations	Recommendations			Status
		1	2	3	
Subject: Hawick High School No: 127/022 Date issued: 18 December 2014 Risk rating: Medium Level of Assurance: Comprehensive assurance	The purpose of the review was to assess whether adequate internal financial controls and administrative procedures are in place to ensure the effective use of resources. The scope of this audit was to examine and evaluate the key controls in the following areas: Petty cash imprests; Inventories; Staffing establishment and Workbook; Business Continuity Planning; School lets and Income Collection and Banking procedures; School Fund; Ordering/Invoice processing procedures; Data Protection / Confidential Waste Management. The school operates very good business and administrative processes. All financial aspects are carried out effectively and comply with the Financial Regulations. Internal Audit considers that the level of assurance we are able to give is comprehensive. 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.	0	0	0	Management have agreed the report findings.

Report	Summary of key findings and recommendations	Recommendations			Status
		1	2	3	
Subject: LEADER – Grant Funding Compliance No: 154/008 Date issued: 30 October 2014 Risk rating: Contingency Level of Assurance: Comprehensive Assurance	The purpose of the review was to assess compliance with the requirements of the SLA and relevant EC Regulations in observance of 5.6 of the SLA and Regulation (EC) 885/2006 Annex 1 Section 4b. The SLA for the LEADER Programme 2007-2013 between the Managing Authority, the Paying Agency and Scottish Borders Council requires that Internal Audit annually assess compliance by SBC with the terms of the SLA and that the resulting report is sent to them by 31 October of each year. We were pleased to see that recommendations arising from the 2013/14 internal audit review have been implemented, including strengthening of file compliance and documentary evidence of eligibility and transparency of procurement compliance at individual project level, and enhanced scrutiny of project application and assessment documentation. We would encourage continuing compliance in these important areas. It is our opinion that the Scottish Borders LEADER is managed well and administered effectively. This corresponds with the findings from the Managing Authority's annual audit visit (July 2014). From their findings came a number of remedial actions which the officers have confirmed they will implement. Specific procedures and measures have been put in place to enable compliance by SBC with the terms of the SLA and the EC Regulations. During the audit a specific review of one umbrella project was undertaken on request by SB LEADER team in response to their concerns raised. We consider the management action to conduct a remedial file review for eligibility of cost and validation of the supporting evidence for claims appropriate under the circumstances. We have recommended that management undertake a lessons learned review in light of the issues identified to inform future LEADER programme governance.	0	0	2	Management have agreed to implement the recommendations The final internal audit report has been submitted to the Scottish Government along with the Annual Confirmation Certificate.

Report	Summary of key findings and recommendations	Recommendations			Status
		1	2	3	
Subject: LEADER – Grant Funding Compliance (cont'd)	During the audit preparations for the new LEADER programme were reviewed. LEADER 2014-2020 will be delivered through the SRDP (Scottish Rural Development Programme) via the familiar and mandatory Community Led Local Development method and approach. The Scottish Government has published an ambitious timetable toward implementation of the programme. Scottish Borders LEADER team have been fully engaged with relevant stakeholders in the development of the new LEADER Programme 2014-2020 and are working closely with them towards implementation. These were presented to the Economic Development Group on 11 September 2014 along with a Report – *Future of EU Funding: LEADER & EMFF 2014-2020* stating how it is that they intend to deliver the LEADER for the new funding period, the main risks, governance structures intended to deliver, resources and budgets required. Internal Audit considers that the level of assurance we are able to give is comprehensive. 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. We have made the following recommendations which are designed to enhance governance arrangements to ensure the Council continues to meet the robust compliance requirements of the EU and National Regulations and to mitigate against the risk of liability for decommitment of funds being passed to the lead partner for compliance failures: • Management should undertake a Lessons Learned Review of the governance issues identified in the dual management of the Umbrella project and the LEADER Programme. (P3) • Management should consider operational resource of the LEADER programme as distinct from facilitation and animation support in view of the burden of compliance and the associated consequences. (P3)				

Report	Summary of key findings and recommendations	Recommendations			Status
		1	2	3	
Subject: European Fisheries Fund – Grant Funding Compliance

No: 154/009

Date issued: 30 September 2014

Risk rating: Contingency

Level of Assurance: Comprehensive Assurance | The purpose of the review was to assess compliance with the requirements of the SLA which are derived from relevant EU Legislation and the European Fisheries Funds (Grants) (Scotland) Regulations 2007 (SSI 2007 No 307) (as amended).

The European Fisheries Fund (EFF) the main financial instrument supporting the Common Fisheries Policy (est. 1983). The scope of this audit is Axis 4 which was launched in Scotland in January 2012 to provide £7.6M to local Scottish fishing communities affected by the decline in fishing activities. Scottish Borders Fisheries Local Action Group (SB FLAG), the delegated delivery partner for the programme in Scottish Borders under the SLA, was awarded £362k matched by SBC to total £720k.

The following good practice was found:
- The SB FLAG has been established as required by EC Regulation 1198/2006 Article 45 and is governed in accordance with Regulations.
- There is robust internal control and project governance.
- Fundamental eligibility is well considered by SB FLAG and SBC
- There is effective scrutiny of claims by the Project Support Officers in compliance with SLA Annex B Ancillary Control 1(a)
- There are sound financial controls for administration and distribution of EFF Axis 4 funding and robust claims procedure.

Internal Audit considers that the level of assurance we are able to give is comprehensive. 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.

We found that in all but the production of an exceptions report, SB FLAG and SBC comply with the terms of the SLA. We highlight the importance of management implementing the previous internal audit recommendations and other improvement actions in full to avoid any risk of future de-commitment. | 0 | 0 | 0 | Management have agreed the report findings.

The Management Summary and Appendix of the final internal audit report has been submitted to the Scottish Government by 30 September 2014 along with the Annual Report (SLA requirement). |

Report	Summary of key findings and recommendations	Recommendations			Status
		1	2	3	
Subject: Homecare No: 171/005 Date issued: 9 January 2015 Risk rating: High Level of Assurance: Substantial assurance	The purpose of the review was to assess whether the 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 clients funds. The Revised Budget for the Homecare service for 2014/15 is £5.6M Income and £5.75M Expenditure which is subject to review and change as part of the standard budget monitoring process. Management action will be taken to realign the budget to ensure it is realistic and achievable. This is of particular importance as Homecare is one of the services that are included in scope for the proposed transfer of Adult Care Services to an LLP. The Homecare service provides a range of support for daily living enabling individuals to continue living at home. In the in-house team there are currently 323 carers who provide support to approximately 815 service users (changes on a daily basis, depending upon client needs). Client care is also commissioned by the Council and provided by external agencies. Internal Audit considers that the level of assurance we are able to give is substantial, largely satisfactory risk, control, and governance systems are in place in respect of the management of home carers' rotas and the effective use of the real-time monitoring system for directly employed home carers for the delivery of services specified in the service users' care plans. There are, however, some improvements required relating to the arrangements for monitoring external carers' provision of service and for monitoring the financial and service performance of the Homecare service as a whole.	0	0	4	Management have agreed to implement the recommendations and progress has been made on the implementation of the improvement actions in advance of the proposed transfer of Adult Care Services to an LLP.

Report	Summary of key findings and recommendations	Recommendations			Status
		1	2	3	
Subject: Homecare (cont'd)	We have made the following recommendations: • Improved processes should be put in place to monitor external carers in order to confirm that charges are only made for services actually delivered. (P3) • Assessment should be made of whether time spent reorganising data within Call Confirm Live system would result in greater efficiency and savings in organising rotas and managing gaps due to changes. Available options to use software for scheduling rotas should be investigated. (P3) • Procedural guidelines of the management and administration of Client Funds / Corporate Appointeeship should be developed as part of completion of the management review of Client Funds / Corporate Appointeeship that is underway. Relevant training for staff on the new procedural guidance should be provided as part of their implementation to safeguard client funds and protect staff. (P3) • The performance information needs of managers at all levels should be assessed. Performance reports should either be written or commissioned from the software vendor to meet those informational needs. (P3)				

Report	Summary of key findings and recommendations	Recommendations			Status
		1	2	3	
Subject: St Ronan's Residential Home and Tweeddale Day Service No: 176/009 Date issued: 11 December 2014 Risk rating: Medium Level of Assurance: Comprehensive assurance	The purpose of the review was to assess whether adequate internal financial controls and administrative procedures are in place in Council-managed establishments. The Council provides a Residential Care and Day Service across the region. These take the form of 5 residential homes with a base budget of £5.080m and 6 day services with a base budget of £0.764m. The services are provided in various geographical locations ensuring availability to clients across the region. The two establishments chosen for review this year were St Ronan's Residential Home and Tweeddale Day Service. The scope of this audit was to examine and evaluate the key controls in the following areas: Petty cash imprests; Inventories; Stocks; Staffing establishment; Business Continuity Planning; Ordering/Invoice processing procedures; Income Collection and Banking arrangements; Welfare Fund management; Disbursement of Residents weekly allowances; Safekeeping of the Residents valuables / cash; Implementation of recommendations from Care Commission Reviews. There is clear evidence of good financial practices being operated within the two establishments reviewed. There is a very good working knowledge of the financial procedures and processes which should be followed. Internal Audit considers that the level of assurance we are able to give is comprehensive. 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.	0	0	0	Management have agreed the report findings.

Report	Summary of key findings and recommendations	Recommendations			Status
		1	2	3	
Subject: Flood Risk and Coastal Management No: 214/005 Date issued: 10 December 2014 Risk rating: High Level of Assurance: Substantial assurance	The purpose of the review was to ensure there are adequate operational and financial controls in place for the effective response to flooding to meet agreed standards and to demonstrate efficient and effective use of resources. We found effective practices in operation in the following areas: • Responsibilities for flood risk management are clearly defined. • The Authority is either compliant with, or working towards compliance with, relevant legislation in the case of certain provisions of the Flood Risk Management (Scotland) Act 2009. • Inspection procedures are documented and take place at appropriate intervals based upon flood risk assessments. Internal Audit considers that the level of assurance we are able to give is substantial. 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. We have made the following recommendations which are designed to enhance coastal management arrangements and to improve Flood Management service performance monitoring: • The Authority should develop its own Shoreline Management Plan which covers the whole of the Berwickshire Coast. (P3) • Performance of water course inspections and related activities against pre-determined targets should be assessed in order to confirm effective service delivery. All Flood Management performance measures should be periodically reported to Senior Management to demonstrate fulfilment of statutory obligations. (P3)	0	0	2	Management have agreed to implement the recommendations