
SCOTTISH LOCAL AUTHORITIES' CHIEF INTERNAL AUDITORS' GROUP (SLACIAG) ANNUAL REPORT 2023

Report by Chief Officer Audit and Risk

AUDIT COMMITTEE

20 May 2024

1 PURPOSE AND SUMMARY

- 1.1 This report provides the Audit Committee with the Annual Report 2023 of the Scottish Local Authorities' Chief Internal Auditors' Group (SLACIAG) to highlight the value of this forum for the Internal Audit functions of Scottish Borders Council and other local authorities.**
- 1.2 Scottish Borders Council's Chief Officer Audit & Risk, in the role of the Chair of SLACIAG, presented the SLACIAG Annual Report 2023 at the SLACIAG AGM on 15 March 2024. The content covers:
- the purpose and vision of the Group from the Constitution;
 - the activity during 2023 for the Management Committee, the Chief Auditors Group (SLACIAG), and its sub-groups Computer Audit Sub-Group (CASG), and Fraud Investigators Group (SLAIG); and
 - the conclusions on a challenging but successful year as evidenced by the attendance at the 2-day in-person Conference in June 2023 at Dumfries House, East Ayrshire, as well as other virtual meetings, and the range of topics discussed.
- 1.3 Following its endorsement by the Group at the AGM, the Chair requested all Chief Internal Auditors to distribute the SLACIAG Annual Report 2023 to key stakeholders within their organisations, in particular the Audit Committee or equivalent, to highlight the value of this forum.

2 RECOMMENDATIONS

- 2.1 I recommend that the Audit Committee:**
- a) Notes the content of the appended SLACIAG Annual Report 2023; and**
 - b) Notes the value of the SLACIAG Forum for the Internal Audit functions in Scottish Borders Council and other local authorities.**

ANNUAL REPORT FROM THE CHAIR – 2023

“WORKING TOGETHER TO SUPPORT THE KEY ROLE OF INTERNAL AUDIT”

1. INTRODUCTION

- 1.1 Membership of the CIPFA Scottish Local Authorities Chief Internal Auditors' Group (SLACIAG) is open to the chief internal auditor from each Scottish local authority and the Strathclyde Partnership for Transport (SPT). SLACIAG is a Special Interest Group of CIPFA in Scotland, with operational arrangements, vision, and objectives set out in a formal Constitution.
- 1.2 SLACIAG's vision is to be the voice of internal audit across Scottish local authorities and a driving force for best practice in respect of local authority and public transport bodies internal audit, governance, and operations.
- 1.3 In support of that vision, SLACIAG has the following objectives:
- to secure a quality and responsive service for members of the group;
 - to develop the influence of the group with key decision makers and institutions in Scotland, as the key representative body for internal audit in local government with a particular emphasis on governance, risk, control and assurance matters;
 - to strengthen links and build long term relationships across the internal audit community within the public service;
 - to provide an effective group for the discussion of issues of common concern, sharing of good practice and commissioner of work to develop advanced practice;
 - to consider the development and training needs of our people as a collective to ensure that the best available products are procured at the best price;
 - to uphold the group's key values including: respect; openness and honesty; adding value; professional team working; sharing best practice; integrity; continuous improvement.
- 1.4 The purpose of this annual report to key stakeholders is to provide an update on SLACIAG's activities and achievements over the course of 2023 and to recognise actions required to achieve its vision.
- 1.5 SLACIAG has two long-established sub-groups whose activity is reflected in this report:
- the Computer Audit Sub-Group (CASG); and
 - the Scottish Local Authorities Investigators' Group (SLAIG).
- 1.6 During 2023 some further sub-groups were established by SLACIAG to lead on development actions arising from the SLACIAG Conference held in June 2023 within specific themes, including risk, data analytics, resourcing, and sustainability/climate change. Their activity is also reflected in this report.

2. MANAGEMENT COMMITTEE

- 2.1 I, Jill Stacey, Scottish Borders Council, was appointed as Chair of SLACIAG at the AGM on 11 March 2022. I previously served as Chair of SLACIAG during 2014-2015. In accordance with SLACIAG's Constitution, my term of office will expire after serving 2 years at the SLACIAG AGM in March 2024. There is an expectation that the Chair of SLACIAG joins the meetings of the CIPFA Scotland Branch Executive Committee, as SLACIAG is a special interest group of CIPFA in Scotland.
- 2.2 Yvonne Douglas, South Lanarkshire Council, was re-elected as Treasurer of SLACIAG at the AGM March 2022 having initially been appointed to the role in June 2020. Yvonne provided regular updates on the financial position of SLACIAG to enable the Management Committee to plan activity.
- 2.3 The appointments to the SLACIAG Management Committee were approved at the AGM March 2022. New members were welcomed to the Management Committee, with former Chairs providing valuable continuity. The same membership has continued during 2023, as follows:

SLACIAG MANAGEMENT COMMITTEE 2023		
Jill Stacey	Scottish Borders Council	Chair SLACIAG
Yvonne Douglas	South Lanarkshire Council	Treasurer SLACIAG
Eilidh Mackay	East Ayrshire Council	member and former Chair
Kenneth Ribbons	West Lothian Council	member and former Chair
Pamela Redpath	Fife Council	member
Gillian McConnachie	East Dunbartonshire Council	member
Duncan Stainbank	East Lothian Council	member
Duncan Black	Glasgow City Council	member
Peter Moore	East Lothian Council	Chair CASG
Barry Moncur	East Dunbartonshire Council	Chair SLAIG

- 2.4 There were six SLACIAG Management Committee virtual meetings during 2023 in January, February and July (weekly meetings). The purpose of these meetings was to reflect on learning and review actions arising from past meetings in order to forward plan meetings, considering topics, setting dates and arranging speakers. The weekly meetings held in July 2023 were to analyse the extensive content from the workshop Menti results from the Conference to determine actions for the Group and sub-groups, take early steps to re-focus and re-purpose the SLAIG and CASG sub-groups, consider new sub-groups, and agree future collaborations to implement actions.
- 2.5 The Chairs of both CASG and SLAIG participate in the SLACIAG Management Committee meetings to derive benefits from their sectoral expertise and to ensure synergy when forward planning the regular meetings.
- 2.6 The Management Committee also oversees the External Quality Assessment (EQA) process, which is a peer review process established by SLACIAG to enable external validation of compliance with the Public Sector Internal Audit Standards (PSIAS). The Management Committee monitors progress with completion against a recommended programme of reviews each year to ensure that all participating organisations comply with the requirement to undertake an EQA once every 5 years.

3. SCOTTISH LOCAL AUTHORITIES CHIEF INTERNAL AUDITORS GROUP (SLACIAG)

SLACIAG Conference 2023

- 3.1 The SLACIAG Conference was held on 15-16 June at Dumfries House in East Ayrshire, the first in-person conference held since 2019. The event was attended by 137 delegates from Internal Audit teams representing 31 local authorities and Strathclyde Partnership for Transport.
- 3.2 There were excellent networking opportunities for all individuals, significant sharing of knowledge and practice during the workshop sessions, and lots of suggestions for improvement actions in keeping with the conference title 'Connections Collaborations Catalysts'.
- 3.3 The themes of the conference were:
- Counter fraud
 - Data analytics
 - Climate change
 - Resourcing the function.
- 3.4 Keynote speakers were the Chief Executive of East Ayrshire Council and the Executive Director of Finance of Glasgow City Council. They shared their perspectives on the role of Internal Audit in challenging times, the value of Internal Audit and the vital role it has in councils across the country (not only in terms of providing assurance, but through insight and advice on a whole range of areas of work) and reflected on the significant challenges facing the public sector. They also acted as catalysts for the workshop connections and collaborations each day.
- 3.5 There were also a range of virtual and in-person speakers including representatives from:
- Tenancy Fraud Forum
 - Scotland Excel
 - Chartered Institute of Internal Auditors
 - Birmingham City Council
 - Sustainable Scotland Network
 - Audit Scotland.
- 3.6 Images from the SLACIAG Conference 2023 were featured in East Ayrshire's blog for that week and the #SLACIAG23 hashtag was used to promote the event through social media. Digital tools were used to capture output from the workshop sessions.

SLACIAG Meetings 2023

- 3.7 There were three other SLACIAG virtual meetings in 2023 with topics/speakers set out in the table below in addition to core business. The network continues to be strongly supported by members with a focus on significant and current issues.

Date	Topics / Speakers
17 March 2023	<p>AGM</p> <ul style="list-style-type: none">• SLACIAG Annual Report 2022 (Chair)• SLACIAG Constitution (Chair)• SLACIAG Annual Accounts 2022 (Treasurer – Yvonne Douglas, South Lanarkshire Council) <p>Consultation on Internal Audit Standards (CIPFA Group)</p> <ul style="list-style-type: none">• Francis Scott, Glasgow City Council <p>Group discussion on CIA Issues and Challenges</p> <ul style="list-style-type: none">• Duncan Black, Glasgow City Council

Date	Topics / Speakers
15 & 16 June 2023	<p>SLACIAG Conference 2023 title ‘Connections Collaborations Catalysts’</p> <p>The themes of the conference were:</p> <ul style="list-style-type: none"> • Counter fraud • Data analytics • Climate change • Resourcing the function. <p>There were also a range of virtual and in-person speakers including representatives from:</p> <ul style="list-style-type: none"> • Tenancy Fraud Forum • Scotland Excel • Chartered Institute of Internal Auditors • Birmingham City Council • Sustainable Scotland Network • Audit Scotland
8 September 2023	<p>Management Committee / Sub-Groups recommendations arising from SLACIAG Conference 15 and 16 June 2023</p> <ul style="list-style-type: none"> • SLACIAG Management Committee <p>CIPFA Publication 'Internal audit: untapped potential' (learning and development session including a broad range of Chairs and Vice Chairs from Scottish Council's and IJB's Audit Committees)</p> <ul style="list-style-type: none"> • Diana Melville, CIPFA Governance Advisor <p>EQA2 Update and EQA3 Planning</p> <ul style="list-style-type: none"> • Pamela Redpath, EQA Sub-Group – Lead, Fife Council
8 December 2023	<p>Update from Risk Group – draft Terms of Reference</p> <ul style="list-style-type: none"> • Pamela Redpath, Fife Council, Eilidh Mackay, East Ayrshire council, and Jill Stacey, Scottish Borders Council <p>SLACIAG Risk in Focus 2023 – Analysis of Key Risks and Potential Impact on Internal Audit Assurance Work</p> <ul style="list-style-type: none"> • Pamela Redpath, Fife Council <p>Update from Data Analytics Group (Workshops; Skills; Strategy)</p> <ul style="list-style-type: none"> • Duncan Black, Glasgow City Council <p>Update from Resourcing Group (Challenges; Training; Delivery Model)</p> <ul style="list-style-type: none"> • Laura Calder, City of Edinburgh Council <p>Update from Sustainability / Climate Change Group (Shared audit experience; Information Requests; Membership)</p> <ul style="list-style-type: none"> • Laura Miller, North Ayrshire Council

3.8 The Treasurer, Yvonne Douglas of South Lanarkshire Council, produced the 2022 annual accounts, which were considered by the Group at the AGM in March 2023. Thanks to those at South Ayrshire Council for completing the audit of the 2022 Accounts. The Treasurer provided regular updates on the financial position of SLACIAG which is of particular importance during 2023 due to the significant income and expenditure associated with the Conference to ensure the Group remains financially sustainable. Thanks to Yvonne for her professionalism in fulfilling this role.

External Quality Assessment (EQA)

- 3.9 There are increasing challenges for the EQA2 schedule including staff resourcing issues in Councils, knock-on effect of delays in EQA2 completions during the pandemic response and recovery periods, and conflicts of interest arising from increased Internal Audit shared services arrangements. Responsibility is on the reviewee Council CAE to meet EQA requirements and to keep their Audit Committee informed of any delays in meeting the 5-year timeframe.
- 3.10 The appointments to the re-established SLACIAG EQA Sub-Group and Moderation Panel were approved at the December 2022 meeting. The same membership has continued during 2023, as follows, to oversee the completion of the EQA2 schedule, and initiative planning of the EQA3 schedule:

EQA Sub-Group		Moderation Panel	
Pamela Redpath	Fife Council	Paul MacAskill	Argyll & Bute Council
Andrew Paterson	Orkney Islands Council	Ken Adamson	North Lanarkshire Council
Cecilia McGhee	South Ayrshire Council	Gordon O'Connor	Stirling Council

New Sub-Groups

- 3.11 SLACIAG agreed to formally constitute the **Data Analytics subgroup** at the December 2023 meeting and appointed Duncan Black, Glasgow City Council (GCC) as CAE lead/sponsor, with Will Hart, GCC, as coordinator of workshops. SLACIAG agreed to an iterative workplan (all to offer to organise presentations and topics). GCC had hosted a Data Analytics workshop that had been held in-person in September 2023 in Glasgow, then virtual workshops were held in October and November 2023 to which CASG members were invited as an opportunity to share practice. There had been very good participation at all these workshops including Scottish Government (September), South West Audit Partnership (SWAP) (November), and Derek Jamieson of Chartered Institute of Internal Auditors (CIIA).
- 3.12 At the September 2023 meeting, it was agreed to set up a **Resourcing Group** to cover all matters resourcing our teams including recruitment, succession planning, training, soft skills, ways of working, and mentoring. Volunteers for Resourcing Group were Laura Calder (City of Edinburgh Council) - Lead, Eilidh Mackay (East Ayrshire Council), Richard Fox (Dumfries & Galloway Council), Michelle Blair (East Renfrewshire Council), Cathie Wyllie (Angus Council/Dundee City Council).
- 3.13 At the September 2023 meeting, volunteers were approved to join a short life **Sustainability / Climate Change Group** to develop an Internal Audit Programme covering the broad aspects of this topic, linked to new statutory guidance that is being developed by Sustainable Scotland Network in collaboration with SLACIAG and Audit Scotland on the Role of Audit. Volunteers were Laura Miller (North Ayrshire Council), Andrew Steven (East Lothian Council), Chris Hurt (Scottish Borders Council), Paul Brown (East Dunbartonshire Council), Paul Davies (East Ayrshire Council).
- 3.14 At the December 2023 meeting whilst noting that not all CAEs have the corporate risk management framework as part of their remit, a **Risk Group** was established with an approved Terms of Reference. Volunteers were Jill Stacey (Scottish Borders Council), Pamela Redpath (Fife Council), Eilidh Mackay (East Ayrshire Council), with their corporate risk officers, and Kenneth Ribbons (West Lothian Council).

SLACIAG Knowledge Hub

- 3.15 All Agendas, Minutes, and Presentations of SLACIAG meetings, Conference, EQA Framework Guidance, and other relevant documents are uploaded to the SLACIAG Knowledge Hub to enable access by all members in a secure way. New Members have been registered on the SLACIAG Knowledge Hub, including those delegates at the SLACIAG Conference 2023, thus enabling greater participation.

4. COMPUTER AUDIT SUB-GROUP

- 4.1 The main aim of the Computer Audit Sub-Group (CASG), which is a permanent sub-group of SLACIAG, is to provide a forum to share and discuss computer audit practices and developments. This includes raising awareness of new standards, updates to legislation, new and current topics of interest, and computer audit developments, resources, and techniques.
- 4.2 The Computer Audit Sub Group (CASG) met twice in 2023, all meetings were virtual, with topics/speakers as follows in addition to core business:

Date	Topics / Speakers
23 March 2023	Power Query <ul style="list-style-type: none">• Callum Justice, Glasgow City Council - CASG acknowledged that Power Query is a useful tool to use for members who don't have other data analytics systems such as IDEA and are dealing with large amounts of data.
30 August 2023	Cyber Security in Internal Auditing <ul style="list-style-type: none">• Adam Howie, Glasgow City Council
29 November 2023	Introduction to AI <ul style="list-style-type: none">• Recorded Teams presentation from Charlie Anderson, Head of BTS (Business Technology Solutions), Fife Council AI and Ethics of AI <ul style="list-style-type: none">• Recorded Teams presentation from Fi Williams, Team Manager (Digital Skills and Learning), Fife Council

- 4.3 A common discussion point at CASG meetings during 2023 has continued to be the sustainability of the sub-group. One specific action arising from the SLACIAG Conference June 2023 has been discussion on widening the role and outputs of CASG in light of suggestions to cover, for example, Digital Transformation, Artificial Intelligence (AI), IT/Cyber Security, and Data Analytics, in addition to core Computer Audit work. The sub-group is keen to influence its future, as evidenced by the topics at August and November 2023 meetings.
- 4.4 It was also agreed that one of the SLACIAG Management Committee would be assigned as Senior Sponsor of CASG to provide direction from SLACIAG re Group's cycle of meetings and agendas; this will be considered as part of the AGM business in March 2024.
- 4.5 All Agendas, Minutes, and Presentations for CASG meetings are uploaded to the SLACIAG Knowledge Hub (CASG sub-folder) to enable access by all members in a secure way.

5. SCOTTISH LOCAL AUTHORITY INVESTIGATORS GROUP (SLAIG)

5.1 The main aim of the Scottish Local Authority Investigators Group (SLAIG), which is a permanent sub-group of SLACIAG, is to provide a forum to share and discuss counter fraud practices and developments. This includes raising awareness of updates to legislation, new and current topics of interest, and developments in counter fraud activities.

5.2 The Scottish Local Authority Investigators Group (SLAIG) met four times in 2023, all meetings bar one were virtual, with topics/speakers as follows in addition to core business:

Date	Topics / Speakers
1 March 2023	<p>Presentation on the work of the Scottish Social Security Agency</p> <ul style="list-style-type: none"> John Gregson, Dean Liddle & Susan Marr – SSSA Intelligence and Teresa Cullen and Amanda Bissett - SSSA Investigation Team <p>Brief update presentation on the Digital Economy Act (2017)</p> <ul style="list-style-type: none"> Jabeen Kamran, Michael Sowerby, Ryan White - Cabinet Office and Alison Dewar, Scottish Government
31 May 2023	<p>Presentation on the work of Trading Standards Scotland entitled 'Opportunities for Joint Working' and sharing case studies</p> <ul style="list-style-type: none"> Andy Wilson, Principal Investigator, Trading Standards Scotland
30 September 2023	<p>Feedback from the SLACIAG Conference June 2023 to outline and discuss ongoing objectives for SLAIG</p> <ul style="list-style-type: none"> Jill Stacey, Chair of SLACIAG, Scottish Borders Council
13 December 2023	<p>Overview of role of HMRC RIS Intelligence Bureau</p> <ul style="list-style-type: none"> Lucy Biggerstaff and Audrey Fulton, HMRC RIS Intelligence <p>Outline of the facility to provide local authorities in Scotland and England to trace and verify individuals</p> <ul style="list-style-type: none"> Jacqueline Davenport and Steve Black, LOCTA <p>Case Study - Sharing lessons learned from case study where a Head Teacher had embezzled School Funds</p> <ul style="list-style-type: none"> Stuart Saunders, West Lothian Council

5.3 In order to align with the vision and objectives of SLACIAG and SLAIG's Terms of Reference, one specific task arising from the SLACIAG Conference June 2023 assigned to SLAIG was the Benchmarking on fraud activity and resources. It has been agreed that all local authorities will participate in a benchmarking exercise. The core content of the exercise has still to be agreed but will also include resources, training, and outcomes. It was also agreed that one of the SLACIAG Management Committee would be assigned as Senior Sponsor of SLAIG to provide direction re Group's meetings and agendas; this will be considered as part of the AGM business in March 2024.

5.4 All Agendas, Minutes, and Presentations of SLAIG meetings, and other relevant documents are uploaded to the SLAIG Knowledge Hub to enable access by all members in a secure way.

6. CONCLUSION

- 6.1 Notwithstanding the challenges that continue to affect our organisations, SLACIAG and its sub groups have had another successful year, as evidenced by the attendance at our 2-day in-person Conference at Dumfries House, East Ayrshire, as well as other virtual meetings, and the range of topics discussed.
- 6.2 During the year Chief Internal Auditors: considered matters such as consultation on Internal Audit Standards, data analytics, counter fraud and crime, climate change, and internal audit developments; discussed key issues facing our assurance functions, including resourcing, workforce planning, and the skills and knowledge mix; and shared approaches being taken to address these. In line with their remits, the CASG and SLAIG sub-groups focussed on computer audit and counter fraud matters respectively. New Data Analytics, Resourcing, and Sustainability/Climate Change sub-groups were established during the year to explore and develop specific matters.
- 6.3 I would like to thank the Management Committee and the office bearers of our sub groups for their work in organising meetings and responding to the challenges that have arisen. I would also like to thank our speakers for giving up their time to join us at our Conference and other virtual meetings during 2023 and assist us in enhancing our effectiveness as internal auditors and fraud investigators.
- 6.4 My thanks are also extended to our members for their support, as evidenced not just by engaging in our Conference and other virtual meetings during 2023, but also by the generous advice and assistance provided in relation to the myriad of audit, risk and governance questions which have arisen within our membership during the year.
- 6.5 I am very proud to have been SLACIAG Chair for the past two years, engaging with such dedicated and hard-working public sector professionals in these challenging times.

Jill Stacey

Chief Officer Audit & Risk, Scottish Borders Council

Chair of SLACIAG

14 March 2024