ANNUAL REPORT FROM THE CHAIR – 2017

1. INTRODUCTION

1.1 Membership of the Scottish Local Authorities Chief Internal Auditors' Group (SLACIAG) is made up of the Heads of Internal Audit from each Scottish Local Authority and Strathclyde Partnership for Transport. The Group is a Special Interest Group of CIPFA Scotland, with operational arrangements, vision, and objectives set out in a formal Constitution.

1.2 The Group'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 internal audit, governance, and operations. In support of that vision the Group 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 groups key values including: Respect; Openness and Honesty; Adding Value; Professional Team working; Sharing Best Practice; Integrity; Continuous Improvement.

1.3 The purpose of this Annual Report to key stakeholders is to provide an update on the Group's activities and achievements over the course of 2018.

2. SLACIAG ACTIVITY AND ACHIEVEMENTS DURING 2018

2.1 SLACIAG met four times during 2017:

- 24 March 2017 – hosted by West Lothian Council;
- 15 & 16 June 2017 – West Park Centre, Dundee;
- 8 September 2017 – hosted by CIPFA Scotland; and
- 24 November 2017 – hosted by Glasgow City Council.

2.2 All of the meetings were very well attended, re-affirming the value of the Group to members through the variety of topics considered by the Group over the course of the year and the calibre of speakers who attended and presented. This is particularly pleasing at a time of such significant change across Local Government generally and for Internal Audit in particular. The Group strives to ensure involvement across the whole profession with an ever increasing emphasis on the involvement of members of Internal Audit teams as well as Heads of Internal Audit.

2.3 As usual, the Group held its Annual General Meeting in March 2017. All office bearers and committee members appointed in 2016 continued throughout 2017. The Treasurer presented the draft annual accounts which were approved for audit. The Group's healthy financial position allowed the subscription rates to be held at the current level for the following year and enabled a variety of training opportunities to be provided along with subsidised delegate fees for the 2017 Conference, promoting maximum attendance.

2.4 As well as allowing the Group to conduct its AGM business, the March meeting provided the consider some topical themes including presentations from Debra Allison and Evelyn Orr on the role of the Office of the Public Guardian and a case study which illustrated their role in carrying out investigations. Brian Taylor, provided an outline of the Scottish Government's Counter Fraud Maturity Model and Ken Macdonald from the Information Commissioner Scotland provided an overview of the new General Data Protection Regulations (GDPR).

2.5   At the September meeting the Group heard from Paul Dick, Information Security Officer at Perth and Kinross Council in relation to cyber security and the Scottish Governments proposal for Councils to comply with the 'Cyber Essentials +' programme as a single standard across the public, private and third sectors. Nicola Irvine-Brown, Policy Lead – Performance and Quality for Renfrewshire Council presented on the Council's recent experience of completing the new Best Value Audit regime and David Mitchell, Chief Governance Officer at East Ayrshire Council presented on the Council's work in response to the threat of serious and organised crime in the areas of procurement and licensing.

2.6   SLACIAG's biennial conference on 15 and 16 June 2017 in Dundee, which had the theme of 'Transformation and the Role of Internal Audit' was very positive and productive. Over the 2 days around 80 day and residential delegates, including Heads of Internal Audit and members of their teams heard from a range of engaging and entertaining speakers and participated in workshop sessions aimed at exploring important current issues in internal audit and counter fraud in more detail.

2.7   The conference was opened by our keynote speaker, Steven Kyle, Change Programme Manage for Dundee City Council was followed by a presentation on ALEOs by Peter Worsdale from Audit Scotland, Stewart Turner Speakers at the conference presented on the Ayrshire Roads Alliance and Siobhan White, Glasgow Caledonian University presented on Audit Committees. On day 2 Detective Inspector Ricky Hutton, Police Scotland presented on the work Police Scotland are doing in relation to the Safer Communities agenda.

2.8   Workshop sessions included, Audit Committees Internal Audit resources and delivery models, GDPR and the Counter Fraud Maturing model, where delegates sought practical solutions to challenging questions.

2.9   The November meeting allowed the group to hear a presentation from John Butcher, Executive Director of North Ayrshire Council in relation to the various reforms being introduced by the Scottish Government to address the attainment gap. Kenney Meechan, Head of Asset Governance of Glasgow City Council provided the group with a further presentation on GDPR from a practitioner view to implementation and Jacqui Greenless from the Improvement Service presented on the Local Government Benchmarking Framework and in particular how auditors could use the new online analysis tool.

2.10   In line with the Group's objectives representatives of the group participate in CIPFA's Internal Audit Special Interest Group to develop further engagement with the internal audit community across the country, a workplan based around 6 main themes has been developed and will be taken forward by participants of the special interest group.

2.11   The group conducted a training needs analysis including feedback from each of the sub-groups. Three training events were scheduled for the 'Introduction to Internal Audit' course with the first course being held during the year receiving good feedback from delegates and for 'Essentials of Internal Audit', further training events are planned for next year.

2.12   There are 25 councils currently participating in the SLACIAG peer review approach to External Quality Assessment (EQA) to meet the 2013 Public Sector Internal Audit Standards requirement that Internal Audit sections undergo periodic (at least 5 yearly) external assessment against the Standards. The majority of the reviews are either completed or ongoing. The group will undertake a review of the process including lessons learned during 2018.

3.   COMPUTER AUDIT SUB-GROUP

3.1   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. CASG meets three times per annum and the meetings, which are hosted by Councils, continue to cater for computer audit knowledge from novice through to professional level and were attended by auditors from Local Authorities as well as from Strathclyde Partnership for Transport and Scottish Water.

3.2   Meetings have included presentations and discussions on a range of topics with speakers from within and out-with the group. In the past year, presentation topics have included: Secure emails, virtual desktops, PCI-DSS, Cyber security, Information security and security aspects of Office 365.

4.   SCOTTISH LOCAL AUTHORITY INVESTIGATORS SUB-GROUP (SLAIG)

4.1   The main aim of 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. SLAIG meets four time per annum and there is regular engagement with the Crown Office and Procurator Fiscal Service (COPFS). The absence of statutory offences and the reliance on common law offences has been discussed with COPFS and representations have been made to the Scottish Government to consider legislative powers similar to those available to Local Authorities in England.

4.2   Pilot initiatives with the DWP in relation to joint working with Local Authorities are continuing with specific areas of interest being in relation to council tax reduction scheme (CTRS) fraud and tenancy fraud. West Dunbartonshire Council are the lead for these pilot initiatives.

4.3   Developments have been progressed in relation to an information sharing protocol for use by all Local Authorities and this is with SOLAR for approval. Inter authority benchmarking is also in the early stages of being developed.

4.4   The Group has heard from speakers on topics of interest such as waste management and serious and organised crime delivered by SEPA, sharing of good practice with NHS Counter Fraud Services, money laundering and other emerging threats delivered by Police Scotland and work being undertaken by other Local Authorities in relation to specific fraud risks and initiative.

5.   SUMMARY

5.1   In summary, SLACIAG has had another very successful year, and I believe that, individually and collectively, the Group will continue to be at the forefront of developments, is well positioned to meet the considerable challenges of the future, and that our voice will continue to be heard as experts in matters of risk management, governance and control. Group members, in their Authorities, will continue to adapt as necessary to support their Board and Executive Management Teams to maintain delivery of well governed services in the context of reducing resources and significant transformation.

5.2   Finally, I would like to take this opportunity to thank the Committee and all Group members for their strong support and contributions during my first year as Chair, and wish the Group every success for the future.

Andrea McMahon (Chief Auditor, Renfrewshire Council)
Chair of SLACIAG
14 June 2018