![SLACIAG Scottish Local Authorities Chief Internal Auditors' Group logo]

ANNUAL REPORT FROM THE CHAIR – 2018

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.

1.4 SLACIAG has two sub-groups whose work is also reflected in this report.

- The Computer Audit Sub-Group (CASG) and,
- The Scottish Local Authorities Investigators' Group (SLAIG).

2. SLACIAG ACTIVITY AND ACHIEVEMENTS DURING 2018

2.1 We held our AGM in June 2018. The Chair Andrea McMahon completed her two year term of office and was succeeded by the Vice-Chair Eilidh Mackay until March 2020. The AGM was delayed from March 2018 due to the "Beast from the East" bringing extreme weather conditions and leading to the rare cancellation of a scheduled meeting.

2.2 During 2018 we invited the Chairs of both CASG and SLAIG to join the SLACIAG Management Committee to benefit from their sectoral expertise and support our joined up inclusive approach. The SLACIAG Constitution was amended to reflect this change.

2.3 During the year our Constitution underwent a number of other minor changes and remains under review to ensure it is fit for purpose going forward.

2.4 SLACIAG usually meets four times in year but due to the adverse weather conditions referred to section 2.1 met three times during 2018. Business coverage was as follows:

SLACIAG MEETINGS 2018		
Date	**Host**	**Topics / Speakers**
March 2018	South Lanarkshire Council, Hamilton	• Cancelled due to adverse weather
June 2018	Perth & Kinross Council, Perth	• Health & Social Care Integration with speakers from Scottish Government & NHS.

		• Training Proposal – IT and Contract Management workshops (including contribution from CIPFA representative). • PSIAS External Quality Assessment (EQA) – debrief and next steps. • Exchange of experience – fraud.
September 2018	Fife Council, Cupar	• PSIAS External Quality Assessment (EQA) – update. • Counter Fraud with speakers from Audit Scotland. • Best Value Assurance Reports with speaker from Audit Scotland. • Exchange of Experience – fraud.
November 2018	CIPFA Offices, Edinburgh	• Agile Projects with speaker from ISACA. • Care Inspectorate speaker. • SLACIAG Conference 2019 – planning. • Consultation on new Audit Scotland publication "How Councils Work: Managing risk through internal controls" with a speaker from Audit Scotland.

2.5 All of the meetings continue to be 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 as we continue a period of significant change across Local Government and for Internal Audit. The Group strives to ensure involvement across the whole profession with an ever increasing emphasis on the involvement of members of Internal Audit teams, particularly through CASG and SLAIG, as well as Heads of Internal Audit.

2.6 There is a continuing healthy interest in supporting various working groups (e.g. training and PSIAS External Quality Assessment) and the Management Committee. However at the AGM in June 2018 there were no nominations or volunteers for the position of Vice-Chair. Also due to a lack of volunteers the Secretary (Paul Doak, North Ayrshire Council) and Treasurer (Kevin O'Kane, Stirling Council) agreed to remain in office.

2.7 The Management Committee from June 2018 is as follows:

SLACIAG MANAGEMENT COMMITTEE 2018		
Eilidh Mackay	East Ayrshire Council	Chair SLACIAG
Paul Doak	North Ayrshire Council	Secretary SLACIAG
Kevin O'Kane	Stirling Council	Treasurer SLACIAG
Andrea McMahon	Renfrewshire Council	former Chair SLACIAG
Jill Stacey	Scottish Borders Council / Midlothian Council	former Chair SLACIAG
Colin McDougall	West Dunbartonshire Council	SLACIAG member
Francis Scott	Glasgow City Council	SLACIAG member
Jackie Clark	Perth & Kinross Council	SLACIAG member
Pamela Redpath	Dundee City Council	SLACIAG member
Crawford McIntyre	Shetland Islands Council	SLACIAG member (retired 2018)
Paul Macaskill	Western Isles	SLACIAG member (appointed to Committee on retirement of Crawford McIntyre)
Peter Moore	East Lothian Council	Chair CASG
Barry Moncur	East Dunbartonshire Council	Chair SLAIG

2.8   March 2018 marked the first PSIAS deadline for completion of External Quality Assessments (EQAs), an exercise to be completed at least 5 yearly. Most members participated in a SLACIAG peer review approach. Learning from that first EQA process informs the peer review approach going forward.

2.9   At the AGM In June 2018 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 another year and will allow a variety of training opportunities to be promoted as well as subsidised delegate fees for the 2019 conference to allow maximum attendance.

2.10   At the June 2018 meeting a discussion of training proposals around IT and Contract Management has informed planning for our 2019 Conference. The SLACIAG Conference is held every two years, in June. The next conference is scheduled for 13-14 June 2019 and will be held at Dumfries House, Cumnock.

2.11   The SLACIAG Management Committee meets twice each year and during 2018 met in June and December. The Chair represents SLACIAG at meetings of the CIPFA Scotland Branch Executive Committee.

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 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 with business as follows:

CASG MEETINGS 2018		
Date	Host	Topics / Speakers
March 2018	East Renfrewshire Council	• Cyber Essentials presentation by Scottish Canals including carrying out an in-house "phising" exercise • SEEMIS audit carried out by Fife Council • GDPR update presented by Glasgow City Council
August 2018	South Ayrshire Council	• Information security presentation from the Digital Office • Training proposals – Digital Change and Contract Management • Public Contracts Scotland presentation
November 2018	CIPFA Offices, Edinburgh	• GDPR update speaker from Information Commissioners Office • Group discussion cover common systems register and internal audit coverage • Duplicate payment testing carried out by Falkirk Council • Starters and leavers audit carried out by South Lanarkshire Council

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 times per annum and there is regular engagement with the Crown Office and Procurator Fiscal Service (COPFS).

4.2   The Group has heard from speakers on various topics of interest as follows:

SLAIG MEETINGS 2018		
Date	**Host**	**Topics / Speakers**
February 2018	CIPFA Offices, Edinburgh	• Presentation from Scottish Social Security Agency • Police Scotland Update • Crown Office/FES/OAG/LA • Benchmarking • Scottish Government Counter Fraud Forum • GDPR • SLACIAG Update • Training • Legislation • NAFN Update • Joint Working with SFIS Update
May 2018	CIPFA Offices, Edinburgh	• GDPR Presentation – ICO • SDS Presentation • FSS Presentation • Crown Office/FES/OAG/LA • Scottish Government Counter Fraud Forum • Benchmarking • Legislation • NAFN Update • CIPFA Training • Joint Working with SFIS Update
September 2018	CIPFA Offices, Edinburgh	• Cybercrime Presentation – Police Scotland • Benchmarking/Statistics Presentation & Discussion • Licensing & SOC Presentation • SLAIG constitution & roles • GDPR • Crown Office/FES/OAG/LA • Scottish Government Counter Fraud Forum • Legislation • NAFN Update • Joint Working with SFIS Update • NFI Presentation – Audit Scotland
November 2018	CIPFA Offices, Edinburgh	• Police Scotland

		• OSCR
		• Cabinet Office
		• SLAIG constitution & roles
		• Tenancy fraud
		• Benchmarking
		• Crown Office/FES/OAG/LA
		• NAFN Update
		• Joint Working with SFIS Update

5.   SUMMARY

5.1   In summary, SLACIAG has had another successful year, and I believe that, individually and collectively, this professional network helps to reinforce the important statutory role of internal audit.

5.2   Firstly, 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 for the high levels of attendance at the quarterly meetings. The network relies on contributions from every one of us.

5.3   Secondly, I would particularly like to thank those colleagues who have remained as office bearers beyond their expected term and look forward to colleagues volunteering for current office-bearer vacancies (Vice-Chair) and for future opportunities to ensure the continued strength of our network.

5.4   Thirdly, I would like to thank those Councils who hosted our meetings during the year and all of the speakers who gave up time in their busy schedules to contribute to our learning and exchange of experience.

5.5   Finally, I would like to note the contributions of Crawford McIntyre, Shetland Islands Council, who retired at the end of 2018, for his longstanding and active contribution to the Management Committee and to Olwen Sinclair, Orkney Islands Council, who took up a new job opportunity in year, for her support to the group over many years. They will both be missed.

Eilidh Mackay B.A. (Hons), CPFA
Chair of SLACIAG
5 March 2019