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ITEM No …6………..

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REPORT TO: **SCRUTINY COMMITTEE - 23 APRIL 2025**

REPORT ON: **INTERNAL AUDIT PLAN UPDATE AND PROGRESS REPORT**

REPORT BY: **CHIEF INTERNAL AUDITOR**

REPORT NO: **127-2025**

1.0 PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee an update on the progress towards delivering the 2024/25 Internal Audit Plan; the audits from previous years' plans that were not complete in June 2024; information about the number of open internal audit recommendations, progress towards implementing the new Global Internal Audit Standards as they apply to the UK Public Sector (GIAS (UK Public Sector); and the annual report on the activities of the Scottish Local Authority Chief Internal Auditors' Group.

2.0 RECOMMENDATIONS

It is recommended that the Committee note:

(i)   the progress with the Internal Audit Plan;

(ii)   progress with the implementation of agreed internal audit recommendations;

(iii)   progress with implementation of the GIAS (UK Public Sector) compliance action plan; and

(iv)   the Scottish Local Authority Chief Internal Auditor's Group (SLACIAG) annual report.

3.0 FINANCIAL IMPLICATIONS

None.

4.0 AUDIT PROGRESS

4.1   Appendix 1 notes the current stage of progress with implementing the 2024/25 Internal Audit Plan and the outstanding items brought forward from the 2022/23 and 2023/24 Plans (the plan).

4.2   One new audit on Housing Stock (External Wall Insulation) has been added to the plan as reported at the Neighbourhood Regeneration, Housing and Estate Management Committee on 20 January 2025 (Item 5 Exempt report 31-2025). The audit work is at the review stage and was undertaken by the audit support contractor.

4.3   Two audits have been removed from the plan because the proposed scope would duplicate work already underway within the services. Both areas remain in the audit universe and will be considered for audit again in future.

- The review of the arrangements to implement and oversee the next phase of the Fairness and Local Child Poverty Action Plan, and

- The review of the processes to plan and carry out maintenance on Council housing stock, including arrangements for reactive maintenance.

4.4   Appendix 2 shows the open internal audit recommendations by service, audit year and risk priority. Progress has continued to implement actions, with seven actions closed since this was last reported in February 2025. Twenty-five actions have past their due date and require a new target date to be set by the services.

Global Internal Audit Standards (GIAS) (UK Public Sector) Update

4.5   GIAS (UK Public Sector) replaces the Public Sector Internal Audit Standards (PSIAS) from 1 April 2025.

4.6   To prepare for this change a gap analysis between the requirements of the GIAS (UK Public Sector) and the PSIAS was undertaken and an action plan prepared. The action plan (Appendix 3) is currently being worked through. The expectation is that compliance will be achieved during the first year of the new standards applying, with the final element to be implemented relating to annual reporting in June 2026.

4.7   The Internal Audit Strategy, and the Mandate and Charter being presented to this April meeting of the Scrutiny and Audit Committee in Report 129/25 are part of the action plan implementation.

Scottish Local Authority Chief Internal Auditor's Group (SLACIAG) 2024 Annual Report

4.8   Appendix 4 is the 2024 annual report from the Chair of SLACIAG, summarising the work undertaken by the group for the year and demonstrating the support provided for the Chief Internal Auditor and the wider Internal Audit and Counter Fraud teams.

4.9   There are a number of sub-groups that take forward topics of particular interest and risk and members of the Council's teams participate in the counter fraud, computer audit and resources groups.

5.0   POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

6.0   CONSULTATIONS

The Council Leadership Team have been consulted in the preparation of this report.

7.0   BACKGROUND PAPERS

The following background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than containing confidential or exempt information) were relied on to a material extent in preparing the above report.

The Global Internal Audit Standards issued January 2024
The Application Note; Global Internal Audit Standards in the UK Public Sector - issued December 2024, and
Cipfa's Code of Practice on the Governance of Internal Audit - issued February 2025

Appendix 1 - 2022/23, 2023/24 and 2024/25 Internal Audit Plan update.

Appendix 2 - Outstanding Internal Audit Agreed Actions.

Appendix 3 - GIAS (UK Public Sector) Action Plan

Appendix 4 - SLACIAG Annual Report 2024

CATHIE WYLLIE, CHIEF INTERNAL AUDITOR   **DATE: 2 APRIL 2025**

Completed items

2022/23 and 2023/24 Internal Audit Plan - Progress Report (Audits completed after June 2024)

2022/23 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assurance Level
Governance Reviews				
Staff Wellbeing/Absence Management (Contractor)	Review of the governance arrangements in place throughout the Council to promote and support staff wellbeing. The scope of this audit will pick up some elements of the absence management audit removed from the plan.	December 2024	Complete	Limited
ICT Reviews				
Microsoft Office 365 (Contractor)	Review of access permissions and licensing arrangements for Office 365 including linking to management of network access.	December 2024 Revised to June 2025	Draft report issued 7/6/24 various discussions and further evidence provided latest draft issued 28/3/25	
Civica CX – Rent Accounting Module	Review of the arrangements for the implementation of Phase 1 of Civica CX incorporating Housing Rent collection and recording of Housing Benefit/Universal Credit housing costs.	February 2025 Revised to June 2025	Draft report issued 2/4/25	
User Access Management (Contractor)	High level review of the appropriateness of user access levels and associated permissions for Civica Financials and Purchasing systems.	December 2024	Complete	Limited

2022/23 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assurance Level
		Revised to February 2025		
Systems Reviews				
Health and Safety - Incident Reports	Review of the Council's arrangements for the recording and reporting of Incident Reports.	September 2024	Complete	Substantial
Procurement / Contract Reviews				
Social Work Contracts and Payments	Review of contract management and commissioning arrangements, including payments, within Dundee Health and Social Care Partnership to assess their adequacy and effectiveness.	February 2025 Revised to September 2025	In progress	

2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assurance Level
Governance Reviews				
Absence Management	Review the arrangements in place within the Council to mitigate long term and future absence arising from sickness absences.	December 2024	Joint with Staff Wellbeing above Complete	Limited
Corporate Governance	Review of elements of the Annual Corporate Governance checklist with service areas to demonstrate evidence of compliance.	December 2024	Complete	Substantial

2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assurance Level
Financial Reviews				
Corporate Debt Recovery Arrangements	Corporate wide review of the Council's debt management and debt recovery arrangements.	December 2024 Revised to February 2025	Complete	Limited
Financial Forecasting (Contractor)	High level review of the control framework in place to support the development of financial forecasting corporately and within service areas.	December 2024 Revised to April 2025	Complete	Substantial
Procurement / Contract Reviews				
SLAs with External Bodies	Assess the extent to which the Council has adequate service level agreements in place where Council responsibilities are delivered by external bodies. To include an assessment of arrangements to ensure satisfactory service delivery and value for money.	April 2025 Revised to June 2025	In progress	
System Reviews				
Health and Safety Risk Assessments and Incident Management in Schools	Review of the arrangements in place within schools to ensure completion of health and safety risk assessments for activities including determination of roles and responsibilities.	February 2025 Revised to April 2025	Complete	Substantial
Section 75 Planning Obligations (Contractor)	Review of the arrangements in place for the recording, receipt, and monitoring of Section 75 payments/planning obligations from Developers.	February 2025 Revised to June 2025	Draft report issued 12/11/24	

2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assurance Level
Safety Alarm Response Centre	To assess the arrangements for the operation of the Safety Alarm Response Centre (SARC) in line with the Council's Resilience and Community Safety plans.	December 2024	Complete	Limited
Pentana	Review of the Council's Performance and Risk Management system in terms of management reporting and efficiencies.	December 2024 Revised to April 2025	Complete	Substantial
Permanence	High level review of the arrangements in place to support the decision-making process surrounding children being placed in permanent care and ensure compliance with relevant legislation.	December 2024 Revised to April 2025	Complete	Substantial
Recruitment (Contractor)	Review of the Council's Recruitment and Selection approach, including reporting and analysis of effectiveness, and identification of actions where required.	December 2024	Complete	Substantial
Young People in Residential Care - Missing Persons Processes	Review of the arrangements for risk assessment, planning for, and prevention of young people going missing from Residential Care. To include review of processes for identifying, recording, and responding to such instances.	April 2025 Revised to September 2025	In Progress	

2024/25 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assurance Level
Governance Reviews				
Child Poverty and Fairness Action Plan	Review of the arrangements to implement and oversee the next phase of the Fairness and Local Child Poverty Action Plan, including measurement of progress towards Scottish Government targets.	April 2025	Propose to Remove (conflicts with work taking place within Service)	
Partnership Working - Dundee Alcohol and Drugs Partnership	Review of the arrangements which underpin the Council's delivery responsibilities under the Alcohol and Drugs Partnership's Strategic Framework, including delivery plans, progress monitoring, and engagement with other members of the Partnership.	April 2025 Revised to September 2025	In Progress	
Tay Cities Deal	The Grant Offer Letter provided to Dundee City Council as lead authority for the deal requires that the Authority's Internal Audit Service performs a review of arrangements to implement and oversee the deal at least every other year. This year's audit will be a review of the benefits realisation processes including assessment of benefits towards delivering outcomes.	February 2025 Revised to April 2025	Complete	Substantial
Risk Management	A review of the Council's risk management processes will be carried out by the Internal Audit contractor.	June 2025	Draft report in review	
ICT Reviews				
End User Computing - Cloud Migration	A critical friend review of the processes in place to manage end user device access to the Council's network and applications. There have been changes to how people work and the devices they use. From a security perspective, it is vital that only authorised devices are permitted access to Council systems and data.	June 2025	Propose to remove (replaced with Service Cyber Incident Readiness)	

2024/25 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assurance Level
User Access Management	The review will consider the adequacy of user access management controls for the Northgate application. This will include assessment of the processes for joiners, movers, and leavers as well as access management arrangement to achieve segregation of duties, and monitoring of privileged accounts.	June 2025	Draft report in review	
Service Cyber Incident Readiness	Review the adequacy of design, and operating effectiveness of key controls, established in services to ensure delivery of their key activities to a minimum agreed level, during a cyber incident.	September 2025	Planning	
Financial Reviews				
Capital Planning and Monitoring	Review of the procedures to oversee the implementation of Capital Plans, in line with the Council's Capital Investment Strategy, and monitor and scrutinise Capital expenditure.	February 2025 Revised to June 2025	In review	
Payroll - Changes in Circumstances	Review of the processes by which information affecting individual's pay calculation is notified and actioned. To include pension contributions and salary sacrifice schemes.	February 2025 Revised to June 2025	In Review	
Purchase to Pay	Review of expenditure processes following the implementation of purchase to pay. To include consideration approaches to support continuous auditing of purchasing data.	February 2025 Revised to April 2025	Complete	Substantial
MOSAIC system payments	Review of payment processes added mid-year at Service's request.	April 2025	In progress	

2024/25 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assurance Level
		Revised to June 2025		
Systems Reviews				
Asset Management	Review of the processes which ensure that the Council's asset management databases are complete, accurate, and kept up to date. To include processes for condition assessment.	February 2025 Deferred to 2025/26	Deferred	N/A
Housing - Planned and Reactive Maintenance	Review of the processes to plan and carry out maintenance on Council housing stock, including arrangements for reactive maintenance.	April 2025 Revised to June 2025	Propose to Remove (conflict with work underway within Service)	
Immigration Sponsorship and Visas	Review of the processes by which the Council considers and manages recruitment applications from individuals overseas and/or requiring visa sponsorship, including the update of these policies and procedures in line with changing legislation.	April 2025 Deferred to 2025/26	Request to delay to 2025/26 from service due to current review of procedures	N/A
Onboarding & Induction	Review of onboarding processes for all staff, and the guidance available to line management overseeing and recording the onboarding of new starts.	Deferred	Removed to reserve list for 2025/26 due to risk assessment	
Multi Agency Safeguarding Hub (MASH) Intake processes	Review of the administrative processes to support the Multi-Agency Safeguarding hub in taking timely, effective action on referrals in collaboration with Council Services and partner bodies.	April 2025 Revised to September 2025	Planning	

2024/25 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assurance Level
Climate Strategy and Delivery Plans	Review to be conducted using a scope and audit programme being developed by SLACIAG for use across local authorities in Scotland.	June 2025	In Review	
Insurance	A review of Insurance processes will be carried out by the Internal Audit contractor.	June 2025	Audit Fieldwork complete	
DHSCP Review	Review covering an aspect of DHSCP activity. Scope to be confirmed in consultation with the internal auditors for the IJB.	June 2025	Planning	
Other Work				
Housing Stock (External Wall Insultation)	Review the processes, procedures and programmes relating to the implementation of the works identified as required after August 2021 by the report from the Design & Property Service.	June 2025	In Review	
Follow Up	Review of progress with the implementation of prior internal audit actions agreed by the Council, for the purpose of providing assurance to Elected Members that identified issues are addressed on a timely basis, and that management attention is appropriately directed towards issues which expose the Council to higher degrees of risk.	Each meeting	Ongoing	N/A
Technical Development	Planning and Scoping work for review and update of the Council's Internal Audit Methodology, including the introduction of Continuous Auditing and Data Analytics and implementation of new Public Sector Internal Audit Standards expected late summer/early autumn 2024.	As required. GIAS(UKPS) Action Plan and Strategy April 2025	In Progress	N/A
Advice and Guidance	Provision of ad-hoc support to assist services in respect of specific queries and contribute to the delivery of improvements	N/A	Ongoing	N/A

2024/25 INTERNAL AUDIT PLAN	Proposed Coverage	Target Scrutiny Reporting	Status / Update	Assurance Level
	in the Council's framework of governance, risk management and control. This will include the ongoing provision of advice and guidance surrounding the development ofnewly implemented systems and processes, or the revision and update of those processes.			
External Quality Assessment Process	As part of the peer review process developed to ensure conformance with the PSIAS, complete External Quality Assessment (EQA) of the Council's Internal Audit Service. Self-assessment provided to reviewer November 2023. Review delayed during 2024, re-started in October 2024.	December 2024 Revised to June 2025	Review in progress	
PSIAS Quality Self-Assessment	Annual self-assessment for conformance with PSIAS	June 2025		
Specific Investigations	To respond to requests for advice and assistance as required in respect of cases of suspected fraud, corruption, or malpractice.	As required	On-going as required	N/A

Definitions of Levels of Assurance

Comprehensive Assurance	The system of controls is essentially sound and supports the achievement of objectives and management of risk. Controls are consistently applied. Some improvement in relatively minor areas may be identified.
Substantial Assurance	Systems of control are generally sound, however there are instances in which controls can be strengthened, or where controls have not been effectively applied giving rise to increased risk.
Limited Assurance	Some satisfactory elements of control are present; however, weaknesses exist in the system of control, and / or their application, which give rise to significant risk.
No Assurance	Minimal or no satisfactory elements of control are present. Major weaknesses or gaps exist in the system of control, and/or the implementation of established controls, resulting in areas of unmanaged risk.

OUTSTANDING INTERNAL AUDIT AGREED ACTIONS

Agreed actions from Internal Audit recommendations are recorded in Pentana and implementation is monitored by Services and the Risk and Assurance Board. Implementation of the agreed action is the responsibility of the service area, and the risk exposure identified in the audit remains in place until the action has been completed. New dates should be agreed for actions that were not complete by their original due date.

The numbers of outstanding actions in Pentana for each Service, by audit year, on 25 March 2025 are summarised in the following tables.

- Table 1 - shows actions that have not yet reached their original agreed due date.

- Table 2 - shows actions that have had their due dates extended, but are still not completed.

- Table 3 - shows actions overdue from their agreed due date, and which require a new date to be agreed.

At 25 March 2025 there were 74 open actions, compared to 65 at 14 January 2025. 2 are critical. This represents the closure of 7 actions and addition of 16 new actions. New dates for completion of overdue actions are required for the actions in Tables 2 and 3. There is still work to be done to close off older actions, the majority of which have a high level of completion but still require a little more work to complete fully.

Table 1 - Actions not yet reached original agreed due date

Service	Audit Year	Critical	High	Medium	Low	Total
		No	No	No	No	No
Children and Families	2023/24	-	-	4	-	4
Corporate Services	2022/23	-	2	-	2	4
	2023/24	-	2	9	1	12
Neighbourhood Services	2022/23	-	1	-	-	1
Totals		**0**	**5**	**13**	**3**	**21**

Table 2 - Actions with due date extended from original due date

Service	Audit Year	Critical	High	Medium	Low	Total
		No	No	No	No	No
Chief Executives Service	2022/23	2	-	-	-	2
	2023/24	-	2	1	1	4
City Development	2022/23	-	2	-	-	2
Corporate Services	2020/21	-	1	-	-	1
	2021/22	-	1	-	3	4
	2022/23	-	2	3	3	8
Corporate	2021/22	-	1	-	1	2
Neighbourhood Services	2016/17	-	1	-	-	1
	2017/18	-	1	-	-	1
	2020/21	-	2	-	-	2
	2022/23	-	-	1	-	1
Totals		**2**	**13**	**4**	**8**	**28**

Table 3 - Actions overdue from agreed due date

Service	Audit Year	Critical	High	Medium	Low	Total
		No	No	No	No	No
Children and Families	2023/24	-	-	4	1	5
Corporate Services	2021/22	-	-	-	1	1
	2022/23	-	1	2	-	3
	2023/24	-	4	6	3	13
Neighbourhood Services	2023/24	-	3	-	-	3
Totals		**0**	**8**	**12**	**5**	**25**

Definitions of Action Priority

Critical	**Very high-risk exposure to potentially major negative impact** on resources, security, records, compliance, or reputation from absence of or failure of a fundamental control. Immediate attention is required.
High	**High risk exposure to potentially significant negative impact** on resources, security, records, compliance, or reputation from absence of or non-compliance with a key control. Prompt attention is required.
Medium	**Moderate risk exposure to potentially medium negative impact** on resources, security, records, compliance or reputation from absence or non-compliance with an important supporting control, or isolated non-compliance with a key control. Attention is required within a reasonable timescale.
Low	**Low risk exposure to potentially minor negative impact** on resources, security, records, compliance, or reputation from absence of or non-compliance with a lower-level control**, or areas without risk exposure but which are inefficient, or inconsistent with best practice.** Attention is required within a reasonable timescale.

Global Internal Audit Standards (UK Public Sector) compliance action plan

Compliance	Action	Progress 28 March 2025	Responsible Officer	Due Date
Compliance with Cipfa Code on Governance of internal Audit	Review requirements of the Code, raise with Council Leadership Team (CLT), Scrutiny Committee members and Corporate Governance Officers Group and identify actions required for compliance.	The Code was published in February 2025. It was discussed with CLT 11 March 2025, and Elected Members briefings are scheduled for 14 and 15 April 2025 On Target	Chief Audit Executive	30 June 2026
IA Strategy, Mandate and Charter	Create Strategy and Mandate and Charter documents, consult team, CLT, and Scrutiny Committee and take to April Scrutiny committee.	Draft documents preparation included discussion with and input from IA team members, CLT (11/3/25) and Elected Members on Scrutiny committee (14 and 15 April 2025). Draft documents to come to April Scrutiny Committee. Mandate and Charter for approval and Strategy for noting. On Target	Chief Audit Executive	30 April 2025
Audit Planning	Ensure audit planning covers all required aspects of GIAS UK (Public Sector).	Planning requirements of the GIAS (UK Public Sector) reviewed and incorporated into planning for the 2025/26 annual internal audit plan. Draft plan to be approved at April Scrutiny Committee meeting. **Complete**	Chief Audit Executive	31 March 2025
Update Audit Manual and checklists	Review IA Manual checklists and update as necessary for areas where GIAS (UK Public Sector) say procedures are required or we think it would be beneficial. Include EQA procedure. Standards 1.1;1.2; 4.1; 4.3; 5.2;	Initial conformance review undertaken and areas for further action identified. In progress	Chief Audit Executive, Acting Senior Manager, Internal Audit and Senior Auditor	30 June 2025

Compliance	Action	Progress 28 March 2025	Responsible Officer	Due Date
	9.3; 11.1; 11.3; 13.1; 13.2; 14.1; 14.2 14.3; 14.4; 15.1			
Create training log	Create training log for whole IA team Standards 3.1; 3.2	Not started	Chief Audit Executive, Acting Senior Manager, Internal Audit and Senior Auditor	30 June 2025
Skills Audit	Undertake skills/knowledge audit in IA team against core competencies /knowledge areas and consider training needs thereafter. Review job descriptions/ people specs to ensure fully compliant. Standard 3.1	Not started	Chief Audit Executive, Acting Senior Manager, Internal Audit and Senior Auditor	31 August 2025
Root Cause Analysis	Develop approach to identifying Root Cause Analysis in audit planning / audit programme, undertake training in team and apply in audits. Standard 11.3	Initial research begun	Chief Audit Executive, Acting Senior Manager, Internal Audit and Senior Auditor	31 August 2025
Performance Measurement	Review Internal Audit KPIs and update if necessary, creating new data capture mechanisms if needed. Standard 12.2	Not started	Chief Audit Executive, Acting Senior Manager, Internal Audit and Senior Auditor	30 September 2025
Ethics training	Identify and deliver ethics training for IA team. Standard 3.2	Not started – may be covered at SLACIAG conference in June 2025	Chief Audit Executive	31 July 2025
General training	Review GIAS (UK Public Sector) mandated training and deliver training. Also training on updates to manual if required	Initial discussions about the changes have taken place during regular team meetings, including discussion of the draft Strategy, and the draft Mandate and Charter	Chief Audit Executive	31 December 2025

Compliance	Action	Progress 28 March 2025	Responsible Officer	Due Date
CAE Annual Report	Review annual report content to ensure compliance. Also consider what S&A committee should be asked to do with the report	Not started	Chief Audit Executive	16 May 2025
Stakeholder feedback	Review feedback form and update if required Standard 1.1	Not started	Acting Senior Manager, Internal Audit	31 August 2025
Self-assessment GIAS (UK Public Sector) compliance	First annual self-assessment of conformance will be due in 2026 for reporting in June 2026, Interim updates re action plan to go to committee	Not started	Chief Audit Executive	31 May 2026

SLACIAG
SCOTTISH LOCAL AUTHORITIES
Chief Internal Auditors' Group

ANNUAL REPORT FROM THE CHAIR - 2024

"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**:

- Secure a quality and responsive service for members of the group.

- 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.

- Strengthen links and build long term relationships across the internal audit community within the public service.

- Provide an effective group for the discussion of issues of common concern, sharing of good practice and commissioner of work to develop advanced practice.

- 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.

- 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 2024 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   Further sub-groups were established by SLACIAG in 2023 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 in 2024 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 in March 2024, continuing as Chair following a 2-year term during 2022-2023 to facilitate succession planning within the Management Committee. 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 2026. 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 2024 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 2024. New members were welcomed to the Management Committee, including each sub-group Lead to ensure all sub-groups were represented. The Chairs of both CASG and SLAIG participate in the Management Committee meetings to derive benefits from their sectoral expertise and to ensure synergy when forward planning the regular meetings.

2.4   The same membership has continued during 2024, as follows:

SLACIAG MANAGEMENT COMMITTEE 2024		
Jill Stacey	Scottish Borders Council	Chair SLACIAG
Yvonne Douglas	South Lanarkshire Council	Treasurer SLACIAG
Pamela Redpath	Fife Council	Member; Lead for EQA and Risk Sub-Groups
Gillian McConnachie	East Dunbartonshire Council	Member
Duncan Stainbank	East Lothian Council	Member; Lead for Sustainability/ Climate Change Sub-Group
Duncan Black	Glasgow City and Shetland Islands Councils	Member; Lead for Data Analytics Sub-Group
Gordon O'Connor	Stirling Council	Member; EQA Moderation Panel
Jamie Dale	Aberdeenshire and Aberdeen City Councils	Member
Laura Calder	City of Edinburgh Council	Member; Lead for Resourcing Sub-Group
Paul Brown	East Dunbartonshire Council	Chair CASG
Barry Moncur	East Dunbartonshire Council	Chair SLAIG

2.5   There were Management Committee virtual meetings held in April, May, August and October 2024. The purpose of these meetings was to forward plan SLACIAG and Sub-Group meetings, considering topics, setting dates and arranging speakers.

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 Meetings 2024

3.1   There were four SLACIAG virtual meetings in 2024 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
15 March 2024	**AGM** • SLACIAG Annual Report 2023 (Chair) • SLACIAG Constitution (Chair) • SLACIAG Annual Accounts 2023 (Treasurer) • SLACIAG Subscriptions • Election of Officers Bearers **CIPFA Technical Update** • Naomi Whitmore, Public Finance Technical Adviser, CIPFA **Assurance arrangements on Housing Benefit Subsidy Claims in Scotland** • John Cornett, Audit Scotland **Fraud Benchmarking in Scotland - SLAIG** • Barry Moncur, East Dunbartonshire Council, Chair of SLAIG, and Carol Cleland, Renfrewshire Council
7 June 2024	**Director of Finance perspective on Financial Sustainability and the role of Internal Audit** • Jamie Robertson, Executive Officer for Finance & Digital Services, East Dunbartonshire Council (Chair of CIPFA Directors of Finance forum)
20 September 2024	**Strategic Workforce Risks – Best Value area of focus Workforce Innovation** • John Cornett and Blyth Deans, Audit Scotland **Financial Sustainability indicators within LGBF** • Website demo by Emily Lynch, Improvement Service **New Global Internal Audit Standards** • Andrew Paterson, EQA Sub-Group and Orkney Islands Council on behalf of Pamela Redpath, EQA Sub-Group Lead and Fife Council

Date	Topics / Speakers
6 December 2024	**Strategic Workforce Risks – 'Building a Sustainable Scottish Local Government Workforce for the Future' and overview of the Improvement Service "Local Government Workforce Report 2024"** • Amanda Spark, Improvement Service **New CIIA Global Internal Audit Standards (GIAS), IASAB Application Note for GIAS in UK Public Sector, and CIPFA Code of Practice for Governance of Internal Audit in Local Government** • Jill Stacey, SLACIAG Chair and Scottish Borders Council, and Pamela Redpath, EQA Sub-Group Lead and Fife Council

3.2 The Treasurer produced the 2023 annual accounts, which were considered in draft by the Group at the AGM in March 2024. Thanks to those at South Ayrshire Council for completing the independent audit of the 2023 Accounts. Thanks to Yvonne for her professionalism in fulfilling the Treasurer role and providing regular updates during 2024 on the financial position of SLACIAG which is important to ensure the Group remains financially sustainable.

3.3 A report on behalf of the Management Committee was issued to members containing an analysis of the benefits of SLACIAG membership, benchmarking with some other professional bodies' subscription fees, and a proposal on subscriptions for 2025 which was approved.

External Quality Assessment (EQA)

3.4 There continued to be challenges for the completion of the EQA2 schedule including staff resourcing issues in Councils, knock-on effect of delays 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.

3.5 The EQA Sub-Group members set out below have been active in 2024 to oversee the completion of the EQA2 schedule and to plan the EQA3 schedule. The draft schedule of EQA3 peer reviews (involves 29 Councils with 21 CAEs due to shared services arrangements) was approved. The vacancy on the Moderation Panel is not deemed to be a significant resourcing issue currently.

EQA Sub-Group		Moderation Panel	
Pamela Redpath	Fife Council	Paul MacAskill	Argyll & Bute Council
Andrew Paterson	Orkney Islands Council	CGordon O'Connor	Stirling Council
Cecilia McGhee	South Ayrshire Council	vacancy	

3.6 The new Global Internal Audit Standards in the UK Public Sector (GIAS), which incorporate the CIIA Global Internal Audit Standards, IASAB Application Note for the UK Public Sector, and CIPFA Code of Practice for the Governance of Internal Audit in Local Government, will have implications for the SLACIAG EQA3 Peer Review Process and Templates. These will be updated by the EQA Sub-Group.

Sub-Groups

3.7 At each of the quarterly SLACIAG meetings during 2024 updates were received from the Sub-Groups in accordance with their respective terms of reference to derive significant benefits from them.

3.8 The **Data Analytics Group** has had four virtual workshops during 2024 coordinated by GCC team. There has been good participation as an opportunity to share practices, insights, data set examples, data analytics strategies, etc. to improve our Digital Skills within our Internal Audit teams and beyond.

3.9 The **Resourcing Group** met virtually three times in 2024 to discuss all matters on resourcing our teams including recruitment, succession planning, training, soft skills, ways of working, and mentoring.

3.10 The **Sustainability / Climate Change Group** shared the Internal Audit Programme on Climate Change Strategy that it had developed, 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.

3.11 The **Risk Group** expanded its small membership to share practice within its approved Terms of Reference and to progress risk benchmarking through use of risk management maturity models.

SLACIAG Knowledge Hub

3.12 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 new starts from within audit teams of Councils, 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 two times in 2024, all meetings were virtual, with topics/speakers as follows in addition to core business:

Date	Topics / Speakers
29 May 2024	**Cyber Threats and the Role of a Security Operation Centre (SOC) - A presentation of the current threats that organisations are facing and the importance of having a SOC in mitigating the effects of such attacks.** • Paul Cullimore, Quorum Cyber **Business Continuity Audit – A summary of issues noted as part of a recently completed audit.**

	• Yvonne Trundle, North Ayrshire Council
9 October 2024	**Power BI – A presentation and walkthrough of examples of the uses of Power BI in a Local Authority.** • Hunter Dallas, South Lanarkshire Council **Ransomware Attack, Western Isles Council – Presentation to provide an overview of the attack that occurred in 2023, and any lessons learned.** • Malcolm Nicol, Western Isles Council

4.3 This year has seen a change in the constitution of the Group, with a new Chair and Secretary taking up their roles in the second half of the year, to ensure the sustainability of the sub-group. The participation in the group remains good.

4.4 Within the SLACIAG Annual Report 2023 reference was made to expanding the role and outputs of CASG to cover, for example, Digital Transformation, Artificial Intelligence (AI), and IT/Cyber Security, in addition to core Computer Audit work. This is still under consideration and would involve a change to the Terms of Reference of the Group. In the first instance, 3 topics were suggested:

· Shared Learning from the Western Isles Council from a ransomware attack
· Cyber Security Maturity Assessment – tools and role of Internal Audit
· Contracts via the Local Authority IT Security Group

4.5 The first topic has been covered with an informative presentation given to the group by the Western Isles Council in October 2024. The Group has had discussions with respect to the maturity assessment and further work is planned in 2025, as is increasing communication with the Local Authority IT Security Group. Furthermore, a presentation covering Artificial Intelligence is planned for April 2025.

4.6 Due to the changes in the constitution of the group some Agendas, Minutes, and Presentations for CASG meetings 2024 are still to be uploaded to the SLACIAG Knowledge Hub (CASG sub-folder) to enable access by all members in a secure way. This will be updated in the coming months as well as improving oversight of each Council's ICT audit plans during 2025.

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 2024, all meetings bar one were virtual, with topics/speakers as follows in addition to core business:

Date	Topics / Speakers
20 March 2024	**Presentation on Scotland Excel information sharing, artificial intelligence, and cyber security issues. Shared training opportunities discussed and progressed.** • Danielle Pettigrew, Governance and Performance Manager, Scotland Excel
20 June 2024	**Presentation on the 2022/23 National Fraud Initiative, the forthcoming 2024/25 exercise, in particular data quality issues and how LA's could increase outcomes.** • Tim Bridle, Audit Scotland
18 September 2024	**Presentation and overview of the Investigatory Powers Act, and outline of the services, particular to the Act, that NAFN could provide.** • Paul Choudry, National Anti-Fraud Network (NAFN) **Case Study - Sharing lessons learned from a case study relating to the evasion of Council Tax with the provision of fictitious details.** • Bobbi Irvine, West Lothian Council
11 December 2024	**Presentation on the services available to local authorities from Transunion with regards credit reference data.** • Lydia Johnson and Greg Flewitt, Transunion **Case Study - Sharing lessons learned from a case study relating to a recent embezzlement case which resulted in a successful prosecution. Control weaknesses and red flags were discussed and good practice shared.** • Matthew Dickson, Aberdeen City Council

5.3 One specific task assigned to SLAIG was the Benchmarking on fraud activity and resources to align with the vison and objectives of SLACIAG and SLAIG's Terms of Reference. The proposal was agreed in March 2024 that all local authorities will participate in a benchmarking exercise. The core content of the exercise will include resources, training, and outcomes.

5.4 One of the SLACIAG Management Committee members is assigned as Senior Sponsor of SLAIG to provide direction re Group's meetings and agendas.

5.5 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 participation in our virtual meetings and the range of topics discussed.

6.2   During the year Chief Audit Executives considered significant matters facing our organisations such as Financial Sustainability Risks and Strategic Workforce Risks, engaged in the consultation of new Global Internal Audit Standards and assessed their impact on the provision of assurance and advisory services, and discussed other key issues and shared approaches being taken to address these. In line with their remits, the CASG and SLAIG Sub-Groups respectively focussed on computer audit and counter fraud matters that are affecting our organisations and our functions/individuals. The Data Analytics, Resourcing, Sustainability/Climate Change and Risk Sub-Groups are excelling in their exploration of specific matters. I give thanks to those who volunteer their time to achieve this.

6.3   I would like to thank the Management Committee and the Leads 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 virtual meetings during 2024 and assist us in enhancing our effectiveness as providers of assurance and compliance services.

6.4   My thanks are also extended to our members for their support, as evidenced by engaging in our virtual meetings during 2024, 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. SLACIAG relies on the dedicated and hard-working public sector professionals within its membership and look forward to our biennial 2-day in-person Conference on 5 and 6 June 2025.

Jill Stacey
Chief Officer Audit & Risk, Scottish Borders Council
Chair of SLACIAG

14 March 2025