

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 22 APRIL 2025

INTERNAL AUDIT ACTIVITY UPDATE

REPORT BY CATHIE WYLLIE – SERVICE LEADER - INTERNAL AUDIT

1. ABSTRACT

- 1.1 This report provides assurance through an update on Internal Audit matters including main findings from reports issued since the date of the last Scrutiny and Audit Committee; progress with implementation of agreed Internal Audit and Counter Fraud actions, and an update on the implementation of the action plan to ensure compliance with the new Internal Audit Standards – Global Internal Audit Standards (UK Public Sector).

2. ALIGNMENT TO THE COUNCIL PLAN AND COUNCIL POLICIES

- 2.1 The contents of this report contribute to the achievement of the corporate priorities set out in the Angus Community Plan and the Council Plan. This is achieved through this report providing the Scrutiny & Audit Committee with information and assurance about council internal control systems, governance and risk management.

3. RECOMMENDATIONS

- 3.1 It is recommended that the Scrutiny and Audit Committee:
- (i) Considers and notes the update on progress with the planned Internal Audit work and one Counter Fraud Investigation (Appendices 1 and 2);
 - (ii) Considers and notes management's progress in implementing Internal Audit and Counter Fraud recommendations (Appendix 1);
 - (iii) Considers and notes the progress with implementing the requirements of the new GIAS (UK Public Sector) (Section 6 and Appendix 3); and
 - (iv) Considers and notes the Scottish Local Authorities Chief Internal Auditors' Group (SLACIAG) Annual Report from the Chair 2024 (Section 7 and Appendix 4).

4. BACKGROUND

- 4.1 Annual Internal Audit plans are approved by the Scrutiny and Audit Committee and a progress report is submitted to each meeting of the Committee. This report outlines progress in delivering the agreed 2024/25 plan (agreed at the Scrutiny & Audit Committee in April 2024 Report 123/24) and items from the 2023/24 plan that were incomplete in June 2024.
- 4.2 Internal Audit issues a formal report for each review undertaken as part of the annual audit plan. Each report contains an action plan which incorporates all the recommendations made. This action plan, prepared under SMART (Specific, Measurable, Achievable, Realistic, Timed) criteria, is agreed with management within the relevant services who nominate persons responsible for taking forward the actions and who set their own completion date for each action. This agreed action plan forms an integral part of the final audit report and audit recommendations are ranked to indicate materiality. SMART internal control actions are also agreed following Counter Fraud investigations.
- 4.3 As part of the on-going audit process, Internal Audit reviews the implementation of recommendations and reports the results to each meeting of the Scrutiny and Audit Committee.

- 4.4 Ad-hoc requests for advice are dealt with as they arise.
- 4.5 Internal Audit is required to comply with prescribed internal audit standards. These are changing from 1 April 2025 and an action plan to ensure compliance is currently being worked through. Section 7 below provides an update on this.

5. CURRENT POSITION

- 5.1 The latest results are included in the Update Report at **Appendix 1** and summarised in section 6 below.

6. PROGRESS WITH PREPARING TO IMPLEMENT GIAS (UK PUBLIC SECTOR)



- 6.1 GIAS (UK Public Sector) replaces the Public Sector Internal Audit Standards (PSIAS) from 1 April 2025.
- 6.2 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.
- 6.3 The Internal Audit Strategy, and the Mandate and Charter being presented to this April meeting of the Scrutiny and Audit Committee in Report 126/25 are part of the action plan.

7. SLACIAG ANNUAL REPORT FROM THE CHAIR 2024

- 7.1 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 Service Leader Internal Audit and wider Internal Audit and Counter Fraud teams.
- 7.2 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 and resources groups.

8. SUMMARY OF ASSURANCES

- 8.1 The following table summarises the conclusions from audit work completed since the last Scrutiny and Audit Committee. Further information on each audit, and definitions of control assurances, are provided in Appendix 1.
- 8.2 Recommendations from counter fraud work are not graded. The number of recommendations made are noted under the Grade 4 column. * In the final column denotes that the service already has actions in place to address weaknesses identified in the audit or has action plans for other improvements in progress.
- 8.3 The Waste Service overpayments report is presented as a confidential appendix. It is prohibited from disclosure to the public under the Data Protection Act 2018.

Audit	Overall control assurance	Control assessment by objective	No. of Audit Actions by Priority			
			1	2	3	4
Payroll Continuous Auditing Jan – Feb. 2025	Comprehensive		-	-	-	-
Payroll – Overtime Payments	N/A	N/A	4	5	1	
Purchase ledger invoice processing & authorisation - Housing (Northgate)	Comprehensive		-	1	1	-
Waste Service Overpayments Counter Fraud team review Confidential Appendix 2	N/A	N/A				5

9. FINANCIAL IMPLICATIONS

- 9.1 There are no direct financial implications arising from the recommendations of this report, except for the implications for correction and recovery from identified errors in salary processing.

10. RISK MANAGEMENT

- 10.1 The overall impact on risk management and recommendations made to mitigate risks identified during the audit are covered in each individual audit report.

11. ENVIRONMENTAL IMPLICATIONS

- 11.1 There are no direct environmental implications arising from the recommendations of this report.

12. EQUALITY IMPACT ASSESSMENT, HUMAN RIGHTS AND FAIRER SCOTLAND DUTY

- 12.1 A screening assessment has been undertaken, and a full Equality Impact Assessment is not required for the following reason: - this report is providing reflective information for elected members.

13. CHILDREN'S RIGHTS AND WELLBEING IMPACT ASSESSMENT

- 13.1 A Children's Rights and Wellbeing Impact Assessment has been undertaken, and a full assessment is not required as the "General Principles" do not apply to this proposal.

14. CONSULTATION

- 14.1 This report was circulated for consultation to all Directors of the Council.

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

Global Internal Audit Standards (GIAS)

Cipfa's Code of Practice for the Governance of Internal Audit in UK Local Government

REPORT AUTHOR: Cathie Wyllie, Service Leader – Internal Audit

EMAIL DETAILS: ChiefExec@angus.gov.uk

List of Appendices:

Appendix 1	Internal audit update report
Appendix 2	Waste Service Overpayments
Appendix 3	GIAS (UK Public Sector) Action Plan
Appendix 4	SLACIAG Annual Report 2024

Angus Council Internal Audit



Update Report

Scrutiny & Audit Committee

22 April 2025

Cathie Wyllie
Service Leader – Internal Audit
Chief Executive's

Contents Page

INTRODUCTION 7

AUDIT PLAN PROGRESS REPORT 7

SUMMARY OF FINDINGS OF INTERNAL AUDIT REVIEWS..... 11

**DEFINITION OF ASSURANCE LEVELS, CONTROL ASSESSMENTS &
RECOMMENDATION PRIORITIES 20**

INTRODUCTION

This report presents the progress of Internal Audit activity within the Council from January 2025 and provides an update on progress with:



- planned audit work, and
- implementing internal audit and counter fraud recommendations

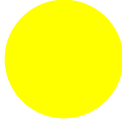






AUDIT PLAN PROGRESS REPORT





The table below notes the stage of progress of all audits in the agreed 2024/25 plan and those carried forward from 2023/24 in June 2024.


Definitions for control assurance assessments are shown at the end of this report.

Progress with Internal Audit Plan 2024/25

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / <i>(target in italics)</i>
Corporate Governance					
Corporate Governance annual review – 2023/24	May/June	Complete	N/A	N/A	June 2024 Report 191/24
Performance Management & Monitoring (2023/24)	April/May 2024	Final report issued and with CLT	Limited		Aug 2024
Financial Governance					
Payroll continuous auditing April to June 2024 July to Sept. 2024 Oct. – Dec. 2024 Jan. – Feb. 2025	On-going	Complete Complete Complete Complete	Comprehensive Comprehensive Comprehensive Comprehensive		Aug 2024 Dec. 2024 Mar. 2025 Apr. 2025
Payroll audit of overtime payments added April 2024 September 2023 to June 2024	On-going	Complete	N/A	N/A	April 2025

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in <i>italics</i>)
Creditors continuous auditing Duplicate Payments April to June 2024 July to Sept. 2024 Oct. – Dec. 2024	On-going	Complete Complete Complete	Comprehensive Comprehensive Substantial		Aug 2024 Dec. 2024 March 2025
Creditors continuous auditing Same person registration and authorisation (2023/24) April 2023 – Mar. 2024	June/July 2024	Complete	Substantial		Aug. 2024
Creditors continuous auditing Same person registration and authorisation April 2024 – Mar 2025	April/May 2025				<i>June 2025</i>
Supplier Bank Details – process for changes (2023/24).	June/July 2024	Complete	Substantial		Jan. 2025
Tayside Contracts – Invoice Processing & Monitoring (2023/24) - Cleaning (facilities & Council offices)	July - Sept. 2024	Complete	Substantial		Dec. 2024
Tayside Contracts – Invoice Processing & Monitoring (2023/24) - Schools	July - Sept. 2024	Complete	Comprehensive		Dec. 2024
Tayside Contracts – Invoice Processing & Monitoring (2023/24) - Roads	Aug. – Nov. 2024	Complete	Comprehensive		Jan. 2025
Tayside Contracts – Invoice Processing & Monitoring (2023/24) - Fleet	Aug. – Nov. 2024	Complete	Substantial		Jan. 2025
Council Tax Refunds – review of process and controls	Sept. 2024	Complete	N/A	N/A	Dec. 2024
External Placements (Children)	Sept.– Dec. 2024	Draft report under review			<i>June 2025</i>

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in <i>italics</i>)
Self-Directed Support (SDS)	Apr./May 2025				<i>Sept. 2025</i>
Programme of random cash counts	Ad-hoc	Complete	Comprehensive		Jan. 2025
Purchase ledger invoice processing & authorisation - Early Years	Oct.- Jan. 2024	Complete	Comprehensive		March 2025
Purchase ledger invoice processing & authorisation - Housing (Northgate)	Oct.- Jan. 2024	Complete	Comprehensive		April 2025
Purchase ledger invoice processing & authorisation AHSCP Carefirst - Adult Care Home payments	Oct.- Jan. 2024	Draft report issued — with service for agreement			June 2025
Travel Expense Claims	Nov. – Jan. 2024	Draft report issued – with service for agreement			<i>June 2025</i>
IT Governance					
IT User Access Administration – Integra (2023/24)	Feb 2024 (Delayed)	Complete	Substantial		Jan. 2025
Digitisation of Services (2023/24)	March/April 2024	In Progress awaiting information			<i>June 2025</i>
IT User Access Administration (Eclipse)	Feb. / Mar. 2025	Draft report issued – with service for agreement			<i>June 2025</i>
Use of Cloud Computing	Jan. / Feb. 2025	File under review			<i>June 2025</i>
Application Consolidation Strategy/Delivery	Mar. 2025	In progress			<i>June 2025</i>

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in <i>italics</i>)
Continuous Auditing – IT System Access	April 2025	Planned			<i>June 2025</i>
Internal Controls					
AWI Follow-up (2023/24)	Feb./ Mar. 2024	Complete	Substantial		Aug. 2024
Contract Management Procedures	Feb./ Mar. 2025	In Progress			<i>June 2025</i>
Procurement	Apr./ May 2025	Moved to 2025/26 Audit Plan			<i>TBC</i>
Asset Management					
Management/ supervision of empty Council premises	Apr. / May 2025				<i>June 2025</i>
Fleet Management	May/June 2025				<i>Sept. 2025</i>
Housing Void Management	Apr./ May 2025	Moved to 2025/26 Audit Plan			<i>TBC</i>
Legislative and other compliance					
Health & Safety – Evolve System (for risk assessments on school trips, excursions, etc.)	Apr. / May 2025				<i>Sept. 2025</i>

Angus Alive and Angus Health & Social Care IJB



Angus Council's Internal Audit staff work on the audit plans for both ANGUSalive and Angus Health & Social Care IJB. Reports for both bodies are presented to their respective audit committees throughout the year. Where IJB audit reports are particularly relevant to the Council they will also be reported to the Scrutiny & Audit committee. Work for the 2024/25 IJB audit plan is currently in progress.

The ANGUSalive Annual Internal Audit Plan for 2024/25 was agreed at their Finance & Audit Sub-committee on 14 June 2024, and work on the plan is in progress. Their Annual Internal Audit Plan for 2025/26 is being submitted to their Finance & Audit sub-committee on 4 April 2025.

SUMMARY OF FINDINGS OF INTERNAL AUDIT REVIEWS

This section provides a summary of the material findings of internal audit reviews concluded since the last meeting. It also provides information on the number of recommendations made. Recommendations are ranked in order of importance, with Priority 1 being the most material. Execution of recommendations is followed up by Internal Audit and reported to this Committee.

Members are asked to consider the following summaries and provide any commentary thereon.

Audit	Overall control assurance	Control assessment by objective	No. of Audit Actions by Priority			
			1	2	3	4
Payroll Continuous Auditing Jan. – Feb. 2025	Comprehensive		-	-	-	-
Payroll – Overtime Payments	N/A	N/A	4	5	1	-
Purchase ledger invoice processing & authorisation - Housing (Northgate)	Comprehensive		-	1	1	-
Waste Service Overpayments Counter Fraud team review. Confidential appendix 3	N/A	N/A				5

Continuous Auditing

Continuous auditing analysing data extracted from Council systems is undertaken using the data analysis software, CaseWare IDEA (Interactive Data Extraction covering:

- Payroll
- Creditors (Accounts Payable) duplicate payments
- Creditors same person registration & authorisation
- System log-in access.

We are reporting on Payroll.

Payroll – January & February 2025 - Comprehensive assurance

No issues were identified relating to duplicate or missing NI numbers.

Review of the top 10 payments resulted in one salary payment for January being investigated with Payroll; it was found that an error in submitting a return-to-work date required a refund to an employee in respect of the previous month. For two of the top 10 payments in February which were investigated, both were explained satisfactorily following liaison with Payroll.

Payroll – Overtime Payments

As part of our programme of continuous auditing, we have carried out a review of Overtime payments from 1 September 2023 – 31 March 2024.

For context the total salaries paid in September 2023 were £8,965,281.34 and in March 2024 £9,520,427.36

A sample of overtime payments made between September 2023 and March 2024 were selected for testing. We checked each payment had been approved in line with **PAB 24 – Working Arrangement Allowances** - Guidance for staff on unsocial hours, public holiday working, overtime, sleepover payment, standby arrangements and call out arrangements.

The total number of overtime payments and the total paid each month during the period covered by our review are detailed in the table below. We reviewed 70 Overtime claim forms (10 highest value for each month), which covered 21.7% of the total value of claims for that period.

Month paid	Total Number of Claims	Total Paid	No of claims audited	Value of claims audited
Sept. 2023	445	£47,270.83	10	£10,522.73
October	434	£50,323.15	10	£13,560.58
November	551	£83,541.18	10	£16,881.97
December	512	£64,078.34	10	£10,957.74
Jan. 2024	364	£63,933.70	10	£16,952.54
February	285	£56,570.62	10	£12,651.57
March	299	£55,340.07	10	£10,047.10
TOTAL	2,890	£421,057.89	70	£91,604.23

26 of the 70 claim forms we checked (37%) contained errors which had not been previously identified. Table 2 below summarises these by Service. The errors arose primarily from a mix of forms being completed incorrectly, payments being approved that were not in line with agreed policies, and processing errors.

Service	Errors (no)	Net Overpayment (£)
Roads & Transport	10	23.29
Children, Families & Justice	10	*7,575.59
Assets	2	391.59
Planning	1	17.46
AHSCP	1	298.75
Environmental Services	2	3,991.80
Total	26	12,298.48

*This includes one overpayment of £4,280.19 in September 2023 that has now been repaid (May and June 2024)

Audit testing for the six-month period from April 2024 confirms further errors from similar causes.

An action plan has been agreed to address the issues giving rise to the errors and recovery of overpayments is underway. Five actions are complete on 19 March 2025, with five being actively worked on. The remaining actions are expected to be completed in May 2025 (four actions) and June 2025 (one action). The actions include updated guidance, reminders to staff and managers about the procedures to be followed, training, revision and digitisation of forms, and a new policy on over and underpayments to ensure consistency of treatment.

Audit testing has been stopped to allow the agreed actions to be implemented. Thereafter it is proposed that as part of our Payroll Continuous Auditing, on a monthly basis we will investigate any variations in payments to staff in excess of 5% (periods where back-dated annual pay award payments are made will be excluded). This will help to identify significant errors if they are still occurring and ensure that these can be notified to Payroll and addressed promptly.

Purchase Ledger Invoice Processing & Authorisation – Housing (Northgate)

Introduction & Background

As part of the 2024/25 annual plan, Internal Audit has completed a review for Purchase Ledger Processing and Authorisation and included a review of invoice authorisation processes before transactions reach the Purchase Ledger.

Responsibility for initial checking and authorisation of invoices rests with individual Council services, some of which use specialised “feeder” systems or spreadsheets to compile batches of transactions for uploading to the Purchase Ledger. Responsibility for the Integra Centros Purchase Ledger system sits with the IT Systems team, and administration/processing of the data is carried out by the Processing & Governance Team within Business Support.

The following services and systems covered in the audit review are:

- Housing – NEC - Northgate
- Angus Health & Social Care Partnership – Carefirst
- Early Years (Education & Lifelong Learning) – Spreadsheet upload
- Throughcare & Aftercare (Children, Families & Justice) – Spreadsheet upload

This report is for purchase ledger invoice processing for Housing; other services will be reported separately.

Housing payments are made to contractors for Day-to-Day Repairs and Change of Tenancy Works.

There are seven repair contracts which are paid monthly, depending on works carried out:

Area	Type of Works
Lot 1 (Arbroath)	Day to Day Repairs / Change of Tenancy
Lot 2 (Carnoustie/Monifieth)	Day to Day Repairs / Change of Tenancy
Lot 3 (Montrose/Brechin)	Day to Day Repairs / Change of Tenancy
Lot 4 (Forfar/Kirriemuir)	Day to Day Repairs (backlog)
Lot 4 (Forfar/Kirriemuir)	Day to Day Repairs
Lot 4 (Forfar/Kirriemuir)	Change of Tenancy
Lot 4 (Forfar/Kirriemuir)	Change of Tenancy (pilot – if busy)

Scope

The audit reviewed the procedures currently in place for Purchase Ledger processing and the authorisation, including feeder systems/processes prior to transactions reaching the Processing & Governance Team for payment:

- There are adequate written procedures for staff to follow for authorisation of invoices, and preparation and authorisation of each source of input to the purchase ledger, including the need for adequate segregation of duties, and checking goods receipt notes.

- Procedures for authorising invoices and credit notes for inclusion in the batch or spreadsheet for processing are being followed in practice, including the relevant Scheme of Delegation.
- Batch uploads and spreadsheets from feeder systems are properly checked and authorised before processing and locked/protected to prevent changes after authorisation.
- Where spreadsheets are used, they have built in integrity which is checked regularly to ensure it is maintained.
- Reconciliations are performed to ensure updates/interfaces have taken place correctly in the Purchase Ledger.

Conclusion

The overall level of assurance given for this report is '**Comprehensive Assurance**'.

Overall assessment of Key Controls

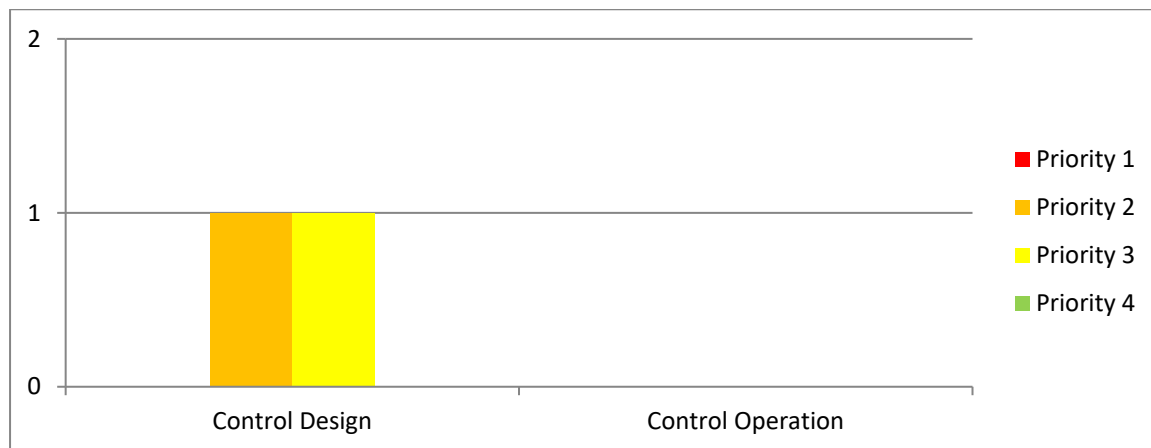
The audit reviewed and assessed the controls in place to manage the following Key Control Objectives:

Control Assessment



- 1. There are adequate written procedures for staff to follow for authorisation of invoices, and preparation and authorisation of each source of input to the purchase ledger, including the need for adequate segregation of duties, and checking goods receipt
- 2. Procedures for authorising invoices and credit notes for inclusion in the batch or spreadsheet for processing are being followed in practice, including the relevant Scheme of Delegation.
- 3. Batch uploads and spreadsheets from feeder systems are properly checked and authorised before processing and locked/protected to prevent changes after authorisation.
- 4. Where spreadsheets are used they have built in integrity which is checked regularly to ensure it is maintained.
- 5. Reconciliations are performed to ensure updates/interfaces have taken place correctly in the Purchase Ledger.

Audit Recommendations summarised by Type & Priority



There are two design control recommendations in this report, one Priority 2 and one Priority 3.

Key Findings

Areas Identified for Improvement:

We have made two recommendations to address low to high-risk exposure which are:

Level 2

- The procedure document provided during the audit should be saved as a proper guidance document which is dated, and includes the author's name and a review date, to ensure the procedures are reviewed and updated for any future process changes. The guidance document should be accessible by all relevant staff.

Level 3

- Calculation cells in the valuation and variation spreadsheet should be protected to avoid accidental changes and a periodic check of the integrity of the spreadsheet should be made.

Impact on Risk Register

There are no Strategic Risks relating to this audit recorded on the Strategic Risk Register on Pentana. The key risks associated with the processes and systems under review in this audit are that unauthorised spending may occur, or legitimate payments are delayed or not made, due to ineffective processing and authorisation controls.

Implementation of actions resulting from Internal Audit recommendations

Background

The summary report is presented below in accordance with the agreed reporting schedule.

Summary of Progress – Internal Audit

The figures presented in the tables below have been obtained after analysis of the audit actions recorded and monitored on the Pentana Performance system. The information presented below reflects the 47 (58 on 28 January 2024) Internal Audit actions outstanding on 14 April 2025 (excludes actions for Angus Alive and IJB). CLT receive and review regular detailed reports on the outstanding audit actions.

- Table 1 shows the number of actions overdue on 14 April 2025
- Table 2 shows the number of actions which would have been overdue on 14 April 2025 but have had the **original completion date extended**.
- Table 3 shows the number of actions in progress which have not yet reached their due date.

Internal Audit Actions - Overdue – 14 April 2025

Directorate	Audit Year	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
Infrastructure & Environment	2024/25	-	1	-	-	-	1
Legal, Governance & Change	2024/25	-	-	1	-	-	1
HR, OD, DE, IT & Business Support	2022/23	-	-	-	-	-	-
	2023/24	-	-	-	-	-	-
	2024/25	1	1	2	1	-	5
Grand Total		1	2	3	1	-	7

Internal Audit Actions - In Progress – 14 April 2025 (due date extended)

Directorate	Audit Year	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
Vibrant Communities & Sustainable Growth	2024/25	-	1	2	-	-	3
Infrastructure & Environment	2024/25	1	2	1	-	-	4
Chief Executive	2024/25	-	2	-	-	-	2
Finance	2024/25	-	6	4	-	-	10
Legal, Governance & Change	2024/25	-	1	1	-	-	2
HR, OD, DE, IT & Business Support	2022/23	-	1	-	-	-	1
	2023/24	-	-	-	-	-	-
	2024/25	-	4	1	-	-	5
Grand Total		1	17	9	-	-	27

Internal Audit Actions - In Progress – 14 April 2025 (not yet reached due date)

Directorate	Audit Year	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
HR, OD, DE, IT & Business Support	2022/23	-	1	-	-	-	1
	2023/24	-	-	-	-	-	-
	2024/25	3	6	3	-	-	12
Grand Total		3	7	3	-	-	13

Summary of Progress – Counter Fraud

Internal control actions resulting from counter fraud reviews are included in Pentana to allow them to be monitored more effectively. Counter Fraud recommendations are not assigned a priority. The information in the tables below represents the 1 Counter Fraud action outstanding on 14 April 2025 (1 outstanding on 28 January 2025).

Counter Fraud Actions - Overdue – 14 April 2025

Directorate	Year Investigation Concluded	Total
Infrastructure & Environment	2024/25	1
Grand Total		1

DEFINITION OF ASSURANCE LEVELS, CONTROL ASSESSMENTS & RECOMMENDATION PRIORITIES

Level of Assurance definitions

Level of Assurance	Definition
Comprehensive Assurance	There is a sound control framework in place designed to achieve the system objectives, which should be effective in mitigating risks. Some improvements in a few, relatively minor, areas may be required, and any residual risk is either being accepted or addressed by management.
Substantial Assurance	The control framework in place is largely satisfactory, however there are a few areas where improvements could be made to current arrangements to reduce levels of risk, and/or there is some evidence that non-compliance with some controls may put some of the system objectives at risk.
Limited Assurance	Some satisfactory elements are evident within the control framework. However, some significant weaknesses have been identified which are likely to undermine the achievement of objectives, and/or the level of non-compliance with controls puts the system objectives at risk.
No Assurance	The control framework is ineffectively designed and operated. The issues identified require immediate attention to address the risks to the Council which are currently unacceptable. Significant improvements are required.

Control assessment definitions

Control Assessment	Definition
Red	Fundamental absence or failure of key control
Amber	Control objective not achieved – control is inadequate or ineffective
Yellow	Control objective achieved – no major weakness but scope for improvement
Green	Control objective achieved – control is adequate, effective & efficient

Recommendation Priority definitions

Priority	Definition
1	Recommendation concerning the absence/failure of fundamental control which is critical to the success of the system. Major weakness which significantly impairs the overall control framework. Immediate management action required. Very high-risk exposure.
2	Recommendation concerning absence or non-compliance with key control which creates significant risks within the organisation. Substantial weakness identified. Prompt management action required. High-risk exposure.
3	Recommendation concerning absence or non-compliance with lower-level control, or an isolated instance of non-compliance with a key control. The weakness identified is not necessarily great, but controls would be strengthened, and the risks reduced if it were rectified. To be addressed by management within a reasonable timescale. Moderate risk exposure.
4	Recommendation concerning minor issue, which is not critical, but implementation would improve the system and/or strengthen controls. To be addressed by management within a reasonable timescale. Limited risk exposure.


Waste Service Overpayments



This is a separate confidential paper




Global Internal Audit Standards (UK Public Sector) Action Plan


Generated on: 27 March 2025


Action Code	GIAS-IMP-00001			Start Date	01-Jan-2025
Action Title	Compliance with the Global Internal Audit Standards Plan				
Description	-- enter action details here --				Due Date 31-Dec-2026
Latest Note	Global Internal Audit Standards (UK Public Sector) replace Public Sector Internal Audit Standards (PSIAS) from 1 April 2025. Gap analysis has been undertaken and an action plan for full compliance by June 2026 is in place. Full compliance cannot be achieved until then as there are actions related to annual reporting that cannot be taken until after 31 March 2026.				

Action Code	GIAS-IMP-00002			Start Date	27-Mar-2025
Action Title	Compliance with Cipfa Code on Governance of internal Audit				
Description	Review requirements of the Code, raise with CLT, S&A members and CGOG and identify actions required for compliance				Due Date 30-Jun-2026
Latest Note	The Code was published in February 2025. It was discussed with CLT 18 March 2025, and with Elected Members on 30 January 2025 (draft for consultation) and 25 March 2025. Scrutiny & Audit Terms of Reference to be updated as part of Governance MOWG group to include approval of the Mandate.				


Appendix 3


Action Code	GIAS-IMP-00003		<div>95%</div>	Start Date	27-Mar-2025
Action Title	IA Strategy, Mandate and Charter				
Description	Create Strategy and Mandate and Charter documents, consult team, CLT, and S&A Committee and take to April S&A committee			Due Date	22-Apr-2025
Latest Note	Draft documents preparation included discussion with and input from IA team members, CLT (18/3/25) and Elected members on S&A committee (25/3/25). Draft documents to come to April Scrutiny and Audit Committee. Mandate and Charter for approval and Strategy for noting.				


Action Code	GIAS-IMP-00004		<div>100%</div>	Start Date	24-Mar-2025
Action Title	Audit Planning				
Description	Ensure audit planning covers all required aspects of GIAS UK (Public Sector)			Due Date	24-Mar-2025
Latest Note	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 and Audit Committee meeting				


Action Code	GIAS-IMP-00005		<div>5%</div>	Start Date	27-Mar-2025
Action Title	Update Audit Manual and checklists				
Description	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 1.2; 4.1; 4.3; 5.2; 9.3; 11.1; 11.3; 13.1; 13.2; 14.1; 14.2 14.3; 14.4; 15.1			Due Date	30-Sep-2025
Latest Note	Initial conformance review undertaken and areas for further action identified				

Appendix 3





Action Code	GIAS-IMP-00006		<input type="text" value="0%"/>	Start Date	
Action Title	Create training log				
Description	Create training log for whole IA team Standards 3.1; 3.2			Due Date	30-Jun-2025
Latest Note					

Action Code	GIAS-IMP-00007		<input type="text" value="0%"/>	Start Date	
Action Title	Skills Audit				
Description	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			Due Date	31-Aug-2025
Latest Note					


Action Code	GIAS-IMP-00008		<input type="text" value="0%"/>	Start Date	
Action Title	Root Cause Analysis				
Description	Develop approach to Root Cause Analysis, undertake training in team and apply in audits. Standard 11.3			Due Date	31-Aug-2025
Latest Note					


Action Code	GIAS-IMP-00009		<input type="text" value="0%"/>	Start Date	
Action Title	Performance measurement				
Description	Review Internal Audit KPIs and update if necessary, creating new data capture mechanisms if needed. Standard 12.2			Due Date	30-Sep-2025
Latest Note					

Appendix 3

Action Code	GIAS-IMP-00010		<input type="text" value="0%"/>	Start Date	
Action Title	Ethics training				
Description	Identify ethics training for IA team. Standard 3.2			Due Date	31-Jul-2025
Latest Note					
Action Code	GIAS-IMP-00011		<input type="text" value="5%"/>	Start Date	27-Mar-2025
Action Title	General training				
Description	Review GIAS (UK Public Sector) mandated training and deliver training. Also training on updates to manual if required.			Due Date	31-Dec-2025
Latest Note	Initial discussions about the changes have taken place during regular team meetings, including discussion of the draft Strategy, and the draft Mandate and Charter				
Action Code	GIAS-IMP-00012		<input type="text" value="0%"/>	Start Date	
Action Title	CAE Annual Report				
Description	Review annual report content to ensure compliance. Also consider what S&A committee should be asked to do with the report			Due Date	16-May-2026
Latest Note					
Action Code	GIAS-IMP-00013		<input type="text" value="0%"/>	Start Date	
Action Title	Stakeholder feedback				
Description	Review feedback form and update if required Standard 1.1			Due Date	31-Aug-2025
Latest Note					

Appendix 3

Action Code	GIAS-IMP-00014		<input type="text" value="0%"/>	Start Date	
Action Title	Appraisal arrangements				
Description	Review new Angus arrangements and adapt if necessary to implement requirements of Standard 1.1;5.2			Due Date	31-Aug-2025
Latest Note					

Action Code	GIAS-IMP-00015		<input type="text" value="0%"/>	Start Date	
Action Title	Self-assessment GIAS (UK Public Sector) compliance				
Description	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			Due Date	31-May-2026
Latest Note					



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 <ul style="list-style-type: none"> SLACIAG Annual Report 2023 (Chair) SLACIAG Constitution (Chair) SLACIAG Annual Accounts 2023 (Treasurer) SLACIAG Subscriptions Election of Officers Bearers CIPFA Technical Update <ul style="list-style-type: none"> Naomi Whitmore, Public Finance Technical Adviser, CIPFA Assurance arrangements on Housing Benefit Subsidy Claims in Scotland <ul style="list-style-type: none"> John Cornett, Audit Scotland Fraud Benchmarking in Scotland - SLAIG <ul style="list-style-type: none"> Barry Moncur, East Dunbartonshire Council, Chair of SLAIG, and Carol Cleland, Renfrewshire Council
07 June 2024	Director of Finance perspective on Financial Sustainability and the role of Internal Audit <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> John Cornett and Blyth Deans, Audit Scotland Financial Sustainability indicators within LGBF <ul style="list-style-type: none"> Website demo by Emily Lynch, Improvement Service New Global Internal Audit Standards <ul style="list-style-type: none"> Andrew Paterson, EQA Sub-Group and Orkney Islands Council on behalf of Pamela Redpath, EQA Sub-Group Lead and Fife Council
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” <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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	Gordon 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	<p>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.</p> <ul style="list-style-type: none"> • Paul Cullimore, Quorum Cyber <p>Business Continuity Audit – A summary of issues noted as part of a recently completed audit.</p> <ul style="list-style-type: none"> • Yvonne Trundle, North Ayrshire Council
09 October 2024	<p>Power BI – A presentation and walkthrough of examples of the uses of Power BI in a Local Authority.</p> <ul style="list-style-type: none"> • Hunter Dallas, South Lanarkshire Council <p>Ransomware Attack, Western Isles Council – Presentation to provide an overview of the attack that occurred in 2023, and any lessons learned.</p> <ul style="list-style-type: none"> • 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. <ul style="list-style-type: none">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. <ul style="list-style-type: none">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. <ul style="list-style-type: none">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. <ul style="list-style-type: none">Bobbi Irvine, West Lothian Council
11 December 2024	Presentation on the services available to local authorities from Transunion with regards credit reference data. <ul style="list-style-type: none">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. <ul style="list-style-type: none">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 vision 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