

Division(s):

AUDIT & GOVERNANCE COMMITTEE – 5 JULY 2017

REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT 2016/17

Report by the Monitoring Officer

INTRODUCTION

1. Each year the Monitoring Officer undertakes a survey of senior managers about the effectiveness of Internal Audit at Oxfordshire County Council. There is no longer a statutory requirement for a formal annual review of the effectiveness of Internal Audit, however this Committee last year agreed that the Monitoring Officer should continue to undertake this survey and report its outcomes to the Committee.
2. This report summarises the responses to the survey. In short, the survey of the extended County Council Management Team reveals a positive picture of the effectiveness of Internal Audit during the year 2016/17.

ANNUAL SURVEY

3. Questionnaires were sent to the County Council's extended senior management team. This resulted in responses 20 responses (compared to 29 last year).
4. A full breakdown of the results is attached as an **Annex** to this report. The first part of the survey asked a series of questions to which respondents were invited to provide a rating in answer (from strongly agree through neutral to strongly disagree).
5. Overall the results are very favourable. Three core questions demonstrated a strong level of satisfaction about the nature and effectiveness of the service albeit that the positive results were slightly down on the previous year:
 - **94%** of respondents agreed or strongly agreed that the Service was **proactive in giving adequate information** about its role/purpose (encouragingly this is the same as 2015/16). No one disagreed.
 - **95%** agreed or strongly agreed that the Service was **independent** (this is the most significant increase, up from 73% in 2015/16; which had itself been a decline on 2014/15). No one disagreed.
 - **95%** agreed or strongly agreed that the Service **consulted on key risks or critical systems** in their area (a healthy increase from 83% last year). No one disagreed.
6. The survey included a question about respondents' awareness (or otherwise) about the accountability framework:

- **100%** agreed or strongly agreed that they were aware that Internal Audit reported into the Audit Working Group and Audit & Governance Committee and that officers could be requested to attend meetings of both. This is an encouraging result, increased from 90% last year.
- 7. The survey also asked respondents to **rate** the overall level of service – with 96% of respondents considering the service to be ‘good to excellent’, roughly equivalent and slightly improved from last year’s result.
- 8. The survey also asked two open-ended questions seeking views on ‘high value activity’ and ‘instances of concern’. The responses to both of these are included in the Annex.

CONCLUSION

- 9. While 9 fewer people responded this year, the responses are nevertheless positive. There were no issue as regards the integrity, or capability, of any of the officers of Internal Audi and the comments continue to reflect that the service is well-regarded.
- 10. It is encouraging that respondents considered themselves to be aware of the proactive information from Internal Audit; and noteworthy that respondents had confidence in the service’s independence.

RECOMMENDATIONS

- 11. **The Committee is RECOMMENDED to note and comment upon the report.**

NICK GRAHAM

Monitoring Officer and Chief Legal Officer

Contact officer: Glenn Watson, 07776 997946

Review of the Effectiveness of Internal Audit 2016/17

20 responses were received to the **survey**. This summary shows answers to the 'ratings' questions and also to the 'comment' questions.

Summary of Results

A. Ratings questions

Detailed breakdown for ***'I've been given adequate information about the role and purpose of Internal Audit.'***

Option	Results	Count
Strongly Agree	26%	(5)
Agree	68%	(13)
Neutral	0%	(0)
Disagree	0%	(0)
Strongly Disagree	5%	(1)

Detailed breakdown for ***'I am consulted by Internal Audit on the key risks and critical systems in my area.'***

Option	Results	Count
Strongly Agree	32%	(6)
Agree	63%	(12)
Neutral	5%	(1)
Disagree	0%	(0)
Strongly Disagree	0%	(0)

Detailed breakdown for ***'I am satisfied that Internal Audit is independent.'***

Option	Results	Count
Strongly Agree	32%	(6)

Agree	63% (12)
Neutral	0% (0)
Disagree	0% (0)
Strongly Disagree	0% (0)
No view	5% (1)

Detailed breakdown for ***'I am given an opportunity to comment on Internal Audit's work plans.'***

Option	Results Count
Strongly Agree	42% (8)
Agree	42% (8)
Neutral	11% (2)
Disagree	5% (1)
Strongly Disagree	0% (0)

Detailed breakdown for ***'I can discuss the relevance of the planned audit activity throughout the year, and I have the opportunity to request other areas to be looked at where assurance is required.'***

Option	Results Count
Strongly Agree	53% (10)
Agree	37% (7)
Neutral	11% (2)
Disagree	0% (0)
Strongly Disagree	0% (0)

Detailed breakdown for ***'On individual audit assignments, where appropriate, I have an opportunity to provide input to the planning of Internal Audit work.'***

Option	Results	Count
Strongly Agree	47%	(9)
Agree	26%	(5)
Neutral	16%	(3)
Disagree	0%	(0)
Strongly Disagree	0%	(0)
No view	11%	(2)

Detailed breakdown for ***'Internal Audit reports are timely, practical and support managers in the management of their key risks.'***

Option	Results	Count
Strongly Agree	32%	(6)
Agree	63%	(12)
Neutral	0%	(0)
Disagree	3%	(1)
Strongly Disagree	0%	(0)
No view	3%	(1)

Detailed breakdown for ***'Internal Audit is effective in delivering improvements to the control environment.'***

Option	Results	Count
Strongly Agree	18%	(3)
Agree	53%	(9)
Neutral	29%	(5)
Disagree	0%	(0)

Strongly Disagree 0% (0)

Detailed breakdown for ***'I am aware that Internal Audit reports are reported to the Audit Working Group and Audit & Governance Committee and that I may be obliged to attend as appropriate'***

Option	Results	Count
Strongly Agree	50%	(9)
Agree	50%	(9)
Neutral	0%	(0)
Disagree	0%	(0)
Strongly Disagree	0%	(0)

Please rate your view of the overall performance of Internal Audit in your experience during 2016/17.

1 being 'poor' and 10 being 'excellent'. 1 2 3 4 5 6 7 **X** 8 9 10

B. Comments

(i) Indicate any instances of high value activity that you experienced with Internal Audit during 2016/17

- Great help with Skanska contract as a result of Payments Audit
- During 16/17 there were no targeted audits on public health
- Consistently high level of service and patient and responsive to requests/changes.
- Education of looked after children.
- I appreciate the thorough approach of audit, the willingness to have constructive conversations and to listen to challenges about their findings when they arise. Audit is balanced and constructive
- New Systems controls. Allegations of Fraud
- Support for OFRS Annual governance statement
- Review of Mental Health; review of Capital Asset Programme; highway contract
- Working on the mental health audit - this was very clearly articulated where there were potential organisational risks which was managed collaboratively with Sarah Cox

(ii) Indicate any instances of concern that you experienced that might help us improve the effectiveness of Internal Audit.

- Lack of understanding of activity, and therefore risk, prior to commencement of onsite work. Auditor could/should have been better prepared.
- Final reports could be refreshed to make them punchier, easier to read and absorb. They are somewhat dense and laborious to read. Given that they draw attention necessarily to areas of deficit, engagement of managers in actions could be promoted by a fresh visually attractive approach.
- Regular quarterly update of key themes coming out from exercises to managers operating day to day systems. It's not a criticism of audit, but there may be an opportunity to add value to delivery of our service by a wider communication/update.

END