

Division(s):

AUDIT & GOVERNANCE COMMITTEE – 6 MARCH 2019

REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT 2017/18

Report by the Monitoring Officer

RECOMMENDATION

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

Executive Summary

2. 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. This report summarises the responses to the survey. In short, the survey of the extended County Council Management Team continues to reveal a positive picture of the effectiveness of Internal Audit during the year 2017/18

Annual Survey

3. Questionnaires were sent to the County Council's extended senior management team. This resulted in responses 16 responses who had engaged with Internal Audit during 2017/18 (compared to 20 last year) out of a total cohort of 26 senior managers.
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. No one disagreed. This is at the same level as the previous year.

- **94%** agreed or strongly agreed that the Service was **independent and objective**. No one disagreed. This is also comparative with the previous year.
 - **81%** agreed or strongly agreed that the Service **consulted on key risks or critical systems** in their area. One person disagreed, one remained neutral. This is a decline from 95% in the previous year.
 - **88%** agreed or strongly agreed that they had been **given an opportunity to comment on Internal Audit's work plans**. One person disagreed. This was however an improvement on the 84% satisfaction in the previous year.
 - **100%** of respondents agreed or strongly agreed that on individual assignments, they had had opportunity to contribution to the planning of the work. This was a good improvement on the previous year's rating of 75%.
 - **75%** did however agree or strongly agree that **reports were timely, practical and supported managers** in their key areas. Three were neutral, one disagreed. This was exactly equivalent to the previous year.
 - **71%**, also exactly equivalent to the previous year, agreed or strongly agreed that Internal Audit made an important contribution to ensuring **effective assurance arrangements are in place** for identifying improvement to the control environment.
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.
7. The survey also asked respondents to rate the overall level of service – with 100% of respondents considering the service to be 'good to excellent', improved from the 96% last year.
8. The survey also asked two open-ended questions seeking views on 'high value activity' and 'instances of concern'. The responses to both are included in the Annex.

Conclusion

9. While 4 fewer people responded this year, the responses are nevertheless positive. There were no issue about 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. Internal Audit may wish to consider why a slightly lower number of people felt strongly that the Service consulted on key risks or critical systems in their area. However overall it is encouraging that the Council's most senior managers had confidence in the service and considered themselves to be aware of the proactive information from Internal Audit; and it is noteworthy that respondents had confidence in the service's independence.

Legal and Financial Implications

11. While 4 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 Audit and the comments continue to reflect that the service is well-regarded.

NICK GRAHAM

Monitoring Officer and Director of Law and Governance

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Annex 1

Review of the Effectiveness of Internal Audit 2017/18

16 responses were received to the **survey**. This summary shows answers to the 'ratings' questions and 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	25%	(4)
Agree	69%	(11)
Neutral	6%	(1)
Disagree	0%	(0)
Strongly Disagree	0%	(0)

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

Option	Results	Count
Strongly Agree	31%	(5)
Agree	50%	(8)
Neutral	13%	(2)
Disagree	6%	(1)
Strongly Disagree	0%	(0)

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

Option	Results	Count
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Strongly Agree	44% (7)
Agree	50% (8)
Neutral	6% (1)
Disagree	0% (0)
Strongly Disagree	0% (0)
No view	0% (0)

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

Option	Results Count
Strongly Agree	38% (6)
Agree	50% (8)
Neutral	6% (1)
Disagree	6% (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	48% (7)
Agree	48% (7)
Neutral	14% (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	50%	(8)
Agree	50%	(8)
Neutral	0%	(0)
Disagree	0%	(0)
Strongly Disagree	0%	(0)
No view	0%	(0)

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

Option	Results	Count
Strongly Agree	31%	(5)
Agree	48%	(7)
Neutral	19%	(3)
Disagree	6%	(1)
Strongly Disagree	0%	(0)
No view	0%	(0)

Detailed breakdown for **'Internal Audit makes an important contribution to ensuring that effective assurance arrangements are in place for identifying improvements to the control environment'**

Option	Results	Count
Strongly Agree	18%	(6)
Agree	53%	(7)

Neutral	29% (3)
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% (8)
Agree	50% (8)
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 2017/18.

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

B. Comments

(i) Indicate any instances of high value activity that you experienced with Internal Audit during 2017/18

- Audit Working Group clerked well
- They make me aware of key risks such as fostering issues
- Identifying failings in DBS checking systems
- Thorough analysis of processes and outcomes
- Mental health audit
- Internal Audit have added value to the capital governance process, S106 process and security bonds
- As always, the team put in good work in a timely and professional manner. I was particularly impressed with the way they conducted the work on the Health and Safety Audit – helpful but firm

- I value my discussions with Internal Audit as they enable us to target areas of service that require investigating and assurance
- I like the fact they can highlight weaknesses and risks

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

- All minor deficiencies get reported - my suggestion is that those matters that can be corrected within days are omitted provided evidence of implementation is produced.

END