

Agenda Item	7
Report No	AS/22/19

HIGHLAND COUNCIL

Committee: Audit & Scrutiny Committee

Date: 28 November 2019

Report Title: **Members Survey on the Effectiveness of Audit & Scrutiny Committee**

Report By: Corporate Audit & Performance Manager

1.

Purpose/Executive Summary

1.1 An electronic survey of Committee Members' views on the effectiveness of Audit & Scrutiny Committee was circulated between September and October 2019 with 12 responses. The focus was on securing Members' views on a range of topics connected to the effectiveness of the Committee including understanding their role, the scope and size of the Committee, its effectiveness in delivering its core functions and training and development needs. The survey is seen as best practice by the Council's external auditors.

2.

Recommendations

2.1 Members are asked to:

- I. Consider the key findings of the survey;
- II. Agree the survey continues to be conducted annually;
- III. Note that training is under development with modules on internal audit, risk and performance management completed for online learning.
- IV. Note that the overall requirements for training will be finalised through the Council's internal Governance Review.

3. Implications

3.1 Resource implications

As previously indicated on-line learning modules will require staff time to develop and to date good progress has been made within existing resources by taking a phased approach to the work in order to do so.

3.2 Community, climate change/carbon clever implications

There are no legal implications arising from this report.

3.3 Legal and Risk implications

Failing to develop Members' skills and competencies could potentially reduce the

effectiveness of the Audit and Scrutiny Committee. This committee plays a central role in providing assurance that the Council's resources are being used efficiently and delivering Best Value. In addition, the structure, role and remit of the Committee should be such as to provide the most effective approach possible to delivering its scrutiny role.

3.4 Gaelic Implications

There are no implications arising from this report.

4. **Background**

4.1 Our external auditors, Grant Thornton, highlighted the need for an assessment of the effectiveness of the Audit and Scrutiny Committee in their annual report to Committee in September 2017. It is considered best practice to survey scrutiny committees on an annual basis in order to assess their effectiveness. Survey work was implemented in 2018 and this 2nd Survey was of the 14 Members of the reviewed Audit & Scrutiny Committee which first met on 19 September 2019.

4.2 There were 12 responses received from Members, representing an 86% response rate to the survey which ran from 3 September to 31 October 2019. There were 30 questions and the full analysis of the survey is provided as Appendix 1 of this report.

5. **Key findings**

5.1 It should be noted that the previous figures are provided for information. However, the survey sample size is much smaller this year and therefore not directly comparable. It is helpful in understanding the results that 8% roughly equates to 1 Member. Key results are:

Members' role

- 92% said they understood their role in Committee to a moderate, large or great extent (95% 2018);
- 75% said they actively engaged in scrutiny and asking constructive questions to a moderate, large or great extent (91% 2018);
- 75% said they felt they actively contributed to effective governance and scrutiny to a moderate, large or great extent, however half scored this as 'moderate' (82% 2018);

Training & Development

- 92% said they had received sufficient training to at least a moderate extent to support their scrutiny role (68% 2018), this year none said they had not (32% in 2018);
- 83% responded that they take up all or most training opportunities (55% 2018), 17% (2 people) had taken up some training opportunities (32% 2018), and no one indicated that they had not taken up training opportunities (14% 2018). Previous reasons for not taking up training had included notice, travel time, lack of personal time or opportunities weren't offered for training;
- 75% agreed to a moderate, large or great extent that training and development was sufficient for them to do their job (82% 2018), no one indicated it was not;
- 75% felt they had sufficient time to fully commit to their role in Committee (77% 2018), however 25% felt this was challenging (23% 2018);
- 58% felt to a moderate, large, or great extent, that they need further guidance on how to fulfil their role (64% in 2018).

Views on Effectiveness of Committee

- On the effectiveness of the Committee in relation to key functions, between 67% and 100% of respondents felt the Committee was effective (71%-95% 2018). The average score was calculated between 1 and 5 where 5 equalled full

agreement with the effectiveness of Committee for the function:

Function	Average Score
Assurance - Internal Audit Plan & Annual Internal Audit Report	3.7
Internal Audit Reporting	3.9
Financial reporting (annual accounts)	3.4
External audit reporting	3.5
Counter fraud and corruption	3.3
Risk Management	3.3
Value for Money or Best Value	3.2
Good Governance (Code of Corporate Governance)	3.7

From this we can see that, overall, Members view the Committee as quite effective for all functions with Internal Audit Plan and the annual audit report scoring highest and the Committee's role in relation to value for money or Best Value scoring lowest.

- 92% felt that the Committee was the right size to be effective (81% 2018), while 17% thought meetings were too short (62% 2018) with 58% now viewing the meetings as too long;
- Last year 38% of Members completing the survey did not believe that Committee had the appropriate skills and expertise to fulfil their role; this year no one felt this way with 67% feeling to a large or moderate extent the Committee does have the appropriate skills and expertise while 33% agreed to a small extent;
- There was agreement that the Chair acted independently 84%, none disagreed (90% 2018) and that the Committee acted independently and impartially 100% agreed to some extent, none disagreed (95% 2018);
- 67% said they made the most of advice and support available from officers (86% 2018), 75% agreed that officers were accessible to support them in their scrutiny role (71% 2018);
- 100% felt there was a culture of trust and openness amongst Members (95% 2018) and 100% felt that they worked constructively together with mutual trust and respect (86% 2018);
- 83% felt to a moderate, large or great extent they received sufficient information in internal audit reports (71% 2018);
- 100% felt there was clarity over the role of Committee (86% 2018) and 75%, to at least a moderate extent (86% 2018), believed it added value to the work of the Council as a whole;
- While 100% felt the Council was open to scrutiny (86% 2018), and 75%, to at least a moderate extent while 66% felt that scrutiny was being encouraged to improve services and make better decisions to at least a moderate extent (62% 2018).

6. Analysis and Areas for improvement

- 6.1 The main areas for improvement identified in the survey remain around training and the provision of guidance, the role of Committee and encouraging active contribution to effective governance and scrutiny.
- There were slightly stronger views this year that sufficient training had been received (92%) however only 75% felt it was sufficient for them to do their job.

- While fewer respondents said they actively engaged in scrutiny and asked constructive questions (75% compared to 91% last year) there are also now more mixed view on meeting length with 58% feeling meetings are too long. As previously reported a key determinate of the length of meetings will be Members engagement in scrutinising the papers presented.

The Committee may also wish to further consider its role in scrutinising value for money (VFM) and Best Value (BV) which was the weakest score in relation to effectiveness on key functions.

6.2 Update on proposals:

- Training – development of on-line modules using the Council’s My Online Learning (MOL) system is well advanced with modules on internal audit, risk and performance management completed for online learning. A further module on scrutiny is under development and this is expected to have cross Council input as the content will apply to all strategic committees. Note that the overall requirements for training will be finalised through the Council’s Governance Review and this will take account of Members’ feedback from this survey.
- Guidance - With 58% of respondents feeling to some extent that they need further guidance on how to fulfil their role (64% in 2018) this needs to be considered and built into training materials as they develop.
- Committee review - The review the of role and remit of the Committee has been completed resulting in a membership of 14 with the first meeting of the new Committee taking place on 19 September 2019. Work is being finalised as part of the Council’s Governance Review on the Scheme of Delegation. Members may also wish to consider their role in scrutinising VFM and BV as identified above. Core competencies for Members identified in the review of Committee will be linked to the development of appropriate corporate training for Members.
- Survey work – It is proposed to follow best practice and continue to survey the Committee on an annual basis.

Date: 18.11.19

Author: Evelyn Johnston, Corporate Audit & Performance Manager,
Tel (01463) 702671

Appendices

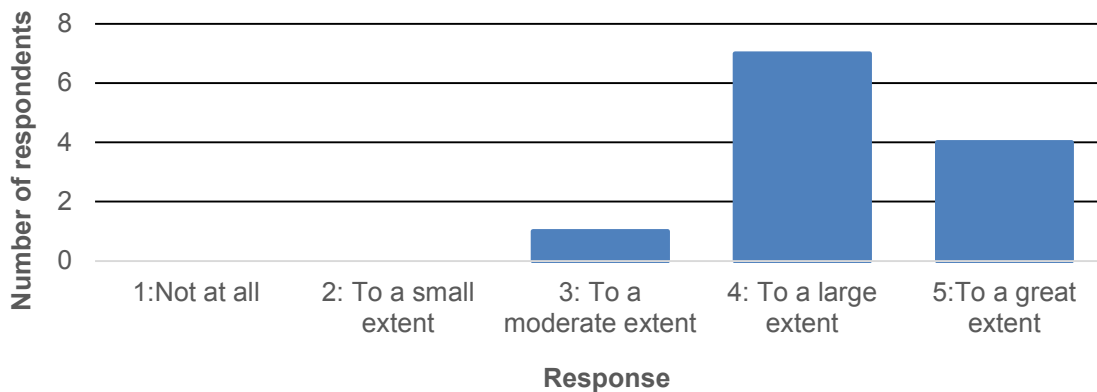
1. Analysis of Members responses to the survey on the Effectiveness of the Audit & Scrutiny Committee.

Survey of the Effectiveness of the Audit and Scrutiny Committee, 2019

A survey to better understand the views of the Members of the Audit and Scrutiny committee was circulated in September and October 2019. 12 Members completed the survey representing a response rate of 86%. The survey contained 30 questions and the responses are shown below.

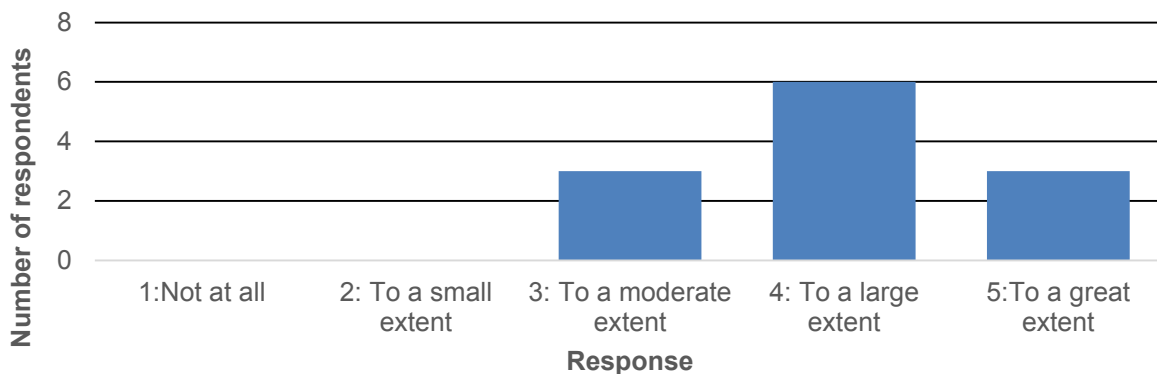
Question 1: Respondents were asked to give their name. This allowed officers to target directly those who had not yet completed the questionnaire. 12 Members completed the survey.

Question 2: To what extent do you understand the role expected of you in the Audit & Scrutiny Committee?



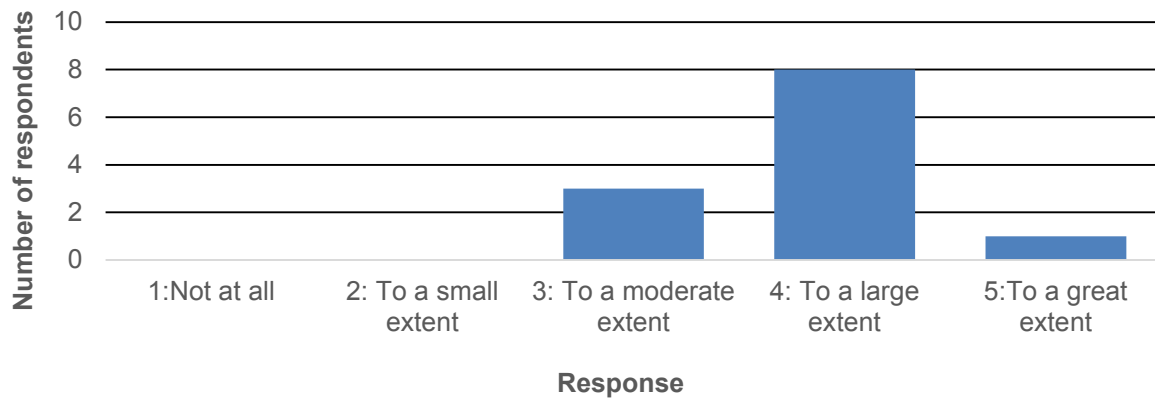
11 of the 12 (92%) respondents selected option 4 or 5, understanding to a “large extent” or to a “great extent” the role expected in the Audit & Scrutiny committee. No respondents selected option 1 or 2 (not at all or to a small extent) and one respondent (8%) selected option 3 (to a moderate extent).

Question 3: To what extent do you feel able to observe/carry out the role expected of you in Audit & Scrutiny Committee?



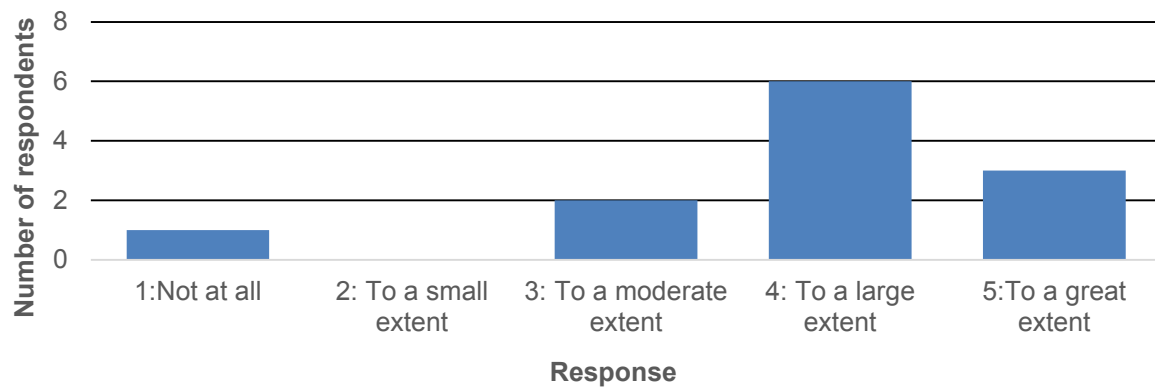
9 respondents (75%) selected options 4 or 5, feeling able to observe/carry out the role expected in Audit & Scrutiny Committee to a “large” or “great” extent. 3 respondents (25%) selected option 3 (to a moderate extent). No respondents selected option 1 or 2 (not at all or to a small extent).

Question 4: How actively do you engage in scrutiny and ask constructive questions?



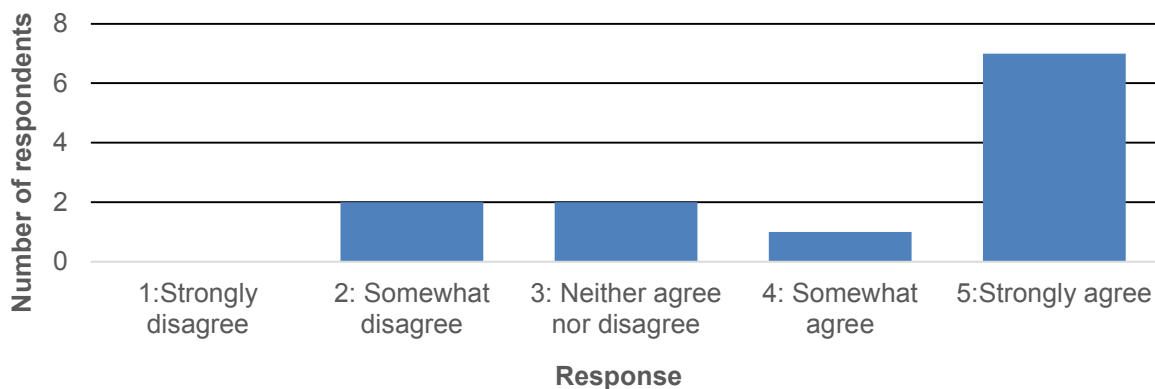
9 (75%) of respondents selected that they actively engage in scrutiny and ask constructive questions to a large extent. 3 (25%) respondents selected to a moderate extent and no respondents selected option 1 or 2 (not at all or to a small extent).

Question 5: To what extent do you feel you actively contribute to effective governance and scrutiny in committee?



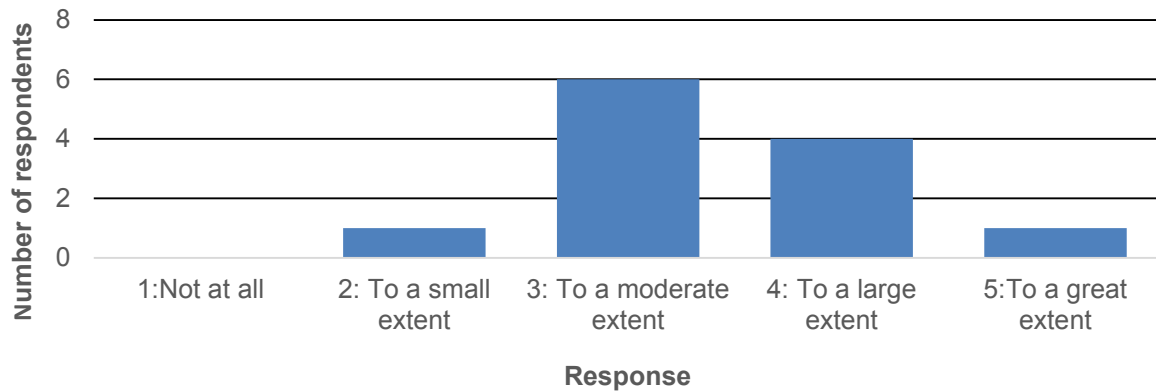
9 of the 12 (75%) respondents selected option 4 or 5, actively contribute to a “large extent” or to a “great extent” to effective governance and scrutiny in committee. One respondent (8%) selected option 3 (to a moderate extent), and one respondent selected option 1 (Not at all).

Question 6: Do you agree that you are made aware of the behaviours and conduct expected of you?



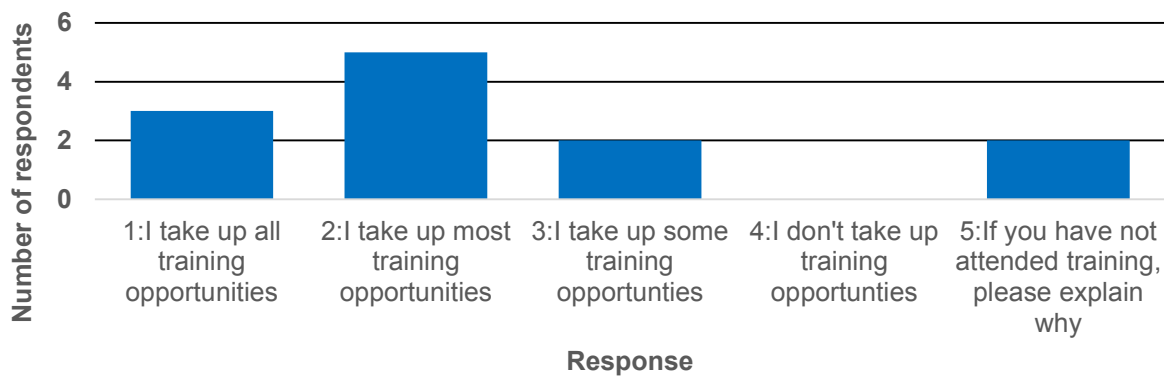
7 (58%) respondents selected option 5 (strongly agree) when asked whether they agree they are made aware of the behaviours and conduct expected of them. No respondents selected option 1 (strongly disagree), 2 (17%) respondents selected option 2 (somewhat disagree), 2 respondents (17%) neither agreed or disagreed and 1 (8%) selected option 4 (somewhat agree).

Question 7: To what extent do you agree that you have received sufficient training and support in your scrutiny role?



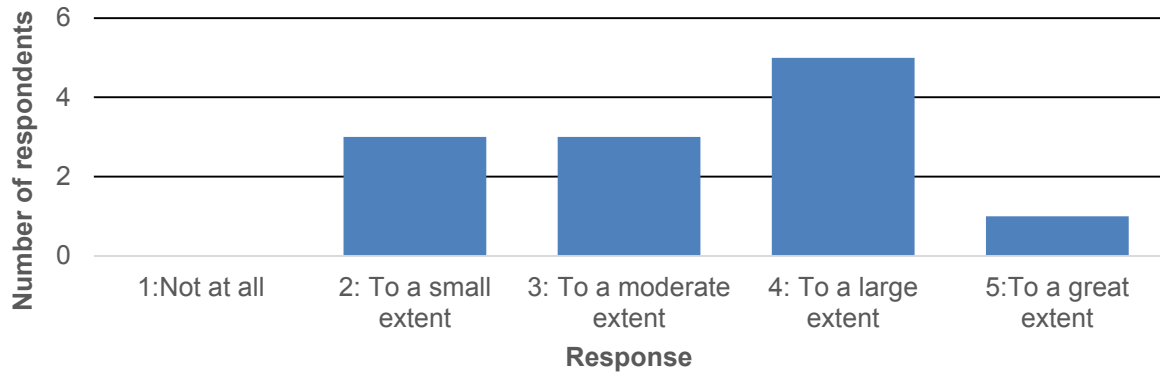
11 of the 12 (92%) respondents selected options 3, 4 or 5, indicating that they had received, to a moderate, large or great extent that they had received sufficient training and support in their scrutiny role. One respondent selected option 2 (To a small extent) and no respondents selected option 1 (not at all).

Question 8: Do you take up the audit and scrutiny related training opportunities offered?



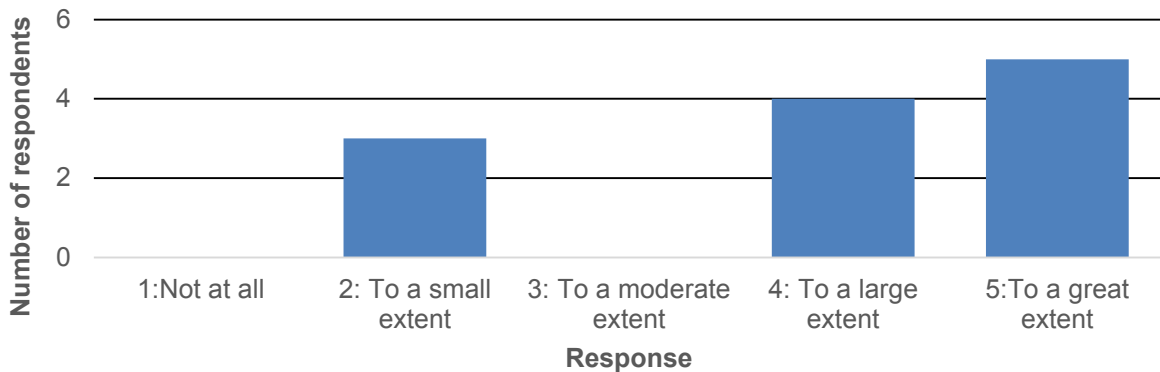
When asked about related training opportunities offered, 3 respondents (25%) answered that they take up all the training opportunities offered to them. A further 7 (58%) answered that they take up some or most training opportunities, and 2 (17%) that they take up some training opportunities. No respondents answered option 4 (I don't take up training opportunities). Two respondents selected that they had not attended training and provided reasons for this. These related to recently joining the committee, and that no training had been offered since joining the committee.

Question 9: To what extent do you feel training and development is sufficient for you to do your job?



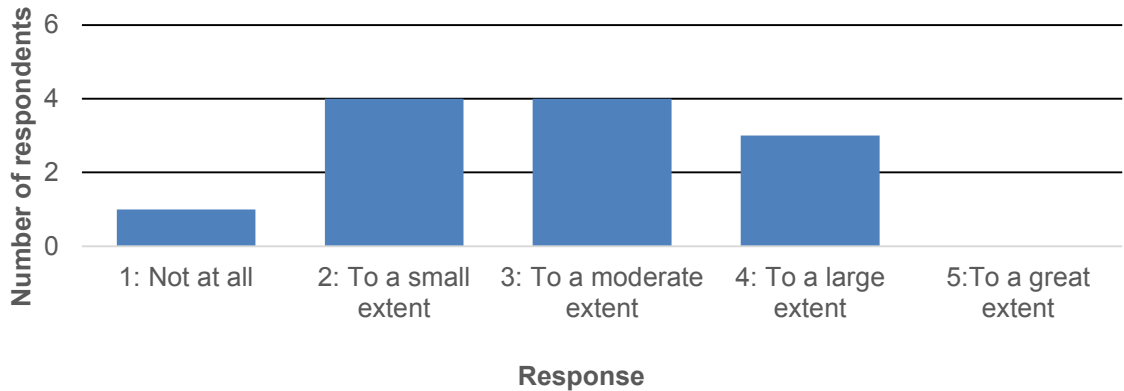
6 (50%) respondents selected “to a large extent” or to a “great extent” when considering the extent to which they felt training and development is sufficient for them to do their job. 3 (25%) respondents selected option 3 (to a moderate extent), and 3 (25%) selected option 2 (to a small extent). No respondents selected option 1 (not at all).

Question 10: Do you feel you have sufficient time to fully commit to your role in the Audit and Scrutiny committee?



9 respondents (75%) selected option 4 or 5 (To a “large” or “great” extent) when asked if they felt they had sufficient time to fully commit to their role in the Audit and Scrutiny committee. 3 respondents (25%) selected option 2 (to a small extent). No respondents selected option 1 (Not at all).

Question 11: To what extent do you feel you need further guidance on how to fulfil your role?



When considering to what extent respondents felt that they need further guidance on how to fulfil their role, 7 (58%) of respondents selected to a “moderate extent” or “to a large extent”. Four respondents (33%) selected “to a small extent”, and one (8%) respondent selected “not at all”.

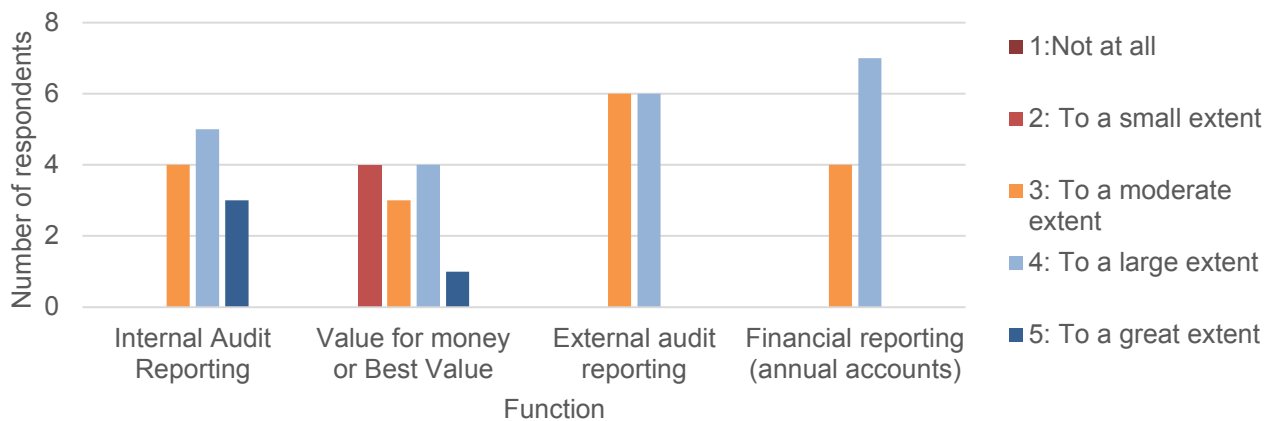
Question 12: If you need further guidance, what would be the most help?

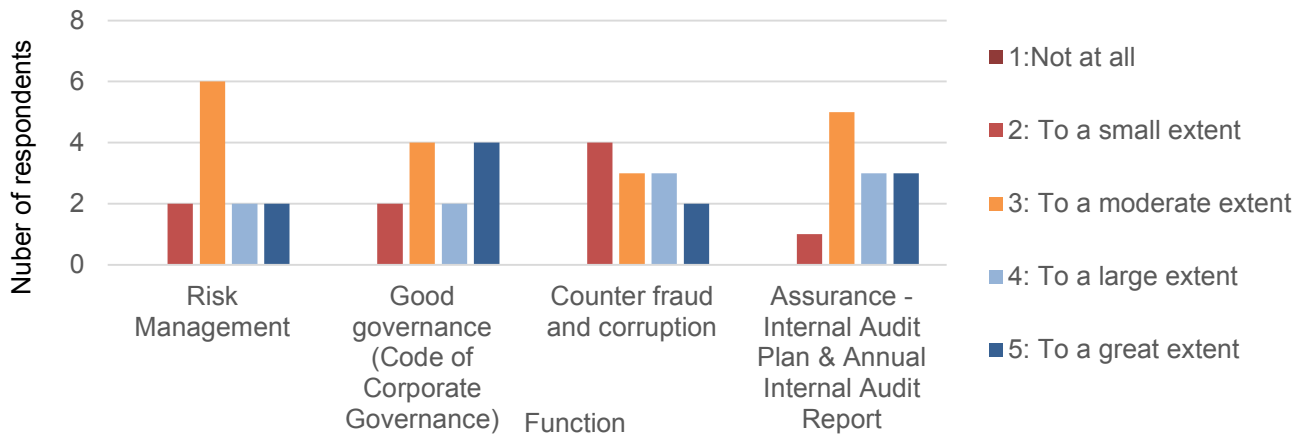
This was an open question which received eight responses, including:

- Two comments around best practice and observing other Local Authorities;
- Three responses focussed on training;
- Committee reports being available more than one week before the committee date;
- Better understanding of the parameters of the Audit and Scrutiny committee.

Question 13: To what extent do you feel that Audit & Scrutiny Committee is effective in the following functions?

Respondents were presented with eight functions and asked how effective they felt the Audit and Scrutiny is with regards to them on a scale of 1 (Not at all) to 5 (To a great extent)



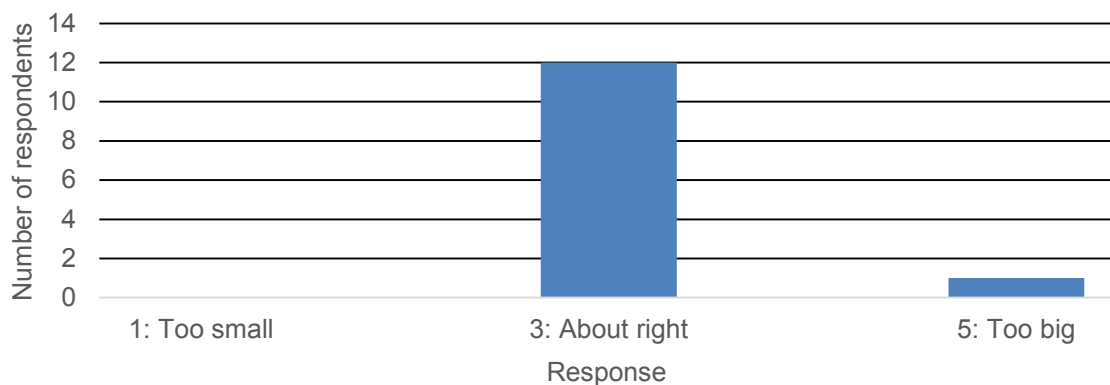


For all functions between 8 (67%) and 12 (100%) respondents selected at least “to a moderate extent” (option 3).

By allocating a numerical value to each response category (e.g. “Not at all” = 1; “To a small extent” = 2, etc) an average response value can be calculated for the extent to which respondents feel that Audit and Scrutiny committee is effective at the eight functions.

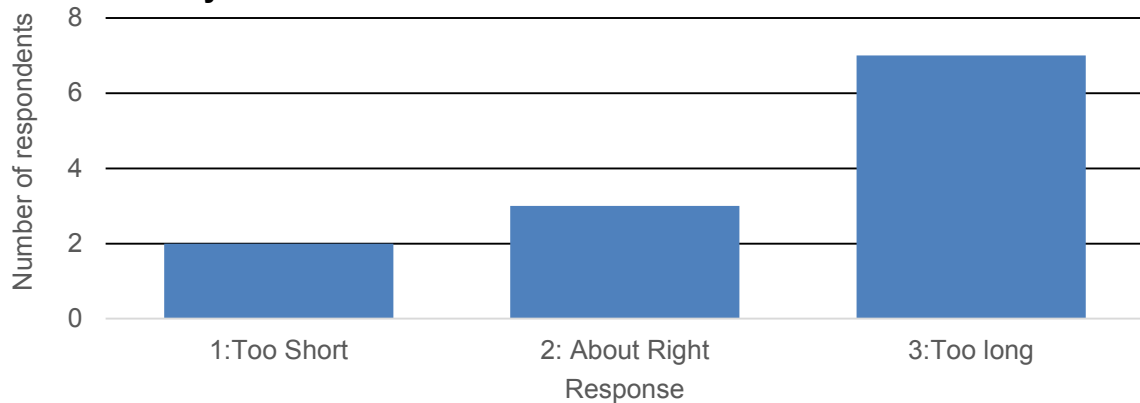
Function	Average Score (Mean)
Internal Audit Reporting	3.9
Assurance- Internal Audit Plan & Annual Internal Audit Report	3.7
Good governance (Code of Corporate Governance)	3.7
External Audit Reporting	3.5
Financial Reporting (annual accounts)	3.4
Risk Management	3.3
Counter fraud and corruption	3.3
Value for Money or Best Value	3.2

Question 14: Do you agree that the Audit & Scrutiny Committee has the right number of Members to be effective?



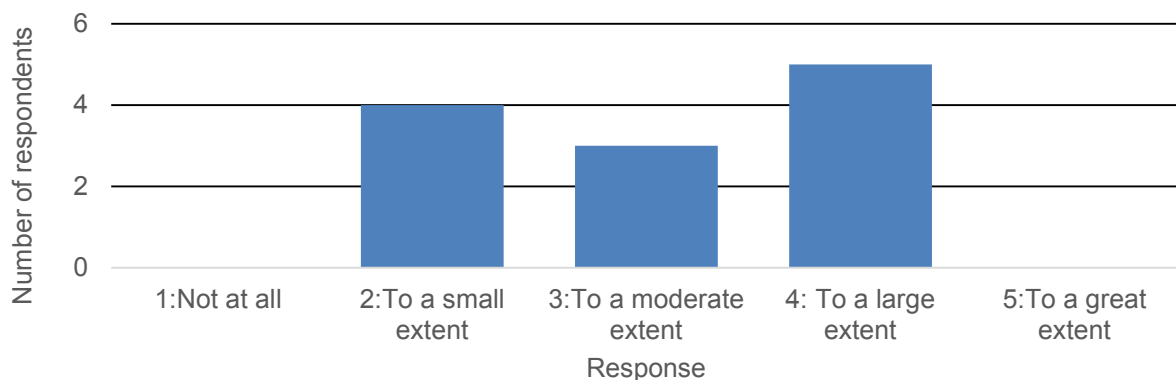
When asked if they agreed that the Audit & Scrutiny Committee has the right number of members to be effective 11 respondents (92%) selected that the membership was “about right”. One respondent (8%) felt that the committee was too big.

Question 15: Do you agree that meetings are of sufficient length to enable effective scrutiny?



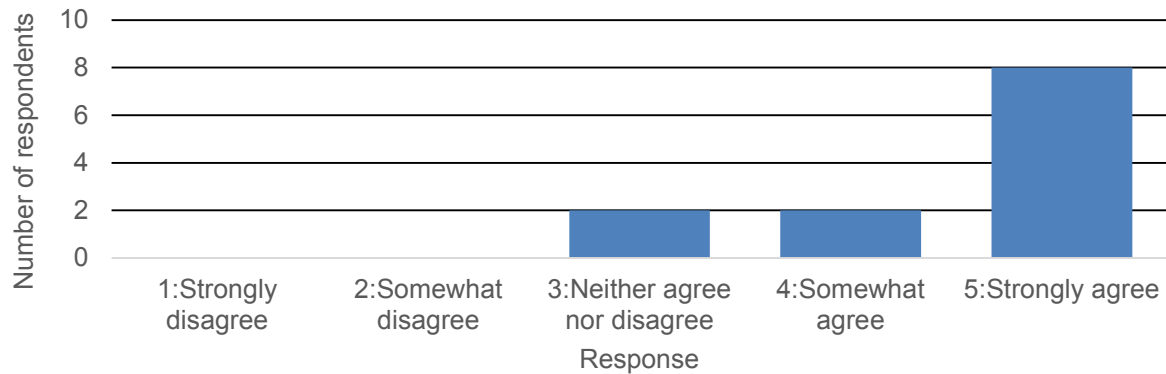
Two respondents (17%) indicated that they felt Audit and Scrutiny committee meetings are “Too Short” in terms of sufficient length to enable effective scrutiny. Three respondents (25%) selected option 2 (About Right) and 7 (58%) felt the meetings are too long (option 3).

Question 16: To What extent do you believe that the committee has the appropriate skills and expertise to fulfil its role effectively?



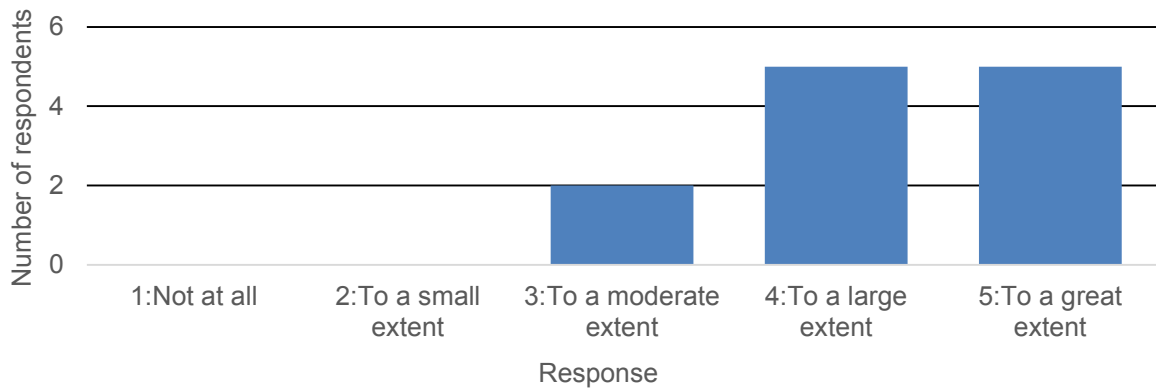
8 respondents (67%) selected option 3 (To a moderate extent) or option 4 (To a large extent) when asked if they felt the committee has the appropriate skills and expertise to fulfil its role effectively. 4 respondents (33%) selected option 2 (To a small extent).

Question 17: Do you agree the Chair of Audit & Scrutiny is sufficiently independent?



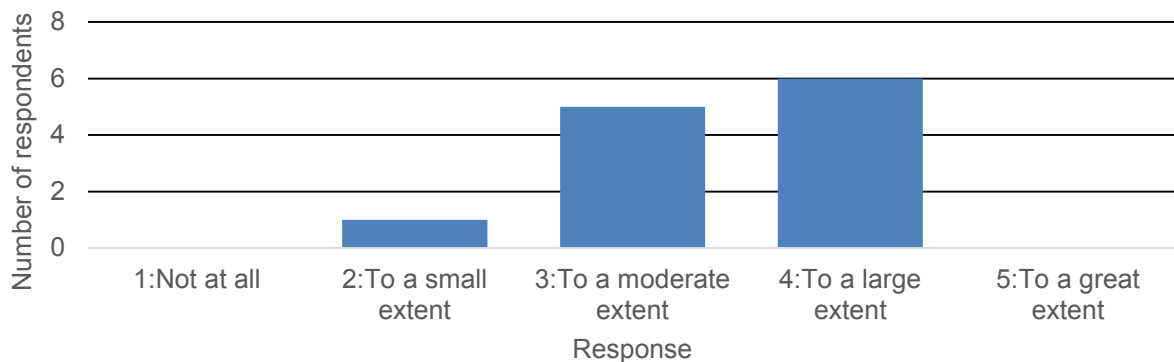
8 respondents (67%) strongly agreed that the Chair of Audit and Scrutiny committee is sufficiently independent. A further two respondents (17%) selected “somewhat agree”, and two respondents (17%) selected “neither agree nor disagree”. No respondents selected option 1 or 2 (strongly disagree or somewhat disagree).

Question 18: Does the Audit & Scrutiny Committee act independently and impartially?



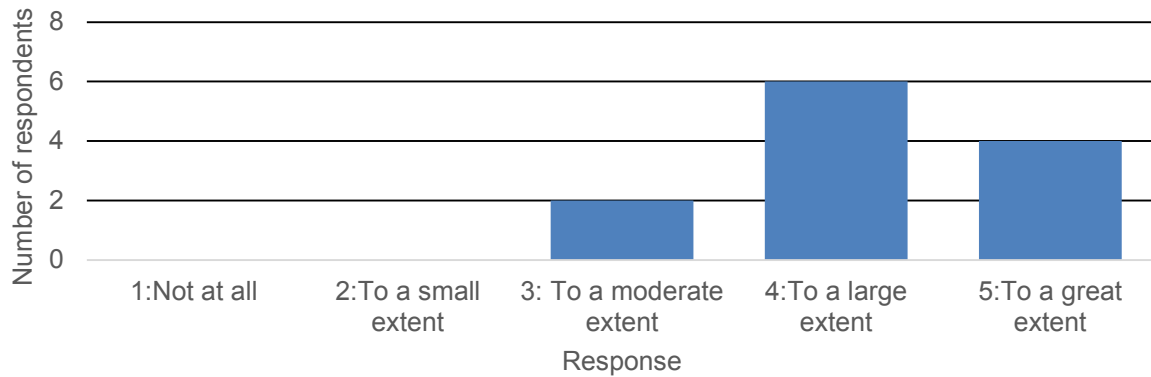
10 respondents (83%) selected option 4 or 5 (To a large extent or to a great extent) when asked whether the Audit and Scrutiny committee acts independently and impartially. Two respondents (17%) selected option 3 (To a moderate extent) and no respondents selected option 1 or 2 (not at all or to a small extent).

Question 19: Do you get sufficient assurance that Corporate Risks are being effectively managed in the Council?



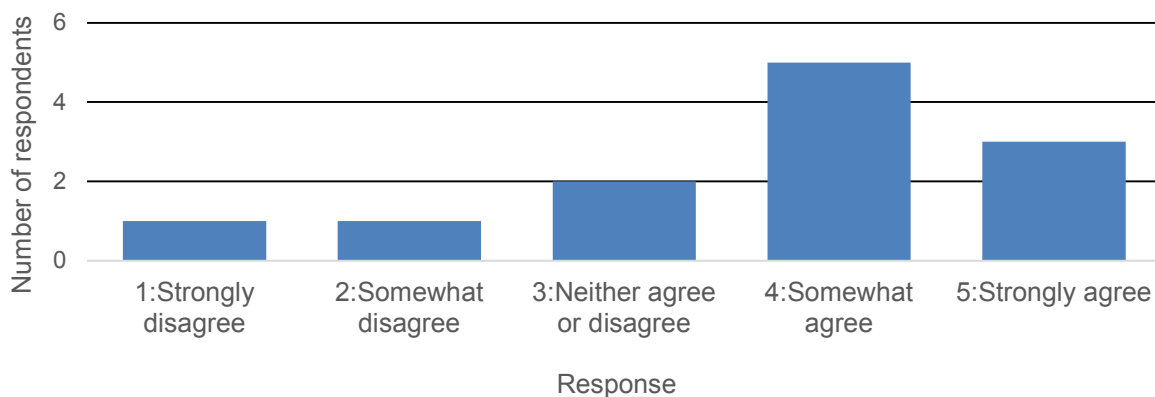
11 respondents (92%) selected options 3 or 4 (a moderate or large extent) when asked whether they get sufficient assurance that corporate risks are being effectively managed in the Council. One respondent (8%) selected option 2 (to a small extent) and no respondents selected option 1 or 5.

Question 20: To what extent do you feel able to ask candid questions, for example about risk or audit report content?



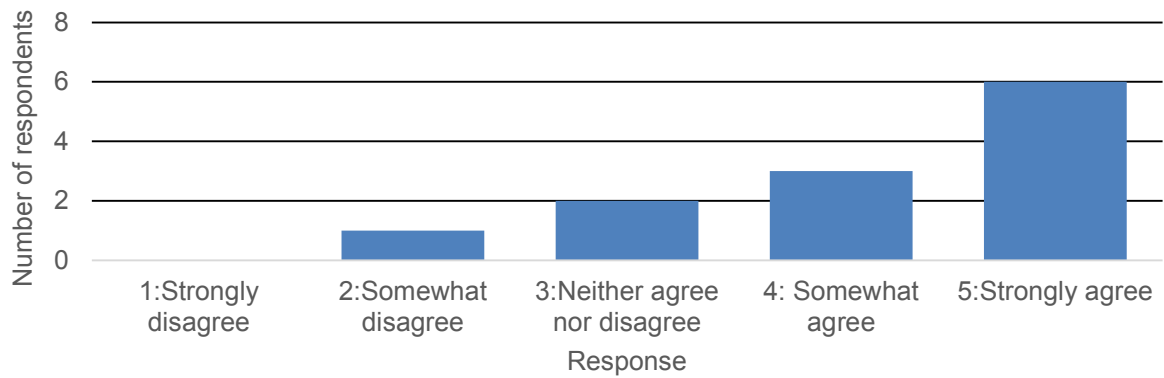
10 respondents (83%) selected option 4 or 5 (To a large extent or to a great extent) when asked to what extent they felt able to ask candid questions about, for example, risk or audit report content. 2 respondents (17%) selected option 3 to a moderate extent. No respondent selected option 1 or 2 (not at all or to a small extent).

Question 21: Do you agree that you make the most of the advice and support available from relevant officers prior to Audit & Scrutiny Committee?



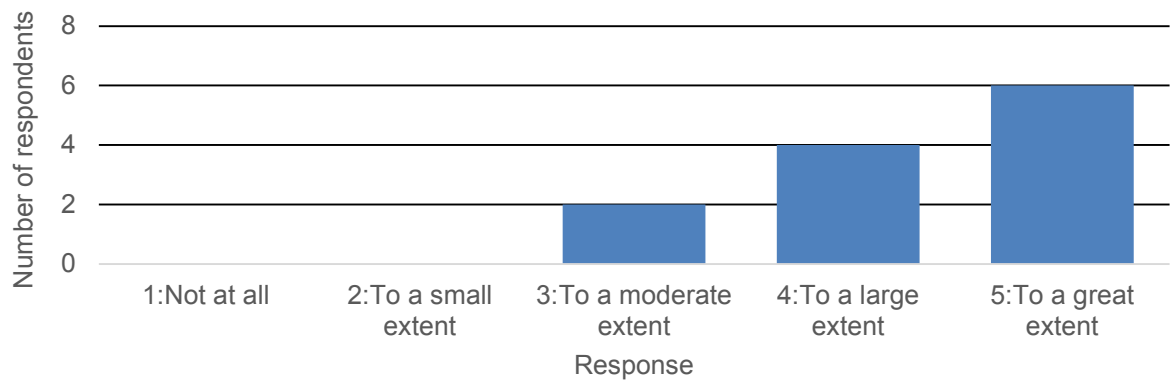
8 respondents (67%) selected option 4 or 5 (somewhat agree or strongly agree) that when asked whether they agreed that they make the most of the advice and support available from relevant officers prior to Audit and Scrutiny committee. 2 respondents (17%) selected option 1 or 2 (strongly disagree or somewhat disagree) and 2 respondents (17%) selected option 3 (neither agree or disagree).

Question 22: Do you agree that all relevant officers are accessible to you to support your role in Audit & Scrutiny Committee?



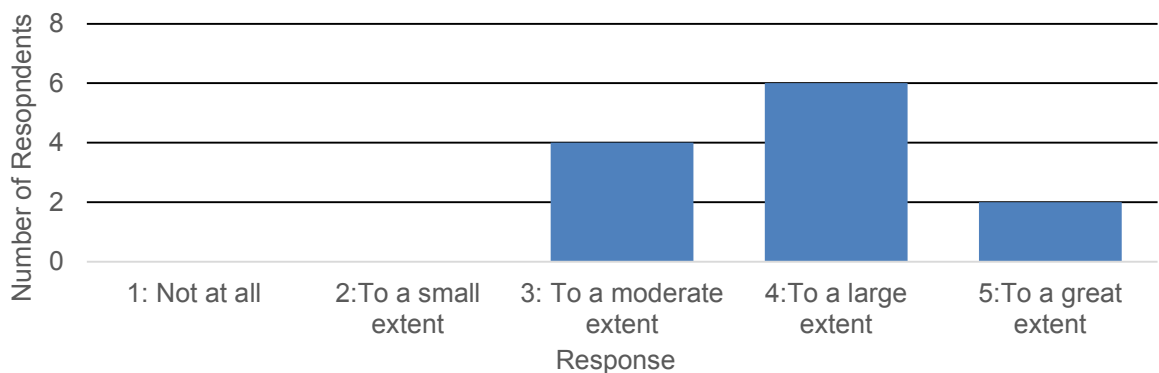
9 respondents (75%) selected options 4 and 5 (somewhat agree or strongly agree) when asked whether they agreed that all relevant officers are accessible to them to support their role in the Audit and Scrutiny committee. Two respondents neither agreed nor disagreed (option 3), and one respondent (8%) selected option 2 (somewhat disagree). No one selected option 1.

Question 23: Do you feel there is a culture of trust and openness between Councillors and officers in the Audit & Scrutiny Committee?



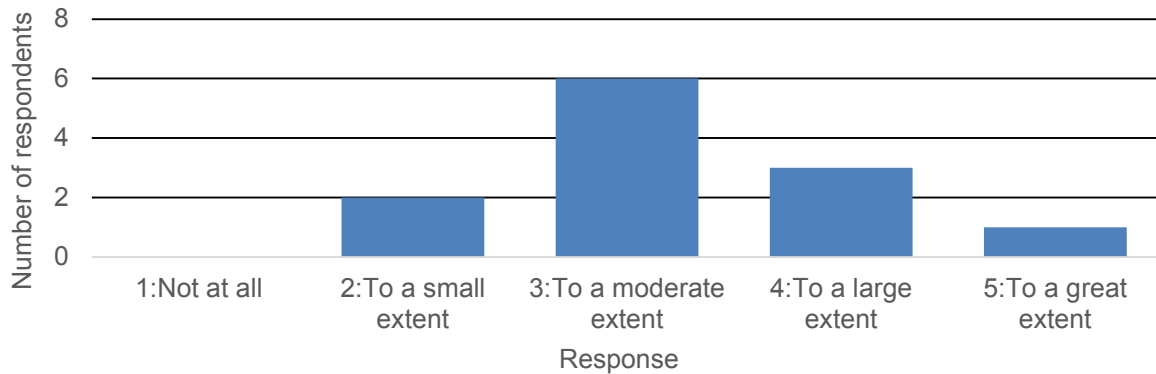
10 respondents (83%) selected option 4 or 5 (to a large or great extent) when asked whether they felt there is a culture of trust and openness between Councillors and officers in the Audit and Scrutiny committee. Two respondents selected option 3 (to a moderate extent). No respondents selected options 1 or 2.

Question 24: To what extent do you agree that Councillors work constructively together on the Audit & Scrutiny Committee and show mutual trust and respect?



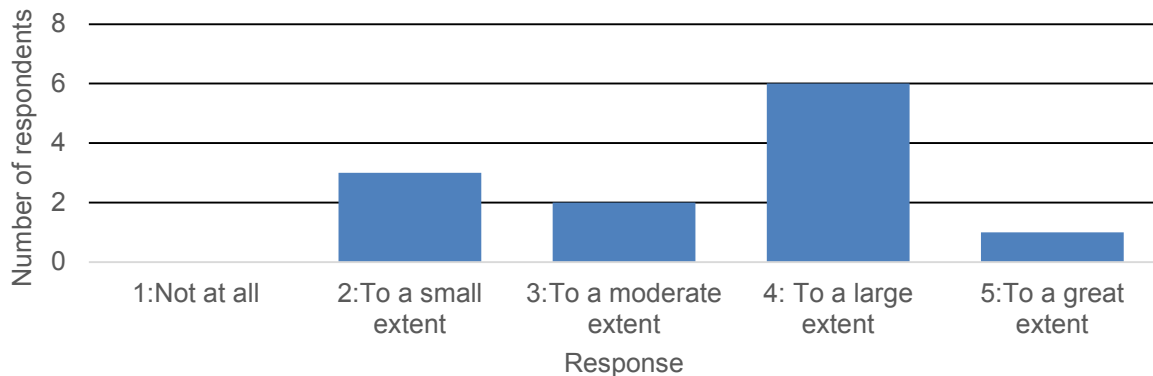
8 respondents (67%) selected options 4 or 5 (to a large or great extent) when asked to what extent they agreed that Councillors work constructively together on the Audit and Scrutiny committee and show mutual trust and respect. 4 respondents (33%) selected option 3 (to a moderate extent) and no-one selected option 1 or 2.

Question 25: To what extent do you agree that you get sufficient information in internal audit reports to support your scrutiny role?



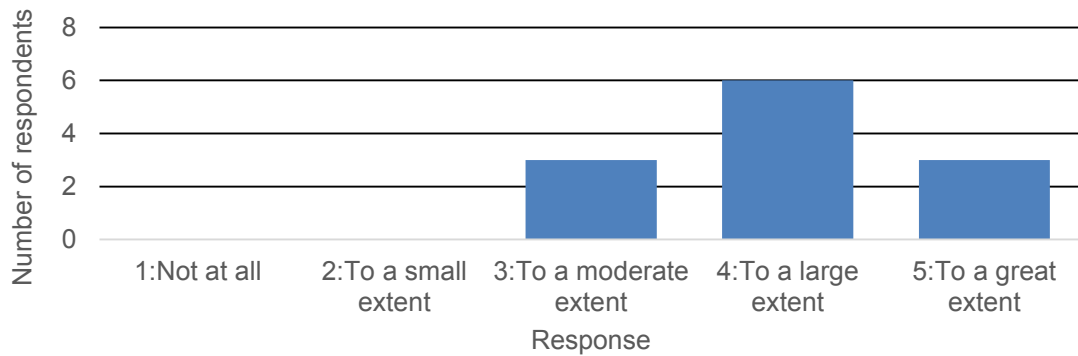
10 respondents (83%) selected options 3, 4 or 5 when asked to what extent they agreed that they get sufficient information in internal audit reports to support their scrutiny role. Two respondents (17%) selected option 2 (to a small extent).

Question 26: Do you feel there is clarity over the role of the Audit & Scrutiny Committee within the Council’s governance arrangements?



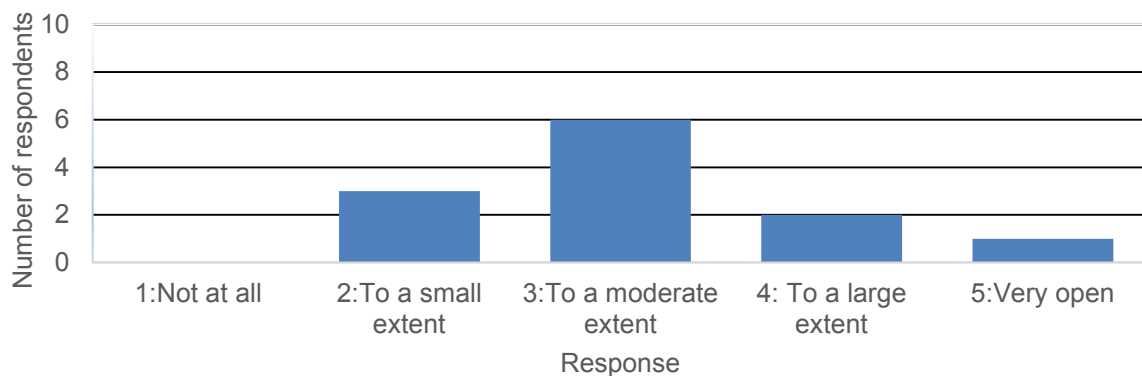
9 respondents (75%) selected options 3, 4 or 5 (to a moderate, large, or great extent) when asked if they felt there is clarity over the role of the Audit and Scrutiny committee within the Council’s governance arrangements. 3 respondents (25%) selected option 2 (to a small extent). No respondents selected option 1.

Question 27: To what extent do you feel the Committee adds value to the work of the Council as a whole?



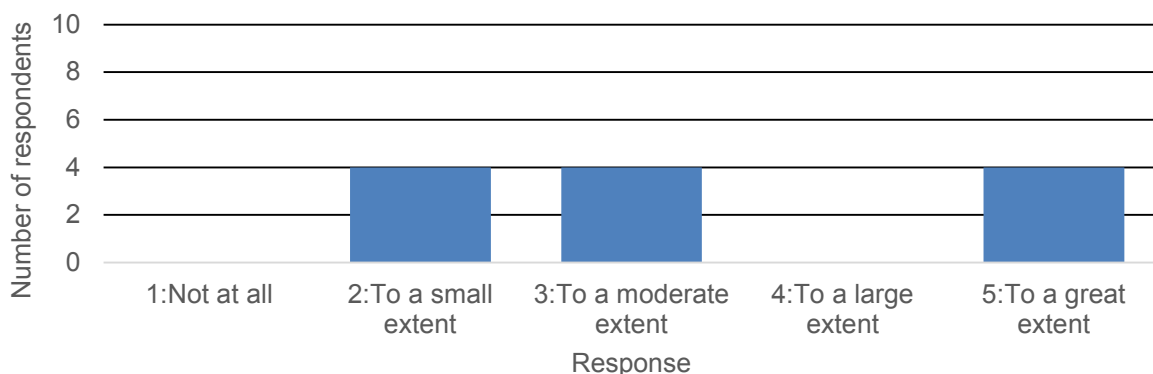
9 respondents (75%) selected options 4 or 5 (to a large or to a great extent) when asked the extent to which they felt the committee as a whole adds value to the work of the Council as a whole. Three respondents (25%) selected option 3 (to a moderate extent) and no respondents selected option 1 or 2.

Question 28: How open do you feel the Council is to scrutiny?



9 respondents (75%) selected options 3, 4 or 5 (to a moderate, large, or great extent) when asked how open they felt the Council is to scrutiny. 3 respondents (25%) selected option 2 (to a small extent) and none selected option 1 (not at all).

Question 29: To what extent is scrutiny being encouraged as a means to improve services and make better decisions?



Four respondents (33%) selected option 5 (To a great extent) when asked the extent to which scrutiny is being encouraged as a means to improve services and make better decisions. A further four respondents (33%) selected option 3 (To a moderate extent), and option 2 (to a small extent).

Question 30 was the final question in the survey and asked respondents to provide any supplementary comments they wish to make in relation to any of the survey questions or the effectiveness of the Audit & Scrutiny committee. Seven respondents provided a range of comments to be considered. This included:

- A need for greater awareness raising within management of internal audit and scrutiny;
- Two comments related to internal audit – focused on the Council learning from mistakes picked up by internal audit and potential for making better use of internal audit findings by follow up;
- A need to see where all Council overspends occur, with all variances (over and under) by > £100k being reported by strategic committees;
- Greater opportunities to scrutinise outcomes across the range of Council services; and
- A comment was submitted on focusing on specific services with easily measurable outcomes might provide a less comprehensive but more accessible understanding of the Council's performance.