

Committee:	Date:
Audit and Risk Management Committee	4 November 2014
Subject:	Public
Audit and Risk Management Committee Survey	
Report of:	For Decision
Town Clerk	

Summary

The first review of effectiveness of the Audit and Risk Management Committee was reported in 2013, and included a survey of all Members of the Committee. Members subsequently requested that the survey be re-run.

This report presents the results of the 2014 survey as a discussion paper, to enable Members to consider any key issues to be addressed.

Members were asked to rate the same set of questions used previously, about all aspects of the Committee's work, on a scale of "strongly agree", to "strongly disagree". Overall 85% of responses were positive (i.e. "strongly agree" or "agree"), compared with 90% in the previous survey. Results of over 90% were recorded for the operation of the Committee, and training and awareness. The lowest scoring area related to fraud and whistle-blowing, although even here, 77% of responses were "strongly agree" or "agree".

A number of comments were made as part of the survey, identifying issues to be addressed in the areas of: reviewing the work of external audit; reviewing and influencing the work of internal audit; and assessing risk management and fraud/whistle-blowing arrangements across the organisation.

Recommendations:

Members are asked to consider:

- What steps should be taken to address issues highlighted by this survey, including the additional assurances officers can provide in respect of the operation of risk management and fraud and whistle-blowing arrangements ;
- Whether a follow-up survey should be undertaken, and the appropriate timing, and
- Any other issues arising from the survey results.

Main Report

Background

1. In February 2013, Members received a report on the first effectiveness review of the Audit and Risk Management Committee. This included the results of a survey of Members of the Committee, which was based on a model questionnaire issued by CIPFA. Members agreed that a follow-up survey should take place.
2. The follow-up survey took place in September/October and the results are presented in this report. This report is presented in the format of a discussion paper, to enable Members to consider any issues to be addressed as a result of this survey.

Methodology

3. The questions used in the previous survey were retained for this survey, but the answer options were amended from “yes/no” to a four-point scale of “strongly agree”, through to “strongly disagree”. This was designed to give Members more option in answering the questions, and facilitate better analysis of future trends, should Members decide to repeat the survey.
4. Seven responses were received, although one respondent did not answer all of the questions, compared with 13 responses to the previous survey. In summary, 85% of responses were “strongly agree” or “agree”, compared with 90% of responses in the previous survey which were recorded as “yes”, or positive. Seventeen individual comments were made in the open comments boxes, spread across most sections of the questionnaire. Individual results and comments are noted under each of the sections below.

Operation of the Committee

5. Members’ responses were as follows:

	Number of responses:			
	Strongly agree	Agree	Disagree	Strongly disagree
The Committee meets regularly enough to covers its work programme effectively	4	3	0	0
Agenda papers are circulated sufficiently in advance of meetings to allow adequate preparation by members	1	5	1	0
Committee decisions are reached fairly and promptly	1	6	0	0
The Committee is sufficiently independent of other key Committees	4	3	0	0

The Committee has sufficient access to other Committees as necessary	0	7	0	0
Reports to members communicate relevant information at the right frequency, time and in a format that is effective	0	6	1	0
The Committee has the benefit of attendance of appropriate officers at its meetings	2	4	1	0
The officers who attend meetings are effective in providing relevant information to the Committee	1	5	1	0
	13	39	4	0
	93%			

6. The following comments were made in response to the question “Do you have any suggestions for improvements to the operation of the Committee?”:

- *The Committee works very well and the idea of pre briefings for example on the accounts works extremely well. The Committee also seems to have the right balance between the workload and the time allocated to Committee business.*
- *On occasions the relevant officer has not attended the meeting, leaving it with a colleague to deal with who is not wholly familiar with the facts, resulting in the agenda item coming back to the next committee*

Training and Awareness

7. Members’ responses were as follows:

	Number of responses:			
	Strongly agree	Agree	Disagree	Strongly disagree
Members are provided with sufficient training and other information/resources to perform their role effectively and independently	1	6	0	0
New Members of the Committee are provided with an appropriate induction into the work of the Committee	0	6	0	1
	1	12	0	1
	93%			

8. No comments were made in response to the question: “Are there more areas where you feel that more training/information is required to increase the effectiveness of the Committee?”

Functions

9. Members' responses were as follows:

	Number of responses:			
	Strongly agree	Agree	Disagree	Strongly disagree
The Committee is effective in its role in overseeing external audit plans, reports and recommendations	2	4	1	0
The Committee is effective in its role in overseeing internal audit planning and operation	1	5	1	0
The Committee is effective in its role in overseeing the risk management strategy and assurance framework	2	5	0	0
The Committee is effective in its role in overseeing the effectiveness of internal control arrangements	1	4	2	0
The Committee is effective in its role in overseeing anti-fraud and whistleblowing arrangements	0	7	0	0
The Committee is effective in its role in overseeing the annual audited accounts	1	6	0	0
The Committee is effective in its role in overseeing external inspection reports and the actions taken in response to recommendations made	1	4	2	0
	8	35	6	0
	88%			

10. The following comments were made in response to the question "Do you have any suggestions for improvements to the operation of the Committee?":

- *Not sure we have seen any external inspection reports this year*
- *The Committee spends a reasonable proportion of time on the external auditors work and it is good that the external auditors attend the meetings. Since the Committee concentrated on two risks per meeting we have got a fuller and better understanding of the risks and the mitigations.*
- *Concerns over the internal control over the charity status of certain entities within the city group*
- *A middle answer of "don't know" would be a good idea*

External Audit

11. Members' responses were as follows:

	Number of responses:			
	Strongly agree	Agree	Disagree	Strongly disagree
The Committee is given sufficient information on the external audit programme of work	0	5	1	0
The Committee is able to provide sufficient input into the external audit programme	0	5	1	0
There is effective communication between the Committee and external audit	2	3	1	0
The Committee is effective in assessing whether officers are taking action to implement external audit recommendations	1	4	1	0
The Committee is effective in assessing the performance of external audit	0	3	3	0
	3	20	7	0
	77%			

12. The following additional comments were made:

- *Not aware of any discussion on the performance of external audit*
- *We have nowhere near enough information or engagement with the external auditors to be certain of how they are approaching their role. Everything we get to hear/read is delivered very late and usually sanitised.*

Internal Audit

13. Members' responses were as follows:

	Number of responses:			
	Strongly agree	Agree	Disagree	Strongly disagree
The Committee is given sufficient information on the production of the internal audit plan and programme of work	1	5	0	0
The Committee is able to provide sufficient input into the internal audit programme	1	4	1	0
The work of internal audit is reviewed and reported regularly	2	4	0	0
The annual assurance report from the Head of Internal Audit and Risk Management is satisfactory	0	4	2	0

There is effective communication between the Committee and internal audit	1	4	1	0
The Committee is effective in assessing the performance of internal audit	1	4	1	0
The Committee is effective in assessing the adequacy of internal audit staffing and other resources	0	4	2	0
The Committee is effective in assessing the implementation of internal audit recommendations	0	6	0	0
	6	35	7	0
	85%			

14. The following comments were made in response to the question “Are there any improvements you would suggest to the way that internal audit work is reported to the Committee?”:

- *The implementation of IA recommendations has been a focus for the Committee over the past year and this has improved considerably*
- *It is always difficult to assess whether internal audit has adequate staffing and this really needs to be done by benchmarking it with other like services*
- *The annual assurance statement could be more detailed. We do not review the adequacy of internal audit staffing*
- *Internal audit pays little heed to the deliberations of the Committee. It sets its own plans and then spends substantial effort in justifying them, when clearly they are often unrealistic and frequently poorly focussed/directed. The Committee is largely powerless truly to influence. We only really ‘rubber stamp’ what internal audit comes up with.*

Risk Management

15. Members’ responses were as follows:

	Number of responses:			
	Strongly agree	Agree	Disagree	Strongly disagree
The Committee is given sufficient information on the City Corporation’s risk management policy and procedures	1	5	0	0
The Committee is effective in assessing the overall risk management strategy	0	4	2	0
The Committee is effective in assessing individual corporate risks	2	4	0	0

The Committee is effective in assessing the operation of risk management throughout the organisation	0	4	2	0
	3	17	4	0
	83%			

16. The following comments were made in response to the question “Are there any improvements you would suggest to the way that risk management issues are reported to the Committee?”:

- *We have nowhere near enough knowledge and/or information really to oversee the Corporation’s risk management strategy and actions. Again we are largely onlookers. Furthermore, we have no possible mechanism for overseeing the Corporation’s operational risk arrangements.*

Fraud and Whistle-blowing

17. Members’ responses were as follows:

	Number of responses:			
	Strongly agree	Agree	Disagree	Strongly disagree
The Committee is given sufficient information on the City Corporation’s anti-fraud and corruption strategy	0	5	1	0
The Committee is given sufficient information on the City Corporation’s whistle-blowing policy	0	5	1	0
The Committee is effective in assessing the anti-fraud and corruption strategy	1	4	1	0
The Committee is effective in assessing the whistle-blowing policy	1	4	1	0
The Committee is effective in assessing whether effective arrangements have been established and implemented throughout the organisation	0	3	4	0
The Committee is effective in assessing whether officers are responding appropriately to fraud issues and cases	0	5	2	0
	2	26	10	0
	74%			

18. The following comments were made in response to the question “Are there any improvements you would suggest to the way that fraud and whistle-blowing issues are reported to the Committee?”:

- *This needs more focus over the next year*

- *The Committee has tried hard to press upon the organisation the importance of fraud and whistle blowing but in some parts of the organisation there has been a reluctance to take this seriously. This is changing now – hopefully as a result of the Committee’s interest.*
- *This is perhaps will be remedied through the Risk Challenge Workshops*
- *Again, we have nowhere near the knowledge or exposure to operational activities to be able to say how operations are managed and how officers behave on a day-to-day basis regarding fraud etc.*

Appendices – none

Background Papers:

Report to Audit and Risk Management Committee 5th February 2013: Audit and Risk management Committee Effectiveness Review

Neil Davies

Head of Corporate Performance and Development

T: 020 7332 3327

E: neil.davies@cityoflondon.gov.uk