

<b>Agenda Item</b>	7
<b>Report No</b>	AS/16/20

## HIGHLAND COUNCIL

**Committee:** Audit & Scrutiny Committee

**Date:** 26 November 2020

**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 15 September and 13 November 2020 with 10 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 modules on internal audit, risk and performance management are available for online learning.
- IV. Note that the overall requirements for training will be finalised through a corporate programme of Members training being finalised in conjunction with Members for 2021/22.

### 3 Implications

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#### 3 Resource implications

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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.

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#### 3 Community, climate change/carbon clever implications

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There are no legal implications arising from this report.

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#### 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 the 3<sup>rd</sup> Survey of the Audit & Scrutiny Committee.

4.2 There were 10 responses received from Members, representing an 71% response rate to the survey which ran from 15 September to 13 November 2020. There were 30 questions and the full analysis of the survey is provided as Appendix 1 of this report.

## 5. **Key findings**

5.1 The previous figures are provided for information and as they also reflect the size of Committee following the Governance Review providing a baseline for comparison. It is helpful in understanding the results that 10% roughly equates to 1 Member. Key results are:

### Members' role

- 100% said they understood their role in Committee to a moderate, large or great extent (92% 2019);
- 90% said they actively engaged in scrutiny and asking constructive questions to a large or great extent (72% 2019);
- 100% said they felt they actively contributed to effective governance and scrutiny to a moderate, large or great extent (88% 2019);

### Training & Development

- 80% said they had received sufficient training to a large or great extent to support their scrutiny role (40% 2019), this year none said they had not;
- 50% (5 people) responded that they take up all or most training opportunities (83% 2019, 55% 2018), 40% (4 people) had taken up some training opportunities (17% 2019, 32% 2018), and one respondent (10%) indicated that they had not taken up training opportunities (14% 2018). This is in the context of limited opportunities due to the Covid pandemic;
- 90% agreed to a large or great extent that training and development was sufficient for them to do their job (48% 2019), no one indicated it was not;
- 90% (10 people) felt they had sufficient time to fully commit to their role in Committee (75% 2019), however 10% felt this was challenging and agreed to a small extent (25% 2019);
- 70% felt to a moderate, large, or great extent, that they need further guidance on how to fulfil their role (58% in 2019, 64% in 2018). In relation to guidance comments included recognising there was always room to improve; more understanding of processes and issues which come to committee; scope for Member led auditing; guidance and training specific to scrutiny role; workshops enabling open discussion on audit issues with the informal Audit & Scrutiny Committee sessions during lockdown positively commented on as an opportunity for more depth of discussion and drilling down into issues.

### Views of Effectiveness of Committee

- On the effectiveness of the Committee in relation to key functions, between 80% and 100% of respondents felt the Committee was effective to a moderate or great extent (67%-100% 2019). The average score was calculated using all responses and their score between 1 and 5 where 5 equalled full agreement with the effectiveness of Committee for the function:

<b>Function</b>	<b>Average Score (Mean)</b>
Internal Audit Reporting	4.3
Assurance- Internal Audit Plan & Annual Internal Audit Report	4.2
Good governance (Code of Corporate Governance)	3.8
Risk Management	3.7
Financial Reporting (annual accounts)	3.7
Counter fraud and corruption	3.6
External audit reporting	3.5
Value for Money or Best Value	3.4

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

- 100% felt that the Committee was the right size to be effective (92% 2019), while 90% thought meetings were the right length with 10% thinking meetings were too short (17% 2019, 62% 2018) with no respondent viewing meetings as too long (58% in 2019);
- 90% feel to a moderate or large extent that the Committee does have the appropriate skills and expertise (67% 2019) while 10% agreed to a small extent;
- There was agreement that the Chair acted independently 90%, none disagreed (84% 2019) and that the Committee acted independently and impartially 100% agreed to some extent, none disagreed (100% 2019);
- 70% said they made the most of advice and support available from officers (67% 2019), 50% agreed that officers were accessible to support them in their scrutiny role (75% 2019) with a further 40% neither agreeing nor disagreeing;
- 100% felt there was a culture of trust and openness amongst Members (100% 2019) and 100% felt that they worked constructively together with mutual trust and respect (100% 2019);
- 90% felt to a moderate, large or great extent they received sufficient information in internal audit reports (83% 2019);
- 80% felt there was clarity over the role of Committee (100% 2019) and 100% believed it added value to the work of the Council as a whole to at least a moderate extent (75% 2019);
- While 100% felt the Council was open to scrutiny to some extent (100% 2019) and 70%, to at least a moderate extent while 80% felt that scrutiny was being encouraged to improve services and make better decisions to at least a moderate extent (66% 2019).

## **6. Analysis and Areas for improvement**

- 6.1 The main areas for improvement identified in the survey are around training and making the most of advice and support of officers and guidance along with the role of Committee and encouraging active contribution to effective governance and scrutiny.
- There were stronger views this year that sufficient training had been received (80%) despite the impact of Covid and 90% felt it was sufficient for them to do their job. However, with only 50% saying the take up most or all training and the training and development of Members (including mandatory elements) central to

maintaining the effectiveness of Committee post review training and Member development will remain an area for improvement.

- 70% of Members identified the need for further guidance on how to fulfil their roles and this directly relates to improving training and development for Members. In relation to guidance comments received are outlined at 5.1 above (final bullet point) and cover understanding processes, Member led auditing; guidance and training specific to scrutiny role; workshops enabling open discussion on audit issues with the informal Audit & Scrutiny Committee sessions during lockdown positively commented on in this regard.
- Members also identified that they could make more use of the advice and support available to them from officers and that accessibility could be improved.
- Committee may also wish to further consider its role in scrutinising value for money (VFM) and Best Value (BV) which is the weakest score in relation to effectiveness on key functions. In relation to Best Value Members have interest in improved access to data (financial and performance) and this will further strengthen Members scrutiny role. How the Committee can strengthen their relationship with External Audit needs consideration with external audit reporting having a weak score.

## 6.2 Update on proposals:

- Training – online modules using the Council's My Online Learning (MOL) system are available to Members for internal audit, risk and performance management. A further module on scrutiny is complete and being transferred to the on-line learning system. A module on governance is under development and expected to have cross Council input as the content will apply to all Strategic Committees. Note that the overall requirements for Members training and development are being finalised for 2021 following delays due to the Covid pandemic. A Member workshop on the review of the existing, approved training and development programme was held on 16 November 2020.
- Officer Support & Advice – As at 6.1 above Members identified they could make more of the support and advice available from officers and improve accessibility. During Covid informal Committee meetings were established to advise Members on current issues and allow for broader discussion. This approach received positive feedback in the survey, and it is proposed to plan further informal sessions during 2021. This approach will further strengthen Members support and advice, improve accessibility to officers and provide an opportunity to engage in discussion around scrutiny and Best Value.
- Survey work – It is proposed to follow best practice and continue to survey the Committee on an annual basis.

Date: 16.11.20

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Appendices:

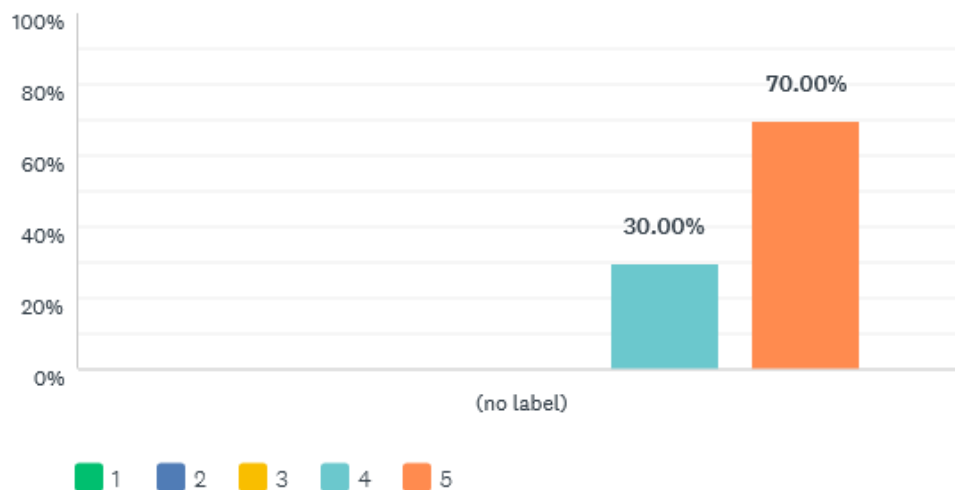
Analysis of Members responses to the survey on the Effectiveness of the Audit & Scrutiny Committee.

**Survey of the Effectiveness of the Audit and Scrutiny Committee, 2020**

A survey to better understand the views of the Members of the Audit and Scrutiny committee was circulated in September and October 2020. 10 Members completed the survey representing a response rate of 71%. 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. 10 Members completed the survey.

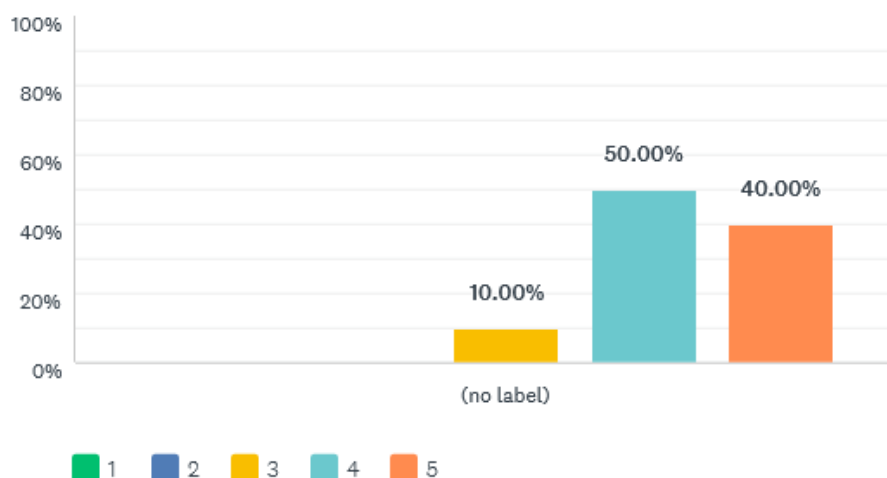
**Question 2: To what extent do you understand the role expected of you in the Audit & Scrutiny Committee?**



On a scale of 1-5, with 1 being "Not at all", 2 being to a small extent, 3 to a moderate extent, 4 to a large extent and 5 being "To a great extent."

100% 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, 2 or (not at all or to a small extent or to a to a moderate extent).

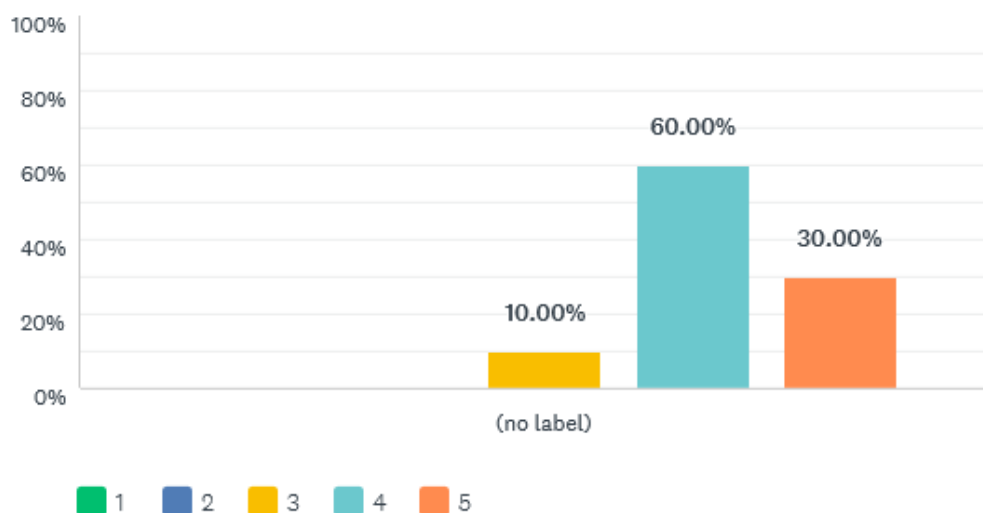
**Question 3: To what extent do you feel able to observe/carry out the role expected of you in Audit & Scrutiny Committee?**



On a scale of 1-5, with 1 being "Not at all", 2 being to a small extent, 3 to a moderate extent, 4 to a large extent and 5 being "To a great extent."

9 respondents (90%) selected options 4 or 5, feeling able to observe/carry out the role expected in Audit & Scrutiny Committee to a "large" or "great" extent. 1 respondents (10%) selected option 3 (to a moderate extent). No respondents selected option 1 or 2 (not at all or to a small extent).

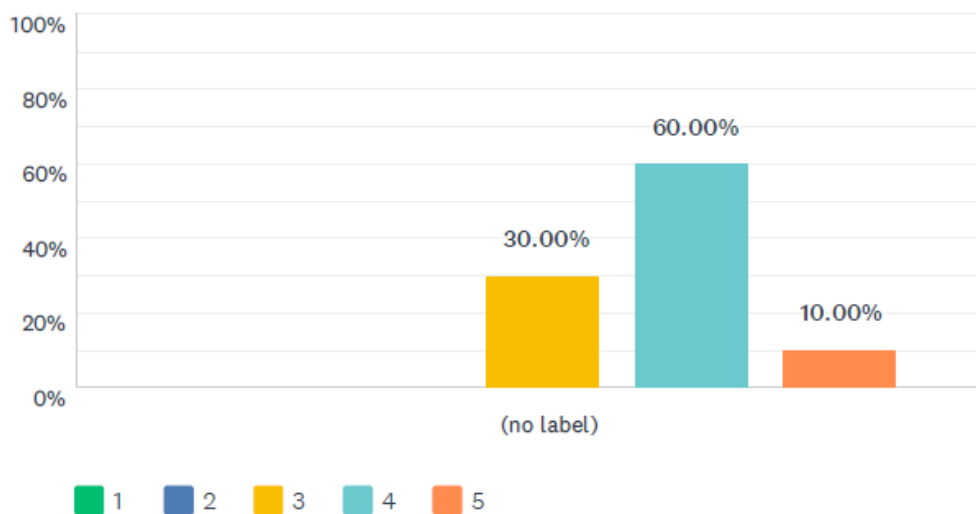
#### Question 4: How actively do you engage in scrutiny and ask constructive questions?



On a scale of 1-5, with 1 being "Not at all", 2 being to a small extent, 3 to a moderate extent, 4 to a large extent and 5 being "To a great extent."

9 (90%) of respondents selected that they actively engage in scrutiny and ask constructive questions to a large extent. 1 (10%) respondents selected to a moderate extent and no respondents selected option 1 or 2 (not at all or to a small extent).

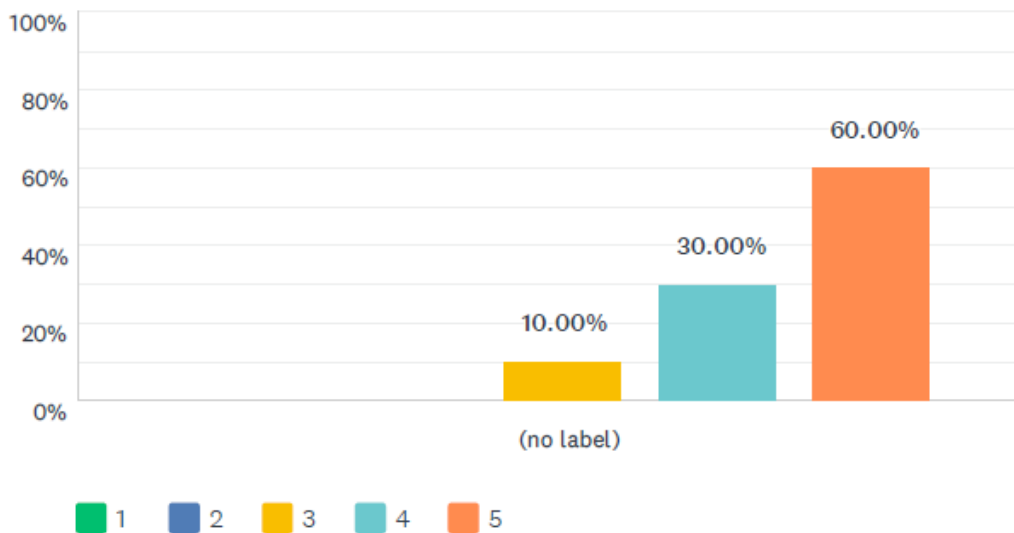
#### Question 5: To what extent do you feel you actively contribute to effective governance and scrutiny in committee?



On a scale of 1-5, with 1 being "Not at all", 2 being to a small extent, 3 to a moderate extent, 4 to a large extent and 5 being "To a great extent."

7 of the 10 (70%) respondents selected option 4 or 5, actively contribute to a "large extent" or to a "great extent" to effective governance and scrutiny in committee. 3 respondents (30%) selected option 3 (to a moderate extent), this year no respondents selected options 1 and 2 (not at all or to a small extent).

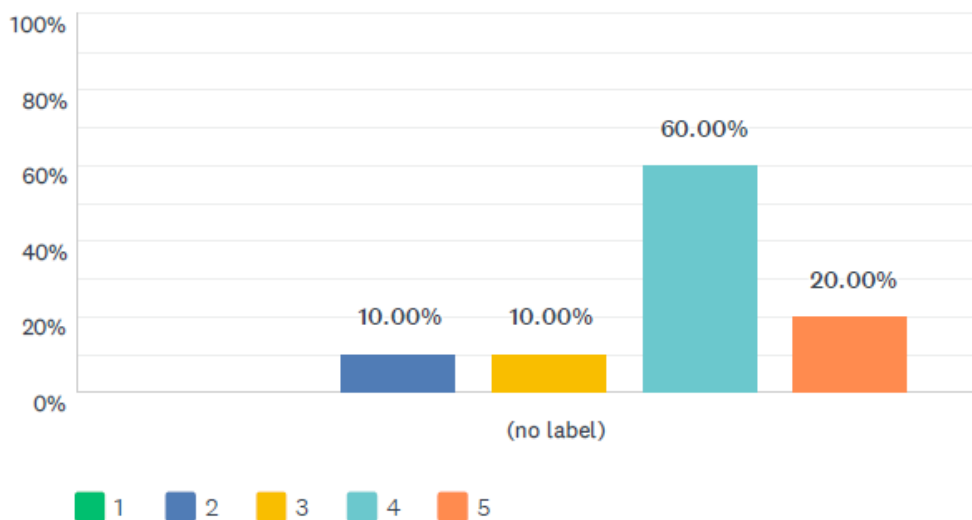
#### Question 6: Do you agree that you are made aware of the behaviours and conduct expected of you?



On a scale of 1-5, with 1 being "strongly disagree", 2 being "somewhat disagree", 3 being "neither agree nor disagree", 4 being "somewhat agree" and 5 being "strongly agree."

9 (90%) respondents selected option 5 or 4 (strongly or somewhat agree) when asked whether they agree they are made aware of the behaviours and conduct expected of them. This is compared to 88% in 2019. There was 1 (10%) respondent selected option 3 neither agreed nor disagree. No respondents selected option 1 (strongly disagree) or option 2 (somewhat disagree) compared to 2019 when 2 respondents somewhat disagreed.

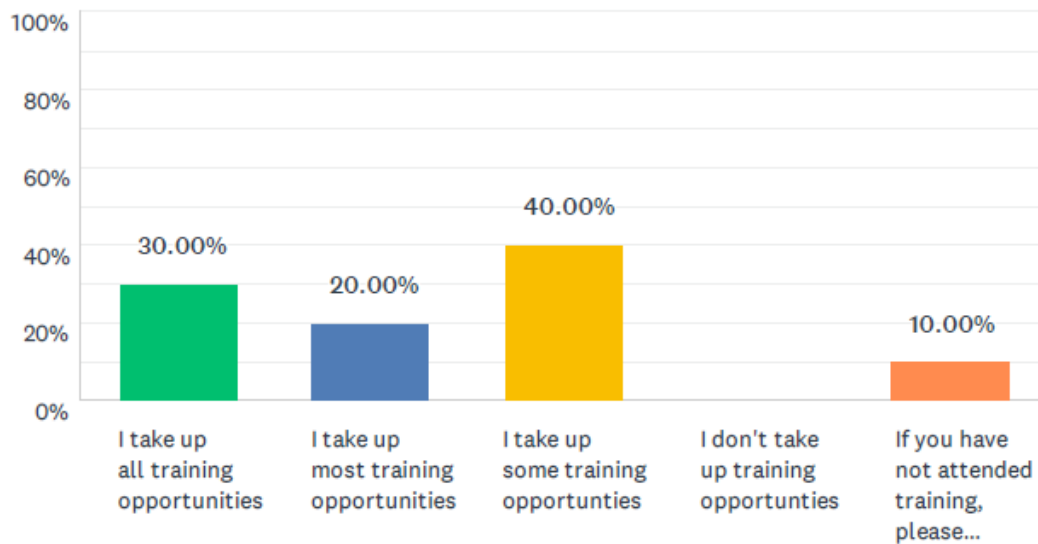
**Question 7: To what extent do you agree that you have received sufficient training and support in your scrutiny role?**



On a scale of 1-5, with 1 being "Not at all", 2 being to a small extent, 3 to a moderate extent, 4 to a large extent and 5 being "To a great extent."

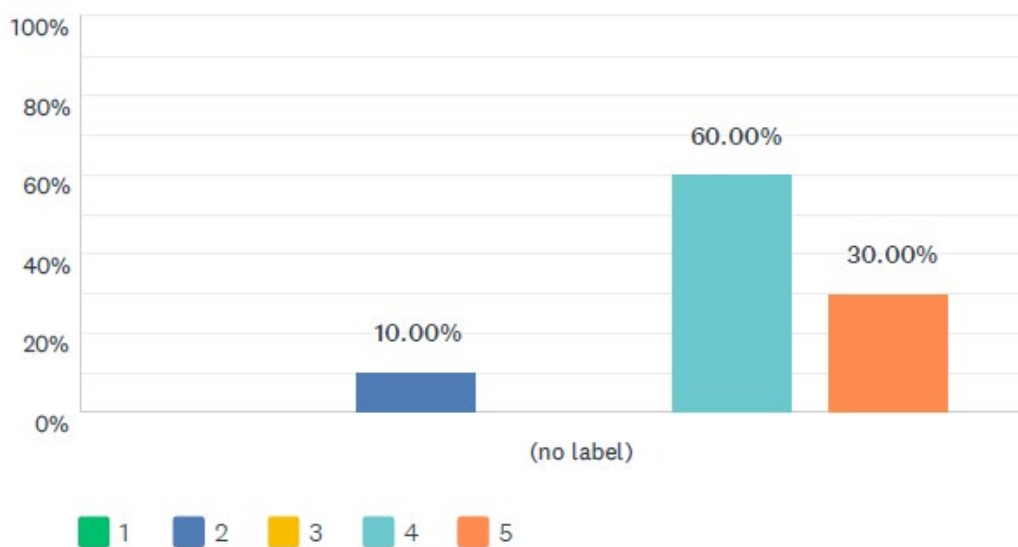
8 (80%) of respondents selected options 4 or 5, indicating that they had received, to a large or great extent that they had received sufficient training and support in their scrutiny role – this compares positively with 40% in 2019. With only 1 respondent (10%) selecting to a moderate extent compared with 48% in 2019. 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 (30%) answered that they take up all the training opportunities offered to them. A further 6 (60%) answered that they take up some or most training opportunities, and 4 (40%) that they take up some training opportunities. One respondent answered option they had not attended training and provided reasons for this. This related to no training had been offered.

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

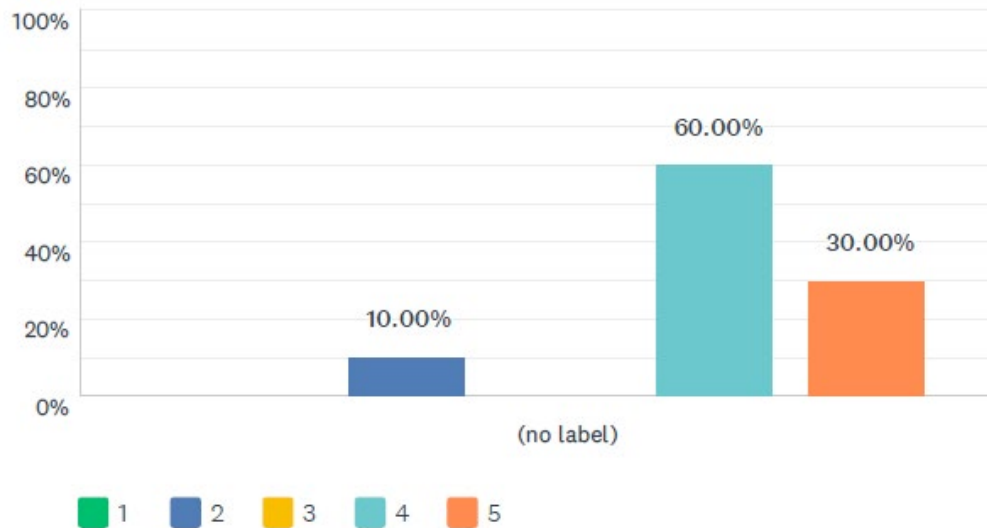


On a scale of 1-5, with 1 being "Not at all", 2 being to a small extent, 3 to a moderate extent, 4 to a large extent and 5 being "To a great extent."

9 (90%) 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. 1 (10%) respondents selected option 2 (to a small extent) No respondents selected option 3 (to a moderate extent), or 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?**

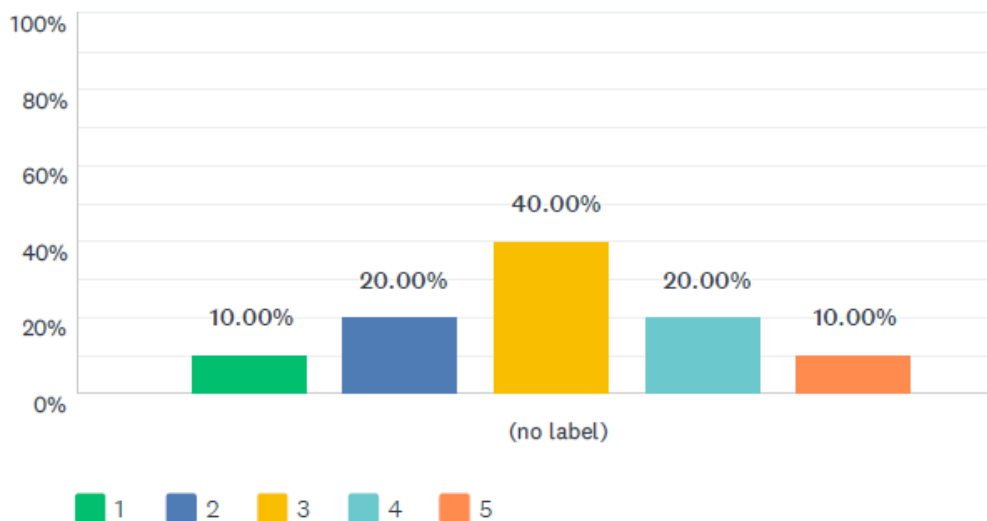




On a scale of 1-5, with 1 being "Not at all", 2 being to a small extent, 3 to a moderate extent, 4 to a large extent and 5 being "To a great extent."

9 respondents (90%) 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. 1 respondents (10%) 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?**



On a scale of 1-5, with 1 being "Not at all", 2 being to a small extent, 3 to a moderate extent, 4 to a large extent and 5 being "To a great extent."

When considering to what extent respondents felt that they need further guidance on how to fulfil their role, 7 (70%) of respondents selected between to a "moderate extent" and "to a large extent". Two respondents (20%) selected "to a small extent", and one (10%) respondent selected "not at all".

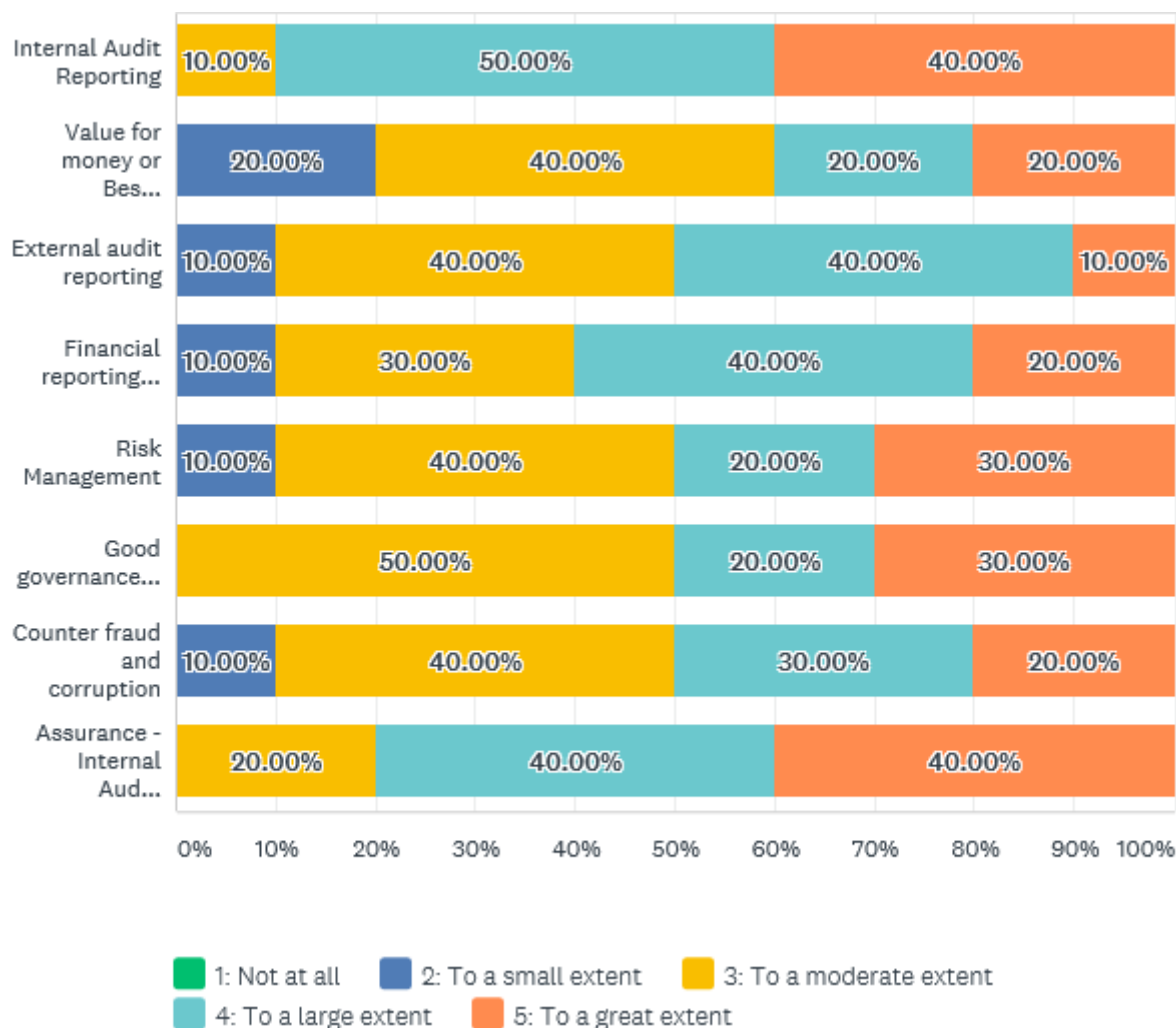
**Question 12: If you need further guidance, what would be the most help?**

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

- Recognition there was always room to improve;
- More understanding of processes and issues which come to committee;
- Scope for Member led auditing;
- Guidance and training specific to scrutiny role;
- Workshops enabling open discussion on audit issues with the informal Audit & Scrutiny Committee sessions during lockdown positively commented on as an opportunity for more depth of discussion and drilling down into issues.

### 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)

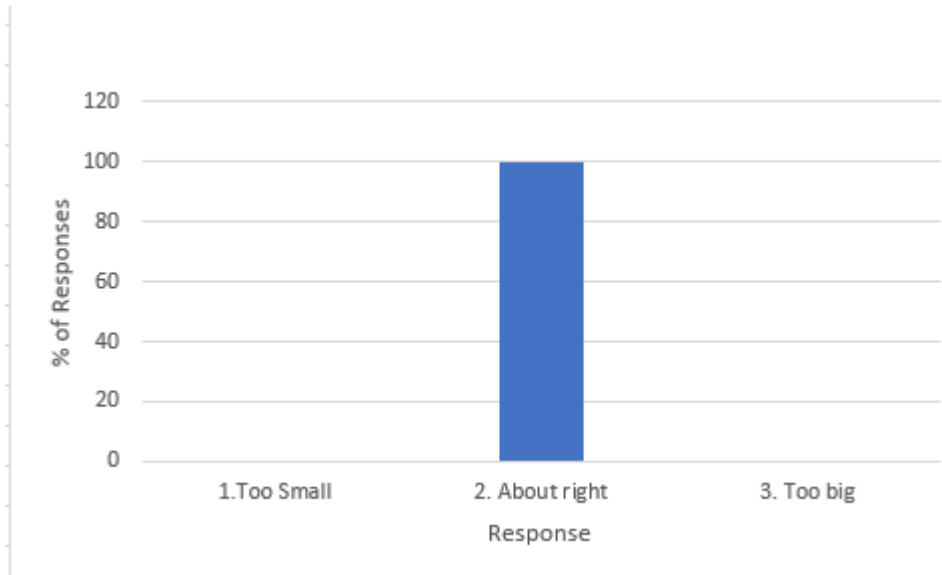


For all functions between 8 (67%) and 12 (100%) of respondents selected at least “to a moderate extent” (option 3).

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.

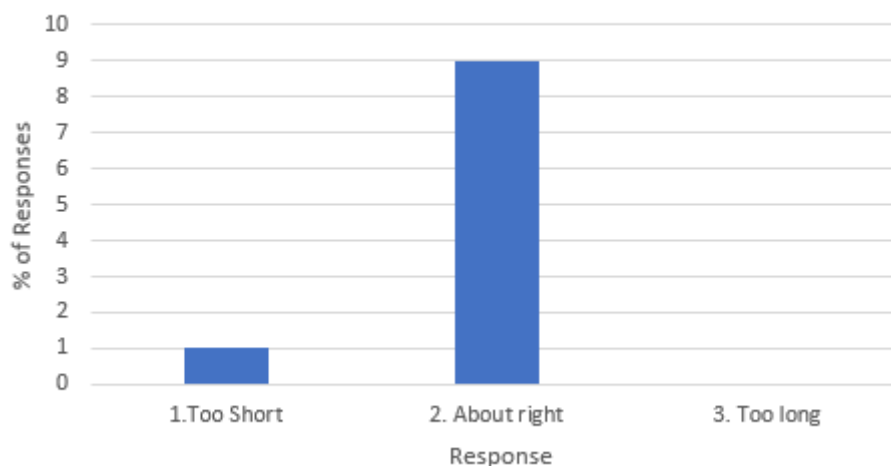
Function	Average Score (Mean)
Internal Audit Reporting	4.3
Assurance- Internal Audit Plan & Annual Internal Audit Report	4.2
Good governance (Code of Corporate Governance)	3.8
Risk Management	3.5
Financial Reporting (annual accounts)	3.7
External Audit Reporting	3.7
Counter fraud and corruption	3.6
Value for Money or Best Value	3.4

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



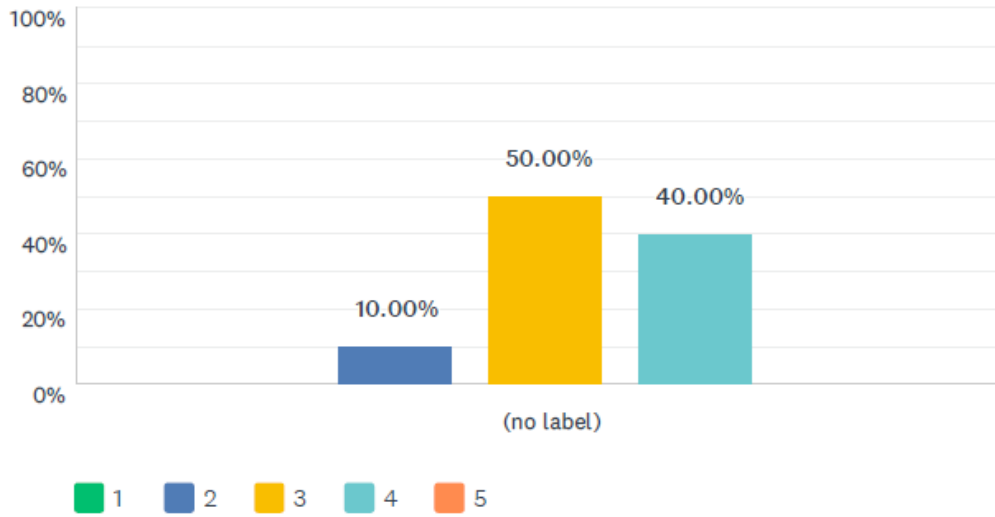
When asked if they agreed that the Audit & Scrutiny Committee has the right number of members to be effective 10 respondents (100%) selected that the membership was “about right”.

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



One respondent (10%) indicated that they felt Audit and Scrutiny committee meetings are “Too Short” in terms of sufficient length to enable effective scrutiny. Nine respondents (90%) selected option 2 (About Right).

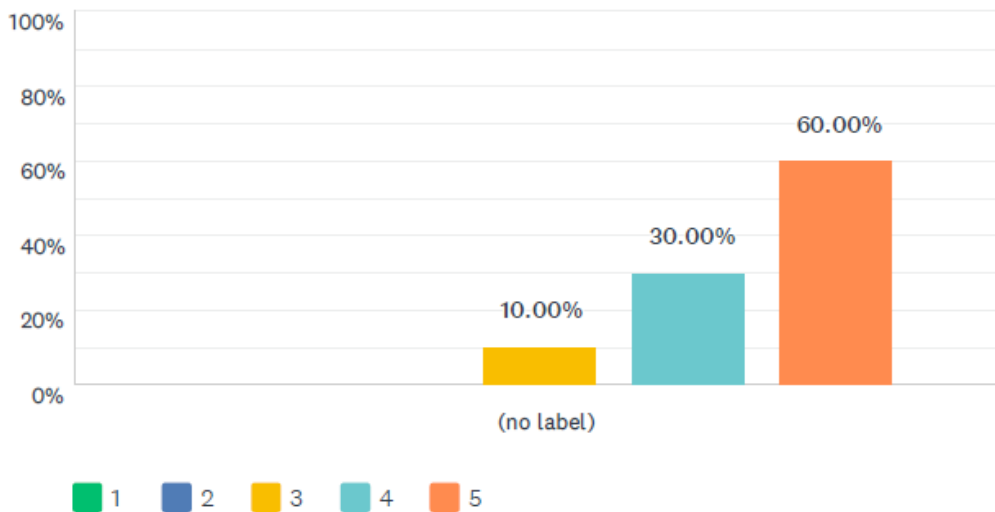
**Question 16: To What extent do you believe that the committee has the appropriate skills and expertise to fulfil its role effectively?**



On a scale of 1-5, with 1 being "Not at all", 2 being to a small extent, 3 to a moderate extent, 4 to a large extent and 5 being "To a great extent."

9 respondents (90%) 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. 1 respondents (10%) selected option 2 (To a small extent).

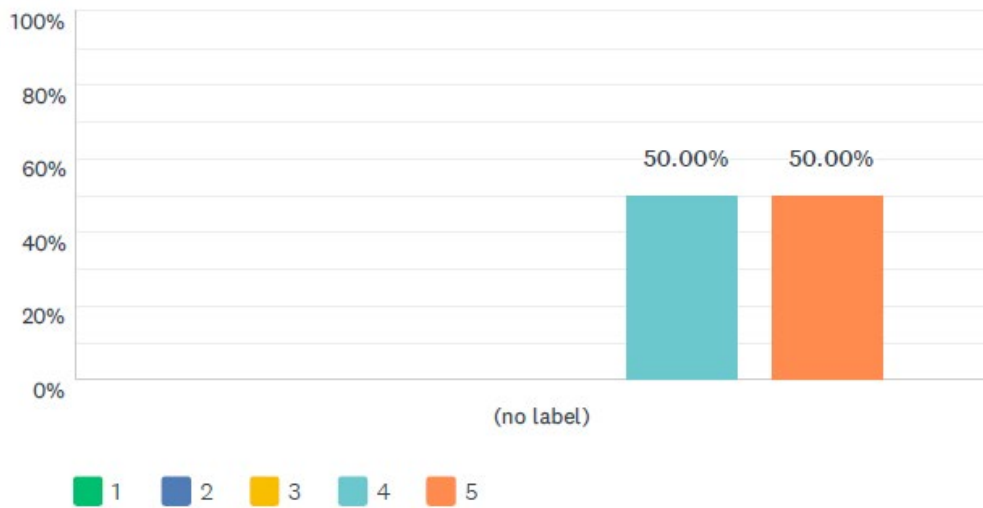
**Question 17: Do you agree the Chair of Audit & Scrutiny is sufficiently independent?**



On a scale of 1-5, with 1 being "strongly disagree", 2 being "somewhat disagree", 3 being "neither agree nor disagree", 4 being "somewhat agree" and 5 being "strongly agree."

6 respondents (60%) strongly agreed that the Chair of Audit and Scrutiny committee is sufficiently independent. A further 3 respondents (30%) selected "somewhat agree", and 1 respondents (10%) selected "neither agree nor disagree". No respondents selected option 1 or 2 (strongly disagree or somewhat disagree).

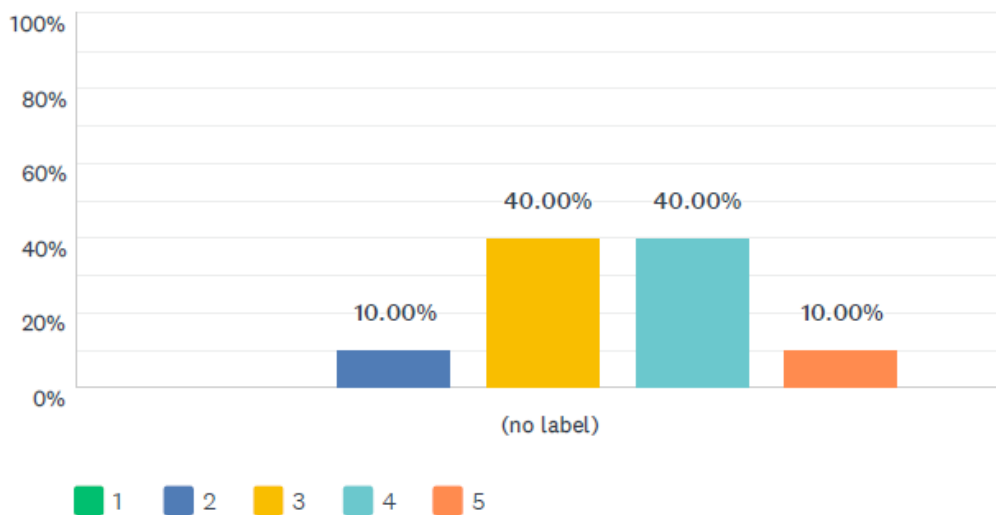
**Question 18: Does the Audit & Scrutiny Committee act independently and impartially?**



On a scale of 1-5, with 1 being "Not at all", 2 being to a small extent, 3 to a moderate extent, 4 to a large extent and 5 being "To a great extent."

10 respondents (100%) 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. no respondents selected option 1, 2 or 3 (not at all, to a small or moderate extent).

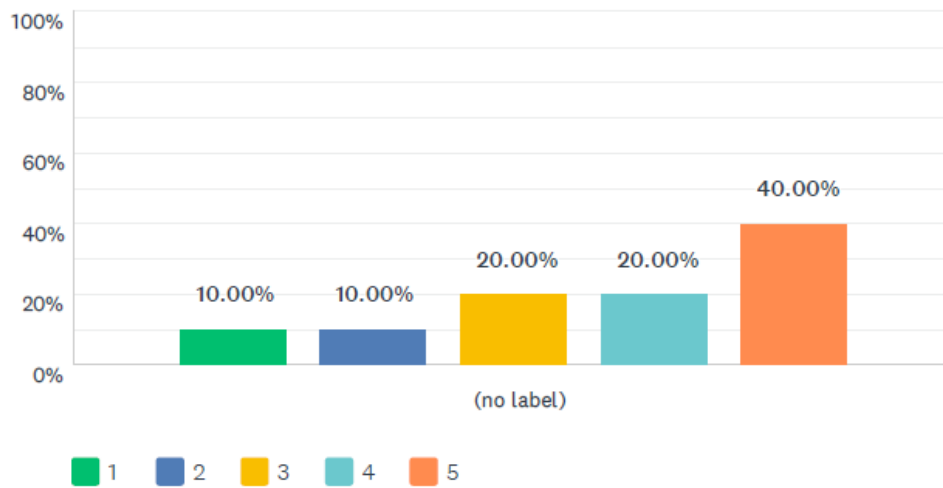
**Question 19: Do you get sufficient assurance that Corporate Risks are being effectively managed in the Council?**



On a scale of 1-5, with 1 being "Not at all", 2 being to a small extent, 3 to a moderate extent, 4 to a large extent and 5 being "To a great extent."

9 respondents (90%) selected options 3, 4 or 5 (a moderate to great extent) when asked whether they get sufficient assurance that corporate risks are being effectively managed in the Council. One respondent (10%) selected option 2 (to a small extent) and no respondents selected option 1 or 5.

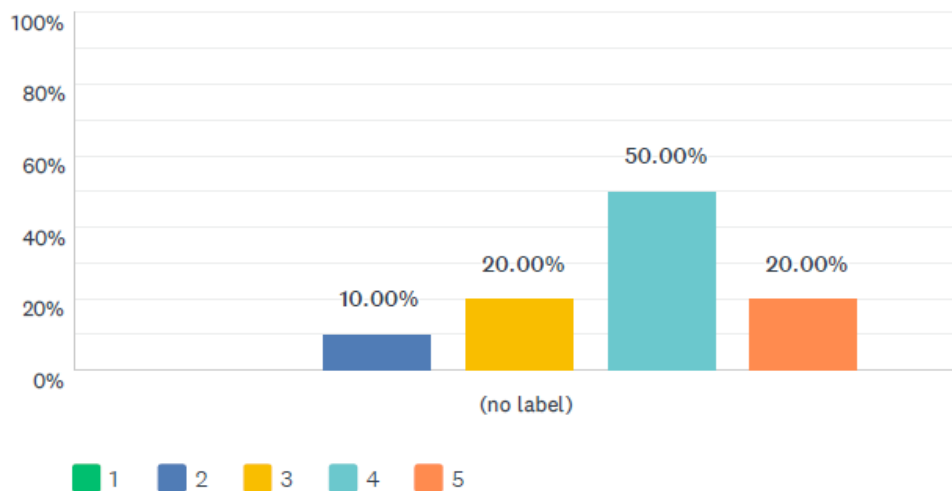
**Question 20: To what extent do you feel able to ask candid questions, for example about risk or audit report content?**



On a scale of 1-5, with 1 being "Not at all", 2 being to a small extent, 3 to a moderate extent, 4 to a large extent and 5 being "To a great extent."

6 respondents (60%) 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 (20%) selected option 3 to a moderate extent. With 1 respondent selecting each of options 1 or 2 (not at all or to a small extent).

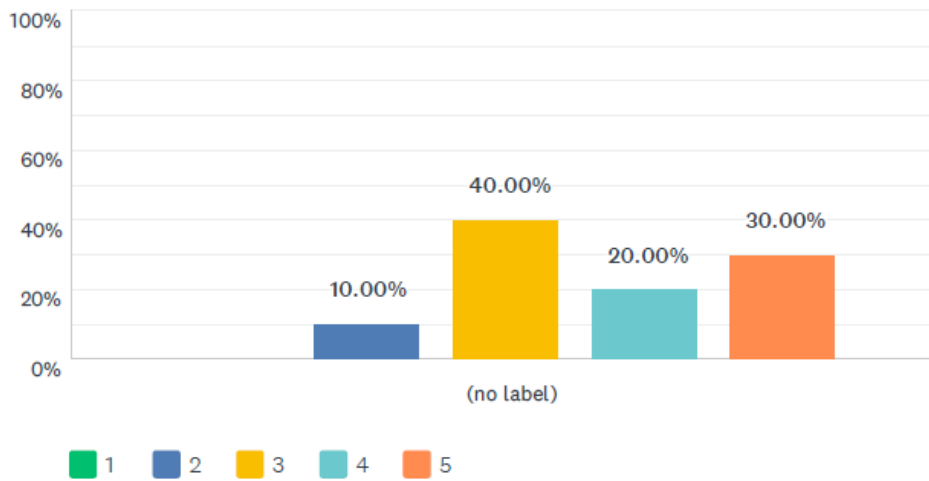
**Question 21: Do you agree that you make the most of the advice and support available from relevant officers prior to Audit & Scrutiny Committee?**



On a scale of 1-5, with 1 being "strongly disagree", 2 being "somewhat disagree", 3 being "neither agree nor disagree", 4 being "somewhat agree" and 5 being "strongly agree."

7 respondents (70%) 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 (20%) selected option 3 (neither agree nor disagree) and 1 respondents (10%) selected option 2 (somewhat disagree).

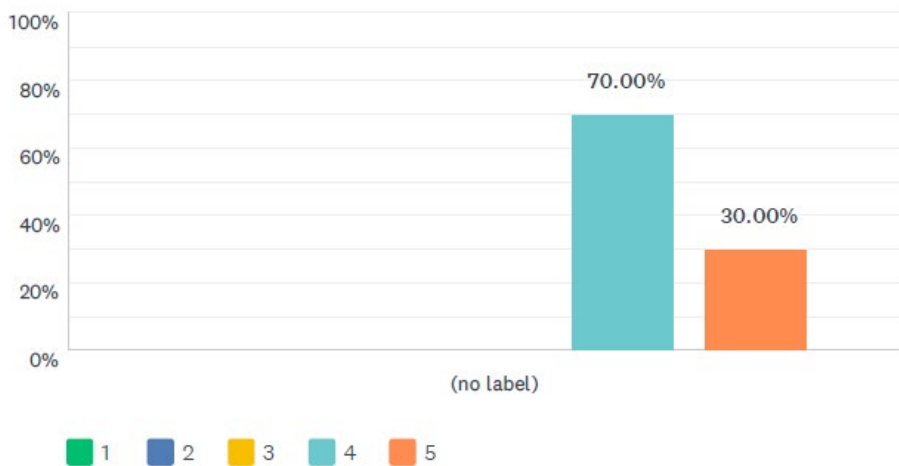
**Question 22: Do you agree that all relevant officers are accessible to you to support your role in Audit & Scrutiny Committee?**



On a scale of 1-5, with 1 being "strongly disagree", 2 being "somewhat disagree", 3 being "neither agree nor disagree", 4 being "somewhat agree" and 5 being "strongly agree."

5 respondents (50%) 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. Four respondents (40%) neither agreed nor disagreed (option 3), and one respondent (10%) selected option 2 (somewhat disagree). No one selected option 1.

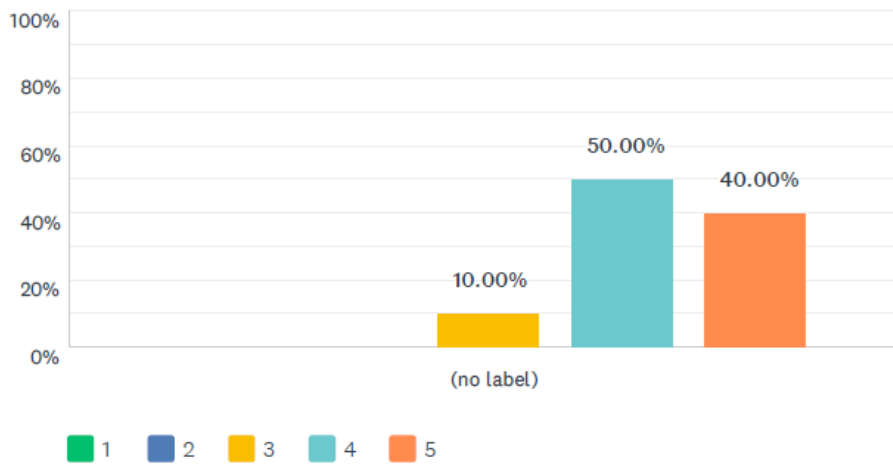
**Question 23: Do you feel there is a culture of trust and openness between Councillors and officers in the Audit & Scrutiny Committee?**



On a scale of 1-5, with 1 being "Not at all", 2 being to a small extent, 3 to a moderate extent, 4 to a large extent and 5 being "To a great extent."

10 respondents (100%) 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.

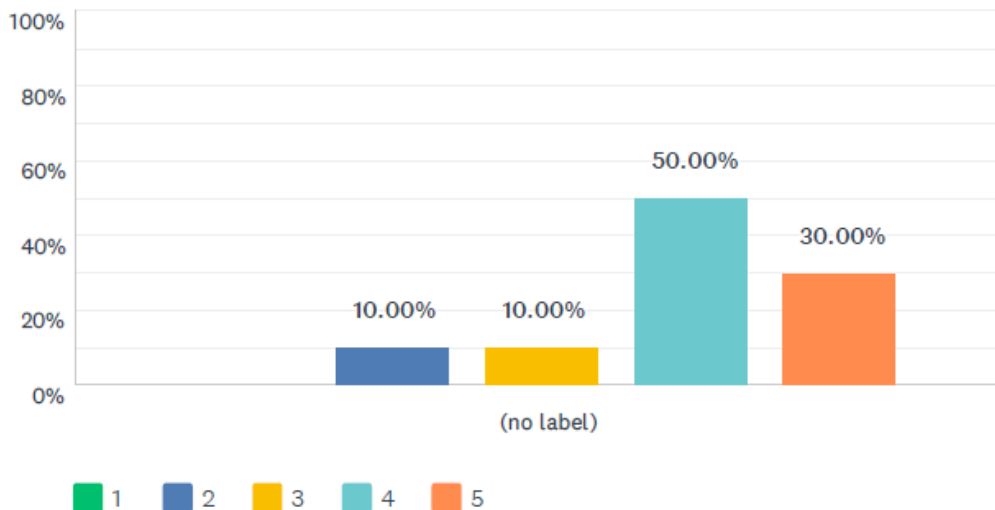
**Question 24: To what extent do you agree that Councillors work constructively together on the Audit & Scrutiny Committee and show mutual trust and respect?**



On a scale of 1-5, with 1 being "Not at all", 2 being to a small extent, 3 to a moderate extent, 4 to a large extent and 5 being "To a great extent."

9 respondents (90%) 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. One respondent (10%) 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?**

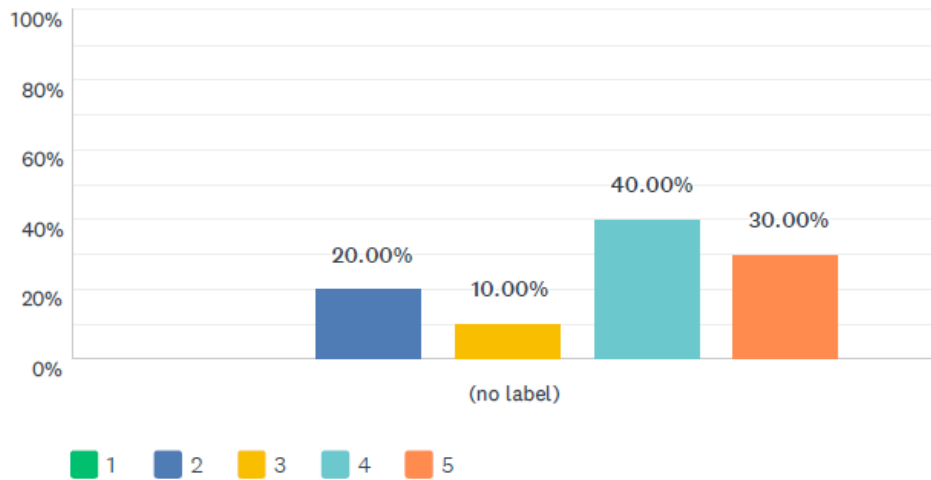


On a scale of 1-5, with 1 being "Not at all", 2 being to a small extent, 3 to a moderate extent, 4 to a large extent and 5 being "To a great extent."

90 respondents (90%) selected options 3, 4 or 5 (moderate, large or great extent when asked to what extent they agreed that they get sufficient information in internal audit reports to support their scrutiny role. One respondents (10%) 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?**

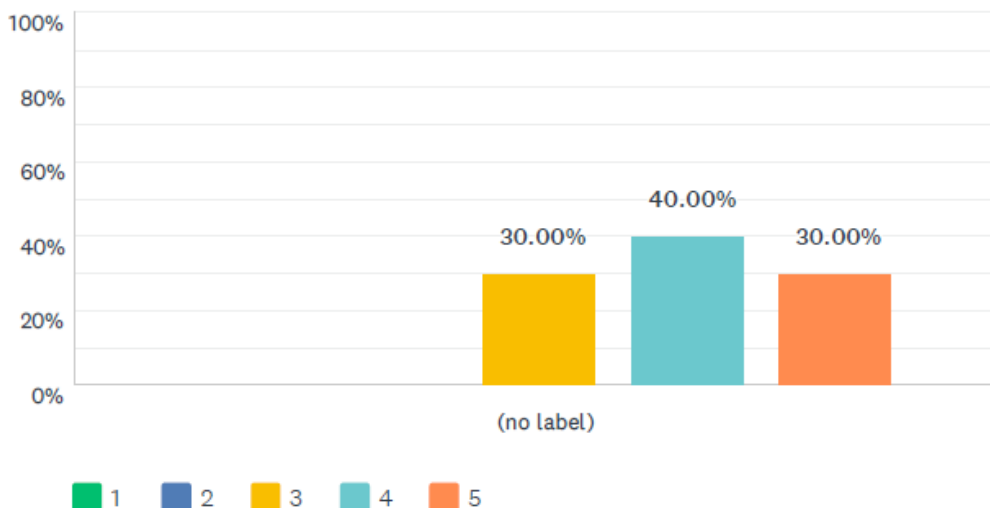




On a scale of 1-5, with 1 being "Not at all", 2 being to a small extent, 3 to a moderate extent, 4 to a large extent and 5 being "To a great extent."

8 respondents (80%) 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. 2 respondents (20%) selected option 2 (to a small extent). No respondents selected option 1.

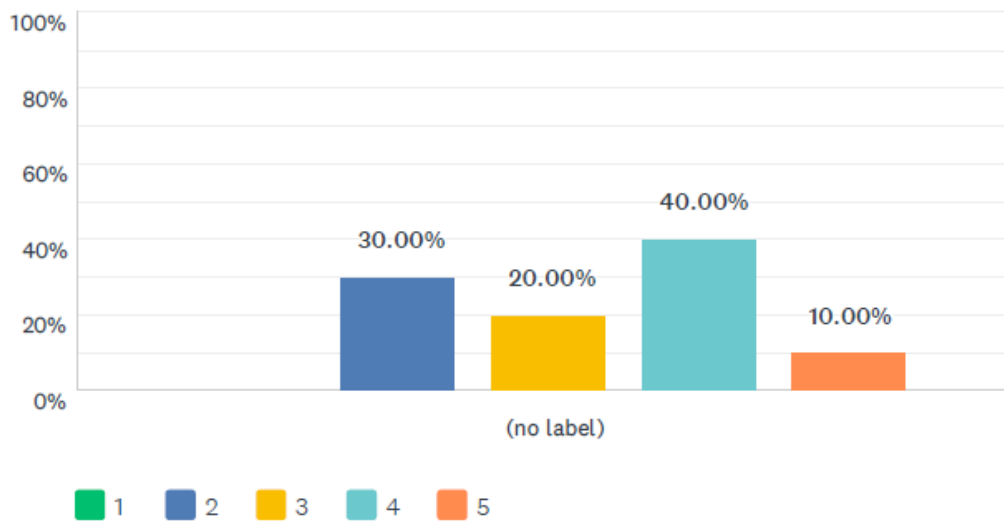
**Question 27: To what extent do you feel the Committee adds value to the work of the Council as a whole?**



On a scale of 1-5, with 1 being "Not at all", 2 being to a small extent, 3 to a moderate extent, 4 to a large extent and 5 being "To a great extent."

10 respondents (100%) selected options 3, 4 or 5 (to a moderate, 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. No respondents selected option 1 or 2.

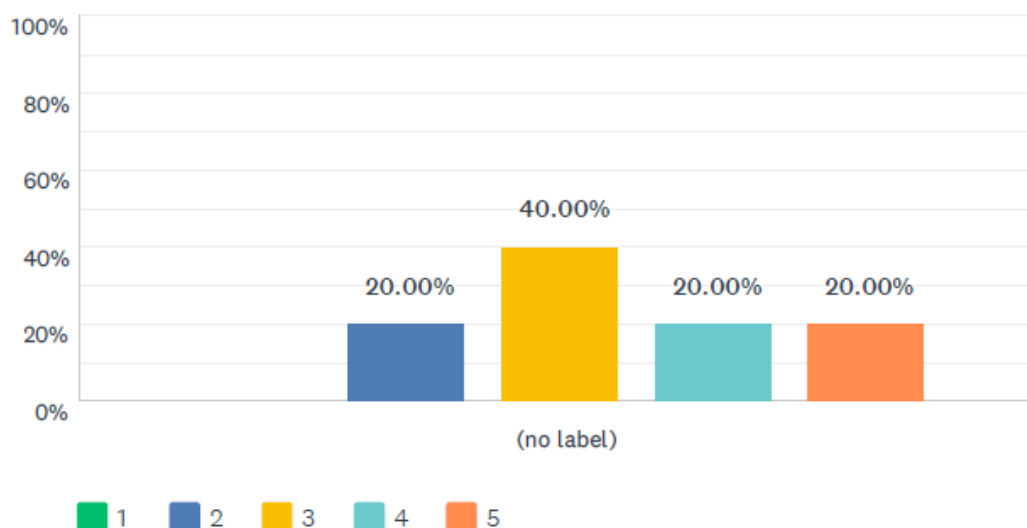
**Question 28: How open do you feel the Council is to scrutiny?**



On a scale of 1-5, with 1 being "Not at all", 2 being to a small extent, 3 to a moderate extent, 4 to a large extent and 5 being "To a great extent."

7 respondents (70%) 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 (30%) 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?**



On a scale of 1-5, with 1 being "Not at all", 2 being to a small extent, 3 to a moderate extent, 4 to a large extent and 5 being "To a great extent."

Four respondents (40%) selected options 4 or 5 (To a large or great extent) when asked the extent to which scrutiny is being encouraged as a means to improve services and make better decisions. A further 4 respondents (40%) selected option 3 (To a moderate extent), and 2 respondents selected 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. Five respondents provided comments to be considered. This included:

- That the new committee was working in a more meaningful and objective way than the past with potential for further improvement in the Committee's scrutiny role;
- Committee role could be strengthened in assessing value by looking at cost/benefit analysis, publicising success, strengthening Committee's scrutiny role, following up to ensure planned outcomes are delivered and by becoming more proactive in areas of concern.
- The change to a smaller committee has been beneficial and Members feel more able to access officers more directly.

- The culture of the Council is not as open as it could be, and this is essential to good governance and engagement with the Audit & Scrutiny Committee and should be intrinsic and not a burden or inconvenience.