

Governance, Risk and Best Value Committee

10.00am, Tuesday 30 October 2018

Internal Audit: Training Attendance and Feedback

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| Item number | 7.3 |
| Report number | |
| Executive/routine | |
| Wards | |
| Council Commitments | |

Executive Summary

This report provides an update on attendance at Internal Audit (IA) training sessions delivered between June and October 2018, and analysis of post training survey responses confirming the level of understanding of the key training objectives.

A total of 138 colleagues have attended the training. This included 102 colleagues (63%) from the target audience, and 36 who attended to support their personal development. A further 59 colleagues (37%) of the target audience including 35 Wider Leadership Team (WLT) members have not yet attended.

Survey responses were received from 20% of the attendees, the vast majority of which were positive and highlighted a strong understanding of the key training objectives.

Internal Audit: Training Attendance and Feedback

1. Recommendations

- 1.1 Committee is recommended to:
 - 1.1.1 Note training attendance levels;
 - 1.1.2 Note that a further training session is planned for 22 October to cover those members of the target audience who have not yet attended. Executive Directors have confirmed that they will ensure that attendance is prioritised by their team members; and
 - 1.1.3 Note the feedback received on the quality of training delivered.

2. Background

- 2.1 Recognising the need to improve knowledge and understanding risk and control, IA's role within the Council (with specific focus on the importance of follow-up), and to support the launch of the automated Team Central follow-up system in July, eleven IA training sessions were delivered between 25 June and 10 October 2018. This included individual training sessions for the CLT and Lothian Pension Fund.
- 2.2 Details of the training and the Team Central launch were also communicated in a Managers News article on 18 July 2018.
- 2.3 Training attendance was mandated by the CLT for all Wider Leadership Team (WLT) members. Invitations were also extended to all employees currently involved in implementation of agreed management actions (this includes a significant number of WLT members) and executive support teams who will be using Team Central to provide progress reports for senior management.
- 2.4 The training was designed for a mixed group of attendees across a range of employee levels within the Council and assumed no prior knowledge of IA or its activities. The main objectives of the IA training were to:
 - 2.4.1 highlight the importance of ensuring that employees at all levels across the Council focus on achieving an appropriate balance between service delivery and risk and control;
 - 2.4.2 improve knowledge and understanding of risk and controls and the 'three lines of defence', demonstrating how the three lines work together across the Council to provide assurance on service delivery;

- 2.4.3 introduce the concept of Internal Audit as the Council's 'safety net' or internal third line of defence;
 - 2.4.4 present a video with messages from the Chief Executive; Executive Directors; Heads of Service; Service Managers; and the Convenor and Vice Convenor of the Governance, Risk, and Best Value Committee, demonstrating how IA can add value, and reinforcing the importance of implementing agreed management actions to mitigate the risks highlighted in IA findings;
 - 2.4.5 increase knowledge and awareness of IA responsibilities, with specific focus on how audits are performed and the rationale for, and importance of, subsequent IA follow-up; and
 - 2.4.6 demonstrate the new Team Central system.
- 2.5 Attendees were also asked to complete a survey to confirm their understanding of key training objectives, and provide feedback on training quality.
- When completing the survey attendees were asked to:
- 2.5.1 Confirm which Directorate they work in;
 - 2.5.2 Respond to 20 statements designed to confirm their understanding of key training objectives by confirming that they strongly agree; agree; disagree; or strongly disagree with each statement; and
 - 2.5.3 Provide commentary on how the training content or delivery could be improved.

3. Main Report

Training Attendance

- 3.1 The total target training audience was 164 Council employees. This included all WLT members (98); colleagues currently involved in delivering agreed management actions (48) and executive support teams (18) who provide support to Directorates and Divisions by extracting reports from Team Central.
- 3.2 A total of 138 colleagues attended the training. This included 102 colleagues (63%) from the target audience, and a further 36 colleagues who have attended for personal development, including three colleagues from the Lothian Valuation Joint Board.
- 3.3 Target audience attendance included 63% of the WLT; 60% of colleagues currently working on open and overdue IA findings; and 72% of the Executive Support team. Further detail is included at Appendix 1.
- 3.4 A further training session is planned for 22 October to cover those members of the target audience who have not yet attended.

- 3.5 A further two training sessions have also been scheduled for Executive Support teams that will focus on how to use the system dashboards and production of management information in more detail.
- 3.6 Training slides were shared with all attendees following delivery of each training session together with a 'youtube' link that provides further guidance on how to use Team Central system.

Survey Results

- 3.7 A total of 27 (20%) survey responses were received from attendees.
- 3.8 Survey results were positive, with most of responses in the 'strongly agree' (47%) or 'agree' categories (51%). 'Disagree' feedback was reflected in 2% of responses, and no 'strongly disagree' responses were noted.
- 3.9 The responses confirmed that attendees now have a strong understanding of the three lines of defence (questions 1 and 2); IA's roles and responsibilities (question 3); and the need to provide good quality evidence to support closure of management actions (questions 13 and 14).
- 3.10 Some responses indicated that further clarity is required in relation to available options when considering IA recommendations to address control gaps identified (question 9), and how best to work with IA to agree management actions (question 8) and finalise audit reports. Comments received also confirmed that some attendees would have appreciated more time on the Team Central system demonstration.
- 3.11 Details of the survey questions; responses and commentary provided are included at Appendices 2 and 3.

4. Measures of success

- 4.1 Enhanced focus on risk and control across the Council.
- 4.2 Timely finalisation of IA reports.
- 4.3 Timely closure of management actions supporting IA findings, with provision of good quality evidence.
- 4.4 Reduced volume of overdue IA findings and management actions.
- 4.5 Significant risks identified by IA mitigated in a timely manner.
- 4.6 Reduction in IA time spent on follow-up.

5. Financial impact

- 5.1 No direct financial impact.

6. Risk, policy, compliance, and governance impact

- 6.1 If employees do not understand the importance of finalising audit reports in a timely manner, this will impact the ability of the Governance, Risk, and Best Value Committee to scrutinise IA reports and challenge senior management.
- 6.2 Internal Audit findings are raised as a result of control gaps or deficiencies identified during audits. If employees do not understand the importance of implementing their agreed management actions within agreed timeframes to support closure of findings, the Council will continue to be exposed to the risks set out in the relevant IA reports.

7. Equalities impact

- 7.1 Not applicable.

8. Sustainability impact

- 8.1 Not applicable.

9. Consultation and engagement

- 9.1 Not applicable.

10. Background reading/external references

- 10.1 Not applicable.

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11. Appendices

Appendix 1 Training Attendance Summary

Appendix 2 Survey Questions

Appendix 3 Survey Results

Appendix 1 – Training Attendance Summary

| Table 1 - Internal Audit Training Attendance Summary – as at 10 October 2018 | | | | | |
|---|---------------------------------|-------------------------------------|------------------------------|----------------------------------|--------------------------------|
| | <u>Total Numbers</u> | <u>Attended Training</u> | <u>% Attended</u> | <u>Did Not Attend</u> | <u>% Non Attend</u> |
| Wider Leadership Team | 95 | 60 | 63% | 35 | 37% |
| Other Colleagues working on agreed management actions | 48 | 29 | 60% | 19 | 40% |
| Executive Support – providing support to Directorates and Divisions by extracting reports from Team Central | 18 | 13 | 72% | 5 | 28% |
| Targeted Population | 161 | 102 | 63% | 59 | 37% |
| Other colleagues who attended for personal development | - | 36 | | - | |
| Total training attendance | - | 138 | | - | |

| Table 2 - Analysis of Non Attendance by Directorate and Additional Attendees as at 10 October 2018 | | | | |
|---|----------------------------|---------------------------|-----------------------------|---------------------------------|
| | Target Audience | Non Attendance | % Non Attendance | Additional Attendees |
| Communities and Families | 25 | 13 | 52% | 1 |
| Health and Social Care | 16 | 10 | 63% | 0 |
| Place | 38 | 15 | 39% | 16 |
| Resources (incl LPF) | 47 | 7 | 15% | 17 |
| CEO & S&I | 17 | 9 | 53% | 2 |
| Exec Support Teams | 18 | 5 | 28% | 0 |
| Lothian Valuation Joint Board | - | - | - | 3 |
| Total non attendance | 161 | 59 | 37% | 36 |

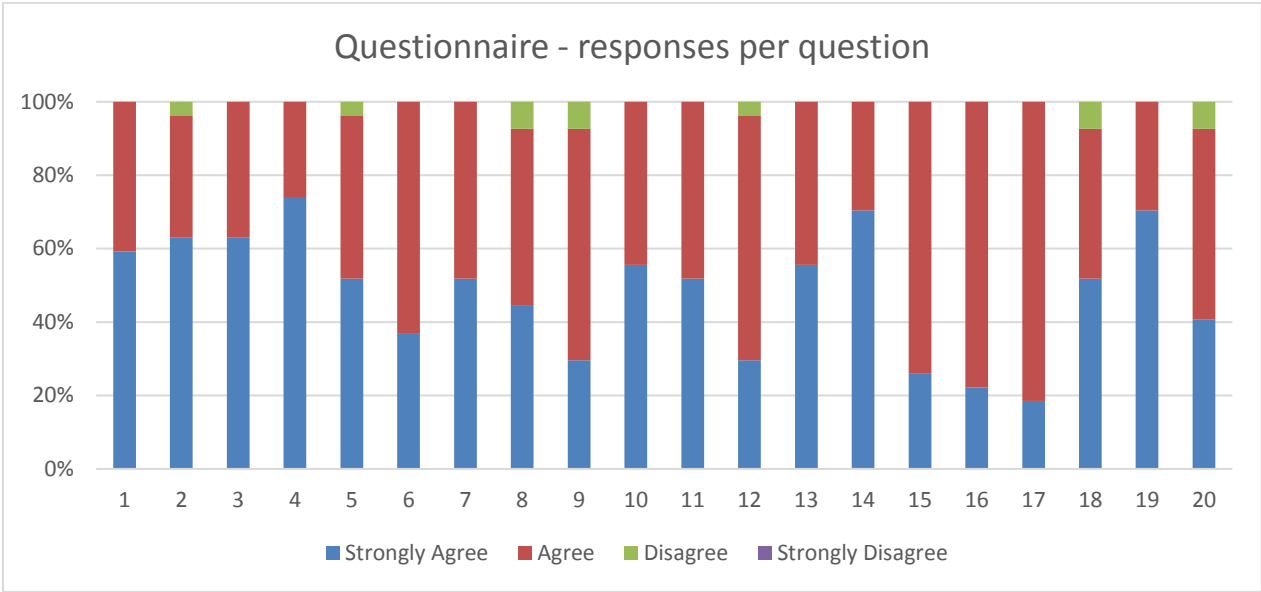
Appendix 2 – Survey Questions

Which service area do you work in?

To what extent do you strongly agree; agree; disagree; or strongly disagree with the following statements?

1. I have a good understanding of the three lines of defence model and how this works across the Council.
2. I have a good understanding of which line (1st; 2nd; 3rd) that my service sits in.
3. I understand the roles and responsibilities of Internal Audit.
4. I understand where Internal Audit sits in the three lines of defence model.
5. I like the Internal Audit - Safety Net branding and agree that this reflects their role as the third line of defence and their role in the Council.
6. I understand how an audit is performed and the different stages of the audit process.
7. I understand Internal Audit terminology – Finding; Recommendations; Agreed Management Actions; and Implementation Dates.
8. I understand how best to work with Internal Audit to agree management actions in response to Internal Audit reports.
9. I understand the options/choices that are available when finalising Internal Audit reports.
10. I understand the importance of implementing and sustaining my agreed management actions.
11. I understand why and how Internal Audit performs follow-up.
12. I understand how to work with Internal Audit to ensure that my agreed management actions are closed on time.
13. I understand the importance of agreeing the follow-up approach with IA and also details of the evidence to be provided.
14. I understand the need to provide good quality evidence to support closure.
15. I feel confident about providing appropriate good quality evidence to close an agreed management action.
16. I understand how Team Central will enable me to manage my open and overdue audit findings and agreed management actions.
17. I understand how I can produce my own analysis of open and overdue IA findings.
18. The training presentation and system demonstration was helpful in illustrating the different features of the Team Central system.
19. The quality of the presentation and the presenters was good.
20. The training facilities (location; room; layout and use of technology) worked well.

Appendix 3 – Survey Results (based on 27 responses)



Survey Comments

“I thought the training was excellent and look forward to utilising Team Central to its full potential. Might be a good idea to hold short workshops some time after implementation to discuss how auditees feel about its effectiveness and/or any functionality they would wish to see developed.”

“There were a few IT issues on the day however the overall content of the course was good. Hands on training for the new system would be good as whilst it is clear at the point in time it is being presented - if there is a delay before the system is used it may not seem so clear.”

“I don't think there was an improvement required. I thought the tone, style, content and delivery was very professional, clear and worked well for me.”

“My 'disagree' responses are only as a result of not having any practical experience of being audited, or using the Team Central system.”

“Possibly a bit more practical demonstration on Teamwork and a short workshop session where Audit role play is carried out.”

“Maybe using an illustrative example that you could keep referring back to as you go through the IA process would have been more helpful. I know you used the 'buying a house' analogy, but if it were something related to CEC work then that might make it easier to understand. Otherwise a very helpful and insightful presentation on IA!”

“More of the demonstration of the actual system.”

“The demo of the system was a bit difficult to follow given where the screen was positioned in the room alongside the screen showing the slides. Might be worth asking people to move to a position where they can see that screen more clearly. Training content and delivery was excellent though, clear, well pitched and covered a lot in a short space of time. I now see IA as much more of an enabling role than I did prior to this event.”

“Could be covered by an online introduction to the new software rather than an hour training session.”

“Maybe get the group to try a worked example on the system. Thanks (I really enjoyed the course!).”