

## **AUDIT SERVICE QUALITY SURVEY – 2009/10 FE AUDITS**

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### **1. Introduction**

- 1.1 Service quality surveys are part of Audit Scotland's audit quality appraisal framework. Surveys are carried out on a rotating sector basis. For 2009/10 audits the surveys cover the NHS and further education (FE) sectors.
- 1.2 These surveys are carried out independently of the appointed auditors by the Audit Strategy Group and should not be confused with any quality assurance or quality monitoring surveys carried out locally by auditors, whether firms or Audit Scotland's own audit teams.
- 1.3 This paper summarises the results of the survey of further education colleges based on 2009/10 audits.

### **2. Survey questionnaires**

- 2.1 Surveys are carried out using a service quality questionnaire designed to cover the main areas of audit activity.
- 2.2 This questionnaire was updated slightly from that used on the 207/08 audits based on the recommendations of Audit Scotland's impact group. All impact questions were included together at the end and focus on the four areas of impact identified in audit Scotland's impact framework and our Corporate Plan 2009-12. As in previous surveys, there was also a section dedicated to soliciting feedback from members of audit committees.
- 2.3 The questionnaire asked senior managers (and members) within audited bodies to assess auditor performance by stating whether they agreed or disagreed with a range of positive statements about the audit.

### **3. Response rate**

- 3.1 Overall, 34 out of 39 colleges (87%) submitted a completed questionnaire (07/08 82%). For the second time (first time for the FE survey) we used a web based survey as the principal tool to obtain feedback. This was due to requests for web based options from the 2008/09 surveys.

#### 4. Survey results

4.1 **Table 1** below shows a high level summary of the results of the 2009/10 survey taking all auditors together.

**Table 1**

| <b>2009/10 NHS audits - bodies' views by category (ALL auditors)</b> |  |                 |  |
|--|--|-----------------|--|
| <b>Area of audit (no of Qs)</b>                                      | <b>AGREE</b>   | <b>DISAGREE</b> |  |
|  | <b>%</b>   | <b>%</b>        |  |
| Staffing and working relationships (5)                               | 99   | 1               |  |
| Consultation and communication (4)                                   | 98   | 2               |  |
| Corporate governance activities (5)                                  | 98   | 2               |  |
| Financial statements audit (4)                                       | 100  | 0               |  |
| Annual audit report (6)  | 99   | 1               |  |
| Other audit reports (4)  | 98   | 2               |  |
| Local performance audit (4)  | 100  | 0               |  |
| Interaction with audit committee (7)                                 | 98   | 2               |  |
| <b>Overall quality of service (1)</b>                                | <b>100</b>   | <b>0</b>        |  |
| <b>The audit will have an impact on:</b>                             |  |                 |  |
| Assurance and accountability   | 100  | 0               |  |
| Planning and management  | 97   | 3               |  |
| Economy and efficiency   | 90   | 10              |  |
| Effectiveness and quality of services                                | 93   | 7               |  |
| <b>All impact questions (4)</b>                                      | <b>95</b>  | <b>5</b>        |  |
| All individual statements (41)                                       | <b>99</b>  | <b>1</b>        |  |
| No of returns received for 09/10 audits                              | 34   |                 |  |
| Number expected  | 39   |                 |  |
| % return   | 87%  |                 |  |
| <b>Other notes</b>   |  |                 |  |
| 1  | %s may not sum to 100 due to rounding %s to the nearest whole number                     |                 |  |
| 2  | No. in brackets is the no. of individual questions within this part of the questionnaire |                 |  |

'Strongly agree' and 'agree' (favourable) responses and 'strongly disagree' and 'disagree' (unfavourable) responses have been combined to make the analysis easier to interpret. In practice, 48% of **all** individual responses were 'strongly agree', and there was only a single 'strongly disagree' response.

4.2 As well as showing the % of favourable and unfavourable responses in each area of audit activity, **Table 1** reflects the principal service quality and impact measures on each questionnaire:

- the % of respondents who agreed/disagreed that, overall, their auditor provided a **high quality service**
- the % of respondents who agreed/disagreed that, overall, the audit made, or will make **an impact** on:
  - assurance and accountability
  - planning and management
  - economy and efficiency and
  - effectiveness and quality of service,together with an average across all impact questions.

4.3 For comparison with the principal overall measures **Table 1** also shows the % of agree/disagree responses to **all the other individual statements** (ie excluding overall quality and all impact questions) on every questionnaire returned.

4.4 The main features of the analysis are:

- 100% of respondents agreed that the auditor delivered a high quality service (2007/08: 94%). This is the first survey to achieve 100% satisfaction, certainly since the surveys were redesigned in 2006/07
- across the impact questions, 95% of responses were positive. This is not directly comparable to the 2007/08 survey, where impact questions were based on the specific aspects of the audit (eg the annual report will make an impact). In 2007/08, 93% of the individual questions about impact attracted favourable responses
- the greatest area of impact was in relation to Assurance and accountability (100%), and the lowest was in relation to audit impact on Economy and Efficiency (90%), which is still very high
- in each area of the audit other than impact, the favourable response rate is 98% or above
- 99% (2007/08 96%) of all the individual responses were favourable.

4.5 Audited bodies disagreed only 22, or 1.7% of times out of 1224 individual responses (2007/08 4.5%). There were no common issues for disagreement.

4.6 The survey contained three 'open' questions requesting feedback on:

- where the audit has had most impact;
- the most positive aspects of the 2009/10 audit; and
- what would improve the quality of audit service.

4.7 **Audit impact** was most frequently related to the provision of assurance, in particular to the audit committee, and specific technical issues, in particular the changes arising in FRS 17 reporting. 8 of 34 respondents did not identify any specific examples of audit impact.

4.8 **Positive feedback** was most frequently related to the planning, organisation and timing of the auditors' work, open communication and the professionalism and good working relationships with the auditors. Several respondents also commented positively about technical issues, in particular the FRS 17 accounting changes.

4.9 **Improvements** were very varied, with no single issue mentioned more than twice. 24 bodies (71%) did not identify any areas for improvement.

## **5. Comparison with previous FE surveys**

5.1 **Appendix 1** provides a comparison of this year's survey with the previous survey in 2007/08, adjusted for the changes to the impact questions. This shows an improvement to the already high level of satisfaction expressed by the audited bodies on the quality of the service they are receiving from auditors.

## **6. Action taken on questionnaires and survey results**

6.1 Copies of all completed questionnaires have been sent to the relevant auditors. Where bodies' responses indicate scope for improvement, auditors are directed to discuss the issues with the body and to consider any actions that might be taken to improve the situation.

6.2 This short paper summarises the overall results for College Principals and auditors, for their information. A similar report has been prepared for the Auditor General for Scotland and Audit Scotland's senior management team.

## **7. Conclusions**

7.1 Overall, the results of the 2009/10 FE survey suggest that satisfaction with audit service quality is high and increasing. For the first time for FE audits, the survey measures perceptions of impact in line with the four areas of Audit Scotland's impact framework and the Corporate Plan 2009/12. 100% of audits were assessed as having made a positive impact in relation to "Assurance and accountability." It is perhaps not surprising that the impact on "Economy and efficiency" garnered slightly less positive responses because of the relatively low resources available for FE audits.

| FE 2009/10 and 2007/08 comparisons - all auditors  |            |           |
|--|------------|-----------|
| Area of audit (no of Qs)   | AGREE      |           |
|  | 2009/10    | 2007/08   |
| Staffing and working relationships (5)   | 99         | 93        |
| Consultation and communication (4)   | 98         | 94        |
| Corporate governance activities (5)  | 98         | 97        |
| Financial statements audit (2)   | 100        | 94        |
| Annual audit report (6)  | 99         | 98        |
| Other audit reports (4)  | 98         | 96        |
| Local performance audit (4)  | 100        | 100       |
| Interaction with audit committee (7)   | 98         | 95        |
| <b>Overall quality of service (1)</b>  | <b>100</b> | <b>94</b> |
| <b>The audit will have an impact on:</b>   |            |           |
| Assurance and accountability   | 100        |           |
| Planning and management  | 97         |           |
| Economy and efficiency   | 90         |           |
| Effectiveness and quality of services  | 93         |           |
| <b>All impact questions (4)</b>  | <b>95</b>  | <b>93</b> |
| All individual statements (37)   | 99         | 96        |
| No of returns received for each year   | 34         | 32        |
| Number expected  | 39         | 39        |
| % return   | 87%        | 82%       |
| <b>Other notes</b>   |            |           |
| 1 Shaded cells highlight 09/10 responses >5% different to 07/08                            |            |           |
| 2 No. in brackets is the no. of individual questions within this part of the questionnaire |            |           |