

# PACAF Survey September 2012

## Overview

PACAF posted a survey onto the web to see how well PACAF and Contract Audit in general were regarded by Heads of Audit/Practitioners. The survey had some 23 questions the majority of which required the respondent to identify where they thought the answers lay from a list of degrees of severity.

A large number of potential respondents were contacted by email and word of mouth, the aim being to attract as wide an audience as possible from the sector. In addition, the early results were delivered to the September 2012 PACAF Conference with an opportunity for those attending to also complete the survey.

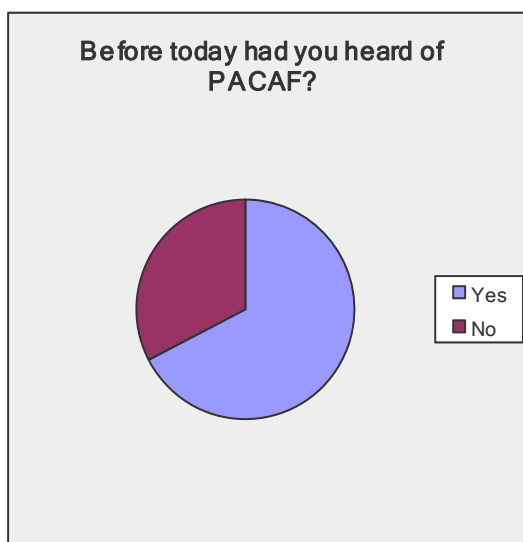
A total of 95 people visited the site and completed the survey. However, only 79 provided a meaningful outcome to completing the survey. The majority of respondents [95%] were from local government, with a third [33%] being employed by London Boroughs.

Overall the survey returned some very useful data which has helped to focus and direct PACAF work for 2013. Among the key headlines are:-

- Almost a third of respondents had not previously heard of PACAF;
- About a quarter said that their team's focus on contracts had increased for 2012/13; primarily because of an increased recognition of the risks involved;
- Less than half feel they have the necessary skills in procurement and contracts;
- Little more than half said their organisation's risk register identified procurement and contract risks;
- A third think their organisations do not manage contract risks very well;
- The vast majority felt their organisations do not fully undertake post project appraisals;
- Many feel the level of commercial skills in their organisation had fallen following the austerity measures.

## Key Results

### Awareness of PACAF

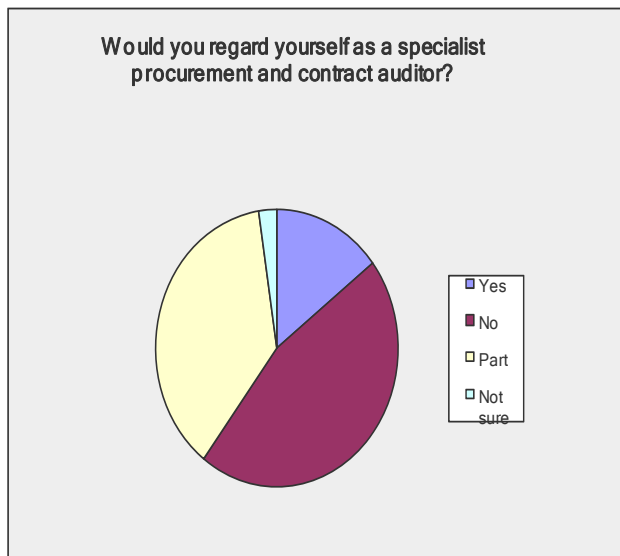


It was disappointing to note that almost a third of respondents [32%] had not heard of PACAF.

This is clearly something the PACAF Executive Members must work on to spread the word as PACAF approaches its fifth birthday.

Encouragingly, more than three-quarters [78%] of those who had heard of PACAF, had either subscribed to the newsletter and/or accessed the free guidance on the website. All had found the resources on the website either useful or extremely useful.

### A specialist subject?



Almost half of those responding [46%] would not consider themselves as being specialist procurement or contract auditors; although many [37%] answered 'part' to this question.

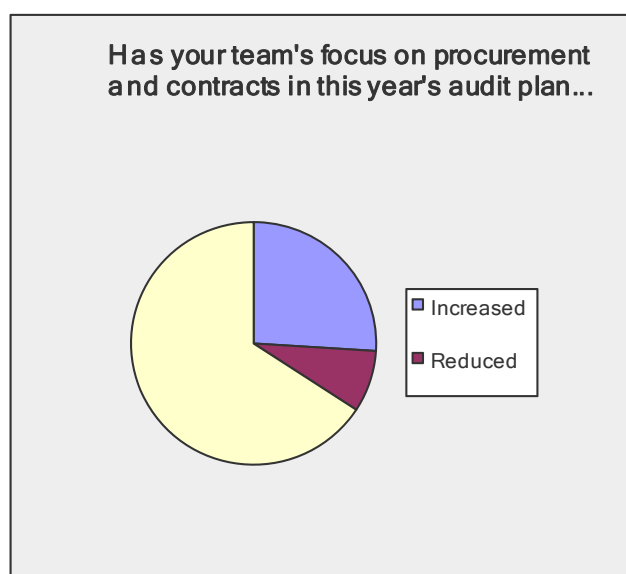
Most [80%] felt that to be effective, internal audit needs specialist procurement and contract audit training. While it was good to see that the majority [84%] had received at least 'a little' specialist training; almost half [47%] said that other members of their team had received no such training at all.

### **Approximately how many days do you spend on the audit of procurement and/or contracts in a typical operational year?**

Answer Options	Response Percent
None	4.8%
Up to 5	6.0%
6-10	4.8%
11-20	22.6%
21-50	28.6%
51-100	20.2%
Over 100	13.1%

It was good to note that most of the respondents spend time on contract audit work; with some [13%] spending more than 100 days in a year. However, it is not possible to draw any real conclusion from this without knowing the total days in each plan.

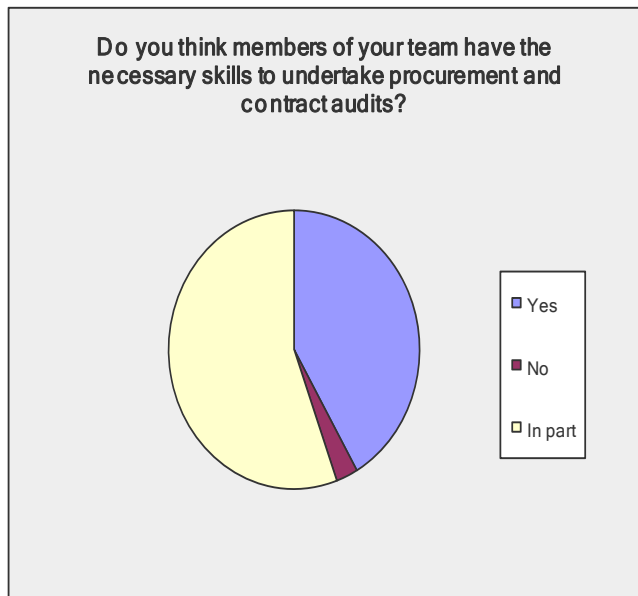
### Contract Audit Activity



About a quarter (26%) of people said that their team's focus on contracts had increased. Primarily, this was due to an increased recognition of the importance of procurement risks; as well increased contract activities; and concerns over weaknesses discovered during previous audits.

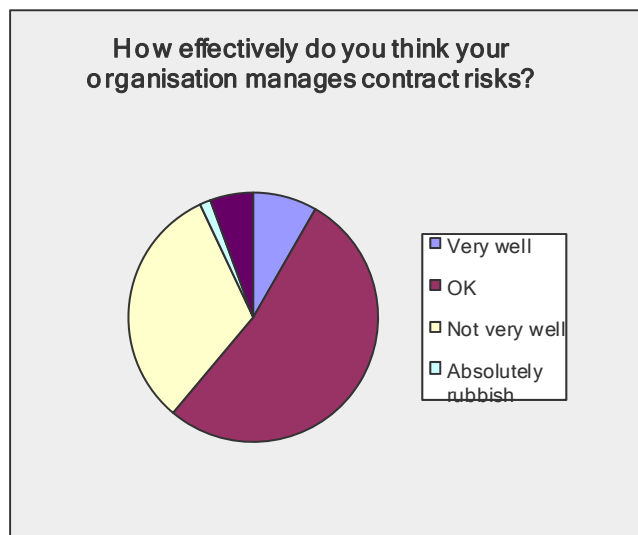
Around 1 in 10 (8%) indicated that the focus on contracts had reduced, mainly due to a general reduction in audit resources.

## Contract Audit Skills



It was particularly notable that less than half of the respondents [42%] felt they had the necessary skills in procurement and contracts and many [40%] were collaborating in some form with either the private sector or others to help undertake reviews in these areas.

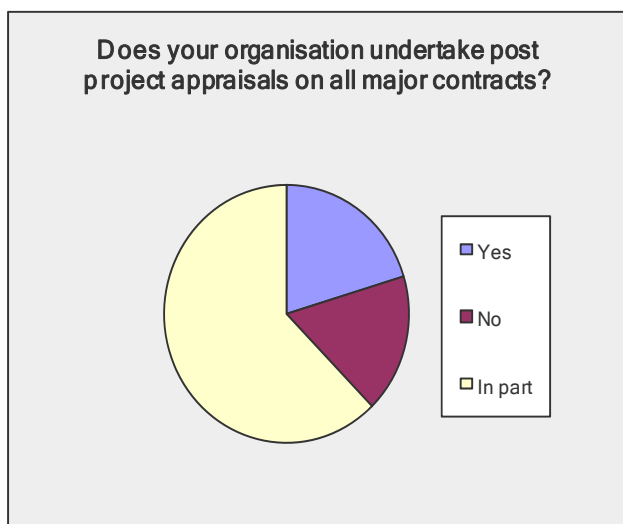
## Procurement and Contract Risks



Little more than half of the respondents [56%] said that their organisation's risk register identified procurement and contract risks.

A third [33%] thought that their organisations did not manage contract risks very well.

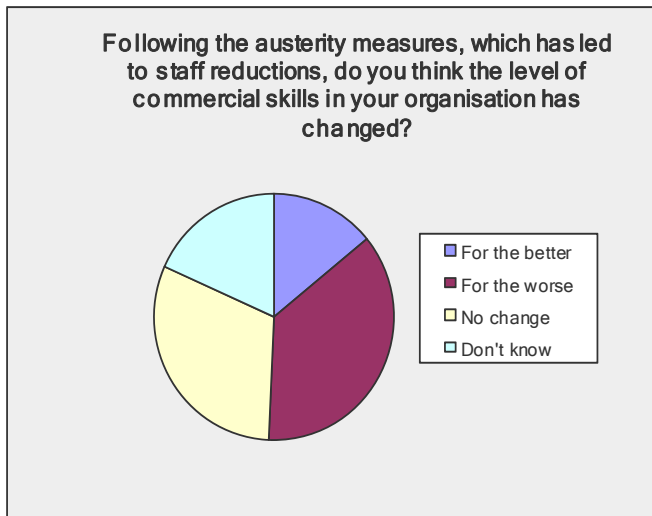
## Post Project Appraisal



The vast majority of respondents [80%] felt their organisation did not undertake post project appraisals or, if they did, it was only 'in part'.

In the absence of proper appraisals, respondents all felt that their organisation did not obtain any assurances from alternative means that the desired benefits had been achieved from their projects.

## Commercial Skills



Most respondents [91%] felt that their organisations have, or at least in part have, the necessary skills and information to challenge procurement and contract arrangements.

However, many [37%] felt that the level of commercial skills in their organisation had fallen following the austerity measures.

## Specialist Service

The survey asked for thoughts on procurement and contract audit as a specialist service within the audit team. We received a very large number of responses, so here is just a selection:-

### Specialist appointment

- Definitely beneficial for promoting good practice and reviewing value for money
- Our audit team has a specialist contract auditor.
- I think it is very important to have the expertise knowledge on contract audit to understand the terminology used and to provide useful and appropriate recommendations.
- Given the increasing number of services that are being outsourced, it is essential that more resources and specialist training is devoted to this area of audit. Although there is a move towards generalist auditors to improve resilience, I feel that there will always be a place for specialist contract auditors.
- A senior auditor has recently been appointed with the specialism of contract and procurement, with the role to evolve over the next 12 months
- If there were the luxury of resource a specialist service would be beneficial.

### Spread skills across the team

- Audit skills are being developed in the team so as to be able to cover this complex area.
- There should be a "lead" auditor with a high level of contract/procurement knowledge in the team; but all staff need a good grounding in this aspect of auditing
- Need it to be available within the team. Ideally not restricted to one individual.
- We do not encourage specialism in our team, although some auditors have more experience and knowledge in this area.

- No budget available to have a permanent specialist on the team. I believe that all auditors should have sufficient knowledge in order to carry out standard reviews. If there is anything particularly technical then this would be bought in.
- Not necessary for a specialist auditor but all auditors should have some knowledge of this area with a couple having a more expert knowledge
- I am not keen to develop specialists I expect everyone to be able to do everything. Some may be better than others at some aspects but I don't want to be left in the lurch if a specialist moves on to pastures new.
- We have a range of staff and skills in our team but we are not specialist. However, we all have very good levels of knowledge, skills and experience in different subjects including contracts and procurement.
- Shouldn't be a specialist area as this is now part of everyday life and therefore all auditors should have a good understanding of this area.
- The team has good general procurement/contract knowledge and provides a good service to the organisation, including auditing high profile/high value contracts. However, in common with many small teams, we lack some expertise in some specialist procurement/contract areas.
- With a team of only six auditors, we really have insufficient resource to include a specialist service, i.e. we need 'generalists' but some with expertise in procurement and contract audit.

#### Lack of Resources

- Being a small section it can't afford a specific role.
- Not enough resources
- Probably could not afford one dedicated auditor.
- We are a small team and it is unrealistic to have specialists of any kind
- Not a viable option - Members unlikely to agree funding
- Procurement is a big issue. Every team should have someone who understands the basics of procurement and contract issues. For Districts this is difficult as skills are generalists. There is no funding to go on training events, yet the best way to get knowledge is to undertake some audits, but auditors lack confidence to do this.
- Unlikely to be able to secure funding for a permanent specialist resource. Consider other options of delivering specialism e.g. external resource on an ad-hoc basis, joint working with neighbouring internal audit services
- We need to ensure audit staff continue to receive contract/procurement training to ensure they have the necessary skills & knowledge to maintain this level of service.
- I think this is an area of increasing importance in audit work with the growth in commissioning of services and a plethora of procurement / contract arrangements evolving
- In view of the % level of annual spend on procurement, there is a continued need to dedicate more time/resource to this key/high risk area. This is now being put under extreme pressure following team cuts.
- Not necessary due to size of organisation. We would buy in a specialist if needed.
- Need more training
- Not a specialist service, more of a specialism we reflect in our plan and programmes