

**The Vision of Public Sector Audit
with National Audit Office Comptroller and Auditor General,
Sir Amyas Morse**

The Public Chairs' Forum (PCF) and Association of Chief Executives (ACE) were delighted to welcome Sir Amyas Morse, Comptroller and Auditor General (C&G) at the National Audit Office (NAO), to share his experiences leading the organisation for the past nine years, and provide lessons learned to arm's-length bodies. The event was chaired by Christian Brodie, Chair of PCF.

Sir Amyas began his presentation by highlighting the parallels between running the NAO and an arm's-length body, including the importance of building independence and authority within the organisation and having a clear understanding of the remit and powers at your disposal. The independence of the C&G is enshrined in statute, but upon taking on this role, Sir Amyas quickly discovered that many staff lacked understanding of the statutory remit of the NAO. One of his key messages to members was that they should not assume their colleagues have this knowledge. He advocated getting counsel's opinion to ensure there is an authoritative view on the meaning of the statute and articulating that mission clearly through the public body.

By having a clear understanding of the ALB's *raison d'être*, it is easier to articulate long-term plans to the sponsoring department, and to have a thorough understanding of potential reasons to be fired or merged. Sir Amyas emphasised the need for mutual clarity over divisions of decision-making authority between the ALB and the department, which is achieved by having honest and constructive discussions, especially regarding the important key performance indicators. The ALB should have a clear mission and statement to articulate to the department, which is regularly reviewed and updated.

The NAO often brings light to issues that would not have otherwise been exposed. Therefore, public bodies with a high profile need to think strategically about what will strengthen their position. Sir Amyas advised members to be open about the difficult issues, as doing nothing could attract attention. He also emphasised the importance of combatting improper use of funds. He warned that a minority's small individual inappropriate use of expenses add up, and could tarnish the assessment of the ALB's accounts.

If organisations want to trial something novel, they should gain the funding authority's support into the mission of the organisation. Major projects are often overambitious for the simple business purpose of getting the department's support for change. However, ALBs should be looking to expose the organisation to minimal risk to achieve the best functionality. This is important discipline to drive into the system. False promises or over-ambitious savings targets will not build the necessary rapport or trust. Whereas, if an ALB is honest, realistic and proportionate about spending, obtaining the approvals will be easier to achieve. Sir Amyas feels the Civil Service is not sceptical enough about spending propositions compared to the business world. Politics can be a key driver, but it is still important to consider good management practises and to consider whether it would be taken forward as a business proposition in the corporate world. Many major projects, particularly those with a large IT component, fail. Therefore, ALBs should think carefully to identify the barriers to success, whether they will be able to get past them, and consider terminating the project if it does not look feasible.

Sir Amyas advised that anything to assist with setting up the business case at ministerial level is extremely helpful. He strongly advocates medium-term planning. It helps to challenge 'silly assumptions' and focuses people on the feasibility of the proposition well in-advance.

Finally, Sir Amyas spoke of the importance of accepting and adapting to the internal culture of staff. At the NAO, he has had to acclimatise to the nature of sceptical, risk averse accountants to implement change. He also advised Chairs and CEOs to provide special support to the particularly talented individuals in the organisation.

The discussion was then opened to the audience. It was suggested that the NAO could play a greater role in highlighting best practice, which could be replicated across the Civil Service, as well as spotting issues and failures. Sir Amyas agreed that there could be a greater emphasis on good news, but also sees the same mistakes repeatedly, so there is a role for the NAO to draw attention to that. However, by way of example, he told the audience that he had emphasised to the Commons Select Committee for Exiting the EU the excellent job the Civil Service was doing to deliver an impossible task. He also recognised that the press frequently only highlight the negatives contained in a report.

One attendee questioned how ALBs can raise awareness of the government's failure to take notice of the mistakes cycle. Sir Amyas feels the NAO has made significant progress in taking forward value management. Before publishing a report, the NAO present preliminary findings to the department and after publication sees them again to discuss what lessons can be taken forward. Sir Amyas advised Chairs and CEOs to facilitate similar discussions to share understanding and raise awareness.

Responding to Sir Amyas' earlier advice, one audience member raised that having a clear understanding of the statutory remit does not always guarantee the appropriate levels of funding from the department. Sir Amyas identified two issues in that circumstance: either the sponsor may not be strong enough to champion the ALB's interests to the Treasury, or the ALB is not selling their benefits sufficiently to the department. It is role of the ALB leaders to address the latter challenge.

On the discussion of major projects, one member recalled that despite periodic reviews identifying risks in a certain project, the department wanted to press ahead with the programme. Again, Sir Amyas reiterated the benefits of mid-project reviews to highlight when spending or timelines might not work and a project may need to be re-phased. He told the audience that it is never too late to improve the outcome of a project.

In discussion about the effectiveness of the NAO as an organisation, Sir Amyas told the audience that the competency of the NAO has increased significantly overtime. Their message about improving management information has certainly made an impact and NAO staff are increasingly invited into departments to present on findings to managers. However, he admitted that the pace of improvement has not kept with the pace of the challenge.

Another attendee asked Sir Amyas how bodies can prove to departments that they are operating to maximum efficiency when the department is calling on them to do more. He advised ALB leaders to only ask the departments for the essentials and to consistently collect data to benchmark and measure efficiencies. ALBs need to be able to measure the inputs as well as the outputs.

Finally, the group discussed how to change the culture of an organisation when it is necessary. Sir Amyas said the focus should be on building relationships and trust with the core, quality staff. In the NAO for example, Sir Amyas has built trust by refusing to negotiate concessions on reports. Chairs and CEOs need to find similar tests within their organisation that send a positive message.