## SCEI webinar - Remote auditing: technological challenges and solutions

### Remote auditing in the UK National Audit Office – safe and future ways of working

### Introduction

1. First and foremost, on behalf of Gareth Davies, and all the colleagues of the UK NAO – we hope that all colleagues and your families stay safe and well in these uncertain times.
2. I also want to express particular thanks to Mr Kudrin, and colleagues in SAI Russia for establishing and chairing this important Expert Group and for inviting me to share the UK NAO’s experiences in this second event.
3. I will speak for about 10 minutes on how we have arranged our audit work to the remote working conditions, the challenges we have faced and the solutions we have come up with.

### Context to NAO’s remote auditing pre-Covid-19

1. But before I go into specifics, I need to give you some context about the NAO’s remote working and auditing situation pre-Covid-19. As in many other countries, the UK has seen a trend in digitisation of the public sector, and in the audit industry specifically. As the UK NAO’s Executive Director with responsibility for Strategy and Resources, and Chief Information Officer, much of my focus over the past few years has been in guiding and delivering value from our investment in building the NAO’s remote working and digital auditing capability. I have been privileged to share experiences with SAIs through INTOSAI and EUROSAI, and private sector auditing firms, and am grateful for the lessons we have learned.
2. As a result, remote working has become a significant part of the routine of many NAO staff. This is partly due to the way we undertake our audits, e.g. spending a lot of time working on our ‘client’ sites; partly due to the fact that we are a training organisations – our junior colleagues go to college for part of the year; and partly due to a general trend in the UK London based public sector towards flexible working arrangements.
3. To give you some more details, over the past few years we had:

* Provided all our employees with the necessary hardware/software combination to work remotely, including for example 4G enabled laptops.
* Made key digital estate architecture changes. We have almost completed a migration to a cloud-based infrastructure which has given us more network resilience; and the opportunity to operate our estate almost completely remotely. Hand in hand with this we have implemented a new information security stance that makes use of enhanced information security monitoring and prevention tools.
* Moved to a flexible working policy around 5-6 years ago. This means our people can choose to work from home – in agreement with their line management and HR. A good proportion of colleagues had therefore already appropriate home workstations.
* Worked with the bodies we audit to phase-out the need to check physical paperwork as part of our audits. Screen-sharing, remote data download validations, increased data analysis etc has allowed us to move towards a largely paper-less and digital audit process. Without doubt the move towards ‘paper-free’ auditing has proved to be the key enabler for remote auditing.

1. Therefore, when the Covid-19 pandemic started to hit the UK, we were fortunate that our investment in routine ‘remote working’ quickly became the building blocks for full ‘working from home’ without *significant* impact on our ability to deliver a professional public audit service.

### Key challenges and their solutions

1. I said that there was not a *significant* impact – but of course like many other organisations we still faced significant challenges:

* **Home set up.** Not all our people were fully set to work from home. People did not have the right space, home office furniture, and IT equipment (such as screens or external keyboard) for safe longer-term working from home. We therefore provided an allowance for our people to buy relevant equipment and we initiated a centrally run process to identify those people where we needed to provide more support, including digital support.
* **Mental health**. We were aware that the lock-down was taking a psychological toll on many of our employees. We offered a wide range of mental health support (e.g. mental health first aiders; a dedicated external employer advice helpline) and our line managers and directors made use of digital channels and tools to stay connected with their teams, to organise social events (e.g. via Zoom) and provided other interventions to support colleagues that were finding the lockdown mentally draining.
* **Connectivity.** The pandemic provided a challenge to broadband connectivity in the UK in general. Day-time internet traffic suddenly moved from schools and offices to homes. I heard from my teams, for example, countless stories about fights for broadband access - between children wanting to study (or play computer games?) and parents connecting to work networks (I believe children generally came out on top). In addition, we had not yet finished optimising our network architecture for this level of sustained remote working. We therefore accelerated our digital architectural changes to ensure our network was more resilient. We offered specific surgery hours for people with connectivity issues; and issued guidance how people could improve connectivity at home. I should pay tribute here to our digital services team who put in a lot of effort in a short time, often working remotely themselves.
* **Remote auditing.** Auditing traditionally relies on contact with audited bodies. The main challenges we faced were:
  + **Liaising with audit clients.** There was no standardised videoconferencing (VC) solution across the UK public sector when the pandemic struck. Some organisations we audit wanted to move to solutions we were not set up to support. We worked closely with central government to assess the security of all key VC tools; standardised tool usage; devised relevant and secure policies; and managed to enable all the VC tools our audited bodies were using.
  + **Doing remote audit work/testing**. Despite our progress in adopting paperless audit processes, and a public sector which operates largely electronically, certain financial audit tests still need to be done on site (e.g. inventory stocktakes). Likewise, certain performance audit methods are reliant on on-site work (e.g. to observe a workflow in a hospital). However, like many other SAIs we were positively surprised by how perceived obstacles can be overcome by adapting methods, e.g. such as using webcams to check stocks. In practice we have been able to complete our audits with less work on-site than we traditionally thought.
  + **Productivity.** This has depended on each staff member’s individual circumstances. For some of our people productivity has suffered, not because of working remotely, but because of the general disruption in people’s life due to the lockdown; e.g. parents looking after their children during the day as schools and day cares were closed. However, we also had feedback from colleagues that homeworking has made them more productive. They could better concentrate and enjoyed that they did not need to commute to the office.

1. From the beginning we worked hard to even out resource shortfalls across the business, making use of live productivity data we can get from our ERP system. Overall we are on track to deliver the audits we had planned, with some adjustments primarily due to capacity in the audited bodies; and because Covid-19 affected the financial position and statements of many bodies we audit.

**Lessons learned: Employee engagement**

1. Let me close with two key lessons we have learned. The first is that with ingenuity, willingness on all sides, making full use of new technologies, and the right behaviours, more can be achieved through remote auditing that we would have thought. We are thinking about the implications for our audit approach going forward.
2. The second lesson is the importance of live employee engagement. In order to support colleagues – digitally and otherwise –and change our ways of working we needed to understand what problems they were facing. Digital tools allowed us to do this. For example, we used regular (weekly first, then fortnightly) pulse surveys asking our colleagues to highlight any well-being and productivity issues. This gave us unprecedent live management information about areas our colleagues found difficult and allowed us to respond promptly with solutions. We supplemented this with more employee engagement, such as weekly C&AG emails, regular blogs, forums, internal ‘social’ media engagements, etc. My own experience here is that this has brought me closer to my teams; and raised their expectations about how we as leaders should engage with and listen to them. I am sure that this expectation is here to stay. And that can only be a good thing.
3. Thank you for your time.