

## LONDON BOROUGH OF HARROW

<b>Meeting:</b>	OVERVIEW & SCRUTINY COMMITTEE
<b>Date:</b>	27 APRIL 2004
<b>Subject:</b>	External Audit Review of the Scrutiny Function
<b>Responsible Chief Officer</b>	Director of Organisational Performance
<b>Status:</b>	Part I
<b>Ward:</b>	N/A
<b>Enclosures:</b>	Appdx 1- Terms of Reference for the Review

### 1 **Summary**

The external auditors are undertaking a review of the scrutiny function. A copy of the Terms of Reference for the review are attached for information.

### 2 **Recommendations**

The arrangements for the external review of the scrutiny are noted.

### 3 **Policy Context (including Relevant Previous Decisions)**

3.1 The review of the scrutiny function is being undertaken as part of the planned external audit work on corporate governance.

(Minute 86 of the meeting of the Overview & Scrutiny Committee held on 10.7.03)

### 4 **Relevance to Corporate Priorities**

4.1 The scrutiny function seeks to support all of the Council's corporate priorities.

### 5 **Background**

5.1 The Council's statutory scrutiny function has now been operating in its current form since May 2002, latterly against a background of radical organisational change around the adoption of the New Harrow Project.

5.2 An assessment of the scrutiny function is included within the Corporate Performance Assessment (CPA) process and an effective performance will be important to the Council's overall rating at the next assessment, which is scheduled for 2005.

#### **IDeA Peer Review/Corporate Assessment**

5.3 The IDeA peer review undertaken in May 2002 found that

- scrutiny was recognized as an area for development
- some learning had taken place but
- there was still a long way to go
  - lack of leadership around scrutiny to date
  - scrutiny has not been linked into other processes
  - limited evidence of follow-up and real impact.

5.3 The main issue identified were

- a lack of clarity as to where scrutiny fits into the Council's decision making process
- the wish to pursue too ambitious a programme of reviews given the lack of clarity about scrutiny's intended objectives and its role within the wider change agenda
- in the context of the major change agenda, the danger of scrutiny being seen as a drain on already stretched resources, rather than 'adding value' for which effective follow up was critical
- the importance of Member development, based on best practice across the country.

5.4 The Corporate Performance Assessment (CPA) undertaken in July 2002 found that, as in many Councils, scrutiny had not started effectively and that the process needed strengthening.

5.5 The annual audit letter 2002/03 recommended the Council to consider establishing an Audit Committee with a view to strengthening its control and risk management practices.

**6 Process for the Review**

6.1 The objectives for the review and the process to be followed are set out, for information, in the appendix.

6.2 An initial draft report will be considered by the Scrutiny Chairs and Vic-Chairs prior to finalisation and submission to the Committee for consideration, together with a complementary draft action plan to be produce jointly by the Chair and Vice Chair of the Committee and the Director of Organisational Performance.

7 **Legal Observations** - None

8 **Finance Observations:** This review is part of the External Audit plan and the cost of the work is included in the External Audit fee.

**Background Papers:**

CPA review  
 IDeA peer review  
 Annual audit letter 2002/03

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## EXTERNAL REVIEW OF SCRUTINY BY DELOITTES

### Objectives

To evaluate the added value of scrutiny by assessing:

1. The impact of scrutiny on improvement (through its work on policy, specific reviews and performance monitoring)
2. The quality of scrutiny reviews undertaken
3. The strategic relevance of reviews and the robustness of the process for the determination of the annual work programme
4. The strength of the accountability arrangements and the effectiveness of scrutiny in fulfilling the 'critical friend' role
5. The effectiveness and use made of the call in process
6. The appropriateness of the current scrutiny structures and the role played by Overview & Scrutiny Committee in managing the overall work programme
7. The integration achieved with other internal scrutiny processes (including the Best Value Panel)
8. The engagement between scrutiny and executive structures
9. Scrutiny engagement with all members of the Council.
10. Public engagement in the scrutiny process
11. Engagement with partners and neighbouring Authorities
12. How effectively scrutiny considers equality issues
13. The use of scrutiny team, officer, Member & consultancy resources.
14. The quality of the support provided by the scrutiny team and others.
15. Skills development needs for Members and officers

### Process

The methodology will comprise:

1. The evaluation of a sample of 2-3 completed reviews, including the tracking of the progress and an evaluation of review reports (e.g. a health scrutiny, e-government, healthy lifestyles in schools, review of South Harrow Pilot)
2. The examination of best practice elsewhere – e.g. through Centre for Public Scrutiny, West London Alliance, desktop research
3. Interviews with other internal scrutineers (eg Audit & Consultancy Services, BV Review Panel)
4. Interviews with key Members through 1:1 meetings or focus groups, including Portfolio Holders and Opposition Group Leaders, Scrutiny Chairs & Vice-Chairs, and scrutiny and non scrutiny Members
5. Desktop research of publicly available information to assess the uptake of recommendations and the extent of referrals to scrutiny by the Executive
6. Individual interview with the Chief Executive and focus groups with Departmental lead officers & lead officers on reviews
7. Observation of formal scrutiny meetings and review group meetings

## **Groundrules**

- The review is about the scrutiny focus, quality, skills mix of participants and process and will not make recommendations about resourcing levels
- Deloitte to lead on interviews with Executive and Scrutiny Members (with attendance at some interviews by the Director of Organisational Performance)
- Deloitte to lead on review of scrutiny processes and interviews with officers
- Information from interviews may be included within the final report but will not be directly attributable to individuals
- Findings to be shared for a single final report from Deloitte with a complementary draft action plan
- An initial draft of the report will be considered by Scrutiny Chairs and Vice Chairs
- The final report will be public
- Final report to be submitted to the Overview & Scrutiny Committee initially and copied to senior officers & Cabinet Members

## **Outputs**

- Report on current arrangements to Overview & Scrutiny Committee, copied to the Executive, Senior Members and the Chief Executive
- Recommendations for future improvements.
- A complementary draft action plan from the Chair and Vice Chair of O&S and the Director Of Organisational Performance to suggest practical responses to the recommendations