

# WEST DUNBARTONSHIRE COUNCIL

## Report by the Chief Executive

Council - Wednesday 26 September, 2007

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**Subject: Review of Audit & Performance Review Committee (A&PRC)**

### **1. Purpose**

**1.1** This report informs Council about the conclusions of the review of scrutiny and the role of the A&PRC and proposes a revised role and remit for the committee.

### **2. Background**

**2.1** In 2006, Council committed to a review of its scrutiny function, and in particular, a review of the operation of the A&PRC. This was reflected in the draft Best Value Improvement Plan.

**2.2** Council asked the Chief Executive to develop a programme of consultation on the role of scrutiny and the involvement of elected members, the public and all other interested parties.

**2.3** Following the Best Value Audit report, the Best Value Improvement Plan also highlighted the need for a wider review of the Council's decision-making processes, to improve transparency & openness, and promote continuous improvement within the organisation. This review is now complete and a report on the way forward was agreed by Council in June.

**2.4** Further work on standing orders and committee remits was reported to August Council, however it was agreed that the role and remit of the A&PRC should be held back to allow the views of all members of the committee, (including new elected members), to be included in this report to September Council.

**2.5** This report now makes recommendations to Council on the development of scrutiny, and in particular the role and remit of the Audit & Performance Review Committee. This report reflects the views expressed by the committee on 18 September 2007.

### **3. Main Issues**

#### *The scrutiny review process*

**3.1** The review was carried out with input from an independent consultant, (Hexagon), and the issue of scrutiny was also the subject of consideration as part of the Brodies' review of decision making and management structures. A

questionnaire was issued to elected members and key senior officers during March to gather views on options for improving the scrutiny role of the A&PRC.

- 3.2 15 questionnaires were returned. **Appendix 1** shows the feedback from the questionnaire.
- 3.3 Focus groups were offered to elected members and senior officers to develop discussion on the feedback from the questionnaires. One focus group took place with 1 councillor and 8 senior officers in attendance. A full report of the focus group is available on request.

*Key points arising from the review*

- 3.4 Best practice in relation to Audit and Performance Review Committees recognises the need for the Chair to be impartial and for the Committee to operate on an a-political basis. In short, a good A&PRC should concentrate on scrutinising (in the sense of 'challenging') the financial audit functions and the performance of the organisation with an emphasis on quality control and continuous improvement.
- 3.5 Thematic committees have responsibility for performance and best value review of their own areas. In addition, the Community Participation Committee has the responsibility for monitoring the Council's consultation arrangements, participation structures and community engagement mechanisms, (in addition to its ability to call for reports on issues of specific interest to West Dunbartonshire residents). The A&PRC's role should add to, rather than duplicate these roles.
- 3.6 The main change in emphasis which is suggested is that the committee should focus more on processes relevant to scrutiny and have the power to commission independent reports on specific areas of operation, if judged necessary.
- 3.7 The review process also suggested that the Committee would be the natural home for scrutiny of corporate, cross-cutting issues, and of the Chief Executive's Service performance.

*Membership*

- 3.8 The Chair of the A&PRC has been appointed from the Opposition. The review process saw the role of the Chair as essential to the effective operation of the committee. Consultation participants agreed that the Chair of the A&PRC should be seen to be independent and operate a-politically in relation to the business of the A&PRC. It was noted that the role involves an understanding and knowledge of finance and audit, and the ability to move discussion to a conclusion/decision; supporting other members and being inclusive; being challenging in a constructive way; collaborative and un-confrontational; focused and strategic.

- 3.9** The consultation suggested that an important principle would be to ensure an independent aspect to scrutiny. With this in mind, it was also proposed that the committee should be able to call on external individuals to participate in the review of specific areas of operation e.g. experts in a particular field.
- 3.10** In addition, it was suggested that one or two lay members, with relevant backgrounds, included in the core membership of the committee could provide a valuable external viewpoint on the business of the committee.

### *Training*

- 3.11** The review emphasised that training is important to equip members of this committee to operate effectively.
- 3.12** Priorities for training needs identified during the review include:
- Risk management
  - Asset management
  - Budgetary control arrangements
  - Statutory Performance Indicators/ efficiency measures
  - Risk assessment
  - Best Value Reviews
  - Best practice/ sharing with other councils
  - Roles and responsibilities of internal and external audit
  - Procurement
  - Key Performance Indicators
  - Councillors' Code of Conduct
  - Presentation Skills
- 3.13** The Audit and Performance Review Committee considered these issues at its meeting on 18<sup>th</sup> September 2007 and agreed:
- To recommend to Council the proposed revised role and remit for the A&PRC, with the amendment that the quorum proposed in paragraph 1.2 should be revised from 3 to 5. The aim of this amendment is to emphasise the Council's commitment to effective scrutiny by ensuring maximum attendance by elected members.
  - To recommend that Cllr George Black be appointed as Vice Convener of the A&PRC
  - To recommend to Council that the A&PRC should be given powers to call on external experts to participate in specific reviews..
- On the basis of these views, a revised remit for the A&PRC is attached at **Appendix 2.**
- 3.14** In addition, the A&PRC requested a further report on the issues surrounding the appointment of lay members to the committee. This will include suggestions for the criteria which might be used to define the type of person best suited, and also proposals for processes of election or appointment. Following consideration of this report, the A&PRC may wish to make further recommendations to Council on the subject of lay members.

**3.15** The A&PRC has requested a further report on the training issues outlined in paragraph 3.12. This may also require to be the subject of a further report to Council.

#### **4. Personnel Issues**

**4.1** There are no immediate personnel issues.

#### **5. Financial Implications**

**5.1** A budget would be required to support the training needs outlined in paragraph 3.12.

#### **6. Risk Analysis**

**6.1** If the A&PRC fails to increase effective scrutiny, there is a risk of failing to meet the requirements of the Best Value Improvement Plan related to increasing scrutiny, and, at a wider level, failing to deliver appropriate standards of openness and accountability in West Dunbartonshire.

#### **7. Conclusions**

**7.1** Scrutiny of the Council's performance should take place at thematic committee level, Community Participation Committee level, *and* at the level of the Audit & Performance Review Committee.

**7.2** The A&PRC will be most effective if it operates a-politically and focuses on scrutiny of audit, performance and continuous improvement activity.

**7.3** The proposed remit should strengthen the scrutiny function of the committee.

**7.4** The A&PRC will also be giving further consideration to the membership of the committee, with particular reference to lay members. This may be the subject of a further report to Council.

#### **8. Recommendations**

**8.1** Council is invited to agree the revised role and remit of the committee, as set out in Appendix 2.

**8.2** Council is asked to agree to the proposals for the Audit & Performance Review Committee to have powers to call on external individuals to participate in specific reviews.

**8.3** Council is asked to note that the A&PRC will consider the issue of lay members and may submit a further report to Council.

**8.4** Council is asked to note that the A&PRC will consider Member training needs, and may submit a further report to Council.

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**David McMillan**  
**Chief Executive**  
**Date: 18 September 2007**

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**Background Papers:**

Remit of the Audit and Performance Review Committee, - A&PRC, 08-03-06  
Remit, Timetable and Membership - Audit and Performance Review Committee, -  
A&PRC, 21-06-06  
Review of Audit & Performance Review Committee (A&PRC), - A&PRC: 14-03-07  
Scrutiny Arrangements and the Role of the Audit & Performance Review Committee  
– Council 29.8.07

**Wards Affected:** All wards

**AUDIT AND PERFORMANCE REVIEW COMMITTEE**

**RESULTS OF OPTIONS SURVEY**

15 responses (c. 30% response rate)

**Role and Remit**

**Structure:**

Status Quo	9 (60%)
Split Audit from Performance Review	6 (40%)

**Extend the scrutiny of performance:**

Commission mini Best Value Reviews	10 (67%)
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**Extend the scrutiny of policy / policy review:**

Commission policy review	9 (60%)
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**Respond to external scrutiny / legislation/ govt guidance:**

Commission reviews related to above	13 (87%)
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**Comment:**

- Slight majority in favour of keeping the status quo with one committee responsible for both the audit function and performance review
- Majority in favour of extending the performance review remit to include commissioning mini Best Value Reviews and reviewing policy
- Large majority in favour of the Committee responding to external reviews

**Chair**

Member of opposition	7 (47%)
Rotating Chair	4 (27%)
Convener & Deputy Convener from different parties	4 (27%)
From administration	1 (7%)

**Comment:**

- Clear majority favouring a member of the opposition as Convener of the Committee though possibly with a member of the administration as the Deputy Convener

**Membership**

6 elected members and 1 lay member	4 (27%)
7 elected members and 2 lay members	4 (27%)
4 elected members and 1 lay member	3 (20%)
5 elected members and 2 lay members	2 (13%)
5 elected members and no lay members	2 (13%)

**Comment:**

- None of the options received majority support

- Slightly higher levels of support for 6 or 7 elected members rather than 4 or 5
- Clear support for either 1 or 2 lay members

**Frequency of meetings**

4 meetings a year (additional meetings of required)	9 (60%)
6 meetings a year	6 (40%)

**Comment:**

- Slight majority in favour of 4 rather than 6 meetings a year but with some flexibility to allow for additional meetings if required.

**Powers/ relationship to other Committees**

Specific delegated powers (e.g. in selecting areas for performance review)	9 (60%)
Status quo (recommendations only)	6 (40%)

**Comment:**

- Slight majority in favour of the Committee having delegated powers

**Training (in order)**

Risk management	12 (80%)
Asset management	10 (67%)
= Budgetary control arrangements	
Statutory Performance Indicators/ efficiency measures	9 (60%)
= Risk assessment	
= Best Value Reviews	
= Best practice/ sharing with other councils	
= Roles and responsibilities of internal and external audit	
Procurement	8 (53%)
Key Performance Indicators	7 (47%)
= Councillors' Code of Conduct	

**Comment:**

- The survey indicated areas where training for members of the Committee might be useful
- Technical issues related to the Audit function (Risk and Asset Management and budgetary control) received slightly higher levels of support

**Draft Remit  
Audit & Performance Review Committee  
2007**

**1. Membership/Arrangements for Meetings**

- 1.1 The membership of the Audit and Performance Review Committee will comprise 8 Elected Members.
- 1.2 The quorum of the Audit and Performance Review Committee will be 5 Elected Members.
- 1.3 In addition to the power to establish Sub-Committees, the Audit and Performance Review Committee will have the power to establish Working Groups to examine and report on specific issues.
- 1.4 The Audit and Performance Review Committee will meet every second month.

**2. General**

The purpose and remit of Audit and Performance Review Committee is to:

- Monitor, and make recommendations on the development of, the Best Value and Continuous Improvement activity of the Council. This includes responsibilities under the Local Government (Scotland) Act 2003.
- Monitor, and make recommendations on, the Performance Management Planning activity of the Council.
- Monitor, and make recommendations on the development of, the Audit, Risk Management and Performance Review activity of the Council
- Scrutinise the monitoring and review activity of the thematic and regulatory committees

The Audit and Performance Review Committee will undertake a number of general responsibilities. These include:

- Monitoring and ensuring that the work of the committee, and the activities reported to the committee are responsive to the needs of local people
- Monitoring and ensuring that the views of local people, staff and other stakeholders are sought on the development and delivery of services
- Promoting Social Inclusion and Equalities in all areas for which the committee has responsibility
- Promoting Health Improvement in all areas for which the committee has responsibility
- Promoting the development of relevant inter agency issues and supporting partnership working



- Setting performance targets (within the context of the Corporate and Service Planning processes), for the overall standards of service and to receiving reports on these
- Monitoring any capital expenditure in respect of the committee's activity
- Monitoring revenue budgets in respect of the committee's activity

### **3. Best Value and Performance Review**

The Audit and Performance Review Committee will oversee the development and will monitor the implementation of Best Value and continuous improvement. It will oversee the provision of statutory and other performance information. This may include:

- Commissioning and considering reports on the approaches to Best Value, Continuous Improvement and related matters (e.g. process, content, prioritisation, project management)
- Commissioning and considering reports on cross-cutting Best Value service reviews and other corporate continuous improvement and quality initiatives.
- Scrutinising performance of the Council's corporate plan, (and through this, the Council's contribution to the Community Plan)
- Commissioning and/or considering reports related to External Scrutiny of the Council or Council services, (including the Audit of Best Value and Community Planning)
- Scrutinising overall performance of Statutory and other Performance Indicators
- Approving the Service Plan of the Chief Executive's Service, including setting targets, and scrutinising performance reports, and considering reports on Best Value service reviews and other continuous improvement and quality initiatives
- Considering reports on Scottish Executive Statutory Returns
- Monitoring the Council's Complaints System and related issues.
- Scrutinising reports on 'Efficient Government' matters and other corporate support issues
- Commissioning and considering further performance reviews and reports on areas of poor performance
- Commissioning and considering reviews and reports on areas of national, topical or local public interest or importance

### **4. Audit and Risk Management**

The Audit and Performance Review Committee will develop and monitor the provision of relevant Audit and Risk Management services. This may include:

- Considering Annual/Strategic Audit Plans and performance reports.
- Considering other appropriate Internal Audit matters.
- Considering annual Audit Planning Memorandum.
- Considering External Audit reports/action plans.
- Considering Audit information from all departments
- Receiving reports on the Council's Corporate Governance arrangements, Risk Management, Civil Contingencies, Business

Continuity, Emergency Planning, and Internal Financial Control Statements.

**5. Delegated Powers**

The Audit & Performance Review Committee does not have delegated powers. All recommendations of the Audit & Performance Review Committee will be considered by Council, or by the appropriate committee.