

Item No.	Classification	Date	Committee
2	Open	19.5.05	Cross Party Working Group – Ouseley Review Implementation
Report Title		Proposals regarding Independent Audit Function	
Ward (s)		All	
From		Chief Executive	

RECOMMENDATIONS

1. For the Working Group to consider the proposals set out in this report in regard to implementing the Independent Auditor recommendation.
2. For the Working Group to note that formal decisions to ratify any final arrangement on Independent Audit arrangements would be a matter for the Executive to consider at the earliest possible date.

BACKGROUND

3. At its meeting on 4th April, the Cross Party Working Group recommendation was for the next meeting in May to:

Recommendation 4: A separate report be brought back to the next meeting detailing options for the implementation of recommendation 35 of the Review report, proposing the appointment of an Independent Auditor to equality proof decision-making, scrutinise processes and feedback to the community.

4. This report sets out proposals for the role and operational arrangements for an Independent Audit function to assist the Council to effectively implement Lord Ouseley's recommendations.

FACTORS FOR CONSIDERATION

5. Lord Ouseley's report recommended that the Council consider an independent auditor function for a time-limited period. The Review suggested the role would be to equality-proof major decisions that may have significant equality and diversity impact on the community, so as to provide greater reassurance to the community, and to build greater confidence and trust.
6. The scale and complexity of the Council's business, and the range of existing audit and inspection regimes need to be considered in determining the most effective and practical way in which a robust Audit function could operate. Over the next period, the most critical decisions in relation to community impact as regards equality and diversity are most likely to focus on implementation of Lord Ouseley's recommendations. As part of implementation, the Council needs to reassure itself and the community that it is not only fully complying with all the equalities legislation, but as importantly, is seeking to implement national best practice across all the equalities dimensions of age, disability, faith, gender, LBGT and race.

7. To cover the breadth of themes and issues and generate confidence across all the borough's diverse communities, it is likely that the independent audit function might be more effectively carried out by a small team of auditors rather than a single individual. Such a team could bring to the process specialist knowledge in relation to one or more aspects of race, faith, gender, disability, age and LGBT issues, alongside knowledge in one or more of the major areas covered in the report (e.g. training and staff development, community relations, service delivery) and the methodologies of evidence-based scrutiny/inspection and audit.
8. The Chief Executive has held initial discussions with the Audit Commission about their potential role in leading and managing an audit team with the appropriate skills and knowledge. Initial soundings are favourable, and further discussions on the detail of how such an arrangement might work are underway with the Audit Commission's Relationship Manager for Southwark, and the involvement of the Audit Commissions' Head of Diversity and Human Rights.
9. In commissioning an Audit Team, it is proposed that the remit of the audit function would be to:

- 1. Audit the Council's implementation of Lord Ouseley's Review recommendations in terms of:**
 - (a) compliance with equalities and human rights legislation and government policy guidance**
 - (b) learning from and adopting national best practice**
 - (c) their potential community impact**
- 2. Implement a themed audit programme that, for example, assesses the effectiveness, appropriateness and potential impact of the Council's implementation of Lord Ouseley's recommendations related to:**
 - Arrangements for Member development on equality and diversity issues and for keeping Members updated on equality and diversity and community issues**
 - Implementation of the recommendations related to human resource management and staff training and development**
 - Arrangements for taking equality and diversity considerations into account in decision-making on planning and regeneration**
 - Arrangements for ensuring community and user input and feedback encompasses all sectors of our diverse community**
- 3. Undertake other audit reviews as determined by the Cross Party Working Party or Council Executive.**
- 4. In undertaking the audit function, the Audit Team would seek input from the proposed Strategic Reference Group, particularly in terms of their perspective on community impact.**

10. It is proposed that the Audit Team would operate in the first instance for the period up to the end of April 2006 . It is proposed that the Audit reports would be published, and be made available to the Working Group, Executive, Scrutiny, and the SRG.
11. Alongside this bespoke equality and diversity audit function related to implementation of the Lord Ouseley review recommendations, the Council will be subject to a number of government directed external audits and inspections during 2005/6 in which equality and diversity in terms of policy, service delivery and relationships with communities will feature. This will provide further feedback to both the Council and community on the effectiveness of how the Council is tackling these issues and their impact on communities.

COMMUNITY IMPACT STATEMENT

12. This report sets out proposals for the Council to obtain independent scrutiny of how it is addressing the recommendations of the Review. The aim is to provide both the Council and the community with independent evidence on the effectiveness of the measures put in place and the benefits of those measures to Southwark's diverse communities.
13. The Council has a duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people of different communities. The proposals in this report would be a direct contribution to the Council meeting that duty.

RESOURCE IMPLICATIONS

14. There will be a cost attached to commissioning an independent Audit function, and this will be identified as part of the discussions with the Audit Commission. Initial estimates suggest a sum between of £50,000 and £80,000. This can be contained within the sum of money set aside for implementation of the Lord Ouseley review.
15. Details will be included within the final report to the Executive.

CONSULTATION

16. Prior to the Working Group meeting, a copy of this report will be sent to the named organisations and individuals that may comprise the Strategic Reference Group, requesting initial comments.

Background Papers	Held At	Contact
Independent Review of the Council's Equality and Diversity Framework	Social Inclusion, Town Hall, Peckham Road, SE5 8UB	Nathalie Hadjifotiou 020 7525 7194

APPENDIX 1

Audit Trail

Lead Officer	Chief Executive	
Report Author	Nathalie Hadjifotiou, Head of Social Inclusion	
Version	Final	
Dated	11.5.05	
Key Decision		
CONSULTATION WITH OTHER OFFICERS /DIRECTORATES /EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments Included
Borough Solicitor and Secretary	YES	
Chief Finance Officer	No	
Chief Officers	YES	
Executive Member	YES	