

 <p>Brent</p>	<p align="center">Full Council 10 July 2017</p> <p align="center">Report from the Vice-Chair of the Audit Advisory Committee</p>
<p>For Information</p>	<p align="right">Wards Affected: All</p>
<p>Report from the Vice-Chair of the Audit Advisory Committee</p>	

1.0 Purpose of the Report

- 1.1 This report provides a summary of the activities carried out by the Council's Audit and Audit Advisory Committees since the meeting of Full Council on 23 January 2017.

2.0 Recommendations

- 2.1 Full Council is asked to note the content of the report.

3.0 Detail

- 3.1 Since the last update provided to Council the committee has met twice, on 20 March 2017 and 26 June 2017. As part of the constitutional changes agreed at the Annual Meeting the committee has been reconstituted as the Audit Advisory Committee for nearly all of its business, reflecting the fact that it is not primarily a decision making body. For those items where a decision is required – mostly limited to approving the audited annual accounts and one or two similarly important but predominantly technical items – a separate meeting of the Audit Committee will be held immediately on the rising of the meeting of the Audit Advisory Committee.
- 3.2 This distinction may seem rather obscure, but is particularly important as the committee, unusually, is chaired by an independent person (a retired senior local government officer) and also includes in its membership another independent (in this case the former chief executive of the Audit Commission). Under s102(1) of the Local Government Act 1972 the independent members were prevented from voting, but by reconstituting almost all of the business under the Audit Advisory Committee, which operates under different legislation

as it is not decision making, this legal impediment falls away, and so grants the independent members equal voting status with the elected councillors.

- 3.3 All of this matters because Brent is committed to open and transparent governance, and welcomes external scrutiny, which is why we have taken the care to ensure that the committee has two independent members (most local authorities don't even have one) and that their role is enhanced. The committee agreed to recommend to Council that the Chair should be reappointed for another two year term. He also chairs the Council's Pension Board and the Chief Finance Officer has advised that he considers that it would be appropriate for his appointment to that role also to be re-confirmed.
- 3.4 In March the committee's role was mostly to note the progress made in various pieces of audit work and to agree a plan of work for 2017/18. This will better target the work done by the audit team to those areas where most assurance is required.
- 3.5 At the most recent meeting, in June, the committee welcomed Michael Bradley as the new permanent Head of Internal Audit and Investigations. Mr Bradley is a very experienced and well regarded practitioner, and the committee expect that he will continue to strengthen the audit function. Mr Bradley, along with other specialists, also delivered a well-received training course for members of the committee a week before the meeting.
- 3.6 At the start of the meeting the committee received a presentation from the Chief Executive on the Council's response to the tragic events at Grenfell Tower. Clearly there is no room for complacency, and all of the facts about the situation within Brent are not yet known. The committee discussed the possibility of some joint work with scrutiny on the issue to ensure that there is a robust corporate review of the matter.
- 3.7 Otherwise, probably the most important item on June's agenda was the Council's Draft Accounts for 2016/17, and I would urge all members to read these: they set out how we accounted for over £1bn of public money. It is necessarily a technical document, and the Chief Finance Officer will support any member who needs any of the detail clarified. As part of this the draft annual governance statement was also reviewed, which presented a measured but positive view of the improvements made to corporate governance over the last year.
- 3.8 Members will be aware that an Objection was made to last year's accounts, and the appointed auditor, Mr Sayers of KPMG, explained the progress made in dealing with that in response to a question raised by a member of the public. We hope to receive a fuller report from the auditor shortly.
- 3.9 At the meeting we also received a report assuring us that the Council's lending and borrowing remained within approved limits and was properly managed. Members will surely recall that several years ago the Council initially lost £10m in its investments in Icelandic banks, and whilst almost all of this has now been recouped it is vital that the Committee continues to scrutinise this key function.

3.10 All of detail of the last two meetings is on the website for members to read at their leisure, but it is worth highlighting in particular that over 2016/17 the Council's Anti-Fraud Team recovered 44 illegally sub-let council properties. Given the scale of the housing pressures we face each and every property illegally sub-let for profit is a particularly unpleasant fraud, and the Council should note the vigilance of the audit team in tackling this.

3.11 Going forward, the Committee will of course continue in its key role of reviewing standards of control, the management of risks and scrutinising key financial information such as the accounts and lending and borrowing. In particular, it is worth highlighting to Members that the Committee will take a role in overseeing the performance of the Council's investment company, as a key part of good corporate governance.

4.0 Financial Implications

4.1 There are no financial implications arising from this report.

5.0 Legal Implications

5.1 There are no financial implications arising from this report.

6.0 Equality Implications

6.1 There are no diversity implications arising from this report.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable

8.0 Staffing/Accommodation Implications (if appropriate)

8.1 There are no staffing and accommodation implications arising from this report.

Background Papers

- Audit Committee Agenda - 20 March 2017
- Audit Committee Minutes – 20 March 2017
- Audit Advisory Committee Agenda – 26 June 2017

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