



Audit and Standards Committee

**Wednesday 24 April 2019 on the rising of the
Audit and Standards Committee meeting**
Boardrooms 7 & 8 - Brent Civic Centre, Engineers
Way, Wembley HA9 0FJ

Membership:

Members:

Councillors:

A Choudry (Chair)
Donnelly-Jackson
Kansagra
Naheerathan
Nerva

Substitute Members:

Councillors:

Kabir, Lo, Long and Stephens

Councillors:
Colwill and Maurice

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www.brent.gov.uk/committees

The press and public are welcome to attend this meeting

Notes for Members - Declarations of Interest:

If a Member is aware they have a Disclosable Pecuniary Interest* in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent and must leave the room without participating in discussion of the item.

If a Member is aware they have a Personal Interest** in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent.

If the Personal Interest is also significant enough to affect your judgement of a public interest and either it affects a financial position or relates to a regulatory matter then after disclosing the interest to the meeting the Member must leave the room without participating in discussion of the item, except that they may first make representations, answer questions or give evidence relating to the matter, provided that the public are allowed to attend the meeting for those purposes.

***Disclosable Pecuniary Interests:**

- (a) **Employment, etc.** - Any employment, office, trade, profession or vocation carried on for profit gain.
- (b) **Sponsorship** - Any payment or other financial benefit in respect of expenses in carrying out duties as a member, or of election; including from a trade union.
- (c) **Contracts** - Any current contract for goods, services or works, between the Councillors or their partner (or a body in which one has a beneficial interest) and the council.
- (d) **Land** - Any beneficial interest in land which is within the council's area.
- (e) **Licences**- Any licence to occupy land in the council's area for a month or longer.
- (f) **Corporate tenancies** - Any tenancy between the council and a body in which the Councillor or their partner have a beneficial interest.
- (g) **Securities** - Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

****Personal Interests:**

The business relates to or affects:

- (a) Anybody of which you are a member or in a position of general control or management, and:
 - To which you are appointed by the council;
 - Which exercises functions of a public nature;
 - Which is directed is to charitable purposes;
 - Whose principal purposes include the influence of public opinion or policy (including a political party or trade union).
 -
- (b) The interests of a person from whom you have received gifts or hospitality of at least £50 as a member in the municipal year;

Or

A decision in relation to that business might reasonably be regarded as affecting the well-being or financial position of:

- You yourself;
- A member of your family or your friend or any person with whom you have a close association or any person or body who is the subject of a registrable personal interest.

Agenda

Introductions, if appropriate.

Item	Page
1 Apologies for absence and clarification of alternate members	
2 Declaration of Interests	
Members are invited to declare at this stage of the meeting, the nature and existence of any relevant disclosable pecuniary or personal interests in the items on this agenda and to specify the item(s) to which they relate.	
3 Deputations (if any)	
To hear any deputations received from members of the public in accordance with Standing Order 67.	
4 Minutes of the previous meeting	1 - 2
To approve the minutes of the Audit and Standards Committee held on 20 March 2019 as a correct record.	
5 Annual Governance Statement	3 - 18
To consider and agree the Annual Governance Statement of the Brent Council.	



- Please remember to ***SWITCH OFF*** your mobile phone during the meeting.
- The meeting room is accessible by lift and seats will be provided for members of the public.

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LONDON BOROUGH OF BRENT

MINUTES OF THE AUDIT AND STANDARDS COMMITTEE Wednesday 20 March 2019 at 7.15 pm

PRESENT: Councillor A Choudry (Chair), Councillors Donnelly-Jackson and Nerva

ALSO PRESENT: Councillor S Choudhury

1. **Apologies for absence and Substitutions**

Apologies for absence were received from Councillors Kansagra and Naheerathan.

2. **Declaration of Interests**

There were none.

3. **Deputations (if any)**

There were no deputations received.

4. **Minutes of the previous meeting**

The minutes of the Audit and Standards Committee, held on 11 December 2018, be approved as an accurate record.

5. **Financial and Procedure Rules Governing the Mayor's Charity Appeal**

This Committee received the report from Director of Legal and HR Service which had been referred on by the Audit and Standards Advisory Committee for formal approval of the recommended changes proposed to the financial and procedural rules governing the Mayor's Charity Appeal.


RESOLVED that:

- 1) the proposed changes to the Financial and Procedural Rules governing the Mayor's Charity Appeal be approved for formal adoption, as detailed within Appendix 1 of the report, subject to section 2.4 being amended so that the determination relating to one or more of the charities being deemed as no longer fit or able to receive funds will be made by the Chief Executive in consultation with the Chief Finance Officer.

The meeting closed at 7.16 pm.

Councillor Aslam Choudry
Chair

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 Brent	Audit and Advisory Committee 24th April 2019
	Report from the Chief Finance Officer
Draft 2018/19 Annual Governance Statement	

Wards Affected:	All
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	One - Brent Council Annual Governance Statement
Background Papers:	none
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Michael Bradley Head of Internal Audit and Investigations Email: Michael.Bradley@brent.gov.uk Phone: 07920 581620

1.0 Purpose of the Report

- 1.1. This report sets out the draft Annual Governance Statement (AGS) for 2018/19 as required by the Accounts and Audit Regulations 2015.

2.0 Recommendation

- 2.1 The Audit and Standards Advisory Committee consider approve the AGS as set out in appendix 1.

3.0 Detail

- 3.1 The council is required to prepare an Annual Governance Statement and have it approved by the relevant Committee. The statement must be signed prior to the signing of the accounts. The statement must be signed by the Chief Executive and Leader of the Council.
- 3.2 CIPFA produced a refreshed framework document in 2016 setting out how local authorities could comply with the requirements to conduct a review and produce the Annual Governance Statement.

- 3.3 The guidance determines that the Annual Governance Statement should “provide a meaningful but brief communication regarding the review of governance that has taken place, including the role of governance structures involved. It should be high level, strategic and written in an open and readable style.”
- 3.4 The seven core governance principles, applicable from 2016/17, are as follows:
- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
 - B. Ensuring openness and comprehensive stakeholder engagement
 - C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
 - D. Determining the interventions necessary to optimise the achievement of the intended outcomes
 - E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it
 - F. Managing risks and performance through robust internal control and strong public financial management
 - G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 3.6 The review of effectiveness is an ongoing process involving officers responsible for key elements of the governance framework as well as members of the Corporate Governance Group, who throughout the year have oversight of governance related issues.
- 3.7 The final part of the statement covers significant governance issues relating to 2018/19 as well as updates on any from prior years. There is one item that has been identified as a significant governance issue. No prior issues remain open.
- 3.9 The following factors should be considered in determining significant issues:
- The issue has seriously prejudiced or prevented the achievement of a principal objective:
 - The need to seek additional funding or divert funding to resolve the issue;
 - The issue has had a material impact on the accounts;
 - The issue has attracted significant public interest or has damaged the reputation of the organisation, or
 - The issue has resulted in formal action being taken by a Statutory Officer.

4.0 Financial Implications

4.1 None

5.0 Legal Implications

5.1 The Accounts and Audit Regulations 2015 require the council to prepare an annual governance statement and have this reviewed by a committee.

6.0 Equality Implications

6.1 None

7.0 Consultation with Ward Members and Stakeholders

7.1 None

8.0 Human Resources/Property Implications (if appropriate)

8.1 None

Report sign off:

Conrad Hall

Chief Finance Officer. Brent Council

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Brent Council Annual Governance Statement 2018/19

1. Scope of Responsibility

- 1.1 Brent Council ('The Council') is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3 The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the International Framework: Good Governance in the Public Sector. The statement is included in the annual review of the Constitution undertaken in June each year by the Director of Legal and HR Services. A copy of the Council's code is contained in part 5 of the council's Constitution and can be found on our website:

<https://www.brent.gov.uk/search?q=constitution>
- 1.4 This statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1b), which requires all relevant bodies to prepare an annual governance statement. To ensure all statutory requirements have been met the statement has been produced in accordance with the CIPFA Delivering Good Governance Framework 2016.

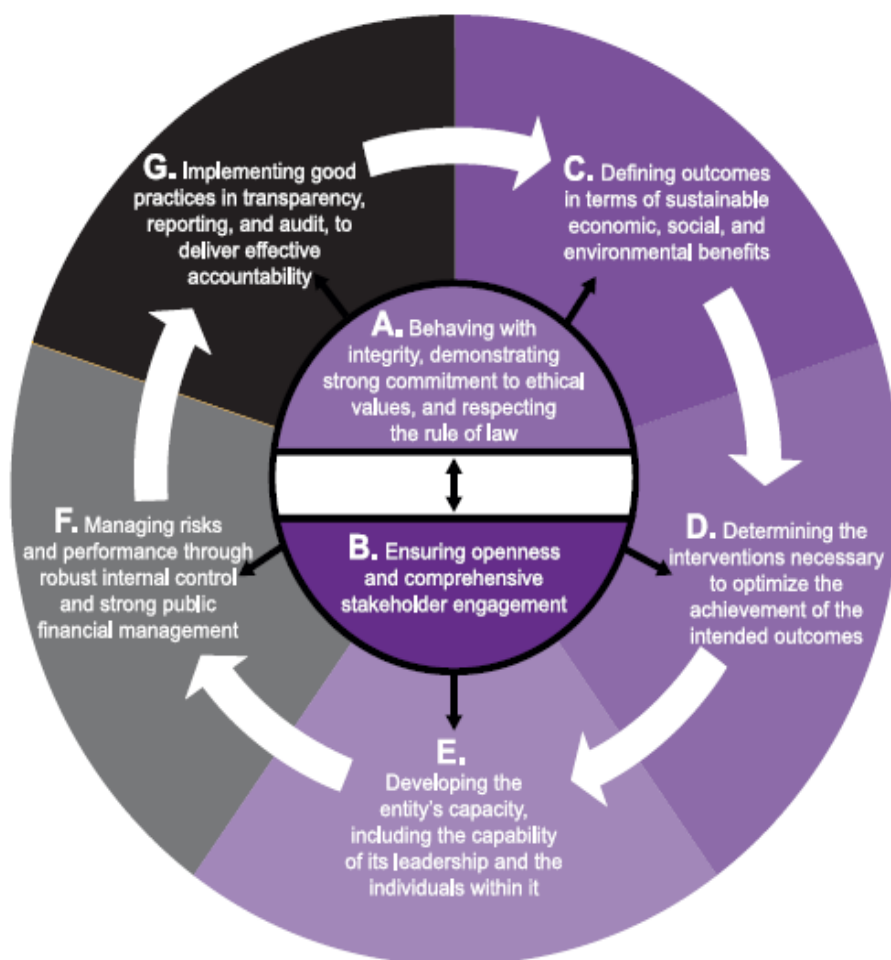
2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

2.2 The governance framework has been in place for the year ended 31 March 2019 and up to the date of approval of the statement of accounts.

3. The Governance Framework

3.1 The key elements of the systems and processes that comprise the Council's governance arrangements are based on the seven core principles of the CIPFA/SOLACE Governance Framework.



3.2 The arrangements for reviewing the effectiveness of the governance framework are detailed in section 4 of this statement.

3.3 **Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

3.3.1 The Constitution sets out how the council operates, how decisions are made and the policies which are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution comprises six parts which set out the basic rules for governing the council's business, as well as detailed procedures and codes of practice.

3.3.2 The Constitution is regularly reviewed and was last updated in February 2019. The Constitution sets out the responsibilities of both members and officers. In particular, the council has identified the following six statutory posts:

Legislation	Statutory Post	Officer
S4 Local Government and Housing Act 1989	Head of Paid Service	Chief Executive
Section 151 Local Government Act 1972	Section 151	Chief Finance Officer
S5 Local Government and Housing Act 1989	Monitoring Officer	Director of Legal And HR
S18 Children Act 2004	Director of Children's Services	Strategic Director Children and Young People
S6 Local Authority Social Services Act 1972	Director of Adult Social Services	Strategic Director Community and Wellbeing
Health and Director of Public Health Social Care Act 2012	Health and Director of Public Health Social Care	Director of Public Health

3.3.3 A Scheme of Delegation sets out the powers delegated to officers as part of the Constitution. The Financial Regulations are also part of the Constitution, together with the Code of Corporate Governance and the Contract Standing Orders. Changes to the Constitution (other than minor changes which can be approved by the Director of Legal and HR Services) are approved by the full Council and published on the external website.

3.3.4 The Member Code of Conduct is set out in the Constitution, together with other codes. These have been reviewed and the updated codes of Conduct have been considered by the Audit and Standards Advisory Committee and agreed by the Audit and Standards Committee

3.3.5 A register of member interests and gifts and hospitality is maintained.

3.3.6 All Councillors receive training on the requirements of the Code of Conduct and related issues. Monitoring Officer Advice Notes give advice to members on decision making and standards of conduct.

3.3.7 All staff, in particular managers, are responsible for ensuring that laws and regulations are complied with and that the authority's policies are implemented in practice. Strategic Directors, Operational Directors and Heads of Service are responsible for monitoring implementation of the council's policies.

3.3.8 The Council has a number of key governance related policies. Officers are made aware of their responsibilities through general communications, such as Weekly Round Up, manager briefings, staff events and via the induction process.

3.3.9

3.4 Principle B: Ensuring openness and comprehensive stakeholder engagement

- 3.4.1 The Strategy and Partnerships service area is responsible for supporting statutory local partnership arrangements (Health and Wellbeing Board, Safeguarding Adults and Children Boards and Children's Trust) and some non-statutory partnerships such as Partners for Brent. The Strategic Partnerships team co-ordinates a broad range of collaborative activities, which stem from the Council's engagement with local public, private and voluntary sector organisations.
- 3.4.2 Partners for Brent is an advisory body which facilitates wider involvement and engagement in the delivery of public services. The Partners for Brent Strategic Forum is made up of eight organisations including the Met Police, NHS partners and CVS.
- 3.4.3 At a service area level, the objectives of partnerships are documented in the Service Plans and within contract documentation. They are then reflected in staff's individual objectives.
- 3.4.4 Regard to equality, diversity and human rights duties is embedded in the budget setting and business planning process, and templates for each require that officers and members take into consideration in an appropriate manner the equality and diversity impacts of proposed decisions. The Council's approach is to embed equality and diversity within all of its work so that equality considerations are part of day-to-day management.
- 3.4.5 Consultation and engagement with residents, stakeholders and the wider community is integral to the council's decision-making approach and processes, ensuring that a wide and diverse range of views are heard. A range of methods and techniques are utilised including the council's Consultation Portal, quarterly Brent Connects public forum and a series of 'Time to Talk' events.

3.5 Principle: Defining outcomes in terms of sustainable economic, social and environmental benefits

- 3.5.1 The Council has a Borough Plan for the period of 2019 to April 2023 agreed by the Cabinet and Full Council. This document includes the corporate objectives of the Council and our shared partnerships priorities with other public agencies. Key performance indicators which relate to the targets in the plan are monitored on an annual basis and reported to CMT and the Cabinet. The Borough Plan references other key relevant documents, such as the Community Engagement Strategy and the Digital Strategy.
- 3.5.2 The Borough Plan is available on the staff intranet and will be regularly promoted via Brent Magazine, its website, press releases and targeted campaigns. All new strategies and plans will be underpinned by the Borough Plan's themes and annual priorities – which are consulted on with users and other relevant stakeholders. Departmental Service Plans are discussed annually with Lead Members prior to finalisation.

3.6 Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

- 3.6.1 The Borough Plan is focused on Building a Better Brent. It sets out the council's vision for 2023, which is to make Brent a borough of culture, empathy and shared prosperity. It is underpinned by a Corporate Plan which identifies the key tasks from which team plans and individual objectives are set.

3.6.2 The vision sets out how the Council will build on the successes achieved to-date while developing a much sharper focus on services designed around the individual and creating better outcomes for those residents with complex circumstances. The plan highlights the need to concentrate resources on the things that matter the most, and use resources in the most effective way. Borough Plan priorities are aligned to both the demographic and economic needs profile of the borough and the findings from the community engagement activities. A programme of activity is in place to support delivery of this vision with reports on progress provided regularly to CMT and elected Councillors.

The Cabinet consider risks as part of their decision making role on corporate policies, including the annual budget setting processes, major policy decisions and major projects. The Council Management Team review corporate risks through regular monitoring reports. Risks are identified within Service Plans and considered on a regular basis within departmental management teams and key operational risks are reported through to the Corporate Management Team. A recent review of the effectiveness of the Risk Management approach established that risk is well understood across all levels of management.

3.7 **Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

3.7.1 A full member learning and development programme is in place and there is a comprehensive induction programme for all councilors within the first few weeks of their election to office. Training on the Council's Code of Conduct for Councilors is compulsory. The council has adopted specific codes of conduct for councilors involved in planning or licensing decision-making and these councilors receive additional training in these areas as a pre-condition of their participation. Entitlement to special responsibility allowances for some posts is dependent on mandatory training being attended. A bespoke annual learning and development programme is provided for Councillors appointed as Members or Substitutes on the Scrutiny, Planning and Alcohol and Entertainment Licensing committees.

3.7.2 We have a comprehensive e-learning offer for knowledge, skills and personal development and various internal training courses. Key initiatives for the next year are the Middle Manager Development programme and Talent Management/ Succession planning. There is a corporate induction programme in place for staff, which is largely e-learning based, but which includes a one-day face to face session including a tour of the borough. Key information and policies are highlighted to new staff and managers and held on the intranet. Regular communication through annual roadshow events and other channels are maintained to advise staff of new learning opportunities. Additionally, our bi-annual 'Forward Together' events, provide an opportunity for staff to come together to engage with issues and opportunities facing the council as a whole and to understand how their work fits with council priorities.

3.7.3 Departments also design and deliver development programmes specific to their individual needs. For example, in CWB, development exists on three levels. Staff take part in the corporate training and development programme, including mandatory courses. CWB also delivers three programmes: mentoring - available to staff at all levels; a 'Making Every Contact Counts' training programme designed to support professionals to provide holistic support to their customers, and 'Leadership for Making Every Contact Counts' for first line managers to embed the MECC approach into all teams. Finally, all areas also focus on service-specific professional training.

3.7.4 In 2019/20, the first of two innovation spaces is being launched which will host a series of 'lunch and learn' events for staff. In addition, a festival is planned for summer 2019 which will include presentations and interactive sessions to engage staff in digital and wider transformation and develop ideas for new projects to support the council in delivering the objectives set out in the borough plan.

3.8 **Principle E: Managing risks and performance through robust internal control and strong public financial management**

3.8.1 Decision making arrangements are set out in the Constitution. The Council operates a Leader and Cabinet model of decision making. Although some decisions are reserved for Full Council, most are made by the Cabinet or by committees, sub-committees or officers. Since September 2018 individual member decision-making has been introduced in a limited number of areas, supported by a governance process similar to that for Cabinet decisions. Cabinet members received a briefing about their new responsibilities and the related processes.

3.8.2 All forthcoming Key decisions by Cabinet, Executive committees or officers are published in the Council's Forward plan published every month on the Council's website.

3.8.3 Reports and minutes of meetings are also published on the council's website and are available through the Libraries. This includes urgent decisions, which are reported to the next formal meeting of Council.

3.8.4 The council has an Audit and Standards Advisory Committee which meets at least four times during the year, with clear terms of reference and an annual work programme for internal audit, investigations and risk management. The committee has an independent chair and an independent adviser to help ensure it is effective in performing its duties.

3.8.5 In order to enhance the effectiveness of the Committee, it has been re-constituted as an advisory committee for most of its activities. This has enabled the independent Members to be equal voting members of the committee.

3.8.6 The Council maintains an Internal Audit service that operates in accordance with the published internal audit standards expected of a local authority in the United Kingdom. The Head of Internal Audit has direct access to the Chief Executive, the Section 151 Officer and the Chair of the Audit Committee and now the Chair of the Audit and Standards Advisory Committee.

3.8.7 Robust business continuity management arrangements exist within the council, with all critical services having business continuity plans in place.

3.8.8 The Council has a three-year Medium Term Financial Strategy, which is reviewed and updated annually as part of the budget setting process to support the achievement of the council's corporate priorities. The budget and policy framework outlines the process and timetable to be followed each year when setting the council's budget. The financial management framework includes regular budget monitoring reports to departmental management teams, Corporate Management Team and Cabinet.

3.9 **Principle F: Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

3.9.1 The statutory Forward Plan is published monthly on the internet, and details all key decisions proposed to be made by the council during the relevant period. Any key

decision which is not on the Forward Plan may not be taken within that period, unless the report author is able to demonstrate to the Monitoring Officer and relevant members that urgency procedure requirements are met and, where required under Standing Orders, appropriate agreement of the Chief Executive or the relevant Chair of Scrutiny is obtained. All urgent decisions taken are monitored by the Monitoring Officer and regular reports taken to Full Council.

- 3.9.2 Members are required to make sound decisions based on written reports which are prepared in accordance with the report writing guide and have to be cleared by both Finance and Legal. The Cabinet receives a briefing (Leader's Briefing) three weeks prior to the Cabinet meeting when members can ask detailed technical questions of officers. All reports must be reviewed and signed-off by, or on behalf of, the Chief Finance Officer and the Director of Legal and HR Services and contain clear financial and legal advice to help members arrive at decisions.
- 3.9.3 In accordance with the Local Government Act 2000, the Council has mechanisms in place to allow the effective, independent and rigorous examination of the proposals and decisions by the Cabinet. These mechanisms involve the Scrutiny process including call-in. The conduct of the Council's business is governed by the Constitution, which includes Standing Orders and Financial Regulations.
- 3.9.4 All members and chief officers are required to complete an annual statement relating to third party transactions and a register of members' interests, which is updated by members, is maintained and published on the Council's website.
- 3.9.5 The Brent Council Code of Conduct for Members, reviewed in 2018, defines the standards of conduct expected of elected representatives, based on the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership. Complaints under the Code are reported to the Audit and Standards Advisory Committee as are details of declared Gifts and Hospitality received by members.
- 3.9.6 In addition, the following codes, protocols and systems are well established within the council. All are regularly reviewed and updated to account for developments in governance arrangements and changes in local government.

These include:

- A declaration of interest process for members and officers as described above;
- Organisation-wide performance appraisal and employee development schemes are in operation;
- There is a corporate complaints procedure in place in line with Ombudsman good practice requirements;
- Whistle-blowing, anti-fraud and anti-corruption / bribery policies are in place and publicised in compliance with the national transparency agenda; senior officers' remuneration is published on the council website.

4. Review of Effectiveness

- 4.1 The Governance Framework is subject to on-going review as part of the everyday business of the organisation. The reduction in resources within the public sector has increased the attention on ensuring that governance frameworks remain efficient and effective. The Council also has responsibility for conducting, at least annually, a formal review of the effectiveness of its governance framework including the system of internal control.
- 4.2 The review of effectiveness is informed by the work of the Directors and senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the work of the Head of Internal Audit and Investigation's Annual Report and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.3 The Council's review of the effectiveness of its system of internal control is informed by:
- Annual Assurance Opinion of the Head of Internal Audit;
 - Performance against targets;
 - LGA Peer Review, and
 - A review of the previous year's Annual Governance Statement.
- 4.4 **The process that has been applied in maintaining and reviewing the effectiveness of the governance framework is described below:**

4.4.1 Performance Management

The Council has a Performance Management Framework, overseen by the Corporate Performance Team (CPT), within the Chief Executive's Department. The CPT works with Departmental Management Teams to strategically align all the Council's performance monitoring and reporting and coordinate the production of two main reports:

- The Quarterly Performance Report for Cabinet, and
- Portfolio Performance Packs

Members play a regular role in performance management, providing challenge to officers. Cabinet receives a report on performance each quarter. Cabinet portfolio holders have regular meetings with Strategic Directors and review finance and performance indicators.

4.4.2 Management

The Council Management team meets fortnightly to oversee the operations of the organisation and receives reports for both challenge and comment prior to formal decision-making processes. Reports will also be presented to provide the required assurances regarding the strategic risks the organisation faces. These include periodic reports from the groups and boards established in the identified high risk areas such as Health and Safety; IT Governance; Business Continuity; Corporate Risk and Contracts and Procurement. The role and contribution that these groups make is reviewed on an on-going basis.

4.4.3 The Cabinet

The Cabinet makes key decisions in accordance with the Budget and Policy Framework. It conducts joint planning sessions with the Corporate Management Team to consider the

council's policy priorities and its linkages with the medium term financial strategy. The Cabinet meets regularly with the Corporate Management Team to develop policy and to receive operational and financial performance information.

4.4.4 Scrutiny Committees

In 2016, Full Council approved a new structure for scrutiny at Brent Council. This was to replace the Scrutiny Committee with the Community and Wellbeing Scrutiny Committee and the Resources and Public Realm Scrutiny Committee. The new dual committee system came into effect on 18 May 2016. Each of the committees has discrete responsibilities for scrutinising the council's executive and covers different parts of the local authority's services. Policy is reviewed by reports discussed at committee as well as task groups set up to review a particular issue. In addition, a Budget panel, which is chaired by the chair of Resources and Public Realm Scrutiny Committee, was set up. As part of the transition of the council's arms-length management company, Brent Housing Partnership, back to the council in 2017, a Housing Scrutiny committee was also established to provide scrutiny of the operation of the new Housing Management Service. This committee will cease on 30 April 2019 and responsibility for scrutiny of housing matters will return to the Community and Wellbeing Scrutiny Committee. In addition, there is scrutiny of Cabinet members and decision-making at individual committee meetings of the three committees. The three committees have a statutory role in scrutinising policy and decision-making of external organisations and agencies.

4.4.5 The Audit and Standards Advisory Committee

The Audit and Standards Advisory Committee met five times during 2018/19 and has considered the work of Internal Audit during the year, the Head of Internal Audit's annual report and opinion and the External Auditor's annual letter. The Committee monitors the effective development and operation of risk management. It reviews the annual statement of accounts specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from audits that need to be brought to the attention of the Council. The Audit and Standards Advisory Committee also considers the Treasury Management Strategy and the Annual Investment Strategy and reviews treasury management activity during the year. The committee is also responsible for a number of matters related to member conduct and has received reports concerning these during the year.

Those matters which come before the committee which require a formal exercise of council functions (e.g. approval of accounts) will continue to be made by the Audit Committee, which will consist of the councilor membership of the Audit and Standards Advisory Committee.

4.4.6 Corporate Governance Group

Set up in 2016, this is an informal, but significant, meeting of the Council's three corporate Statutory Officers together with the Head of Audit and Investigations and the Strategic Director of Resources. It reviews key governance issues, the results of recent sensitive investigations and similar material in order to update policy and practice as appropriate.

4.4.7 Internal Audit

The council receives assurance about the effectiveness of the corporate governance, internal control and risk management arrangements from the work of Internal Audit which provides independent and objective assurance across the whole range of the Council's activities. It is the duty of the Head of Audit and Investigations to give an opinion, at least annually, on the adequacy and effectiveness of internal control within the Council. This opinion has been used to inform the Annual Governance Statement.

The Head of Audit and Investigations produces an annual report which will be presented to the Audit and Standards Advisory Committee. This report will outline the key findings of the audit work undertaken during 2018-19.

An external quality assessment has been carried out of the Internal Audit Service during 2018-19. The review concluded that the Internal Audit Service conformed with the Public Sector Internal Audit Standards. The outcome reflected a professional and successful Internal Audit service commanding a good level of respect and credibility across the Council and seen as a key part in supporting and developing good governance within the Council.

An assurance mechanism is used to reflect the effectiveness of the council's internal control environment. The table below details the four levels of assurance provided:

Level	Definition
Substantial	There is a sound system of internal control designed to achieve the objectives. The control processes tested are being consistently applied.
Reasonable	While there is a basically sound system of internal control, there are weaknesses, which put some of the objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the objectives at risk.
Limited	Weaknesses in the system of internal controls are such as to put the objectives at risk. The level of non-compliance puts the objectives at risk.
None	Control processes are generally weak leaving the processes / systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes / systems open to error or abuse.

It is the opinion of the Head of Audit and Investigations that, taking into account all available evidence from audit work undertaken in 2018/19, there is reasonable assurance over the adequacy and effectiveness of the council's overall framework of governance, risk management and control during the financial year 2018-19. Internal audit did not review all of the wider governance mechanisms described in this report however there was no evidence to suggest any deficiencies in the arrangements described by senior stakeholders in this statement.

As a refinement to the Internal Audit process in 2019/20, audit reports will cease to provide a formal assurance statement. These can be too narrow to effectively deliver a meaningful message from an audit engagement and can sometimes be a barrier to delivering positive

outcomes from audit work. Findings, risks and prioritised recommendations will still form the core of the audit reporting format.

4.4.8 External Audit

Grant Thornton LLP is the Council's appointed external auditor. As well as an examination of the Council's financial statements, the work of the council's external auditor includes an assessment of the arrangements the Council have in place to deliver value for money in its use of resources.

4.4.9 Risk Management

The Council managed its risks during 2018-19 in accordance with the approved Risk Management Policy. The Corporate Management Team formally considers risks, with quarterly reports also being presented to the Audit Committee. A new risk strategy was approved in June 2017. During 2018/19, a review of the effectiveness of the Risk Management approach established that risk is well understood across all levels of management. Connecting risk assessment and management to the Borough Plan will be developed as the corporate risk register evolves.

4.4.10 Developing Capacity

The Council has operated procedures during the period covered by this statement to ensure the training needs of staff are assessed against core competencies and any key training needs are met. Additionally, the Council has provided and makes available ongoing training opportunities to councilors to enable them to effectively fulfil their duties.

4.4.11 Engagement

Regular consultation is also undertaken with residents to ensure that the authority makes decisions based on resident requirements and feedback regarding general provision and quality of service.

5. Significant Governance Issues

During 2018/19, a review of Accounts Payable focusing on control weaknesses identified as a result of a fraud investigation identified a number of high and medium risk findings. The high risk findings related to the effectiveness of controls around refunds, cheque payments, and approval for payments. The fraud event was successfully investigated and prosecuted and prompt management action was taken to address the control issues.

6. Conclusion and Evaluation

As Leader and Chief Executive, we have been advised of the implications of the results of the review of the effectiveness of the Council's governance framework.

Our overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within the London Borough of Brent to ensure effective internal control is maintained.

We are also satisfied that there are appropriate plans in place to address any weaknesses and ensure continuous improvement in the system of internal control.

Signed:

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Muhammed Butt

Leader of the Council

Carolyn Downs

Chief Executive

Date:.....