



## **MINUTES OF THE AUDIT AND STANDARDS ADVISORY COMMITTEE**

### **Wednesday 29 July 2020 at 6.00 pm**

**PRESENT:** Councillor David Ewart (Chair), Councillor Long (Vice-Chair) and Councillors Donnelly-Jackson, Hassan, Naheerathan, Nerva and Kansagra

Independent Co-opted Member: Margaret Bruce

Independent Advisor: Vineeta Manchandra

**Also Present:** Councillor McLennan

#### **1. Apologies for absence and clarification of alternate members**

There were no apologies.

#### **2. Declarations of Interest**

There were no declarations of interest.

#### **3. Deputations (if any)**

None.

#### **4. Minutes of the previous meeting**

**Resolved**

**To approve the minutes of the last meeting of the Committee held on 26 May 2020.**

#### **5. Matters arising (if any)**

None.

#### **6. Lessons Learnt from COVID19 Response**

Carolyn Downs, Chief Executive, and Daryl Jooste, Civil Contingencies Manager, presented a report on the activity undertaken by the Council during the response phase of the COVID19 pandemic as well as some of the lessons learned as a consequence. The Committee was then invited to raise questions on the report, which focused on a number of key areas as highlighted below:

- In response to a question from the Committee, it was noted that the Council was in a strong position to respond should an emergency incident take place at the same time as a second wave of COVID19 cases. During the crisis the Council had maintained critical services and, for emergency planning, this

had been its ability to respond to an emergency (which had been maintained without disruption).

- It was noted that during the crisis, the Council had been encouraged by central government to do whatever was needed in terms of support for its residents. While it had been given a considerable amount of money from central government, it was likely that there would still be a gap in funding at the end of the crisis. As such, if there was to be a second wave of COVID19 cases, the Council would need to consider the financial implications of its response more carefully.
- Councils across London were considering charging care homes for personal protective equipment (PPE) supplies in the event of a second wave of COVID19 cases. It was noted that had the Council relied on PPE from the London Resilience Forum it would not have been able to protect care homes as effectively as it did. However, the Council would need to consider the financial implications of supplying PPE cost-free to care homes. This was under discussion at central government level as well as sub-regional level and the Council's current inclination was to continue to provide PPE cost-free, excluding private care homes.
- It was noted that the Council had worked well with its sub-regional local government partners during the crisis. For example, the success of its procurement partnerships was highlighted by North West London's provision of PPE to the whole of London over the past two months. The Council had also worked well with its health partners, particularly around social care. A monthly meeting had been set up between health and local government leaders and there was a possibility that a similar arrangement could continue post-crisis. The Council had also worked well with a range of other partners, including the police and community and voluntary organisations, and it hoped that these close relationships would continue to be developed post-crisis.
- The Council had worked hard to support its workforce during the crisis. Its IT infrastructure had coped with the additional pressure and employees had been able to work at home during the crisis with little effect on operations. It was noted that the Council could have been more accommodating in responding to staff requests for additional equipment to work at home at the beginning of the crisis, although this was now being provided. Mental health considerations were a high priority, and the Council had facilitated staff webinars and surveys to gauge how employees were responding to working from home and how they feel they can be supported to do so.
- In response to a question from the Committee, it was noted that the Council was looking at ways it would analyse the data received about its residents from central government and support those identified as in need. For example, the Poverty Commission report was to be published in the coming weeks and the Council felt confident it could provide meaningful support to its residents in response to its findings.

- The Committee suggested that the lessons the Council had learned from its response to the crisis could be shared with partner organisations in order to develop unified approaches to particular issues.
- The Council had undertaken a resident survey to gauge how residents found its response to the crisis and the support offered. The volume of responses had been high and its finding would be shared in due course.
- It was noted that the Council had largely reverted services back to pre-crisis levels. Should there be a second wave of COVID19 cases, it would know what to expect and should be able to get back to this level of service quicker than the first time. The Council appreciated that engagement with members had been affected and their importance to the decision-making process. Having said this, it was keen to build on some of the strengths of the streamlined decision-making process used during the crisis, and would potentially look to engage with members about how it could take this forward.
- In response to a question from the Committee it was noted that the financial situation of the Council should be clearer by September, at which point members would be informed. The resilience of the organisation was another important consideration for the Corporate Management Team, as many officers had been working particularly hard during the crisis.
- It was noted that while the data received from central government regarding disparities between those affected by COVID19 across the borough, the Council was working with its health partners to understand why this had been the case. It recognised that it needed to reach out to black and minority ethnic (BAME) residents in particular, especially in regard to testing.

The Committee then expressed its thanks to all the officers involved in supporting residents throughout the pandemic.

## **Resolved**

**To note the contents of the Lessons Learned from the COVID-19 Response report.**

### **7. Emergency Planning Response to COVID19**

Carolyn Downs, Chief Executive, introduced a report on the emergency decisions taken in response to COVID19 and since the last meeting of the Committee.

- It was noted that there had been no complaints about the level of street lighting, which had been reduced in late Spring. The Committee suggested that this may have been down to the fact that few people were leaving their homes during the height of the crisis, and some members expressed the view that the level of lighting was low.

The Chair then thanked the Executive Director and Civil Contingencies Manager, as well as the wider team of officers, for the comprehensive reports and clarifications

provided and the level of support it had given to Brent residents throughout the crisis.

## **Resolved**

**To note the emergency decisions taken in response to COVID19 and be assured that the governance was appropriate and the response sufficient.**

### **8. Complaints (Members Code of Conduct and Complaints)**

Debra Norman, Director of Legal, HR, Audit & Investigations, introduced a report providing an update on recent complaints breach of the Member's Code of Conduct and in particular a complaint upheld against Cllr Aslam Choudry and the Local Government Association (LGA)'s draft Model Code of Conduct. The Committee was then invited to raise questions on the report, which focused on a number of key areas as highlighted below:

- It was explained that the Member's Code of Conduct extended to members in their role as a councillor only. Specific training was given to members to allow them to understand when they are working in their capacity as a councillor. The Council was also working on guidance for members about the risks and responsibilities of being part of external bodies and when you may or may not be acting in the role of a councillor in that context.
- It was noted that the Committee was required to review the handling of complaints, reviews and decisions made with a view to identifying trends and any changes needed to the complaints procedure. The Committee would receive an update at its next meeting regarding this. In this particular case reported to the Committee, trends were a significant consideration in that the member in question had previously posted inappropriate content on social media.
- In response to a question from the Committee, it was noted that that the decision notice had been published on the website but had not been proactively shared with the community. It was suggested that this could be something the Council would look to do in the future.
- The Committee asked whether the member in question had reached out to the affected community. It was noted that the public apology was as far as the member's engagement had gone, and the Committee commented that other ways of requiring members who breached the code to reach out to affected parties should be considered in future.
- The Committee suggested that the Council should keep abreast of current forms and trends of social media and provide relevant guidance to members on a regular basis. The Director of Legal, HR, Audit & Investigations highlighted the limited sanctions which it was possible to impose.
- It was noted that this case had caused reputational damage to the Council. It was suggested that the public may not appreciate that some aspects of the matter could be investigated with the vigour that the public may expect due

to the limitations of the Localism Act 2011. In this, the Council was bound by national standards and a public apology was the strongest sanction it could recommend by way of reaching out.

- There was no standard applied to public apologies. The Council did not have the power to force a member to make a public apology or determine its wording, but only to recommend they do so. In practice, it was for the public judge the standards of public apologies offered.

The Chair then thanked the Director of Legal, HR, Audit & Investigations and the wider team of officers for the comprehensive report and clarifications provided at the meeting.

## **Resolved**

**To note the contents of the Code of Conduct and Complaints report.**

### **9. Treasury Management Outturn Report 2019/20**

Amanda Healy, Senior Finance Analyst, introduced a report updating members on Treasury Management activity and confirming the Council had complied with its Prudential Indicators for 2019/20. The Committee was then invited to raise questions on the report, which focused on a number of key areas as highlighted below:

- It was noted that in Treasury Management, officers looked at security first, then liquidity and then yield. The Committee was reassured that security was the first priority for officers, especially considering the economic uncertainty as a result of COVID19.
- Prior to COVID19, the Council was in a higher yielding investment in money market funds. As markets became uncertain, and the Council's capital becomes at risk, that return may not come back at the expected time. As such, all investments were placed into a central government facility as it was the only organisation that hadn't defaulted on any debt in the past.
- In response to a question from the Committee, it was noted that all of the Council's debt was at a fixed rate, and as such there was no variable.
- The investment pot was made up of a number of reserves the Council may have had, for example the S106 reserve. Wherever there was a cash balance, it would be made up in the investment pot. Internal borrowing was also utilised. This meant that where cash balances were available, the Council would use these and delay the need for external borrowing for capital purposes. As such, the interest costs for the Council were reduced.
- In response to a question from the Committee, it was noted that the last time the Council had calculated the savings made by internally borrowing rather than externally it was at around £7 million a year. This was a combination of cost avoided on borrowing and interest.

- It was noted that S106 and Community Infrastructure Levy (CIL) money was reserved for those purposes only, and as such there would be no instances of money being diverted from related capital projects. Internal borrowing was from cash balances only.

The Chair then thanked the Senior Finance Analyst and Daniel Omisore, Deputy Director of Finance, as well as the wider team of officers, for the comprehensive report and clarifications provided at the meeting.

### **Resolved**

- 1. To the 2019/20 Treasury Management outturn report, in compliance with CIPFA's Code of Practice on Treasury Management (the Code).**
- 2. To note that for 2019/20 the Council has complied with its Prudential Indicators which were approved by Full Council on 25 February 2019 as part of the Council's Treasury Management Strategy Statement and Capital Strategy Statement.**

## **10. Update on Final Statement of Accounts**

Ben Ainsworth, Head of Finance (Chief Accountant), introduced a report on the progress made to date on the audit of the Council's 2019/20 Statement of Accounts. The Committee was then invited to raise questions on the report, which focused on a number of key areas as highlighted below:

- It was noted that the Statement of Accounts had been circulated to all members on 12 June and had been published on the Council's website and can be found via the following link: <https://www.brent.gov.uk/your-council/transparency-in-brent/performance-and-spending/budgets-and-finance/how-we-spend-your-money?tab=annualaccounts>.

### **Resolved**

- 1. To note the progress made to date including the elements of the accounts where further audit work is required.**
- 2. To note the revised timetable as set out in paragraph 3.7 of the report.**

## **11. Internal Audit Annual Report**

Michael Bradley, Head of Audit & Investigations Service, introduced a report on the overall adequacy and effectiveness of the Council's internal controls and the internal audit work undertaken during the year. The Committee was then invited to raise questions on the report, which focused on a number of key areas as highlighted below:

- In response to a question from the Committee, it was noted that there were two high risk issues raised in the 2019/20 school audits. Further details of these issues would be circulated following the meeting.
- It was noted that the team would be undertaking certain audits in response to COVID19. For example, it had worked with the relevant management team on business grants, and would be consulting departmental management

teams in the coming weeks to understand any process changes that had been made. The audits that had been delayed due to the crisis would be rolled over to the following year.

- One high risk issue from the 2019/20 audit was that, at the time of the audit, effective bank reconciliation had not been done since April 2019 due to issues with its new income management system. The finance department has been working to address these issues. The audit found no evidence of financial irregularities, but could not give any assurances that they would have been detected in the circumstances. Finance officers confirmed that as part of this year's accounts bank reconciliation had been brought fully up-to-date.
- It was noted that in comparison to last year's internal audit annual report, common themes included monitoring of contracts and performance, non-compliance with policies and procedures, programme of project management including methodology and assurance, issues with policies and procedures and operational mismanagement.

The Chair then thanked the Head of Audit & Investigation Service and the wider team of officers for the comprehensive report and clarifications provided at the meeting.

## **Resolved**

### **To note the contents of the Internal Audit Annual report.**

#### **12. Counter Fraud Annual Report**

Michael Bradley, Head of Audit & Investigations Service, introduced a report setting out the counter fraud activity for 2019/20 and the impact that COVID19 had on the service. The Committee was then invited to raise questions on the report, which focused on a number of key areas as highlighted below:

- It was noted that there had been a decrease in the number of social housing related referrals over the last two years. The reason for this was unclear, though the Committee was assured that officers were looking to address this and help improve the quality and quantity of referrals.
- In response to a question received from the Committee, it was noted that the Council was procuring four ID scanners to be used across a range of services and it would work with management to decide where they were to be located. There had been a delay in their rollout due to COVID19.
- The Committee was assured that virtual identification checks did offer the Council a level of assurance and could be used should they be required.
- It was noted that in cases of unlawful sub-letting, tenants were subject to legal proceedings. Should they require housing following proceedings, they would re-enter the housing system. The Committee was also assured that as

part of the legal proceedings the Council was able to reclaim any loss of income.

- The team had adapted well to remote working and the crisis had not had any major negative impact on workload. The crisis had prevented the team from undertaking visits and interviews, which meant that some cases did not initially progress as normal. Risk assessments were now used to ensure workable solutions for interviewing and during visits.

The Chair then thanked the Head of Audit & Investigation Service and the wider team of officers for the comprehensive report and clarifications provided at the meeting.

## **Resolved**

### **To note the contents of the Counter Fraud 2019/20 Annual Report.**

#### **13. External Audit Progress Report and Sector Update**

Sophia Brown, Senior Audit Manager at Grant Thornton (the Council's external auditors), gave an update on the progress in delivering their responsibilities as the Council's external auditors along with a summary of emerging national issues and developments that were relevant to the Council. The Committee was then invited to raise questions on the report, which focused on a number of key areas as highlighted below:

- In response to a question from the Committee, it was noted that Grant Thornton would be working remotely for the duration of the accounts audit. Though there were some audit tasks which were best undertaken in person, it would be able complete the majority of audit remotely.
- One of the biggest risks related to COVID19 for the Council was the impact on its reserves and financial health. Clearly, this would feature heavily in the accounts audit. Also, the National Audit Office's new Code of Practice now required a different approach to value for money work which would involve more detailed analysis of key issues.
- It was noted that commercial asset valuation was far less prominent in Grant Thornton's work with the Council than with other authorities. Having said this, it had already had detailed discussions with valuers. Valuers had been considering the material uncertainty that has resulted from COVID19 and this had been reflected in the accounts audit already. As the Council's portfolio investment is relatively low, it will not feature heavily in accounts audit as compared to other authorities.
- In response to a question from the Committee, it was noted that there would likely be a financial impact on town centres across the country as a result of COVID19. However, the Council was deemed as lower risk to many others in terms of historic decisions and its current financial situation. Grant Thornton would continue to look at the Council's approach to sound management and keeping adequate reserves.



- It was noted that the fallout from COVID19 would be understood more comprehensively as the year goes on. As such, it would be something Grant Thornton expected to look at in detail next year and much of the analysis undertaken already would feed into this. There were some mitigations already in place, such as central government's Collection Fund & Deficit Strategy, but there would be significant risks.

The Senior Audit Manager at Grant Thornton then gave an update on Financial Reporting Council (FRC)'s review of their audit of the Council's 2018/19 financial statements and 2019/19 Value for Money work. The Committee was then invited to raise questions on the report, which focused on a number of key areas as highlighted below:

- In the opinion of Grant Thornton, none of the points raised by the FRC impacted the soundness of the true and fair opinion issued on the 2018/19 financial statements.
- In response to a question from the Committee, it was noted that the findings of the FRC review would not result in extra work for the 2019/20 account audit as the findings had been integrated into Grant Thornton's plan prior to the review.
- It was noted that Grant Thornton would be engaging a valuer again for the 2019/20 accounts audit, as required by legislation. It would also need to look at the National Audit Office's new Code of Practice, and as such next year had the scope to be a challenging year.

The Chair then thanked Grant Thornton for the comprehensive report and clarifications provided at the meeting.

### **Resolved**

**To note the contents of the External Audit Progress Report.**

#### **14. Forward Plan**

The Chair drew the Committee's attention to its latest Forward Plan.

### **Resolved**

**To note the Committee's latest Forward Plan.**

#### **15. Any other urgent business**

None.

The meeting closed at 8.25 pm

David Ewart  
Chair