



MINUTES OF THE AUDIT AND STANDARDS ADVISORY COMMITTEE
Held in the Conference Hall, Brent Civic Centre on Tuesday 7 February 2023
at 6.00 pm

PRESENT: Councillor David Ewart (Chair), Councillor Chan (Vice-Chair) and Councillors Long, Kabir, Smith, S Butt, Choudry and J Patel

Independent Advisor: Vineeta Manchanda

Also Present: Councillor Mili Patel (Deputy Leader and Cabinet Member for Finance, Resources and Reform) and Julie Byrom (Independent Person – who was attending online)

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

Apologies for absence were received from Keir Hopley (Independent Person)

Apologies for lateness were received from Councillor Smith

2. **Declarations of Interest**

David Ewart (Chair) declared a personal interest as a member of CIPFA.

3. **Deputations (if any)**

None.

4. **Minutes of the previous meeting**

RESOLVED that the minutes of the previous meeting held on Wednesday 7 December 2023 be approved as a correct record.

Members also noted the update provided in relation to the Action Log of issues identified at previous meetings.

In considering the actions outlined, the Committee requested a further progress update at a future meeting on the development and use of the Financial Inclusion Dashboard. In response, Ravinder Jassar, Deputy Director of Finance, advised the Committee of the ongoing development of the Dashboard on which he advised the Committee would continue to be kept updated as progress was made.

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

None.

6. Review of Internal Audit External Quality Assessment Outcomes

Darren Armstrong, Head of Audit and Investigations, introduced a report updating the Audit and Standards Advisory Committee on the outcome of the Internal Audit External Quality Assessment (EQA) undertaken in Quarter 3 2022-23. Context was provided that as part of the Council's statutory duty to maintain an adequate and effective Internal Audit function the Public Sector Internal Audit Standards (PSIAS) required an EQA to be undertaken at least every 5 years. The Committee were advised that the review of Internal Audit's performance at Brent had been completed by Caroline Glitre, the Head of Internal Audit for the London Borough of Barnet. The outcome of the EQA was felt to be overwhelmingly positive with the Council found to be performing highly throughout the assessment.

Caroline Glitre, Head of Internal Audit, London Borough of Barnet addressed the Committee to share her findings from the assessment, the Committee noted the following key highlights from the EQA report:

- It was confirmed that throughout the assessment Brent had been rated at the highest rating of "Generally Conforms", this rating indicated that the relevant structures, policies and procedures of the internal audit service and the application of them were compliant with the PSIAS.
- Feedback received from key stakeholders throughout the assessment process indicated that the Internal Audit Service at Brent was delivered with professionalism and integrity. Issues and concerns were raised at the appropriate levels with a healthy level of challenge in place.
- Among the general good practice recognised in Brent, five areas of notable practice had been specifically identified, as detailed within section 4.4 of the report and the final Assessment Report. These included the steps taken to maintain independence of the Head of Internal Audit and provision for their regular attendance at Departmental Management Team meetings.
- A total of ten good practice recommendations had also been made by the assessors. These had not impacted on conformance with the PSIAS and, as summarised in the final Assessment Report included updating the Council's Risk Management Policy Statement and Strategy and consideration to be given as to how the reporting of outcomes of Consultancy Work was reported to the Committee. A detailed action plan had been developed in response to reflect management actions, including responsible officers and target dates for each of the recommended actions, which had been attached as Appendix C to the final Assessment Report Progress on implementation of the action plan would be updated to the Committee periodically at future meetings.
- It was felt that in summary Internal Audit at Brent was a well led respected service that added value and provided evidence based reliable assurance over the Council's governance, risk management and internal controls.

The Committee welcomed the findings and outcomes identified and with no other comments raised the Chair thanked Caroline Glitre and officers for their hard work and assurance provided in relation to the EQA and it was **RESOLVED** to formally note the report and outcome of the Internal Audit External Quality Assessment and

endorse the Action Plan developed in response to the key findings and recommendations as laid out in the report.

7. **Standards Report (including quarterly update on Gifts & Hospitality and mandatory training)**

Debra Norman, Corporate Director Governance, introduced a report updating the Audit and Standards Advisory Committee (ASAC) on gifts and hospitality registered by Members, and the attendance record for Members in relation to mandatory training sessions.

In considering the report the Committee noted:

- The summary of gifts and hospitality which had been registered by members during October – December 2022, as detailed within section 3.3 and Appendix A of the report.
- The positive progress made in terms of all Members completing the core mandatory training courses in line with the Members' Code of Conduct.
- The summary provided of a recent Local Government & Social Care Ombudsman (LGSCO) case relating to the process undertaken in handling a member code of conduct investigation in a District Council. The outcomes and points of interest were detailed in section 3.10 – 3.22 of the report, with the Committee assured, as a result, of the robustness of related processes within Brent.

As no further issues were raised the Chair thanked Debra Norman for the update provided and it was **RESOLVED** to note the content of the report.

Before moving on, the Chair also took the opportunity to formally introduce and welcome Julie Byrom to the Committee as a newly appointed Independent Person

8. **Brent Council Statement of Accounts 2021/22**

The Chair welcomed Ciaran McLoughlin, Key Audit Partner, Grant Thornton, to the meeting who was asked to provide an update on progress with completion of the audit relating to the Statement of Accounts in order to enable their final sign off. In noting the reasons for the delay in completion of the audit process, initially relating to a national issue involving the accounting for infrastructure assets and final review of the Statement of Accounts, following adjustment to comply with the revised accounting requirements the Committee were reassured that the audit of accounts was now substantially complete with a small number of issues to be completed but no significant changes anticipated. Confirmation was provided that the anticipated result was still that an unqualified audit opinion would be provided however it was necessary to wait for the completion of the quality control process before the finalised audit opinion could be issued and Statement of Accounts along with the required Letter of Representation signed off to confirm final approval

The Committee was then invited to raise questions on the report which are summarised below:

- In response to a Committee query regarding when the finalised Statement of Accounts would be completed and ready for signing, the Committee were

advised by the external auditors that the finalised audit enabling sign off of the final Statement of Accounts was due for completion within the next 1 -2 weeks.

- Following a query regarding if there were any anticipated significant changes that would affect the final sign off of the Statement of Accounts, the Committee were advised that no material changes had been identified that were anticipated to impact on the ability to sign off the accounts or that would impact on the Council's medium term financial position.
- In response to a Committee query in relation to any areas within the Statement of Accounts that were subject to further checks which were not standard, the Committee were assured that all areas which had required further checks were typical areas that auditors would seek assurances on.
- The Committee queried if there had been an impact on accounting as a result of changes made to how infrastructure assets were valued, with members advised that the Chartered Institute of Public Finance and Accountancy (CIPFA) had issued guidance on the temporary solution for accounting for infrastructure assets and as such Brent had updated the Statement of Accounts to comply with the revised requirements.

As no further issues were raised the Committee **RESOLVED** to note the update provided in relation to final sign off for the Statement of Accounts, with the previous authorisation delegated to Councillor Chan (as Chair of the Audit & Standards Committee) remaining in place for approval to sign the finalised Statement of Accounts, subject to the necessary assurance being provided by the Corporate Director of Finance & Resources of no material changes along with the final Letter of Representation from management having been provided.

9. **LB Brent Audit Findings Report 2021/22**

Sheena Phillips, Audit Manager, Grant Thornton, then moved on to provide the Committee with a further update on the detailed audit findings from the 2021-22 reporting period and key changes in the Audit Findings Report since the previous version provided to the Committee in September 2022.

In considering the report the Committee noted the following key adjustments:

- The valuation of Private Finance Initiative (PFI) Assets relating to the Stonebridge Estate relating to a historic overstatement in terms of rental values, which the auditors were satisfied had now been adjusted to reflect accurate figures.
- The valuation of assets under construction on which the auditors were again satisfied that following revaluation of the specific assets , no further actions were necessary.
- The additional control points recommended as a result of the adjustments made and also in relation to the accuracy of PPE valuations and the accuracy of the figures used to calculate bad debt.

The Committee was then invited to raise questions on the report, which are summarised below:

- In response to a query in relation to completion of the audit adjustments identified, the Committee were advised that an updated draft of the finalised adjustments had been completed and sent to Grant Thornton to check and confirm.
- The Committee questioned what they felt was a high level of materiality in relation to senior officer remuneration. In response the Auditor's outlined the basis on which the materiality was set and assured members that there were no issues to flag in the current accounts.
- The Committee queried the Minimum Revenue Provision (MRP) percentage rate for Brent being set at 1.8%, as this appeared to be slightly lower than other council's MRP. In response the auditor's advised that 1.8% remained within acceptably prudent levels and they had no concerns with the figure provided. Ben Ainsworth, Head of Finance, informed the Committee that there were many factors contributing to the setting of MRP, with the figure subject to change annually and assurance provided that it was not regarded as unusually low for a London local authority.

As no further issues were raised the Committee **RESOLVED** to note the update provided on the Audit Findings report 2021-22, prior to its final completion.

10. **Brent Pension Fund Audit Findings Report 2021/22**

Ciaran McLaughlin, Key Audit Partner, Grant Thornton, was then invited to provide a brief verbal update to the Committee on the Brent Pension Fund Audit Findings Report, with confirmation provided and it being NOTED that no further changes had been required to the report since it was last presented to the Committee in September 2022.

Before moving on, the Chair took the opportunity to thank all officers involved for their efforts in supporting completion of the audit process to enable final sign off for the Statement of Accounts and Pension Fund Accounts.

11. **Auditor's Annual Report on the London Borough of Brent**

Ciaran McLaughlin, Key Audit Partner, Grant Thornton, introduced a report that presented the Council's External Auditor's Annual Report on Value for Money as part of the 2021/22 audit of the year end accounts and set out the key recommendations.

In considering the report the Committee noted:

- Work on the Council's 2021/22 Value for Money Audit had been concluded with the final report due to be presented to Full Council on 23 February 2023. The Chair commended all those involved in completion of the audit with no significant issues having been identified.
- In support of the Council's arrangements to secure continued economy, efficiency and effectiveness in use of its resources a number of improvement recommendations had been made which, whilst not highlighting any specific concerns or weaknesses, had been focussed around the governance of the Council's subsidiary companies, enhancements to risk management

processes and assumptions made about future yield from commercial properties.

The Committee was then invited to raise questions on the report, which are summarised below:

- The Committee queried how Recommendation 3 relating to inclusion of legal and regulatory impact assessments within the Corporate Risk Register matrix would be actioned. In response officers explained that the recommendation aimed to enhance the impact of the matrix to ensure that the full potential of the impacts of the risk were understood. It was anticipated that legal risks would be picked up under the risk management framework.
- The Committee questioned how Brent could move from a RAG rating of Amber to Green across the Value for Money Audit judgement areas. In response the Auditors advised that an Amber rating should be received positively as it indicated that there were no significant weaknesses identified, however improvement recommendations had been made. This was seen as a positive rating reflecting ongoing efforts to seek to improve governance arrangements and processes.
- The Committee recognised and accepted the need identified within Recommendation 4 “to ensure timely implementation of the CIPFA Financial Management code requirements as an action to take forward.
- In response to a query relating to the frequency of reviews on procurement and delivery of the capital programme, taking account of the need to maintain financial resilience in the context of the current difficult economic conditions, officers advised that due to the challenging nature of these conditions and market volatility, all schemes within the capital programme were being regularly reviewed in order to assess viability, which included (where necessary) options in relation to the current mix of tenures proposed under relevant housing schemes and with impact on the borrowing requirement reviewed as part of the twice yearly Treasury Management updates .
- Following a Committee query in relation to whether Brent’s contract management was in line with other borough’s, Ciaran McLaughlin confirmed it was not significantly different to what they had seen across other boroughs.
- In relation to the closer review of subsidiary companies, the Committee queried if this was also a function in which the Council’s scrutiny function could be involved. In response Ciaran McLaughlin advised that no weaknesses had been identified in the current arrangements.

As no further comments were raised the Chair thanked Ciaran McLaughlin for the update provided and the Committee **RESOLVED** to note and endorse the contents of the report in advance of its referral to Full Council on 23 February 2023.

12. Strategic Risk Register Update

Darren Armstrong, Head of Audit & Investigations, introduced the report providing the Committee with an update on the Council’s Strategic Risk Register, which summarised the Council’s corporate risk profile as of January 2023.

In considering the report the Committee noted:

- The Strategic Risk Register had been prepared in consultation with risk leads, Departmental Management, Senior Leadership Teams and the Council's Management Team in accordance with the key elements of the Council's Risk Management Policy and Strategy.
- The ongoing enhancements to the Council's risk management framework, which had included risk sponsors being assigned for each strategic risk with accountability for the agreed risk mitigating actions and controls. In addition, the risk impact matrix had been expanded in order to identify and articulate risk impact across a number of factors including financial, service delivery, health and safety and reputational impacts, as detailed within the Risk Register attached as Appendix A to the committee report.
- Target risk scores had also been included in the risk register for each strategic risk as agreed by the relevant CMT risk sponsor to illustrate the risk score that the Council was working towards achieving or maintaining.
- No new risks had been identified, however it was recognised that the Council were operating in a heightened risk environment due to a number of external factors that included an uncertain economic situation and the rapid rise in inflation. The heightened risks were reflected in the risk register with five of the eight strategic risks showing an increased risk score, with the most significant impacts identified in relation to the risks relating to the Lack of Affordable Accommodation and Cost of Living Crisis.
- There were a number of inherent risks also identified which continued to be owned and monitored at a Departmental level and therefore did not form part of the Strategic Risk Register. These included Safeguarding (Children and Adults); Business Continuity; Information Governance; Legislative Compliance; Fraud and Corruption; Major Unforeseen Events; Financial Stability and Health and Safety

The Chair thanked Darren Armstrong for his report and invited Committee members to ask any questions they may have, with the following responses provided:

- The Committee sought assurances that the increases identified in relation to the strategic risks for Lack of Affordable Housing and Cost of Living Crisis could continue to be managed and mitigated against if they were subject to any further adjustments. Officers advised that the increased risk identified in these areas demonstrated that the risk management framework was working well and as such provided assurance that the strategic risk areas were being closely monitored with action plans in place to support bringing down the risks to target risk scores.
- The Committee queried if departmental risk registers were robust enough to manage the delegated responsibility of managing their risks. In response officers advised members of the advantage in terms of the broader strategic overview of risk provided through the strategic risk register operating alongside each department also managing their own individual risk registers. Departmental risk registers were updated twice a year with regular engagement between the Internal Audit team to review and support where necessary. The departmental risk registers also supported the "bottom up"

provision and identification of risks from services which were deemed to require consideration at the higher strategic level.

- The Committee queried if there was a standard risk register used across London or nationally to support identifying common risks and benchmarking, which in turn could support lobbying efforts to central government. In response officers advised that there was not a standard framework across London or nationally. Local Authorities adopted a framework that worked for their individual authority, although information was shared across Heads of Audit in London where risk registers were discussed, and common risks identified. The Committee were informed that the framework used in Brent linked risk to strategic and corporate objectives and priorities, then filtered down to departmental and service level priorities and objectives.
- In response to a query regarding guidance being provided to reduce the risk of cyber attacks, with reference to councillors and the protection available on their devices, the Committee were informed that further details on cyber security guidance would be sought from the Managing Director of the IT Shared Service.
- The Committee recognised the gains made in demonstrating risk appetite through the risk register and sought further details on how this could be built upon further, with the suggestion that the use of key risk indicators could be incorporated in future risk registers. Additionally, it was felt it would be helpful to see the key risk indicators on departmental risk registers to support the Committee's understanding of the depth of monitoring at departmental level. In response officers advised that they were keen to build in additional ways to illustrate risk appetite on future risk registers and would therefore seek to include key risk indicators as part of this moving forward. In addition, it was noted that the Internal Audit Work Plan due to be presented to the March Committee would include an assurance map to demonstrate how the work of internal audit was aligned against strategic risks and could also include inherent risks to demonstrate how internal audit was providing assurances on departmental risk registers.
- In response to a comment regarding the possibility of tracking trends in relation to risk scores over a longer period of time, officers advised that an additional visual chart to show the comparative trends in strategic risks over time could be incorporated in the next Strategic Risk Register.
- In response to further details sought on the consequences of risk scores remaining at higher levels over a sustained period of time, members were advised that the main issue involved any risk materialising into an active issue. The risk register framework had, however, been designed to mitigate against this by utilising the existing controls, enhanced monitoring and action plans to manage the risks identified and bring their scores down to target level over time.

As no further issues were raised the Chair thanked Darren Armstrong and his team for their hard work on the Strategic Risk Register and the Committee **RESOLVED** to note the contents of the report and update provided

13. External Appointment Update

Ben Ainsworth, Head of Finance, introduced a report detailing the confirmation of the appointment of the Council's External Auditor from 2023-24 to 2028-29.

In considering the report the Committee noted:

- The decision made at the Audit and Standards Advisory Committee meeting held in January 2022 for the appointment of the External Auditor for Brent from 2023-23 to 2028-29 to be made using the Public Sector Audit Appointments Ltd (PSAA) process, which had subsequently been agreed by Full Council.
- PSAA had now concluded the appointment process with Grant Thornton, LLP confirmed as the London Borough of Brent's external auditor from 2023/24 to 2028/29.
- The considerable pressure being experienced across the wider audit sector, including local government, in relation to external audit capacity. Following a review commissioned by central government auditor remuneration had been identified as a key issue in seeking to secure the necessary level of resources required to deliver the quality of audit work required. As a result of the issues identified, whilst PSAA were still to announce the fees under the new appointment, they had advised that local authorities should expect up to a 150% fee increase in 2023-24 compared to 2022-23 levels.

The Committee was then invited to raise questions on the report, which are summarised below:

- The Committee queried the sharp increase in fees and questioned what additional services Brent would receive to reflect the increased costs. In response officers advised that there was more work involved in local authority audits than there had been historically, this was reflected in the increased fees. It was recognised that the increased costs were high and it was unfortunate, particularly within the current economic climate, however it was recognised as an industry wide issue affecting all local authorities. Brent had historically been successful in the completion of timely audits with the support of Grant Thornton acting as audit partners, it was hoped this would continue with Grant Thornton's re-appointment.

As no further issues were raised it was **RESOLVED** to note and welcome the appointment of Grant Thornton as the Council's auditors from 2023/24 to 2028/29.

14. **Evaluating the Reflectiveness of the Committee**

- CIPFA had provided two documents to assist Audit Committees in evaluating their effectiveness, a self assessment tool (included as Appendix 1 to the report) and an improvement tool (included as Appendix 2 to the report).
- In order to fulfil CIPFA's requirements members were required to independently complete Appendix 1 and 2 and return to officers to collate the responses. These would then be used to inform the next steps to be taken in evaluating the effectiveness of the Committee with the outcome to be included in an Annual Report outlining how the Committee had complied with the position statement and discharged its responsibilities, with the suggested stages and timescales in relation to the self-assessment process outlined in section 5 of the report.

- The aim behind the CIPFA guidance and principles in seeking to ensure effective audit committee arrangements that enable each organisations audit function to meet their statutory responsibilities for governance and internal control, financial management and reporting and internal audit.

The Committee was then invited to raise questions on the report which are summarised below:

- Members expressed their support to be actively involved in enhancing the effectiveness of the Committee and in doing so requested signposting to additional training resources to further enhance their individual knowledge to bring to the Committee. This was confirmed as an action for officers to take forward.
- Following a Committee query on the deadline for returning the completed appendices, officers advised that both appendices should be completed digitally and returned by 24 February 2023 so that results could be collated in advance of their presentation to the next Audit and Standard Advisory Committee on 21 March 2023 as an outcome of the initial self-assessment process

In welcoming and highlighting the Committee's full support for the self-assessment process the Chair thanked Darren Armstrong and his team for their support in progressing the evaluation.

On this basis, the Committee **RESOLVED** to note the report and approve the suggested approach and timescales for undertaking the self-assessment as set out within section 5 of the report.

15. **External Audit Progress Report and Sector Update**

There were no additional updates provided at the meeting.

16. **Forward Plan & Committee Work Programme**

It was **RESOLVED** to note the Committee's current Forward Plan and Work Programme for 2022-23 and the date of the next meeting as Tuesday 21 March 2023.

In terms of the work programme the Chair felt that it would be beneficial to start looking at the dates for the next municipal year to support creating a robust work plan.

17. **Any other urgent business**

None.

The meeting closed at 7.34 pm

David Ewart
Chair