



MINUTES OF THE AUDIT AND STANDARDS ADVISORY COMMITTEE
Held in the Conference Room, Brent Civic Centre on Thursday 28 March 2024
at 6.00 pm

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

Independent Advisor: Vineeta Manchanda.

Independent co-opted Members: Rhys Jarvis & Stephen Ross - attending online.

Also present: Councillor Mili Patel (Deputy Leader and Cabinet Member for Finance, Resources & Reform), Andrew Hudson (Chair i4B & FWH Ltd Boards) and Julie Byrom (Independent Person – attended online).

1. Apologies for absence and clarification of alternate members

Apologies for absence were received from Councillor J.Patel with Councillor Kansagra attending as a substitute.

2. Declarations of Interest

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

Councillor S.Butt declared a personal interest in Agenda Item 8 (I4B Holdings Ltd & First Wave Housing (FWH) Ltd performance) as a Council appointed Director on the Board of both i4B Holding Ltd and FWH Ltd.

3. Deputations (if any)

There were no deputations considered at the meeting.

4. Minutes of the previous meeting

RESOLVED that the minutes of the previous meeting held on Tuesday 6 February 2024 be approved as a correct record, subject to:

- Deletion of reference to David Ewart as a councillor in the attendance list; and
- Correction of the spelling of Cllr J.Patel in the attendance list

Members noted the following updates provided in relation to items listed on the Action Log, including circulation of the following update papers via email in advance of the meeting:

- Update on Green Finance Options available to Council – Having reviewed the paper members were invited to feedback (via the Vice-Chair) any

comments/issues arising from the briefing paper it was felt may need to be covered in more detail as part of the Committee's 2024-25 work programme; and

- Final Treasury Management Strategy 24-25

As a further comment in relation to the following action:

- External Audit Progress and Plan 2023-24: It was agreed that an update be sought from Grant Thornton on the progress in resolving the outstanding regional Bus Lane camera objection as part of the ongoing work around the Statement of Accounts external audit process.

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

None.

6. **Order of Business**

The Chair agreed to amend the order of business so that the Strategic Risk Report (Agenda Item 11) was considered in advance of the Internal Audit Strategy 2024-2027 & Internal Audit Plan 2024 – 25 (Agenda Item 10). The minutes reflect the order in which the items were considered at the meeting.

7. **Annual Standards and Governance Report for 2023 (including quarterly update on gifts and hospitality)**

Debra Norman, Corporate Director of Governance, introduced a report updating the Audit and Standards Advisory Committee (ASAC) on Member conduct issues and the work of the Audit and Standards Advisory Committee, the Audit and Standards Committee (ASC) and the Monitoring Officer during 2023, together with the quarterly report on gifts and hospitality registered by Members. The Committee noted the following key points:

- The summary of the work undertaken by the Audit & Standards Advisory Committee during 2023 on standards related issues (as detailed within section 3.2 of the report) which had included regular monitoring updates in relation to members declaration of gifts and hospitality and attendance at mandatory training sessions as well as updates on standards related Ombudsman and other relevant legal cases. Members noted that the Audit & Standards Committee has also met on one occasion during 2023 (in relation to governance and standards issues) to formally approve the Annual Governance Statement.
- Following the appointment of Rhys Jarvis (in September 2024) to join Stephen Ross as Independent co-opted Members (both Standards focussed) on the Advisory Committee, it was noted that Full Council would also be asked to confirm (at the Annual Council meeting in May 2024) the ongoing appointment of the three existing Independent Persons – William Goh, Keir Hopley and Julie Byrom for the 2024-25 Municipal Year
- During 2023, six complaints were received against different Councillors for alleged breaches of the Members Code of Conduct, on which a summary had

been provided within Appendix A of the report. Members were advised that three of these complaints had been resolved at Initial Assessment Stage and three concluded at Assessment Stage. None of the complaints had been upheld.

- The details of Gifts and Hospitality registered by members in the final quarter of 2023-24 (Jan – March 24) as detailed in section 3.11 and Appendix B of the report. In terms of the overall summary, members noted that the main types of declarations had related to FA tickets at Wembley Stadium, as well as various dinners, awards, ceremonies, and theatre shows.
- Five Monitoring Officer Advice Notes (MOANs) had been issued to date during 2023 addressing (as part a focus on the Members Code of Conduct) use of resources, respect, outside bodies, gifts and hospitality, impartiality and bringing members individual office/the Council into disrepute.
- The update provided in relation to member attendance at mandatory training sessions, with the Committee advised that all mandatory training had now been completed by members, with the exception of one member still required to complete Data Protection training as a result of being on maternity leave.
- The update provided on a recent legal case relating to the prosecution of a member of a District Council for failure to disclose a disclosable pecuniary interest, as detailed within section 3.17 – 3.18 of the report.

The Committee was then invited to raise any comments/issues on the update provided, which are summarised below:

- In welcoming the update provided on the resolution of complaints relating to alleged breaches of the member code of conduct, further details were sought on any related actions that may have been identified as a result. In response, Debra Norman advised that whilst no complaints had been upheld a number of cases had resulted in specific actions being taken by the member against whom the allegation had been made in order to remedy the matter with the trend in numbers of complaints and outcomes identified as similar to previous years.
- In response to a request made at the meeting, Debra Norman advised that she would ensure the Independent co-opted members and Independent Persons were added to the distribution list for all future MOANs and sent a copy of those issued during the current Municipal Year.
- In response to a query raised by Councillor Kansagra about a member conduct issue identified during the February 2024 Council meeting, Debra Norman advised that in order to be progressed the matter would need to be lodged as a formal complaint, on which she would send further details regarding the process to be followed.

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.

8. **Review of the Member Development Programme and Member Expenses**

Amira Nassr, Head of Chief Executive & Member Services introduced a report that provided members with a summary of the Member Learning and Development (MLD) Programme since the last report to Committee in March 2023, and information regarding the Members' Expenses Scheme as well as an update on the

annual review of the financial and procedural rules governing the Mayor's Charity Appeal.

In considering the report the Committee noted:

- The role of the Member Learning and Development Steering Group in providing constructive input to shape and evaluate development of the Member Learning & Development programme with an outline of upcoming sessions detailed within Appendix 1 of the report.
- Whilst most Member and Learning Development sessions continued to be delivered online as the preferred method of learning and development identified by members, the benefits and effectiveness of in person face to face training had also been recognised. The use of hybrid sessions had also been trialled as a further alternative means of delivery with the offer of this type of training session moving forward to be reviewed as part of the planning of future training opportunities.
- The feedback provided on the current Member Learning & Development Programme, as detailed in Appendix 2 of the report, which it was noted would be used to assist shaping development of the future programme of activity.
- The offer of individual Personal Development Plan (PDP) sessions to all members to support identification of individual training needs and assist in shaping future training programmes. Details of the offer provided were set out in section 8 of the report with 31 of 57 members having taken the opportunity since 2022 for a PDP. A summary of the key priorities identified as a result were detailed within section 8.2 of the report with the core attributes identified for development focussed around chairing and facilitation skills. A further programme of follow up reviews had been scheduled from June 2024 with Brent's Councillor Development Charter Plus re-assessment also due to undertaken during 2024-25.
- The update provided in relation to Members Allowances and expense claims, as detailed within section 9 and Appendix C of the report. Members were advised that most expense claims related to training as well as caring duties.
- The update provided in relation to the review of the financial and procedural rules governing the Mayors Charity Appeal, as detailed in section 10 of the report, which had resulted in no changes or modifications being identified for consideration.
- The update provided in relation to Personal Safety training for members and way in which incidents reported by members were logged, as requested at the previous meeting. In terms of trends, members were advised that there had been one incident relating to members personal safety reported in 2020, five in 2022 and three during 2023 with an online training session held in January 2023 as part of the LGA Civility in Public Life Programme. Safeguarding guidance and personal safety support continued to be offered to all members with future training needs and opportunities continuing to be explored through the Member Learning & Development Steering Group.

The Committee was then invited to raise questions on the report, which focused on the areas highlighted below:

- Referring to the feedback on Member Learning & Development sessions, members sought details on how issues highlighted were picked up following

each session, with comments specifically provided in relation to members experience with hybrid learning and development sessions regarding their structure, facilitation, and technology. In response, members were advised that, whilst a preference for some members, the challenges in operating and managing hybrid learning and development sessions to ensure all those participating were fully engaged had been recognised. Feedback was sought following each session and would continue to be reviewed by the Member Learning & Development Steering Group with it agreed that the comments highlighted during the meeting would also be fed back as part of the ongoing review of the offer and arrangements for delivery of future sessions.

- In response to a query regarding Charter Plus, members were informed that they were an organisation used to perform the member Personal Development Plan reviews and for the purpose of seeking accreditation as part of the LGA Councillor Development Charter.
- As a final comment, further details were sought on the process in seeking to encourage member attendance and engagement in the Learning & Development Programme and on the way claims for expenses in relation to attendance at external events were managed. Whilst outlining the different methods used to publicise learning and development sessions and to encourage members to engage in the programme (including regular emails, WhatsApp & text messages and the Member Bulletin) it was recognised that levels of attendance had varied depending on the type of sessions being offered and their timing. Efforts would, however, continue to be made to encourage attendance, including the use of targeted communication where it was felt sessions may benefit or be of interest to particular members, and updates provided for the Member Learning & Development Steering Group. In relation to expense claims, confirmation was provided that whilst no specific limit had been set, efforts were made to secure the most advantageous travel, conference and accommodation booking rates although that could sometimes be difficult to achieve in cases where late amendments needed to be made in travel arrangements or attendees.

As no further issues were raised, the Chair thanked Amira Nassr for the update provided and the progress made in the Member Development Programme. The Committee **RESOLVED** to

- (1) Note the work being undertaken by the Member Learning & Development Steering Group to ensure effective training and development for Brents elected representatives (as detailed within Appendix 1 of the report).
- (2) Note the feedback on Member Learning & Development sessions, requests for future training and personal development plans (as detailed within Appendix 2 of the report).
- (3) Note the expenses claimed by Members in the course of their work during 2023 (as detailed within Appendix 3 of the report).
- (4) Note the outcome of the annual review of the financial and procedural rules governing the Mayor's Charity Appeal.

At this stage in the meeting, the Chair advised that he intended to allow a short pause in proceedings to enable those members observing Ramadan to break for

Iftar. The meeting was therefore paused at 6:25pm for a period of 20 minutes with proceedings recommencing at 6:45pm.

10. To review performance and governance of i4B Holdings Ltd and First Wave Housing Ltd

Ahead of the formal introduction of the item, the Chair reminded members of the change in reporting arrangements for i4B Holdings Ltd (i4B) and First Wave Housing Ltd (FWH) with the role of the Audit & Standards Advisory Committee now focussed around assurance relating to the arrangements the Council, as Shareholder (in the case of i4B) and Guarantor (in the case of WFH), had in place to oversee the governance and performance of both companies rather than on their detailed operational management & performance, which would be monitored through the Council's scrutiny function.

Minesh Patel, Corporate Director of Finance & Resources then introduced the reports that updated the Committee on the governance arrangements of both i4B and FWH, including updates on issues considered at the most recent Shareholder and Guarantor meetings in relation to delivery against each respective Business Plan, financial and operational performance along with outline of key risks and the reports provided for the most recent Shareholder and Guarantor meetings attached as an appendix to the update reports on i4B (Agenda Item 8.1) and FWH (Agenda Item 8.2).

Key issues highlighted were as follows:

- The Committee's attention was drawn to section 3.4 in both the i4B and FWH reports which detailed the governance arrangements in place relating to both companies along with the updates provided in section 3.5 of both reports on the key issues covered at the most recent Shareholder meeting between the Council and i4B (February 2024) and Guarantor meeting between the Council and FWH (February 2024) relating to operational performance and financial performance as well as progress against each respective Business Plan.

The Chair welcomed Andrew Hudson to the meeting (as newly appointed Chair of the Boards for both i4B Holdings Ltd and FWH Ltd) and then invited the Committee to comment on the updates in relation to both i4B and FWH, with the following issues discussed:

- Further details were sought on the current structure of both companies and the consideration given to a potential merger in order to generate further efficiencies. In response, members were advised that expert advice had been sought on a merger in seeking to explore potential tax efficiencies, however, the advice provided had confirmed this would be difficult to achieve given the way both companies had been established particularly with FWH being limited by guarantee and with limited ability to dispose of its assets.
- In referring to the need for regular scrutiny to be established (under the new performance monitoring arrangements) in relation to the operational performance of i4B and FWH, further details were sought on progress in establishing the joint scrutiny Committee meeting between the Resources & Public Realm and Community & Wellbeing Scrutiny Committees to examine the companies in more detail and consider how the process could best be

- incorporated within the relevant sections of each Committee's work programme. In response, it was agreed by the Chair that a further update be requested on progress in seeking to establish a joint scrutiny work programme planning session to consider the arrangements and remit of each Scrutiny Committee in terms of their operational review of both i4B & FWH.
- Referring to the strategic risk register provided in relation to both companies, further details were sought on the mitigations in place covering the risk identified around the impact of high capital programme costs (including future climate change expenditure) and its impact on future viability of the Business Plan. In response, officers advised that current mitigations included the development of a costed asset management plan (including stock condition and energy surveys) and decarbonisation strategy designed to support financial and investment forecasts and delivery of the ongoing acquisition programme and each companies respective Business Plan.
 - In relation to the other key strategic risks identified, members were advised that whilst future capital cost decisions, including i4B properties at Granville New Homes, energy efficiency works and the schedule of planned company loan repayments remained a focus for the i4B Board and capital programme costs, health and safety compliance, rental affordability for the FWH Board both companies had mitigations in place to effectively manage the overall level of risk. This would include regular monitoring of the external environment, including economic factors such as inflation and interest rates, as well as changes in regulation and other contextual factors with regular updates provided for each Board in order to assess the impact on each companies tenants, financial and operational performance and overall Business Plan and strategy. In the case of i4B this had recently led to a pause in their street property acquisition programme due to unfavourable interest rates and the housing market environment which had now resumed following a further review of the property market. As further assurance, Andrew Hudson (as chair of both the i4B & FWH Boards) advised of the process being established to undertake specific deep dives in relation to the effectiveness of mitigation strategies for key risks as well as continue the process of horizon scanning for any future emerging issues.
 - Clarification was sought on reference within the i4B report to the Shareholders meeting in February 2024 (Appendix 1 - Agenda Item 8.1) to the option being explored (in support of the street property purchase programme) in acquiring new build property with off the shelf purchases through s106 schemes. In response, members were advised this would involve the potential to acquire property through s106 obligations placed on developers in terms of the provision of affordable housing units.
 - Following concerns raised at previous meetings regarding health and safety compliance, further details were sought (give the ongoing risk identified) on the timescale for all governance arrangements in this respect being recognised as compliant with the necessary standards. In response, members were advised of the health and safety compliance audits in relation to dwellings and blocks owned by both companies which had been completed and establishment of a monitoring system to track progress on the delivery of all compliance elements (including the issuing of electrical and gas safety certificates) which also involved monitoring updates being provided for both Boards in order for them to proactively track progress (as an area of priority) on a monthly basis. Alongside this, as a longer-term solution, use of the True Compliance system (procured by the Council) was also being developed to

track all elements of compliance as part of which all i4B and FWH properties were also being uploaded. In response to a further query, clarification was provided on the legal process followed to gain entry to individual properties in order to undertake necessary health and safety compliance checks where this could not be secured through the standard arrangements within each tenancy agreement and on the associated process for completing tenancy verification checks.

- In response to a query regarding the composition of the Boards for each company, members were advised that each Board was made up of an independent Chair, two Council Directors & one councillor (all Council representatives) and one independent non-executive Director. Neither company employed staff directly with support functions secured through a Service Level Agreement between each company and the Council. Responsibility for the Shareholder and Guarantor functions were represented through a separate structure within the Council involving the Chief Executive, Corporate Director of Finance & Resources and Deputy Leader in order to maintain a clear distinction of roles.
- Further details were sought on impact of the 2024-25 uplift in Local Housing Allowance rates in relation to i4B and the impact this would have in enabling an increase in rents ahead of business plan assumptions and in any acquisition price caps. In responding, Andrew Hudson took the opportunity to highlight the Board's ongoing strategic focus in seeking to maximise the company's contribution to the Council's wider priorities, with a specific focus in supporting the work being undertaken to tackle the demand for housing given the increase in levels of homelessness. As part of this approach, the Board were progressing workstreams aimed at seeking to increase i4Bs level of stock (utilising the rise in Local Housing Allowance (LHA) rates and increased price cap supported by discussions with the Council on the potential draw down of further funding) with initial activity focussed around the acquisition of 3-4 bed houses in the North West of the borough above the North Circular Road and small blocks as well as supporting tenants to move through i4B. As part of the package of support to tenants, further details were also sought on the work being undertaken through BEAM, who members were advised had been commissioned as a partner organisation to provide specific financial and employment support for tenants as part of a wider package of support measures the Shareholder and Board were keen to see developed.
- In response to comments regarding the economies of scale it might be possible to utilise across both companies in order to address projected growth, costs and performance, Andrew Hudson advised that whilst recognising the areas of operational performance that required focus these were not issues related predominately to scale with the approach instead based around implementation of the Value for Money Strategies which had been agreed by both Boards as a means of reducing costs and improving financial performance and with a particular focus on voids performance and financial controls.
- As a final issue raised, further assurance was sought on the variance identified between the Annual Maintenance, Service Charge and Supplies and Services cost categories within the 2023-24 financial monitoring forecast provided for i4B. In response, Officers advised that these variances reflected operational issues identified during previous years and had been accounted for as part of the company's ongoing financial position and within its Business Plan.

As there were no further questions the Chair thanked officers along with Andrew Hudson for presenting the report and responding to the Committee queries. The Committee **RESOLVED** to note the update on the work and governance of both i4B Holdings Ltd and First Wave Housing Ltd in terms of delivery against their 2023-24 Business Plan along with the update on development of their 2024-25 Business Plan.

10. **Review of the Use of Regulation of Investigatory Powers Act 2000**

Biancia Robinson, Senior Constitutional & Governance Lawyer, introduced a report providing an update on the Council's use and conduct of surveillance techniques in accordance with the Regulation of Investigatory Powers Act (RIPA) and in compliance with the annual review obligations within the Council's RIPA policy and procedures.

In considering the report the Committee noted:

- The Regulation of Investigatory Powers Act 2000 (RIPA) gave the Council significant powers to investigate serious matters and offences, enabling the Council to use covert surveillance, covert human intelligence sources (CHIS) and to acquire service user or subscriber information in relation to communications data.
- The Council was periodically inspected by the Investigatory Powers Commissioner's Office (IPCO). Brent's last inspection was in March 2020 with members advised of the change in process introduced since then involving an initial written assessment provided by each local authority on compliance with the relevant legislation, taking account of the general decrease in the use of covert powers by many authorities. Brent had been required to provide its initial written assessment in July 2023 with the IPCO confirming in August 2023 they were satisfied with the assurance provided in relation to the Council's compliance and would not require any further inspection during the current year.
- The outcome of the annual review of RIPA policy and procedures which, whilst not identifying the need for any substantive changes, had resulted in a number of proposed minor amendments to reflect changes made in the Council's organisational management structure as detailed within Appendix A of the report.
- The ongoing decline in use of RIPA over recent years, with zero RIPA Directed Surveillance or Covert Human Intelligence Source (CHIS) authorisations in Brent during 2023-24 and twenty requests (all pending applications in relation to three separate investigations) for Communications Data, as detailed within section 3 of the report. Members were advised that the predominant use of RIPA remained focussed on the enforcement of trading standards controls and in the context of serious fraud investigations.

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

- In response to a query on the use of facial recognition technology, members were advised that this type of technology would not fall within the scope of RIPA requirements.
- Further detail was also sought on the reasons for the decline in use of directed surveillance and RIPA authorisations, which members were advised was linked to improvements in the use of alternative investigative methods, including the increased use of communications data, social media and data matching and availability of wider enforcement and fraud prevention powers.
- In response to a Committee query regarding the thresholds to decide on making an application to use RIPA as opposed to alternative methods, it was confirmed that thresholds were high with significant prior intelligence needed to successfully support an application to the magistrates to use RIPA.

As there were no further comments raised the Chair thanked Bianca Robinson for the update and the Committee **RESOLVED**

- (1) To note the content of the report.
- (2) To note and approve the changes to the RIPA policies (as detailed in Appendix A of the report) to reflect the Council's organisational change and the new Chief Executive as an Authorising Officer.

11. **Strategic Risk Report**

Darren Armstrong, Head of Audit & Investigation, introduced the report providing the Committee with an update on the Council's Strategic Risks as of February 2024.

In considering the report the Committee noted:

- The Strategic Risk Register had been prepared in consultation with risk leads, Departmental Management Teams and the Council Management Team in accordance with the key elements of the Council's Risk Management Policy and Strategy.
- Since the report was last updated in February 2023, the Council had continued to operate in a heightened risk environment due to several external factors that included the current economic climate and the cost-of-living crisis with the Council's overall risk profile therefore continuing to reflect the challenging risk environment the Council was operating within.
- In terms of the main changes since September 2023, 11 of the risks reported were assessed as being on a stable risk trend in terms of scores remaining as previously reported and one risk (Strategic Risk K: non-compliance with statutory housing duties) having shown a small downwards movement in its risk score.
- The Committee's attention was drawn to the Strategic Risk Heat Map within the Strategic Risk Report which had shown six of the strategic risks located within the upper quartile with the highest scoring being the risks related to cost-of-living crisis (A); increase in Dedicated Schools Grant High Needs Block deficit (B); lack of supply of Affordable Accommodation(C) and increase in use of emergency temporary accommodation (D).

- Since the update in September 2023 two new risks had been added to the Strategic Risk Report. Both related to the climate emergency, with the first focussed around adapting to climate risks and how Brent's infrastructure, public health and the natural environment may be adversely affected by the physical effects of climate change. The second related to reaching carbon neutrality, reflecting the risk that the Council may not be able to achieve its ambition of becoming a carbon neutral borough by 2030 due to a lack of funding and the extent to which behavioural change was still required to meet the scale of challenge identified. Members were advised that both risks had previously formed part of a wider suite of inherent risks held on departmental risk registers, however, following review had now been added as Strategic Risks in their own right. In this respect they had not been identified as new risks or escalated due to increased risk scores; they had been added to reflect a change in the Council's risk management approach as part of ongoing efforts to continue to improve and enhance the Council's risk management framework.
- The wider improvements made to the Council's risk management framework, as detailed within section 4.7 of the report along with the additional recommendations which had recently been made by the LGA in relation to risk management following a recent review of governance and financial challenges experienced by a number of other local authorities. Whilst noting the robust arrangements already established within Brent to satisfy the majority of the recommendations made, the Committee was advised how these would be used to continue guiding development of the Strategic Risk Report, with particular focus on the tracking of proposed actions to manage and mitigate risks.

The Chair thanked Darren Armstrong for his report and before moving on to invite comments from the Committee took the opportunity to remind members of the role of Internal Audit in working with risk sponsors and nominated risk leads, in an advisory capacity, to coordinate and update the risk report as opposed to being the owner of specific risks. If, as a result of any issues raised, further detail on specific risks/mitigations were required members were advised these would need to be sought from the relevant risk sponsor outside of the meeting. On this basis, the following comments/issues were raised:

- In response to a query, confirmation was provided that (with the exception of any loan arrangements) neither of the Council's Housing subsidiary companies i4B Holdings Ltd and First Wave Housing Ltd were included as part of the assessment relating to Strategic Risk L: Financial Resilience and Sustainability with members advised that both companies maintained and monitored their own specific risk registers.
- Further details were sought in relation to the LGA recommendations in relation to risk management and the way in which risks identified were being monitored and benchmarked against other local authorities in order to identify any more general trends. Whilst highlighting that each authority would have their own specific risk management frameworks, confirmation was provided that risk registers and management frameworks were subject to comparison with other local authorities in order to share best practice and examine trends with many of the risks identified being as consistent across other councils.
- In response to requests made for further detail on the mitigating measures in place to manage specific risks identified within the register relating to the

- physical impacts of climate change (including tower blocks and the promotion of more active forms of travel including dockless bikes), impact of demand on temporary accommodation (as a result of the recently introduced borough-wide landlord licensing scheme) and management of the relationship with external providers and partners in relation to cyber security, Darren Armstrong advised that these would need to be sought from the relevant strategic risk owners for circulation to members outside of the meeting.
- In addition to the role undertaken by the Committee in monitoring strategic risk, further clarification was sought on the approach towards managing risks at a departmental/operational level. In noting the Committee's focus around the management of risk at a strategic level across the Council, supported by the Corporate Management Team (CMT), and ability to commission deep dives around specific risks (if required) members were advised that each Council department would also be responsible for maintaining a departmental risk register to ensure that all operational risks were being effectively managed, and to ensure that, where required, risks could be escalated to the Strategic Risk Report via CMT with the Council's scrutiny function having responsibility to focus on these areas, as required. Details were also sought on the potential for developing a risk management dashboard to provide better insight in respect of the categorisation of all Council risks. Whilst the Committee advised they would be keen to explore the proposal in more detail, the existing support being provided by Internal Audit working with departments in relation to risk management was also noted as a means of providing further assurance around the completeness and reasonableness of the information provided and to ensure that audit resources were effectively being targeted at providing assurance on the highest risk areas with the need identified to recognise the progress made to date in relation to the maturity of the Council's overall risk management journey.
 - Referring to the overall trend in risk scores, which it was noted had remained flat across a number of areas, further details were sought on the way in which delivery of the controls and mitigating actions were being monitored and their impact tracked resulting in the suggested inclusion (supported by the Committee) of an action tracker within future versions of the Strategic Risk Report to assist in monitoring the implementation of mitigating actions. In response, members were reminded that this proposal had already been identified for inclusion as part of the planned enhancements to future iterations of the Strategic Risk Register.
 - As a final issue, details were also sought on the engagement of the Corporate Management Team (CMT) in review of the Strategic Risk Register with members advised of its collective ownership by CMT and each risk being assigned a Corporate Director as risk sponsor. The report presented to the Committee was also subject to prior review by CMT with risk management identified as a core element of the Council's corporate governance framework and closely aligned to the Borough Plan priorities.

As no further issues were raised, the Chair thanked Darren Armstrong and his team on behalf of the Committee for their hard work. The Committee **RESOLVED** to note the update on the Council's strategic risks as of February 2024, with further detail on the approach towards addressing the following risks to be sought from the relevant strategic risk owners:

- Tackling the physical effects of climate change and achieving carbon neutrality;

- Increase in use of emergency temporary accommodation – in terms of any impact arising from introduction of the Private Rented Sector Landlord Licensing scheme;
- Cyber Attacks – in terms of work being undertaken with third party providers by the Shared IT Service to support the Council’s Cyber Security Strategy.

12. **Internal Audit Strategy 2024-2027 and Internal Audit Plan 2024-25**

Darren Armstrong (Head of Audit & Investigations) introduced a report setting out the Internal Audit Strategy for the period 2024-2027 and the Internal Audit Plan 2024-2025. In presenting the report the following key areas were highlighted:

- The introduction of the Internal Audit Strategy as a newly developed document designed to outline the way in which the Council would continue to enhance the effectiveness and delivery of its Internal Audit function. In covering a three year period, the Strategy set out a number of objectives, priorities and initiatives to ensure that the work carried out by Internal Audit was aligned with the Council’s strategic objectives and assurance needs as well as introducing a new approach to audit planning and delivery.
- The requirement to develop and implement a strategy for the Internal Audit function had been introduced under the new Global Internal Audit Standards, which would officially come into force in January 2025, with the Strategy having been attached as Appendix 1 to the report.
- In view of the growing challenges and risks faced by the Council, and increasing demand and stakeholder expectations, the Strategy had identified the need to ensure the Internal Audit service remained agile, responsive and closely aligned with the strategic objectives, risks and needs of the Council and was able to provide a programme of robust assurance in the highest risk areas. In developing this strategy, the opportunity had therefore been taken to re-consider and evaluate how the level of assurance and advisory services were delivered with the following four strategic objectives being developed to guide and shape the services work across the next three years - To adopt a more agile and enhanced risk-based approach to planning and delivery; To provide an ongoing and robust programme of core assurance; To offer and provide high-quality insight, foresight and advise; and lastly To lead and coordinate the implementation of an integrated assurance framework.
- In addition to the Strategy, the Head of Internal Audit was also responsible for creating an Internal Audit Plan based on an assessment of the Council’s strategies, objectives and risks, informed by input senior management as well as the Internal Audit function’s understanding of the Council’s governance, risk management and control processes. Under the new Global Internal Audit Standards the Plan would now be subject to more frequent update and in view of these new requirements (and in-line with the objectives set-out within the supporting Strategy) the Committee were advised of the new approach and method to audit planning reflected within the Plan (attached as Appendix 2 to the report), which (whilst still focussed around the provision of assurance around core/key systems and processes) moved away from the more traditional ‘annual plan’ to a less rigid, more flexible and agile approach.
- The Plan had been divided into four sections split between core assurance work; a list of audit areas identified under an agile risk based approach designed to provide enhanced flexibility in order to respond to changing risks

and priorities; consultancy & advice work and finally follow up activity with a strategic and inherent risk assurance map also provided covering the three year plan period which also set out how Internal Audit resources would be utilised and deployed, underpinned by the Internal Audit Charter.

Prior to seeking comments on the Strategy & Plan and new approach outlined, the Chair felt it important to outline and clarify a change in role involving the current Head of Audit & Investigations under the realignment of senior management responsibilities across the Council due to be introduced at the start of April 2024. As a result of these changes members were advised that the current Head of Audit & Investigation role was due to be redesignated as Deputy Director Organisational Assurance and Resilience which in addition to the role relating to Audit & Investigations and Counter Fraud would now include responsibility for the Council's health and safety, insurance, emergency planning and resilience functions. In order to provide the necessary level of assurance relating to the continued independence of the internal audit function and avoid any conflicts of interest given the focus within the Audit Plan on the newly added areas of responsibility, members were advised that the delivery of audits and assurance on these areas would be managed through the Council's co-sourced audit partner PWC with the Internal Audit Manager also now having a direct reporting line (if required) to the Chair and Vice-Chair of the Audit & Standards Advisory Committee.

Members noted that Darren Armstrong in the redesignated role, would continue to fulfil the existing responsibilities in terms of the Head of Audit and Investigations, with continued direct access to senior management including the Chief Executive and Corporate Director Finance & Resources as well as the Chair of the Audit & Standards Advisory Committee. The changes would, however, require an amendment to the Internal Audit Charter to reflect the new role and additional controls established to maintain independence which members were advised had been a similar approach adopted across other local authorities and the External Auditor had also been advised of and raised no objection to.

In response to the update provided a request was made for an organisational structure chart to be provided for the Committee and independent co-opted members detailing the Council's senior management realignment and inclusion of the newly created Deputy Director Organisational Assurance and Resilience (incorporating the Head of Internal Audit) along with arrangements to maintain independence of the role, which Minesh Patel (Corporate Director Finance & Resources) advised he would arrange to provide.

Moving on, the Committee was then invited to raise any comments on the Strategy and Plan which are summarised below:

- In response to a query regarding the availability of resources to support the new approach identified, members were advised that the overall level of audit resource remained consistent. Whilst the new Plan would require a balance in resources to meet the new standards and requirements, the Head of Internal Audit remained satisfied that adequate resources were available for the provision of an effective internal audit function focussed around the provision of core assurance.
- Clarification was provided in relation to the action being taken to address an issue concerning the reconciliation of bank account payments as part of the

- work around the strategic risk relating to Financial Resilience and Sustainability which it was noted had now been completed.
- In relation to a query on Audit Ref RB7 (Health Inequalities) within the Internal Audit Plan, members were advised that the scope for this review was currently being developed and would include, as suggested, a focus on co-ordination with relevant health partners.
 - As a final issue, members were assured of the ongoing oversight by Audit & Standards Advisory Committee in relation to delivery and development of the Internal Audit Strategy and Plan with the intention to provide more regular updates for the Advisory Committee in September & December (in preparation for year end).

As no further issues were raised the Chair thanked Darren Armstrong for the update provided and having noted the assurance provided relating to the ongoing independence of the audit function it was **RESOLVED** to:

- (1) note and endorse the newly developed Internal Audit Strategy for 2024 – 2027.
- (2) approve the draft Internal Audit Plan for 2024 – 2025 developed to reflect the new approach towards audit planning and Internal Audit Strategy.

13. **London Borough of Brent Pension Fund Indicative Draft Audit Plan 2023 - 24**

The Chair welcomed Samantha Morgan to the meeting (representing Grant Thornton as Audit Manager following apologies submitted by Matt Dean – Key Pension Audit Partner) and invited her to introduce the External Audit Plan providing an overview on the planned scope and timing for the 2023-24 Brent Pension Fund audit process.

In presenting the report apologies the following key areas were highlighted:

- The key matters identified in terms of both the national and local context relating to the present challenges faced by Pension Funds in terms of the impact of inflationary pressures and wider geo-political issues on global investment markets and revised investment strategy guidance.
- The scope and timescale of the planned audit and outline provided of the significant risks identified (along with the reasons and key aspects of the proposed response) which included (in line with previous years) management of override controls, valuation of Level 3 investments and the revenue cycle including fraudulent transactions (rebutted).
- The approach identified towards materiality, which at the planning stage of the audit had been set at £18.6m for the Pension Fund (equating to 1.5% of the gross investment assets) and £5.9m for the Fund Account (equating to 10% of the prior year gross expenditure). The Committee were reminded that external audit would be obliged to report uncorrected omissions or misstatements other than those which had been identified as “clearly trivial” with that level set at £0.93m. Whilst these levels were the same as 2023-24 the assessment of materiality would be kept under review throughout the audit process with the Committee advised of any adjustments, should they be required.

- The response and progress identified against prior year audit findings and recommendations, with it noted that progress in terms of the management response against four of the seven recommendations were due to be finalised and confirmed within the Plan as part of the final year end audit.
- The outline of the approach to be adopted in relation to the IT audit strategy.
- The background to the audit fees which, whilst having increased from £55,771 to £94,414 for the 2023-24 financial year (including an additional £7,530 for the ISA 315 work), it was noted had been determined in accordance with the scale of fees specified within the current PSAA contract.
- The planned approach identified towards meeting the revised requirements in relation to ISA315 in relation to the Pension Fund Audit.
- The assurance provided in relation to the independence of the auditor and audit services.

Having introduced the report the Committee was then invited to raise any comments/questions, which are summarised below:

- Following concerns expressed in response to the increase in audit fees, members highlighted what they felt was a need to ensure that the level of external audit fees and any additional charges incurred, or further increase in fees was kept under review. In recognising the concerns expressed, the Chair advised these had been raised but also felt it was important to recognise that the initial scale of fees had been set through the PSAA as part of the national procurement process with the External Audit contract having been retendered in 2023 leading to Grant Thornton being reappointed as Brent's auditor. Samantha Morgan also highlighted how the scale of fees had been developed to reflect the current basis of costs incurred in resourcing and undertaking the necessary standard of audit work which also reflected the introduction of enhanced accounting and auditing standards and with any variation in fee determined by PSAA in accordance with set procedures. In recognising the concerns expressed Minesh Patel (Corporate Director Finance & Resources) reassured members of the work undertaken with Grant Thornton to support the audit process and minimise any additional work required outside of the scope of the initial audit fee, but in recognising the concerns raised advised that officers would continue to ensure that the level of fees and any additional charges or increases were kept under ongoing review.

As no further issues were raised the Chair thanked Samantha Morgan for the update provided and it was **RESOLVED** to note the content of the Draft Pension Fund Audit Plan 2023-24.

14. **External Audit Enquiries of Management**

Ben Ainsworth (Head of Finance) introduced a report providing the Audit & Standards Advisory Committee with the opportunity to review the responses provided by management to the External Auditors Enquiries of Management 2023-24, in order to comply with the expectations of the Financial Reporting Council (FRC). Members were advised that the Enquiries of Management related to those charged with governance for both the Council and also Council's Pension Fund with the management responses detailed in Appendix 1 (Brent Council Enquiries of Management) and Appendix 2 (Pensions Fund Enquiries of Management).

The Committee noted the following key points:

- Confirmation was provided that the key issues identified as having a significant impact on the financial statements for 2023-24 had included the cost-of-living crisis, inflation, increase in demand for temporary accommodation, Dedicated Schools Grant High Needs Block deficit and pressures on the Housing Revenue Account.
- The confirmation provided in relation to the ongoing appropriateness of the accounting policies adopted by the Council which, subject to a minor technical change identified in relation to the treatment of cash in transit, remained in accordance with the CIPFA Code of Practice.
- The response had also identified no change in circumstances that would lead to any impairment in relation to non-current assets with all financial investments (covered under the accounting standards) also confirmed as being subject to an Expected Credit Loss review under IFRS9.
- The outcome of the fraud risk assessment, with no concerns or issues having been identified within the response in respect of fraud that may result in a material misstatement to the financial statements and assurance provided that all know material risks had been considered as part of the Council's Internal Audit planning process and key financial system/control programme of work. Reference was also included to the work of the Counter Fraud Team in seeking to prevent, detect and prosecute fraud and role of the Audit & Standards Advisory Committee in monitoring this activity.
- The response also provided assurance in relation to the Council's compliance with relevant laws and regulations highlighting the range of management controls in place to support the process including the recruitment and training of staff, robust policy and procedure framework and effective management oversight and control. These controls were supported by the inclusion of legal and financial considerations in all reports for decision alongside the independent and objective assurance provided through the Internal Audit function and Internal Audit Plan, with activity focussed around the highest risk areas for the Council and the scope for each audit review including compliance with policy, plans, law and regulations. In terms of the impact of any litigations and claims these were also subject to a detailed review process involving legal with any likely to impact on the financial statements disclosed as part of the Statement of Accounts as either provisions or contingent liabilities.
- The outline included as part of the response in relation to the arrangements for disclosure of related party transactions and related procurement policy as well as the audit approach adopted in relation to going concern and matters relating to the accounting estimates.
- The key questions asked in the Enquiries of Management were standard as they set a baseline for auditors to be able to focus in on certain areas as required.

Having introduced the report the Committee was then invited to raise any comments/questions, which are summarised below:

- Further details were sought on the use of the responses provided by the External Auditors, with Samantha Morgan (Grant Thornton) advised that these formed an important part of the external audit risk assessment process and in

- supporting the development of a constructive working relationship with those charged with governance in preparing for the audit process and identifying any areas on which further assurance may be required.
- Having noted that some questions still required responses to be provided, members were advised that the returns were in the process of being finalised for submission, with clarification provided around the presentational structure of the responses under each section. Members were encouraged, as part of the process in finalising each response, to submit any further comments they may have on the Enquiries of Management via James Kinsella (Governance & Scrutiny Manager) in order for the returns to be finalised prior to the next Committee (June 2024) for approval and submission.
 - In response to a request for further clarification on the inclusion of any external bodies as part of the Enquiries of Management, confirmation was provided that the responses would only include those issues impacting directly on the Council's financial statements.

As there were no further issues raised, the Chair thanked Ben Ainsworth for the update provided and it was **RESOLVED** to note the current update and status of the responses included within the Brent Council Enquiries of Management (as detailed within Appendix A of the report) and Pension Fund Enquiries of Management (as detailed within Appendix 2 of the report, subject to members having the opportunity to submit any final comments/feedback via James Kinsella (Governance & Scrutiny Manager) prior to submission of the final reports to the next Committee for formal approval in June 2024.

15. **Forward Plan and Agenda for the next meeting**

It was **RESOLVED** to note the Committee's current Forward Plan and Work Programme for the 2024-25 Municipal Year with the provisional dates for meetings noted as:

- Tuesday 4 June 2024 (subsequently changed in the process of finalising the Council's municipal calendar of meetings for 2024-25 to Wednesday 12 June 2024)
- Wednesday 24 July 2024
- Tuesday 24 September 2024 (subsequently changed in the process of finalising the Council's municipal calendar of meetings for 2024-25 to Wednesday 25 September 2024)
- Wednesday 4 December 2024
- Tuesday 4 February 2025
- Tuesday 25 March 2025

Prior to closing the meeting, David Ewart (as Chair) also took the opportunity to welcome Councillor Mili Patel back from maternity leave as Deputy Leader and Cabinet Member for Finance, Resources & Reform before ending by advising members this was also due to be Vineeta Manchanda's final meeting, in her role as Independent Advisor to the Advisory Committee. In paying personal tribute, he thanked Vineeta (on behalf of the Committee) for all her effort and guidance in supporting both himself and the wider Committee as Independent Advisor and wished her all the best for the future.

16. **Any other urgent business**

None.

The meeting closed at 8.38 pm

DAVID EWART
Independent Chair