



MINUTES OF THE AUDIT AND STANDARDS ADVISORY COMMITTEE Wednesday 12 June 2024 at 6.00 pm

PRESENT: David Ewart (Chair), Councillor Chan (Vice-Chair) and Councillors Benea, Choudry, Kabir, Long, Molloy and J.Patel.

Independent co-opted Members: Rhys Jarvis.

Also present: Councillor Mili Patel (Deputy Leader and Cabinet Member for Finance, Resources & Reform), Sophia Brown (External Auditors – Grant Thornton) and Julie Byrom (Independent Person – attended online).

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

Apologies for absence were received from Stephen Ross (Independent co-opted member).

David Ewart (as Chair) also took the opportunity to welcome Councillors Benea and Molloy as newly appointed members of the Committee for 2024-25.

2. **Declarations of Interest**

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

No other declarations of interest was made by members during the meeting.

3. **Deputations (if any)**

There were no deputations considered at the meeting.

4. **Minutes of the previous meeting & Action Log**

RESOLVED that the minutes of the previous meeting held on Thursday 28 March 2024 be approved as a correct record, subject to:

- Correction of the spelling “organisation” in bullet point two under the comments section within Minute.8: Review of Member Development Programme & Member Expenses.

Members noted the updates provided in relation to the following items listed on the Action Log:

- Performance & Governance i4B & FWH – Members were advised that as a result of the General Election consideration of the scrutiny & audit role in relation to i4B & FWH Housing Ltd had been delayed with the arrangements and need for a Joint Scrutiny meeting to be reviewed following completion of the scrutiny work programme planning sessions schedule in July 2024. It was

noted that a further update on progress would be provided at the July 2024 Committee meeting. (Minesh Patel)

- External Audit Progress and Plan 23-24: Members noted the update provided by Sophia Brown (External Auditor - Grant Thornton) on the final response to the regional Bus Lane camera objection to the Statement of Accounts, which had now been issued with no further appeal received. As a result, it was agreed that the issue be removed from the Committee Action Log.
- Evaluating Effectiveness of ASAC – Members were advised that Grant Thornton had agreed to provide an additional briefing session on the role External Audit, which would be included within the Committee Development Programme for 2024-25 (Sophia Brown – Grant Thornton)

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

None.

6. **Standards Report (including quarterly (Q4) update on gifts and hospitality)**

Debra Norman, Corporate Director of Law & Governance, introduced a report updating the Audit and Standards Advisory Committee on gifts and hospitality registered by Members during Q4 2023-24 and Member Learning & Development activity.

The Committee noted the following key points:

- The update on Gifts and Hospitality registered by members in the fourth quarter of 2023-24, as detailed in Appendix A of the report.
- In relation to member attendance at mandatory training sessions, the Committee was advised that all members had completed their core mandatory refresher training.

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

- Confirmation was provided that the cycle of mandatory training had commenced again for the 2024-25 Municipal Year, on which further updates would continue to be provided for the Committee.
- In relation to Gifts & Hospitality, the Committee was advised no limit had been set for the maximum amount of any gift or hospitality that individual members were permitted to receive. It would therefore be a matter of judgement for each member to consider, with the formal requirement to register any gifts or hospitality received in an official capacity being for an estimated value of at least £50 (including any series of individual gifts and hospitality received from the same person totalling £50 or above over the course of a Municipal Year).

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.

7. Annual Counter Fraud Report 2023-24

Darren Armstrong, Deputy Director Organisational Assurance & Resilience, introduced a report presenting the Council's Annual Counter Fraud Report for 2023-24, which summarised the counter fraud activity undertaken across multiple fraud types (including internal fraud, housing tenancy fraud, external fraud and proactive work) and had been designed to support the Committee in obtaining assurance on the robustness of the Council's counter fraud arrangements.

In considering the report the following key issues were noted:

- The high priority identified in terms of counter fraud activity given the inherent and significant level of risk posed by fraud to the Council, with the Council having established a well developed approach towards tackling fraud and corruption based on a combination of reactive and proactive prevention and detection activities in line with best practice.
- The Annual Counter Fraud Plan had been designed to ensure that resources were being effectively targeted and deployed to prevent and detect fraud, underpinned by the Council's Anti-Fraud and Bribery & Whistleblowing policies. A summary of all reactive and proactive counter fraud activity undertaken in 2023-24 had been detailed within the Annual Counter Fraud Report attached as Appendix 1 to the report.
- The amended format introduction as part of the Annual Counter Fraud Report, which included the following specific sections:
 - Internal Fraud Activity & Outcomes – including a breakdown of the main types and volume of referrals (including whistleblowing). Members were advised that of the 20 cases concluded during the reporting period 10 had resulted in a degree of fraud and/or irregularity being identified involving either theft, misappropriation of funds; conflicts of interest; recruitment; external offences/breaches and/or conduct of staff.
 - Tenancy & Housing Fraud – with the total number of fraudulent housing cases concluded over the reporting period being 16 and total notional value (based on an estimate of £42k per property recovered or Housing application stopped) being £672k.
 - External Fraud – including (but not limited to) cases involving Blue Badges, Direct Payments, Council Tax and Business Rates, Insurance, Finance, Concessionary Travel and grant applications with 300 cases opened during the reporting period compared to 224 for the previous year. Members were advised this included 213 successful outcomes where fraud was detected relating to Blue Badge, representing a significant increase compared to the previous year with 38 prosecutions and 126 cautions/warnings issued, again representing an increase over the previous year.
 - Proactive and other activity – including a broad range of work including National Fraud Initiative (NFI) data matching reviews, fraud workshops, targeted operations and other planned fraud risk reviews which had resulted in significant cost savings being generated for example, through the NFI Council Tax Single Person Discount (SPD) review and participation in the NFI London FraudHub.
- The outline of the Counter Fraud Plan, which had also been included as Appendix 2 of the report, which summarised how resources would be

deployed and targeted to achieve the aims and objectives within the Council's anti-fraud policies developed based on previous outcomes, stakeholder engagement, known and emerging risks. Members were advised this also included development of a Fraud Awareness Plan.

The Chair then invited the Committee to raise questions on the report, with the responses summarised as follows:

- Confirmation was provided that any costs awarded as a result of counter fraud activity would be to the relevant authorities, including the Council.
- In response to a query regarding the vetting process for officers involved in commercially sensitive procurement negotiations, members were assured that, whilst not falling directly within the scope of counter fraud activity, the Council had well established and robust arrangements in place relating to recruitment and employment checks for staff and whistleblowing/referral arrangements should any concerns be identified in relation to staff conduct.
- In noting the summary of numbers and types of internal and external fraud referrals for 2023-24, members sought further details on trends identified. In response, Darren Armstrong advised that whilst the volume and type of internal fraud related referrals remain consistent with previous years the trend in terms of external fraud cases had increased (with blue badge fraud accounting for 75% of new referrals) and resources being allocated and prioritised based on the fraud types detailed within the Counter Fraud Plan.
- In recognising the broad range of proactive counter fraud activity being undertaken, further details were sought on the mandatory data matching process under the National Fraud Initiative (NFI). In response, members were advised this had included 88 data matching reviews and three Blue Badge related proactive exercises with the scheme running over a two-year period and involving a wide range of data sets. In response to a further query relating to the outcome of the NFI review on Council Tax Single Person Discount (SPD) members were advised this had involved a cross match of SPD caseload data with that held by the Revenues Service. Whilst not felt to reflect an issue regarding the accuracy of source data, the matching review had resulted in the removal of 6.3% of SPD cases from the borough caseload, on which members requested further details following the meeting.
- In terms of a query on the notional value identified in relation to Tenancy and Housing counter fraud activity, members were advised this remained a high priority for the Council given the positive impact on the temporary accommodation budget and housing supply. Whilst the team had previously utilised and reported an average notional saving value of £93,000 per property recovered (consistent with the formulae used by the Cabinet Office) it had been agreed, following review, to adopt a lower notional figure of £42,000 from 2023 -24 onwards which was better felt to reflect the notional savings generated from tenancy recovery and had followed extensive national research by the Tenancy Fraud Forum (TFF) in partnership with the London Boroughs' Fraud Investigators' Group (LBFIG), supported by the Cabinet

Office's National Fraud Initiative, CIPFA, CIFAS, the Chartered Institute of Housing and the G15 group of housing associations.

- In recognising the robust nature of both reactive and proactive counter fraud activity members advised they were keen to explore the breakdown in allocation of resources between both types of activity with an outline provided in response on the way resources were being allocated across key fraud types within the Counter Fraud Plan. For 2024-25 members were advised these included priorities in relation to Housing, internal/whistleblowing, external as well as proactive counter fraud activity with a dedicated and intelligence led resource having been provided to focus on more proactive activity.
- Noting the continued high level of referrals relating to Blue Badge Fraud, the Committee queried the impact this continued to have in relation to the allocation of resources and focus in being able to tackle other type of fraud risk. In recognising the significant level of resource and time allocated to this activity, members were advised this remained a priority given the negative impact associated with the theft, fraudulent supply and use of blue badges and increasing nature of the problem being experienced across London, with a majority of prosecutions relating to badges issued by other local authorities. As a result, the Council continued to work in collaboration with a range of internal and external partners in maintaining a zero-tolerance approach to all types of blue badge fraud supported by changes introduced to streamline the referral and triage process in order to mitigate the impact on resources. Councillor Chan (as Vice Chair) also took the opportunity to update members on a Member Enquiry submitted to the Healthy Streets and Parking Team regarding the possible introduction of a virtual blue badge scheme which it was felt would make the badges less vulnerable to theft and fraudulent use. Members were advised that these proposals continued to be developed in collaboration with other partners, with details on a final scheme and timescale currently awaited and which would be provided for the Committee, once available.
- In response to a further query regarding Housing and Tenancy Fraud, confirmation was provided that the counter fraud activity did not include i4B or FWH Ltd tenancies.
- In recognising the benefits associated with the proactive activity being undertaken in relation to data matching, members also felt there was a need to consider what more they could do individually to address the financial pressures and risks under which the Council was continuing to operate which included the use of local knowledge to identify potential underutilised or empty properties and support counter fraud activity in relation to Housing and Tenancy, Business Rates and Council Tax fraud supported by provision of the relevant data sets, which members were advised would be fed back to the relevant teams in Housing, Property and Revenues.

As no further comments were raised the Chair thanked Darren Armstrong and his team for their hard work in relation to the ongoing delivery of Brent's Counter Fraud Activity and it was **RESOLVED** to note the report, including the annual opinion from the Head of Internal Audit.

8. Internal Audit Annual Report 2023-24

Darren Armstrong (Deputy Director Organisational Assurance and Resilience) introduced the report which outlined the activity undertaken by Internal Audit during 2023-24 (and work undertaken since the previous update in December 2023) and included the Annual Audit opinion provided by the Deputy Director Organisational Assurance and Resilience (as Head of Internal Audit) on the adequacy and effectiveness of the Council's framework for governance, risk management and internal control used to support the Annual Governance Statement.

Members were advised the report also presented the revised Internal Audit Charter, which had been amended to reflect the change in role of the Head of Internal Audit, with the Chair advising he would therefore consider each section of the report as separate items, prior to summarising the overall outcome.

In considering the Internal Audit Annual Report (as detailed within Appendix 1 of the report) the Committee noted the following key points:

- There had been no actual or perceived threats to the independence and objectivity of the Internal Audit function in relation to the work carried out to deliver the 2023-24 internal audit plan. The Head of Internal Audit and all internal auditors had continued to receive unrestricted access to senior management, officers and all information and records necessary to undertake their work. This was supported by the internal audit function having also received an External Quality Assessment (EQA) during 2022-23, which identified no concerns regarding to the independence or objectivity of the function.
- The summary relating to delivery of the internal audit plan during 2023-24 contained within section 3 and Appendix A of the Annual Report;
- The flexible and risk-based approach adopted towards development and delivery of the Annual Internal Audit Plan, with the summary of risk issues identified during 2023-24 and comparison with 2021-22 and 2022-23 provided in section 4 and Appendix B of the Annual Report.
- The outline of Follow Up activity undertaken during 2023-24 in relation to previous audit reviews as detailed within section 5 and Appendix C of the Annual Report. The Annual Report also included an outline of actions partially or still to be implemented along with the process of management engagement on these, as detailed within Appendix D of the Annual Report.
- As detailed within section 6 of the Annual Report, the Head of Internal Audit had been satisfied that the work undertaken by Internal Audit during 2023-24, as well as wider governance arrangements, had enabled a "reasonable assurance" audit opinion to be provided on the Council's control framework, risk management and governance arrangements. In determining the annual opinion, the Head of Internal Audit had considered which key themes from audit work undertaken in 2023-24 could be enhanced in the future to better support the Council's governance, risk management and internal control frameworks. The areas of improvement identified as a result had been detailed within section 6.17 – 6.24 of the Annual Report and included:
 - The rate of implementation of audit recommendations/actions within original timescales; and

- The need to continue addressing “second line” gaps in control identified at departmental and operational level.
- The continued compliance of the Internal Audit function with the Public Sector Internal Audit Standards and quality assurance improvement programme along with outline of key performance indicators, as detailed within section 7 of the Annual Report.

The Chair then invited comments on the outline provided of the Internal Audit Annual Report, with the following issues raised by the Committee:

- In response to a query raised on the movement identified in terms of delivery of the original Internal Audit Plan, agreed by Committee in March 2023, over the course of 2023-24 members were advised that the Plan had been developed on a risk based approach with the intention of being fluid and adaptable enabling adjusted to be made in-year (in consultation with senior management) to ensure it was able to remain responsive and continue providing assurance against high risk areas as well as being able to respond to any new or emerging risks/issues. As a result, it was recognised that delivery of the Plan had involved eight of the original audits included either being cancelled or deferred and carried forward for inclusion within the 2024-25 planning process with an additional six audits having been added. Detail on the status and outcome of each audit review had been provided within Appendix A of the Annual Report.

In response to a further query regarding the Committee’s role in approval and monitoring delivery of the Plan, the Chair reminded members of the balance needing to be achieved in terms of maintaining and supporting the independence of the Head of Internal Audit in being able to provide the necessary flexibility within the Plan. The Plan was presented to members in March to seek the necessary assurance on its development against the key risk areas identified, audit plans and good governance guidelines. Delivery of the Plan was then subject to mid-year monitoring by the Committee with members reminded that the initial 2024-25 Internal Audit Plan had been presented for review and comment in March 2024.

- Following the details provided in relation to follow up audit activity and action being taken to address actions arising from audits that remained partially or not implemented (particularly in relation to second line gaps in control) further details were sought on how performance in this area could be enhanced moving forward. In response, whilst it was acknowledged that some slippage may occur as a result of issues arising which impacted on actions being implemented within original timescales officers had felt it was important to highlight the slippage in rate of implementation of all audit actions (high, medium and low risk combined) within originally agreed timescales in the Annual Report, given these had fallen from 68% to 46% during 2023-24. The level of audit actions not implemented within original timescales had also increased in terms of both the number and percentage of total actions, with 43 (26%) actions not implemented in-year compared to 7 (4%) in 2022-23 and 15 remaining as outstanding. As a result, measures were in place to remind departments of the importance that needed to be placed at an operational level on the implementation of audit actions based on realistic achievable target dates and enhanced engagement and monitoring at departmental level

to ensure issues with non-implementation of actions were highlighted and addressed prior to escalation (should it be identified as required) utilising the powers available to the Audit & Standards Advisory Committee.

- In response to further details being sought on deferment and carry forward of the planned audit on the Redefining Local Services (RLS) programme members were advised this reflected the in-year redirection of audit resources tacking account of the alternative review activity being undertaken in relation to the RLS programme, which Internal Audit would continue to support as required. In terms of the carry forward of the other audits to 2024-25 identified within section 3.5 of the Internal Audit Annual Report, members were advised these also reflected the reprioritisation of resources during the year and level of alternative assurance identified in relation to other review activity focussed around those areas as part of the process in maintaining the flexible approach within the Plan and seeking to maximise the use of available resources.

In terms of details sought on the proposed S106/Community Infrastructure Levy audit carried forward for consideration in 2024-25, members were advised that the scoping for that audit was still underway with members keen to ensure that consideration was given to the inclusion of invoices and use of funding for its intended purpose. Darren Armstrong advised he would ensure these views were fed back as part the scoping process.

The Committee then moved on to consider the Internal Audit Charter, which had been included as Appendix 2 of the report with the following key points noted:

- The requirement to maintain an Internal Audit Charter in accordance with the Public Sector Internal Audit Standards and pending Global Internal Audit Standards due to come into effect on January 2025. The Charter included an outline of the purpose, standards, organisation, scope and mandate for the Internal Audit function along with expectations regarding management support of the function.
- As a result of the recent senior management re-alignment within the Council, the Charter had needed to be updated to reflect a change in the Head of Internal Audit's role (now the Deputy Director Organisational Assurance and Resilience) and additional areas of responsibility, including details on how the organisational independence of the Internal Audit function would continue to be preserved and safeguarded in light of the changes outlined with a structure chart also included to demonstrate how the functional and administrative reporting lines of the Head of Internal Audit had been established to preserve independence.
- In accordance with the internal audit standards, the charter had been presented to the Committee in order to confirm it accurately reflected the understanding and expectations of the internal audit function.

In response to a comment raised in relation to the Charter, clarification was provided on the membership and role of the Assurance Board included within the functional reporting lines for the Deputy Director Organisational Assurance and Resilience (as Head of Internal Audit) which members were advised was an internal officer Board chaired by the Chief Executive responsible for providing corporate oversight of the Council's governance arrangements, including risk and assurance activity.

As Members had no further questions, the Chair thanked Darren Armstrong for the report and it was **RESOLVED**:

- (1) To note the outcomes of the Internal Audit work completed during 2023-24.
- (2) To note the Annual Internal Audit opinion on the adequacy and effectiveness of the Council's framework for governance, risk management & control.
- (3) To note the revised Internal Audit Charter and to confirm this accurately reflected the Committee's understanding and expectation of the Internal Audit function.

9. **External Audit Enquiries of Management**

Ben Ainsworth (Head of Finance) introduced a report providing the Audit & Standards Advisory Committee with an update and final 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) and having previously been presented to the Committee for initial comment in March 2024.

The Committee were advised that no significant changes had needed to be made to the management responses following their initial consideration in March 2024 with the response under the General Enquiries of Management in relation to use of solicitors by the Council currently listed as "To be confirmed" currently being finalised.

As no further issues or comments were made in relation to the responses outlined, the Committee **RESOLVED** to note and approve 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) for submission (once finalised) to the External Auditor.

10. **Draft Statement of Accounts 2023-24 Update**

Ahead of the report being presented to the Committee, the Chair clarified that in accordance with good practice the draft Statement of Accounts 2023-24 were being presented to members for initial consideration and feedback in advance of their main audit which was scheduled to commence on 24 June 2024.

Ben Ainsworth, Head of Finance was then invited to introduce the report presenting the Council's draft Statement of Accounts 2023-24 following their initial publication. In considering the report the Committee noted the following key points:

- The accounts had been published a month earlier than 2022-23 to reflect the earlier statutory deadline for publication on 31 May 2024. Whilst publication had been slightly delayed beyond the statutory deadline due to additional

- general fund valuations which had needed to be undertaken compared to recent years, the finance team was commended for their efforts given the shortened timescale for production of the accounts, which had created challenges across the sector.
- There remained a small amount of work to be completed connected with the valuations, but this was not expected to have a material impact on the final accounts and principally involved the movement of funds between unusable reserves. It was not anticipated this would have an impact on the planned audit schedule.
 - The inclusion within the Draft Statement of Accounts of a detailed narrative outlining the background, financial context, Medium Term Financial Strategy, Council's strategic vision and summary of financial performance as an introduction to the core Accounting Statements which set out the Council's income and expenditure for the year as well as its financial position at 31 March 2024 in compliance with the requirements of the CIPFA Code of Practice on Local Authority Accounting.
 - In focussing on the summary of financial performance, attention was drawn to:
 - the Revenue General Fund Outturn position 2023-24 which whilst reporting a breakeven position had included a transfer from corporate contingency to cover overspends in Resident Services (£11.2m mainly relating to additional pressure in terms of homelessness) and demand led pressures in both the Children and Young People and Care, Health and Wellbeing services with other services showing small underspends;
 - The Core Accounting Statements, with an outline provided of the current position in relation to the Balance Sheet, Movement in Reserves Statement and Earmarked Reserve statements.
 - The Council's Reserves Strategy which provided the operational framework within which the Council's reserves were managed and monitored by the Corporate Director of Finance & Resources and Chief Executive including an assessment of the optimum level of general reserves to be held and which recognised the importance of holding adequate reserves to meet the net financial impact of risks facing the Council to ensure the authority was able to continue operating in a financially resilient and sustainable manner.

In response to the update provided the Committee highlighted comments on a number of issues, with the following responses provided:

- Whilst noting the robust nature of the Balance Sheet further details were sought on the main changes and movements included within the General Fund Financial Outturn position for 2023-24 compared to the original budget along with the use and adequacy of contingences to fund the variances, which officers advised would be clarified as part of the final report on the Statement of Accounts.
- In response to a query in relation to the funding sources used to support capital projects, Amanda Healy, Deputy Director Investment & Infrastructure, advised that most capital projects were housing schemes where there would be a contract in place based on viability assessments that would be funded by an element of borrowing. Schemes for affordable housing would also be supported by GLA grants and Section 106 or Community Infrastructure Levy

- funding could also be used (subject to meeting the necessary criteria for infrastructure) to support the borough's Capital commitments. Given issues highlighted in relation to viability and reassessment of some capital schemes due to the current economic climate, members were advised that the potential impact in terms of related grant funding was subject to regular review and (where required) renegotiation in order to avoid any potential claw back of funding.
- Given the ongoing pressures identified on the Council's budget relating to homelessness and the cost and supply of temporary accommodation details were sought on the measures in place to mitigate and manage demand and the ongoing associated significant budgetary pressures. In recognising this as a national and London-wide challenge, members were advised of the specific measures introduced by the Council which had included renegotiation of prices and identification of alternative arrangements for the provision of temporary accommodation as well as the continued efforts to acquire additional properties and increase the supply of new build homes at affordable and social rents in order to increase available supply.
 - In response to a Committee query in relation to the sufficiency of the General Fund Reserves, Minesh Patel, Corporate Director of Finance and Resources (and Section 151 Officer) advised that the amount held (5% of the General Fund Balance) for unrestricted reserves was felt to be sufficient. However, it was noted that given the financial pressures arising through the cost-of-living crisis, inflation and demand for services, the situation would continue to be closely monitored and if necessary, further consideration would be given to how the Council could increase its reserve funds although the challenges in achieving this were recognised given the need to reduce spend in order to accrue the necessary in-year surplus and overall reduction in funding provided by the Government through the Local Government Fund Settlement.
 - In terms of ongoing financial monitoring, members were advised of the quarterly financial forecast updates provided for Cabinet and role of the Budget Assurance Panel with the delivery of individual schemes subject to oversight by the relevant Programme Boards and (for Capital schemes) the Capital Programme Board. Members were also advised of the reports due to be presented to Cabinet in July 2024 on the Councils 2023-24 Outturn Position; Q1 2024-25 Financial Forecast and Medium Term Financial Strategy which it was noted would also be made available for the Committee to access, as further reference.
 - Following a Committee query in relation to the impact of any slippage in the Capital Programme as a result of the current economic climate and associated impact in terms of the reassessment (where required) of individual scheme viability, members were advised of the affordability review mechanisms established which included not only available funding sources, cost of delivery but also procurement of individual schemes with regular updates also provided for Cabinet including the New Council Homes Programme.
 - In response to a query regarding the basis on which the level of balances held within the Housing Revenue Account (HRA) Reserve had been based

compared to the size of housing stock, officer advised they would seek to clarify this as part of the final report on the Statement of Accounts.

- In noting the difficulties and challenges created by the provision of one-year Local Government funding settlements (with the Government settlement for 2024-25 being the sixth consecutive one year settlement for local government) members supported the ongoing lobbying for the reinstatement of a 2-3 year settlement process, which it was recognised would provide more stability in terms of being able to forward plan as part of the Medium Term Financial Strategy.

The Chair thanked the Finance Team on behalf of the Committee for their continued efforts in finalising the draft accounts ahead of their submission to the external auditors and for what the Committee felt was a particularly useful narrative section to the report. As no further issues were raised the Committee **RESOLVED** to note the draft Statement of Accounts for 2023-24 in advance of the final version and accompanying External Audit Findings report being presented back to the Committee for formal approval, currently scheduled (subject to completion of the External Audit process) in September 2024.

11. **Annual Report of the Chairs of the Audit and Standards Committee and Audit and Standards Advisory Committee**

David Ewart, as Chair, introduced the Annual report produced by the Chairs of both Committee's providing a summary of the work undertaken by the Audit & Standards Advisory Committee and the Audit & Standards Committee during the 2023-24 Municipal Year, in line with the requirements and principles set out within CIPFA's Position Statement regarding Audit Committees.

The Committee welcomed the report which was felt to provide a good summary of the activity undertaken and in thanking all members and officers involved for their ongoing support in the work across both Committees it was **RESOLVED** to note the contents of the Annual Report ahead of it being presented to Full Council on 8 July 2024.

12. **Annual Governance Statement 2023-24**

Debra Norman, Corporate Director Law & Governance, introduced a report that set out the draft Annual Governance Statement (AGS) for 2023-24 as required by the Accounts and Audit Regulations 2015.

In presenting the report the Committee noted:

- The seven core governance principles introduced by CIPFA upon which the review of governance arrangements and production of the AGS had been based, as detailed in section 3.5 of the report.
- That no significant governance issues had been identified relating to 2023-24, however some areas of improvement had been identified, as detailed in section 3.10 of the report. Details were also provided in relation to progress made in delivery of the Improvement Plan from 2022-23, as set out in section 3.11 of the report.

- The importance of the AGS in outlining the Council’s framework of control in relation to its Governance arrangements and in terms of managing risk, with the review of effectiveness in relation to governance related issues and ongoing process.

Members were advised that they were being invited to comment on the draft AGS in advance of its formal consideration and approval by the Audit and Standards Committee. As a result, the following issues were highlighted:

- In noting the assurance included relating to the role of the Audit & Standards Advisory Committee, the Committee were pleased to note that no significant governance issues had been identified within the AGS.
- Given the focus identified during consideration of the Internal Audit Plan Annual Report (item 8 above refers) on action to improve the level and rate of audit actions being implemented within original timescales, members felt it would also be appropriate to reflect and recommend this as an additional improvement area within the AGS, on which members advised they would also be keen to keep progress under review.

As there were no further comments raised, the Chair thanked officers for the report and it was **RESOLVED** to recommend the Annual Governance Statement to the Audit & Standards Committee for formal approval, subject to inclusion of the following additional improvement action for 2023-24 within Table 1 of the Annual Governance Statement:

“To improve the level and rate of audit actions implemented within original timescales.”

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

Sophia Brown (Key Audit Partner, Grant Thornton) introduced a report updating the Committee on the progress being made by Grant Thornton in delivering their responsibilities as the Council’s external auditor.

In presenting the report the Committee noted:

- The progress with completion of the initial planning for the 2023-24 audit of the Council’s financial statements with the detailed audit plan having been issued in February 2024 and no subsequent additional risks having been identified as part of the planning and risk assessment procedures undertaken in finalising the audit plan. Work was now due to commence on the audit in the week commencing 24 June 2024 with the aim to provide the opinion on the Statement of Accounts by 20 September 2024 to coincide with the deadline for publication of the audited accounts.
- Value for Money planning work was due to commence in late June with the outcome to be included as part of the final External Audit Annual Report.
- The outline and schedule of audit deliverables planned for 2023-24, with work on the grants element already in progress.
- The sector updates provided in relation to emerging national issues and developments which included:

- progress and plans for the introduction of a series of statutory audit backstops and related updates to the National Code of Audit Practice along with progress in sign-off of delayed local authority audits. Members were pleased to note that Brent's audited Statement of Accounts remained up to date with all previous accounts having achieved sign-off and the Committee assured that the backstop arrangements were not anticipated to impact on the Auditor's capacity to achieve sign off for the 2023-24 Statement of Accounts;
- The production of a "Must Know" guide by the Local Government Association for local authorities working with new external auditors along with a guide for members to consider in relation to the ongoing effectiveness of Audit Committees and their relationship with the external auditors, which the Chair encouraged all members to consider as part of the Audit & Standards Advisory Committees ongoing review of its own effectiveness. As part of this process members welcomed the intention to include a member briefing session as part of the Committee's Development Programme on the role of External Audit;
- An update on the LGA Improvement and Assurance Framework;
- Details of a report "The State of the Locals" published by the Local Government Information Unit on public trust in government, including at a local level along with details on additional guidance provided in relation to the preparation of Local Authority productivity plans; publication of a report by the Levelling Up, Housing and Communities Committee on the funding and sustainability of the social housing sector along with supporting data; publication of an analysis relating to local regeneration policy and details on the introduction of new and simpler recycling rules.

In response to a query raised on the scope of external audit activity relating to revenue generating opportunities members were advised whilst not specifically included as core audit activity there may be potential for these type of issues to be included as part of the wider Value for Money assessment being undertaken by External Audit, where identified as appropriate and necessary.

The Chair thanked Sophie Brown for the report and with no further issues raised, it was **RESOLVED** to note the update provided.

14. **Audit & Standards Advisory Committee Forward Plan and Work Programme 2024-25**

It was **RESOLVED** to note the Committee's Forward Plan and Work Programme for the 2024-25 Municipal Year subject to the following updates:

- The update on Emergency Preparedness being rescheduled from July to the meeting on 25 September 2024.
- Presentation of the final 2023-24 Statement of Accounts and External Audit Findings Report being scheduled for the meeting on 25 September 2024.

15. **Exclusion of Press & Public**

There were no items of business considered at the meeting which required the exclusion of the press and public.

16. **Any other urgent business**

None.

The meeting closed at 8.02 pm

David Ewart
Chair