



MINUTES OF THE AUDIT AND STANDARDS ADVISORY COMMITTEE
Held in the Conference Hall, Brent Civic Centre on Wednesday 25 September
2024 at 6.00 pm

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

Independent co-opted Members: Rhys Jarvis and Steven Ross (attended online).

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

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

No apologies for absence were received.

2. **Declarations of Interest**

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

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 Wednesday 24 July 2024 be approved as a correct record, subject to the following amendments:

- Removal of reference within the list of those present at the meeting to David Ewart as a Councillor.
- Correction of reference to “evaluations” under Min.8: External Audit Progress Report & Sector Update to read “reevaluations” on Page 10 of the minutes

Members noted the updates provided in relation to the Action Log of issues identified at previous meetings. In response to an update requested in relation to the Dedicated Schools Grant – Deficit Management Plan (considered at the meeting on 24 July 2024) members were advised that no further details had currently been made available on the VAT arrangements within the SEND private school initiative.

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

None.

6. **Report on 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. Members were advised that this would involve operational performance being scrutinised by the Community & Wellbeing Scrutiny Committee with performance of the companies in contributing to the Council's strategic priorities by the Resources & Public Realm Scrutiny Committee, who had undertaken an initial review on 4 September 2024.

Minesh Patel, Corporate Director of Finance & Resources then introduced the reports which 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 (held on 12 September 24) attached as appendices to the update report.

Key issues highlighted were as follows:

- The Committee's attention was drawn to the updates provided in section 3.4 of the update report which outlined the key issues covered at the most recent Shareholder meeting between the Council and i4B and Guarantor meeting between the Council and FWH relating to operational performance and financial performance as well as progress against each respective Business Plan.
- The overarching focus of the Shareholder and Guarantor in terms of the performance of i4B and FWH Ltd on their ability to support the Council's strategic priorities through their core business activity which involved increasing the supply of good quality affordable housing in the borough and reducing the use of Temporary Accommodation.
- In terms of acquisitions, confirmation was provided that i4B remained on track to exceed its target in acquiring 25 properties during 2025-25 with the company expected to acquire circa 40 properties during the year that would help to mitigate pressures caused by temporary accommodation costs. This was due to a combination of favourable loan rates, property market conditions, and an increase in Local Housing Allowance. Members were advised that the Shareholder had confirmed their continued support for i4B in seeking to move forward with further acquisitions, subject to loan rates and market conditions continuing to combine positively to make acquisitions viable within i4B's financial criteria.
- The i4B 2023-24 outturn position had shown a higher operational surplus for the company than in 2022-23, though this was partly due to large increases in the asset revaluation. Whilst officers and the Shareholder therefore regarded i4Bs operational performance as stable key areas of ongoing focus for both

the Board and Shareholder included performance in relation to voids, addressing outstanding gaps in health and safety compliance and in relation to tenant satisfaction with metrics noted as being below the Council's benchmark.

- Similarly, the Council as Guarantor and FWH Board had confirmed the company also remained available to take advantage of any opportunity available to it as a Registered Provider, for example government grants issued via the Greater London Authority to acquire affordable housing. Members noted that both the Council and company were awaiting further information on potential grant funding from central government with both keen to explore options that would enable FWH to contribute to increasing housing supply across the borough.

Having thanked Minesh Patel for the initial update provided, the Chair welcomed Andrew Hudson to the meeting (as 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 value of assets held by both companies, which, whilst not able to provide exact details at the meeting, officers advised would consist of the valuation of stock assets held by each company as well as the value of loans secured to support their operation. The Business Plans for both companies had been designed to ensure they were operating on a financially viable basis, although it was noted that whilst also having achieved an increased surplus in 2023-24 FWHs revaluation had shown a decrease in asset values.
- In terms of sources and limits placed on i4B's borrowing, the Committee were advised this was determined by an assessment of what the company could afford and would also need to reflect current loan rates and market conditions to ensure any loan arrangements remained viable within i4B's financial criteria.
- Moving on, further details were sought on the action being undertaken to address concerns relating to performance in terms of health and safety compliance by both companies with a focus on outstanding electrical certificates. In response, Andrew Hudson (Independent Chair of i4B and First Wave Housing) advised that this had also been recognised as an issue by the Boards of both companies and was subject to ongoing monitoring and review. Whilst highlighting the difference in powers available to enter premises in order to undertake electrical as opposed to gas safety inspections the Boards were continuing to explore the options available including, as an example, the potential to ask electrical contractors to attend at the same time as gas contractors, who were legally able to force entry to inaccessible properties in order to carry out works and benchmarking also undertaken through House mark. In noting that the trend in terms of performance was currently flat the Committee was assured this remained a key focus for the Board of both companies with action also being monitored at both the Shareholder and Guarantor meetings.

- In considering the update on financial performance provided in relation to i4B further details were sought on the changes identified in relation to the Income & Expenditure Statement in terms of expenditure on Service Level Agreements (SLA) and the provision of supplies and services being higher than budget. In recognising the concerns raised, Andrew Hudson advised of the Board's continued focus regarding accuracy of the budget monitoring and forecast process with issues, as an example, highlighted in relation to delays in submission and processing of invoices from third parties and due to the demand led nature of costs associated with repairs and maintenance of the stock and in seeking to avoid disrepair claims with preventative measures seen as the best way to prevent overspending in these areas.

As a follow up issue, details were also sought on the forecast void rent loss which it was noted had been calculated at £443k for the year based on Brent Housing data over the first 4 months. Highlighting reference to the availability of data from those properties managed by Mears, members were advised that whilst awaited the current assumption remained that losses would equate to 4%.

- As a further issue, details were sought on the impact of delays in processing of Universal Credit claims and associated challenges and in relation to rent collection and how each of the companies were seeking to support tenants in this process, given the wider benefits identified. In response, Andrew Hudson advised that whilst not currently subject to a specific workstream the relationship had been recognised, with the Board keen to review what support could be made available to tenants in seeking to apply for Universal Credit.
- In response to a query regarding the management of a void commercial property held by i4B, the Committee was advised that an update on the current position was due to be reviewed at the next Board meeting.
- Returning to the action being taken to improve management and turnaround of void properties, which had been recognised as a significant challenge by both Boards as well as the Shareholder and Guarantor, the Committee were provided with further detail on the work being undertaken to address the issues including a deep dive review planned in order to identify ways of improving the efficiency of the voids management process. This would have a particular focus on turning round more simple voids as quickly as possible with it acknowledged that more complex cases would take longer e.g. due to the state of repair of individual properties, pest control issues etc. In response, the Committee advised they would also be keen to review the progress being made in addressing void performance as part of the next update on delivery of the i4B and FWH Business Plan.
- Referring to details provided on the operational performance of i4B further details were sought on the reasons why data relating to a number of key performance indicators for properties within the Home Counties, managed through an SLA with Mears as opposed to Brent's Housing Service, were shown as unavailable. In response Andrew Hudson assured the Committee of the action being undertaken through the Board to ensure performance was being monitored in relation to the management of these properties with the

existing management contract also in the process of being relet and awarded to Greystoke who would be taking over as the new management company. In terms of the potential to further expand the portfolio of properties held within the Home Counties Andrew Hudson informed the Committee that this option was not current subject to active consideration recognising the wider policy considerations that would need to be considered and assessed in relation to the associated costs and ability to manage and let the properties and any change in approach needing to be agreed following discussions with the Council.

- As a final issue, technical clarification was provided in relation to the accrual process relating to the i4B accounts with members advised of the work being undertaken to ensure this was subject to ongoing monitoring throughout the year

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 progress being made by i4B Holdings Ltd and First Wave Housing (FWH) to deliver against their 2024-25 Business Plans as detailed in the reports provided for the Council as Shareholder of i4B and Guarantor of FWH.

7. **Emergency Planning and Resilience Update - September 2024**

Darren Armstrong (Deputy Director for Assurance and Resilience) introduced a report, which he advised provided an update on the priorities and work being undertaken by the Emergency Planning Team since the last update provided to the Committee in February 2024 as well as focussing on the programme of continuous improvement being delivered across the service.

He then introduced Melissa Brackley (Emergency Planning and Resilience Manager) who provided the Committee with a summary of key progress and work undertaken, with the following issues noted:

- The continued progress being made in relation to delivery of the recommendations made as part of the external review of the Council's Emergency Planning and Resilience arrangements in October 2023 with a particular focus on the increased capacity of the Emergency Planning and Resilience (EPR) Team and provision of training and exercise opportunities for those with response roles. Areas of improvement had also been influenced by the Resilience Standards for London, incidents and public inquiry recommendations.
- In terms of the detailed external service review recommendations the Committee were advised that nine of the 22 recommendations had now been implemented including five out of the six rated as high priority and 11 remaining in progress. Members noted that two of the recommended actions were no longer being taken forward in terms of the delivery of on call arrangements, which were already broadly in line with the London standardised approach, and recruitment of an additional Business Continuity Manager which had been addressed through the increased capacity already provided within the team. Members attention was drawn to the summary

Action Plan included as Appendix 1 to the report with the recommendations being progressed alongside actions identified as part of a self-assessment completed against the Resilience Standards for London.

- The review of internal plans and procedures being undertaken in response to the revised London Humanitarian Assistance Framework and feedback from Humanitarian Assistance Lead Officers (HALO) with training also arranged for staff from the Council and local partner agencies likely to be involved in supporting a Humanitarian Assistance Centre or Community Assistance Centre in the event of an incident. Once the review of internal plans and training programme had been completed the team would also be looking to run a Humanitarian Assistance exercise.
- The outline provided in section 3.5 of the report on the training and exercises delivered by the Emergency Planning and Resilience Service. This had not only involved the Strategic (Gold) and Tactical (Silver) teams but also a planned multi agency exercise and two cyber-attack exercises in partnership with the Shared Technology Service across housing services and children and young people and community health and wellbeing with a focus on business continuity arrangements. In addition, the team had been working with the housing service to explore the Council's response to a large-scale evacuation involving a Council owned housing block with a focus on not only the initial but also longer-term response. Members were advised that in order to ensure training was refreshed regularly and exercises planned in alignment with plan reviews, the EP&R team were also developing an annual Training and Exercise Programme, as detailed within Appendix 2 of the report.
- The update on incidents logged since the previous report to the Committee, as detailed in section 3.6 of the report. These had included a range of local incidents relating to flooding, evacuations of the Civic Centre and a fire in a housing block which had all been subject to review in terms of the response and support provided (including relevant partners and key stakeholders) along with any follow up learning or training requirements identified as a result along with national incidents relating to a global cyber issue and focus on community relations in response to events following the Southport attack in July 24. In addition, the Committee were advised that the final report from the Grenfell Tower Fire Enquiry had also been published in September 24 which had included ten recommendations related to Local Authority emergency planning and response arrangements. Each of the recommendations had been allocated to a Local Authority Resilience Board or Professional Network to consider in terms of identifying any actions necessary to support the way in which London Boroughs collectively addressed them, where necessary with the London Resilience Forum also considering those issue on which it was felt collective action would be required from the wider London Resilience Partnership. The EP&R team had already identified improvements in some of the areas identified (including the need to recognise the importance of resilience and emergency planning as core responsibilities for staff involved in delivering any response) and would continue to consider the outcomes, while awaiting feedback from the resilience boards.

The Chair thanked Melissa Brackley for her update and then invited the Committee to raise any comments/questions, which are summarised below:

- Referring to a recent incident involving a gas leak in the Kilburn area, members were keen to ensure that the arrangements for buildings identified as community assistance centres were as up to date as possible and subject to ongoing review given the issues experienced with access to the building during that incident due to building works. In response, the Committee were assured that this issue had now been addressed with work ongoing to ensure the list of buildings identified for use as part of any emergency or community assistance response were as up to date as possible.
- In highlighting the increasing number of incidents being experienced linked to climate change and more extreme weather the Committee highlighted what they felt to be the benefits in seeking a more proactive approach towards the way these impacts were being addressed with a focus on the preventative measures available in addition to any emergency response provided and learning as a result. In recognising the range of issues involved, members were advised that the main focus in terms of wider delivery of the Council's approach towards tackling climate change was through the Councils Climate Emergency Strategy rather than EPR service. Members were reminded that the impacts highlighted (along with measures being developed to plan for and address the impact of climate change) had also been included on the Council's Strategic Risk Register with members advised of the opportunity to consider these in more detail as part of the next scheduled update on the Risk Register in October 24.
- In response to a query, the Committee were provided with further details on the recent evacuations of the Civic Centre which it was noted had prompted further consideration in relation to co-ordination of decision making and potential business continuity implications with further training being planned as a result on the Council's command and control arrangements to ensure roles and responsibilities in terms of the decision making structure were clearly understood.
- Members were keen to ensure that local councillors were also included within the EPR training programme being developed, recognising the value of their role as local community leaders and extent of local knowledge possessed, which it was felt could also be utilised as a resource. In response, the Committee were advised this had already been recognised with a package of training involving elected members also in the process of being developed. alongside the potential for their involvement in upcoming exercises.
- As a final issue clarification was sought on the arrangements to cover weekend rotas for staff on duty. In response, officers assured members of the arrangements in place in ensure the necessary staff were available to respond to incidents out of hours in the same way they would be within normal working hours.

As no further issues were raise the Chair thanked officers for the report and the Committee **RESOLVED** to note the Emergency Planning and Resilience Update along with the work and priorities being delivered through the Emergency Planning Team.

8. **Standards Report (including Q1 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 Q1 2024-25, Member Learning & Development activity and also on the outcome of a recent complaint in relation to breaches of the Members Code of Conduct, which had been upheld against Councillor Collymore as a serving member of the Council.

Prior to detailed consideration of the report David Ewart (as Chair) felt it important to remind members in focussing consideration on the members code of conduct issue that whilst the remit of the Audit & Standards Advisory Committee included oversight of Member standards issues it was the Audit & Standards Committee that had formal responsibility for consideration of complaints referred for formal investigation.

Having noted the advice provided the following key updates were highlighted for the Committee:

- The update on Gifts and Hospitality registered by members in the first quarter of 2024-25, as detailed in Appendix A of the report.
- In relation to member attendance at mandatory training sessions, the Committee was advised that with the exception of Data Protection, all members had completed their core mandatory refresher training. Those members still to complete their DP training had been given a deadline with a further update to be provided for the Committee in December 24.
- The background to the complaint which had been upheld in relation to breaches of the Member Code of Conduct against Councillor Collymore, as detailed within section 3.9 – 3.21, which members were advised (based on the evidence available) the Monitoring Officer had been able to determine without the need for a more detailed investigation by the Audit & Standards Committee. In noting the basis of the Monitoring Officer's findings in relation to each aspect of the complaint, as detailed in section 3.16 of the report, the Committee were advised that following consultation with the Independent Person Councillor Collymore's conduct had been found to have been in breach of sections 4, 5, 6, 8, 12 and 15 of the Members Code of Conduct which had resulted in the following sanctions having been imposed:
 - (i) censure or reprimand by way of a report for information to the Audit and Standards Advisory Committee;
 - (ii) a request that Councillor Collymore undertook refresher Code of Conduct and equalities training.
 - (iii) Provision of a copy of the transcript of the recording of the incident which had led to the complaint to the Leader of the Labour Group to enable the group to consider its relevance to council positions.

- (iv) The provision of information to Councillor Collymore concerning the appropriate use of a blue badge.

Members were advised that the sanctions imposed had taken account of the actions taken in response by Councillor Collymore in seeking to remedy the breaches identified in the form or both a written and personal apology with the training identified having also been undertaken. It was, however, noted that Councillor Collymore had subsequently exercised her right to request a review of the outcome. Following consideration and consultation with the Independent Member, it had been felt that the information submitted as the basis for the review had not mitigated the conduct on which the original outcome had been based and as a result the decision regarding the breach of the Code and sanctions imposed had been upheld with no further right of appeal.

As a final update, the Committee were advised of the decision recently made by Councillor Collymore to resign from her position as Deputy Mayor and other Council membership appointments with the matter now being presented to the Committee in order to fulfil the sanction in relation to her censure.

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

- In response to confirmation being sought regarding application of all relevant procedures under the Members Code of Conduct complaints process having been followed in relation to the handling of the complaint against Councillor Collymore, Debra Norman assured members of the compliance with all relevant procedures. As a follow up, clarification was also provided on the circumstances under which the finding of a breach of the Code could be applied without an investigation under the complaints process and the threshold under which a matter would normally be referred to the Audit & Standards Committee for consideration.
- As a further issue relating to investigation of the complaint against Councillor Collymore, members queried why they had not also been provided with a copy of the transcript from the recording of the incident to assist in consideration of the matter. In response, Debra Norman reminded the Committee that their role was one of censure with the investigation having been completed. It was not, therefore, felt to have been necessary to release the transcript itself to the Committee with the detailed information provided in the report felt to be sufficient to enable them to complete the censure process. A copy had been provided to the Labour Group in order for them to consider any further action or sanctions necessary under their own internal procedures.

It was noted that details on the wider levels of abuse experienced by the Council's Civil Enforcement Officers would be held by Environmental Services with the Monitoring Officer only involved in matters relating to complaints made in relation to members.

As no further issues were raised the Chair thanked Debra Norman for the report and it was **RESOLVED** to note the updates provided in relation to:

- (1) gifts and hospitality registered by Members
- (2) member training
- (3) the outcome of a recent complaint concerning a breach of the Member's Code of Conduct which had been upheld against Councillor Collymore and censure undertaken as a result of the information provided within the report.

9. **Internal Audit Activity Update for Quarters 1 and 2 2024-25**

Darren Armstrong (Deputy Director Organisational Assurance and Resilience) introduced a report providing and update on the activity of Internal Audit for Q1 and Q2 2024-25 based on the Internal Audit Plan 2024-25 which had been agreed by the Audit and Standards Advisory Committee in March 2024. Members noted the report had been prepared as a light-touch update for information purposes, with a more comprehensive 2024-25 Interim Report due to be presented to the Committee for consideration December 2024.

In presenting the report the following key areas were highlighted:

- The 2024-25 Internal Audit Plan had been the first prepared under the new Internal Audit Strategy for 2024-2027 (also approved in March 2024), which had introduced a new method for determining the activity of internal audit in-year and moved away from the more traditional 'annual plan' approach. This new approach was designed to enable the Internal Audit function to work more flexibly and to ensure it was more responsive to the Council's changing risks, priorities and assurance needs. In view of the nature of 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 with the Plan developed therefore focussed around the following four areas 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 to track agreed actions arising from internal audit activity to ensure improvements in the Council's governance, risk management and control arrangements.
- In terms of Internal Audit activity during Q1 & Q2 service had continued to deliver a broad range of work in the first half of 2024-25 including a focus on the scoping and planning of audits that would take place later during the year. This included core assurance work, in particular key financial system reviews, which members were advised was intentionally undertaken during Q3 & Q4 to ensure that assurance was provided across as much of the financial year as possible to help underpin the Head of Internal Audit's annual opinion.
- Details of the audit work undertaken during Q1 & Q2 had been included within Appendix 1 of the report with members advised that seven reviews had been completed, five high risk/high assurance need audits were at draft report stage, awaiting management responses with five in progress and fieldwork

underway. Ten core assurance reviews were in progress, with fieldwork due to commence in Q3 and Q4 with six follow-up reviews having been concluded, and a further twelve in progress. A summary of the risks/issues identified in audits completed during Q1 & Q2 had also been included as Appendix 2 of the report with comprehensive management responses provided for each action and Internal Audit due to undertake follow-up reviews based on relevant implementation dates. This activity had been delivered with the team operating at reduced capacity due to an auditor currently being on maternity leave.

- The progress made, as detailed within Appendix 1 of the report, by the Internal Audit team towards delivery of the Core Assurance plan, with fieldwork for a number of audits due to commence during Q3 and Q4. It was anticipated that at least 90% of the plan would be completed by 31st March 2024 (draft report stage), which would enable the Head of Internal Audit to provide an informed and evidence based opinion as to the effectiveness of the Council's governance, risk management and control framework.
- The Agile Risk-Based plan, detailed within Appendix 1 of the report, had also outlined the potential high risk and high assurance audit areas that would be prioritised for delivery in Q3 and Q4. Members were advised this remained a fluid plan and would be subject to change in response to new/emerging risks and/or changes in priorities. Whilst not designed as a rigid list of audits for delivery (given the resources required to deliver all of the work identified significantly exceeded available resources), the plan had been included to provide assurance in respect of how the work of Internal Audit would be determined and directed for the remainder of the year with a further update on progress and projected activity to be provided as part of the interim Internal Audit report in December 24.

The Chair thanked Darren Armstrong for presenting the report and then invited the Committee to ask any questions or clarifying points they had in relation to the Internal Audit Update. In response to Committee questions, the following responses were provided:

- In response to clarification being sought around the way assurance was being delivered in relation to the Council's budgetary controls as part of the core focus on key financial systems, members were advised that whilst not subject to specific review evaluation of key budgetary controls would be undertaken as part of the wider financial system reviews being undertaken, including the General Ledger. It was noted this approach had been designed to avoid cross over and duplication with other key control assurance testing and the next interim update providing further detail on the activity being undertaken to provide assurance in relation to the Council's overall financial sustainability and key budgetary controls. In response to a further query, members were advised that whilst the annual programme of core key financial system assurance work was not directly aligned with the timetable for the Council's budget setting process the outcomes of specific audit activity and assurance work was still designed to feed into ongoing development and review of the Council's financial position and would support the annual internal audit opinion.

- In commending the nature of the report, members advised they would also be keen to review performance in relation to the implementation of audit findings, given previous concerns highlighted in relation to delays and slippage identified. In recognising the issues raised, the Committee was advised that the interim update scheduled for presentation in December 24 would include further details on performance in this respect along with the action being undertaken to address any delays and slippage in implementation of key audit recommendations involving the relevant departments.
- Focussing on specific audit activity further clarification was sought on the findings identified as part of the audit undertaken to provide assurance around the effectiveness and robustness of arrangements relating to management of the Brent Music Service given the issues highlighted in relation to safeguarding, IT and data. In response, officers advised that concerns regarding the gaps identified had been shared with the service and a further update due to included as part of the interim Audit Plan report in December 24 on the work being undertake in response to address and mitigate against the risks identified and deliver the accompanying audit recommendations.
- Following on, support was expressed by the Committee identified in relation to the automation and integration of data under the True Compliance (Housing) system as a measure designed to mitigate against the risk identified (following internal audit review) in relation to data integrity, which Darren Armstrong advised would be passed on to Housing Team for further consideration.
- As a general comment on development of the Audit Plan, members queried the work being undertaken to provide assurance around the securing and delivery of social value through the Council's procurement arrangements. Whilst recognising the issues raised, Darren Armstrong advised members of the agile risk based approach undertaken towards the identified and inclusion of audit activity on the Plan which had been designed to not only match available capacity and resources but also provide maximum flexibility in order to respond to changing risks and priorities. Based on an assessment of current risk and wider priorities in relation to core assurance activity social value had not currently been identified as a high priority on the Plan, although based on the comments and gaps in assurance identified members were advised the level of risk would continue to be kept under review with assurance continuing to be sought through alternative sources.
- In response to additional clarification being sought on the outcome of an audit carried forward from 2023-24 in relation to i4B and FWH SLA billing arrangements (given the length of time the SLA arrangements had been in place) officers advised that the risks identified had been based around a wider focus on second line of defence control issues.
- As a final issue, details were sought on the systems in place to manage the flow of requests for audit assurance activity through to the service. Officers advised that the process for identifying potential audit areas involved a number of methods including risk assessment, assurance mapping and consultation with senior management with the service well positioned in terms of access and relationships with senior officers to facilitate this approach in an

open and proactive manner which encouraged services to work with the team. Whilst recognising the capacity available to respond to requests for support, the service continued to receive multiple requests with the plan flexible enough to adapt and respond to emerging risks and priorities throughout the year and subject to ongoing review in relation to the work identified for Q3 and Q4.

As there were no further comments raised, the Chair thanked Darren Armstrong for the update provided, and it was **RESOLVED** to note:

- (1) the progress made towards delivering the planned core assurance work.
- (2) the Internal Audit Activity for Quarters 1 and 2 of 2024-25.
- (3) the potential audit areas for Quarters 3 and 4, with members encouraged to feedback any further comments on potential audit areas identified to Darren Armstrong
- (4) As a result of the discussion at the meeting that the interim update on delivery of Internal Audit Plan 24-25 scheduled for consideration by Committee in December 24 would also include:
 - (a) Further detail on the way in which core assurance is being provided in relation to Council's budget and financial control measures.
 - (b) The measures in place to address performance in relation to the delivery of follow up recommendations from audit reviews.
 - (c) A further update on the measures being developed to address and mitigate against the risks identified following the review of Brent Music Service.

10. **Brent Council & Pension Fund Audit Progress and Sector Update**

Sophia Brown (Key Audit Partner, Grant Thornton) introduced the report, updating the Committee on Grant Thornton's progress in fulfilling its responsibilities as the Council's external auditor.

In presenting the report, Sophia Brown advised that work to complete the audit on the Council's 2023-24 financial statements remained in progress with the aim to now include detailed findings (subject to the process having been completed) in the 2023-24 Audit Findings Report scheduled to be presented to the Committee the additional meeting scheduled on 31 October 2024.

The Committee was advised that work to date had been affected by delays in obtaining final evidence for several sections of the financial statements and whilst the original target had been to finalise their work by the end of September 2024 delays in obtaining the required data and the quality of some supporting evidence had meant Grant Thornton were unable to finish their work and had needed to allocate additional time to complete the audit. The information on which further details were awaited included PPE reconciliation and valuations with work ongoing to complete and review data provided in relation to journal testing, valuation on land

and building enquiries, group audit procedures and grants testing. An emerging pensions issue across the local government sector was also stated to have affected deadlines, requiring an assessment from the Council's actuary.

As a result, an additional two weeks of audit resource had been allocated in an effort to complete the outstanding work in advance of the revised timescale for the end of October 24, although this would also require submission of the necessary data from the Council and also be subject to management review of the audit findings, which may further delay progress in being able to complete the audit process. The Committee were advised that if not possible to achieve the October 24 deadline this was likely to mean the final outcome of the audit process being delayed until February 2025, with the aim to avoid (if possible) falling within any backstop arrangements.

In terms of the Annual Auditors Value for Money Report, the Committee were advised that under the Code of Audit Practice there was a requirement for the Annual Report to be issued no later than 30 September or, where that was not possible, to issue an audit letter advising for the reasons for any delay. As the audit work on the Council's value for money arrangements was still in the process of being completed Sophia Brown advised that she had formally written to Councillor Chan (as Chair of the Audit & Standards Committee) advising that due to the ongoing challenges in relation to meeting the necessary regulatory and other requirements it had not been possible to complete that work within the usual timescale. As a result, it was now planned to publish and issue the full 2023-24 Auditors Annual Report in December 2024. Under changes to the Code, should the VFM work not be completed in time for the audit opinion on the Council's 2023-24 financial statements being issued Sophia Brown advised that the External Auditor would write to the Chief Executive to summarise their VFM findings at that date and confirm the intention to issue their final report in December 2024.

Having thanked Sophia Brown for the update provided the Chair then invited comments from the Committee with the following issues raised:

- The focus of both the Chair and Vice Chair in seeking support and achieve (as far as was possible) the revised deadline for completion of the audit process on the Council's financial Statement of Accounts by 31 October 24
- In seeking further clarification on the reasons for the delay in completion of the audit process, members were advised this reflected not only capacity issues that had needed to be addressed within the Council's finance team in relation to staffing levels but also the revised accounting deadlines and more complex nature of queries on which information or responses had needed to be provided for example involving additional valuations and reconciliation. Confirmation was provided that in terms of staffing capacity these issues were now in the process of being addressed with work also ongoing to review the processes moving forward in terms of additional training and benchmarking relating to the exchange of data recognising the more challenging nature of the audit process.

Asad Khan (Grant Thornton) provided the Committee with a current update on the status of information identified as outstanding in relation to audits on both the Council's financial statements and Pension Fund with data now having

been provided in a number of areas on which further testing was now underway or management responses were awaited.

- In response to clarification being sought on any potential increase in audit fees as a result of the additional resources being made available to complete the audit process, members were advised this was expected to impact on the fee with an initial assessment being approx. £20k. It was, however, noted that any increase in fee would need to be reported to and agreed by the Chair of the Audit & Standards Committee for formal approval with the initial focus, however, remaining on the work required to complete the audit process.

Following on Sophia Brown ended by informing the Committee of the need to advise of an additional audit fee that had been incurred in relation to the work undertaken to resolve a general sector wide objection on the previous audit relating to bus lane CCTV enforcement. To this effect, Grant Thornton had advised that the additional audit fee had totalled £2,500.

In response to a request by the Chair, Sophia Brown also took the opportunity to advise the Committee on the newly emerging IFRIC-14 pensions accounting consideration, with work underway to address the new requirement with the Council Pension Fund Actuary.

With no further issues raised the Committee **RESOLVED** to note the Brent Council & Pension Fund Audit Progress and Sector Update along with the update provided in relation to the additional external audit fee incurred, provisional deadline for focus of activity to complete audit activity and sign off 2023-24 Statement of Accounts as 31 October 24 and rescheduling of the External Audit Annual Report for Committee in December 24.

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

The Committee **RESOLVED** to note the Committee's Forward Plan and Work Programme for the 2024-25 Municipal Year subject to an additional meeting having been scheduled for 31 October 24 in order to enable (subject to completion) sign off of the Statement of Accounts 23-24 and External Audit Findings Report. Members were advised this meeting would also consider the update on the Council's Strategic Risk Register, which had been rescheduled to enable a further review and incorporation of evolving risks identified as needing to be assessed since the previous update including temporary accommodation, financial challenges, community unrest and cohesion, and the results of the Grenfell Report.

12. **Exclusion of Press & Public**

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

13. **Any other urgent business**

None.

The meeting closed at 7.50 pm

David Ewart
Independent Chair