



MINUTES OF THE AUDIT AND STANDARDS ADVISORY COMMITTEE
Held in the Conference Hall, Brent Civic Centre on Tuesday 4 February 2025
at 6.00 pm

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

Independent co-opted Members: Rhys Jarvis and Steven Ross.

Also Present: Sophia Brown, Sheena Phillips and Asad Khan (External Audit – Grant Thornton).

1. Apologies for absence and clarification of alternate members

Apologies for absence were received from Councillor Mili Patel, as Deputy Leader and Cabinet Member for Finance & Resources.

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

RESOLVED that the minutes of the previous meetings held on Wednesday 4 December 2024, be approved as a correct record.

Members noted the updates provided in relation to the Action Log of issues identified at previous meetings. Specific updates were provided in response to the following matters:

- (a) Treasury Management Strategy 2025 -26 (4 December 24) – confirmation was provided that the Strategy had now been published as part of the final 2025-26 budget report for Cabinet and would be circulated separately to the independent co-opted members unable to access it via the Cabinet agenda.
- (b) Interim Counter Fraud Report 24-25 (4 December 24) implementation of digital blue badge scheme – Councillor Chan advised that he had received confirmation from the Council's Healthy Street & Parking Team regarding implementation of the digital scheme. Members were advised that permit holders were now able to apply for a free virtual permit, which it was hoped would lead to a decrease in misuse and fraudulent activity on which members advised they would continue to monitor progress. Over 200 applications had been approved to date, with further promotion of the scheme planned to increase awareness and encourage take up.

- (c) CIPFA Financial Management Code & Redmond Review (6 February 24) – David Ewart (as Chair) advised that the update on implementation of the Code due to be reviewed as part of the 25-26 budget setting process had needed to be rescheduled pending completion of the audit and sign off process for the 2023-24 Statement of Accounts.

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

None raised.

6. **Annual Report on Complaints & Code of Conduct Complaints Procedure**

Biancia Robinson, Senior Constitutional & Governance Lawyer, introduced a report from the Corporate Director Law & Governance providing an annual review of the complaints received pursuant to the Complaints Procedure and a review of the Members' Code of Conduct. The report also provided details on a current government consultation seeking views on potential changes to the current standards regime.

In considering the report the Committee noted:

- The summary of complaints received in the last 12 months, as detailed in section 3.5 and Appendix A of the report. During this period, the Corporate Director Law & Governance, as Monitoring Officer, had received and made determinations regarding six councillors allegedly in breach of the Members Code of Conduct. Of these complaints, two have been resolved at the Initial Assessment Stage, three have been resolved at the Assessment Criteria Stage and one was still under investigation. In terms of outcomes, two complaints had been upheld as a breach of the Code, two had been subject to review requests which had not been upheld, and one had been escalated to the formal investigation stage (at the request of the Councillor).
- The overview of the complaints procedure provided within section 3 of the report and consistency produced as a result of the detailed procedure and assessment criteria.
- The outline of trends identified (following a request made during consideration of the previous Annual Complaints report) in relation to complaints and outcomes, as detailed with section 3.11 – 3.13 of the report. These had included:
 - The increase in one of the main findings at Initial Assessment Stage over the past 12 months being that the Councillor “was not acting in their capacity as councillor”. Members were advised that the Code currently only permitted the investigation of complaints against Members made in their “official capacity or when giving the impression [they] are acting as a member of the Council”, unless the matter related to a serious criminal offence being committed in the Member's private capacity, meaning that any decision which purported to find a breach of the Code whilst the member was acting in their private capacity being liable to challenge. It was felt this trend reflected a change in public expectations, with the possibility to extend the scope of the Code to include some categories of behaviour outside members role as a councillor having also been

included as an element of the government's current consultation on the standards regime.

- The other main reason identified for complaints not proceeding beyond initial assessment stage was that the complaint "*did not disclose sufficiently serious potential breaches of the Code to merit further consideration*". The main rationale for this finding had involved insufficient evidence being submitted to support the allegations made and/or when considering the allegations in context, there was no significant evidence to suggest the Councillors had behaved in the manner complained off. In some cases, members noted the evidence obtained had actually indicated aggressive or otherwise unreasonable behaviour by the complainant towards the councillor concerned.
 - The main recurring factor in relation to the escalation of complaints to the Assessment Criteria Stage has been the contents of the complaint which had indicated there may be a serious issue to consider with the opportunity therefore provided for the councillor involved to comment being necessary to establish if that was the case.
- The value and role of the Independent Persons in providing external scrutiny in relation to any complaints that reached the Assessment Criteria Stage.
 - Whilst no substantive changes had been recommended as a result of the review of the Member Code of Conduct Complaints Procedure, three clarification amendments had been proposed (as detailed within section 3.16 and Appendix B of the report) which related to:
 - The inclusion of an explicit option for informal action (following consultation with the three Independent Persons) after an investigation, especially where (upon investigation) the facts lend themselves to an informal resolution, which members noted would be in line with the LGA guidance on complaints procedures.
 - To make clearer in the procedure the requirement for completion of the complaints form and the limited exceptional circumstances, where a complainant was unable to complete the form, for the complaint to be submitted in writing other than on the form or may be supported in completing the form.
 - To change the reference from Standards Committee to "Audit and Standards Committee".

It was noted that the proposed changes would not require formal approval by the Audit & Standards Committee.

- The outline of the consultation currently being undertaken by the Government on potential changes to the standards regime and framework for local authorities in England. Members were advised that the detailed consultation questions had been included in Appendix 3 of the report with views being sought on proposals including the potential introduction of a mandatory minimum code of conduct for local authorities in England; the requirement to convene formal standards committees to make decisions on breaches of the code and publish the outcome of all formal investigations; the introduction of powers to suspend councillors found in serious breach of the code; the introduction of a new category of disqualification for gross misconduct and for those subject to a sanction of suspension more than once in a 5 year period and the introduction of a national body to deal with appeals. In addition,

members were advised the consultation was also seeking views on how best to empower victims affected by councillor misconduct to come forward and what additional support may be appropriate. The Committee were advised that the consultation was open for online response until 26 February 25 with councillors, officers, and members of the public able to respond individually and also the opportunity to respond collectively as a Committee.

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

- Commenting on the suggested response to the Government consultation, members advised they would be keen to ensure a collective response was submitted on behalf of the Committee with the suggestion made that the consultation questions be sent to members following the meeting and responses collated via the Corporate Director Law & Governance for final review and approval (prior to submission) at the additional meeting of the Committee which it was proposed to schedule on 24 February 25.
- Regarding the support available for members of the public in seeking to access and complete the existing complaints form, confirmation was provided that support was available for anyone struggling or unable to access the form with officers advising (in response to members concerns) that they would also review the contact details currently available on the Council's website for this purpose.
- In welcoming the details provided in relation to the trend analysis for complaints and their outcomes, further assurance was sought on the training provided for members in relation to the requirements under the Member Code of Conduct and how any trends identified would be reflected in the training provided moving forward. In response, Debra Norman (as Corporate Director of Law and Governance) felt that the current training available for members on the Code remained effective as evidenced by the low level of complaints currently being received. The training and guidance being provided to members was, however, subject to ongoing review based on trends identified with specific issues identified as a result able to be addressed through the provision of Monitoring Officer Advice Notes (MOANs) or the provision of drop in sessions for members designed to supplement the training provided.
- Details were also sought on any benchmarking available in terms of how Brent compared with other local authorities regarding complaints against councillors under the code. In response, Debra Norman advised that whilst these details were no longer collated on behalf of all local authorities the number of cases was felt to be relatively low in Brent compared to many other authorities.

As there were no further questions, the Chair thanked Bianca Robinson and Debra Norman for presenting the report and their responses, and the Committee **RESOLVED:**

- (1) To note the contents of the report and support the clarification amendments to the Members Code of Conduct Complaints Procedure outlined within the report with no recommendations identified regarding any more substantial changes for formal referral to the Audit and Standards Committee.

- (2) To note the government consultation process outlined within section 3.17 - 3.19 of the report relating to the standards regime and approve a collective response being submitted on behalf of the Committee based on the consultation questions being sent to members following the meeting and responses being collated via the Corporate Director Law & Governance for final review and approval (prior to submission) at the additional meeting of the Committee to be confirmed on 24 February 25.

7. External Audit Annual Report & Council's Statement of Accounts 2023-24

David Ewart (as Chair) welcomed Sophia Brown & Sheena Phillips (Grant Thornton) to the meeting who he advised had been invited to provide an update on current progress in completing the external audit of the Council's 2023-24 Statement of Accounts. The Committee's attention was drawn to the Audit Findings Report circulated with the agenda, which members were advised provided an update on the current status of the audit process and highlighted the key changes since the interim Audit Findings Report had been presented to the Committee on 31 October 24. Whilst noting that the audit was substantially complete, the Chair advised that it had not been possible to complete the outstanding work required to enable the Statement of Accounts and Letters of Representation to be signed off at the meeting, with it therefore proposed to hold an additional meeting of the Advisory and main Audit & Standards Committee on Monday 24 February 25 for that purpose, subject to final completion of the audit process.

Members were therefore advised as a result of the update that the Audit & Standards Committee scheduled immediately after meeting would no longer be required.

Having recognised the efforts made by external audit and the Council's finance team in progressing the audit and addressing the outstanding areas of work required the Chair then invited Sophia Brown (Key Audit Partner) and Sheena Phillips (Senior Audit Manager) from Grant Thornton to provide an update on audit progress with the following noted:

- As an overview, Sophia Brown introduced the updated Audit Findings report advising that the audit process was now substantially complete with no matters identified at this stage that were likely to require modification of the audit opinion or material changes to the financial statements, subject to the outstanding matters identified in relation to the following areas being completed – resolution of queries relating to valuation of land and buildings; submission of a management response on the accounts consistency tool and variances identified along with the hot review; receipt of managements subsequent events confirmation and updated Group financial statements; receipt of management's representation letter and final review of the financial statements to ensure all agreed adjustments had been processed accurately. Key updates on progress since the previous Audit & Standards Advisory Committee meeting on 31 October 24 had been highlighted in blue within the report.

Sheena Phillips was then invited to provide a more detailed outline of the progress made and areas of work outstanding, with the following updates noted:

- The audit process had been paused in October to enable the Council's finance team to address the issues identified relating to the Plant, Property & Equipment (PPE) valuation. Whilst the audit had recommenced in December 24 further issues had been identified by management which had involved additional changes to the Fixed Asset Register and the valuation report to reflect the inclusion of assets not initially valued. This had required additional sample testing and had resulted in delays to the overall audit progress given the reliance of the Group Accounts and core Financial Statements on the finalisation of the PPE figure. Given the deficiencies identified in relation to the PPE valuation a recommendation had been included that management review the asset valuation process for future years with the updated PPE findings having been detailed on pages 12 -16 of the Audit Findings Report and that work now subject to final completion and review.
- Work on the pension liability focussed on the impact of financial reporting standard IFRIC 14 was now complete. Whilst the impact of the updated guidance had been confirmed as not affecting prior periods an additional liability of £75m had been identified for 2023-24, which management had agreed to adjust for.
- Work on interest receivable, related parties and depreciation had also been completed with no issues identified.
- In terms of the significant risks previously identified within the interim Audit Findings Report, members were advised of the findings in relation to:
 - the valuation of other land and buildings which had identified an initial variance of £18.27m between the Fixed Asset Register (FAR) and valuation report. In seeking to reconcile the variance an overall net difference of £3.2m had been identified between the updated FAR and revised valuation report, which it had been agreed to report as an unadjusted error in the final Statement of Accounts. In addition, following additional revaluation of assets the net book value of other land and buildings had been revised from £1,194.2 m to £1,175.7m in the updated accounts with the overall net book value of PPE having decreased by £23.7m and the accounts to be adjusted accordingly. As a result of the additional testing undertaken an understatement in a specific asset value of £1.7m had also been identified which had also been reported as an unadjusted error.
 - the valuation of Council dwellings, which had confirmed that the indexation applied to valuation of the housing stock was reasonable with the FAR updated to reflect a variance (involving an understatement of £7.96m) from the draft accounts. As a result of the revaluation of a number of assets and addition of a number of properties to the FAR, further changes had been required to the PPE note involving the net book valuation of council dwellings being revised from £836.5m to £813.9 and in-year council dwelling additions being revised from £26.7m to £18.9m due to reclassification of two assets from council dwellings to assets under construction. As a result of the issues identified, two control points had been identified. The first involved a recommendation that PPE valuations should be carried out as at the end of the financial year and subject to the accurate identification of assets requiring

valuation and the second that management use a beacon basis for council dwelling valuation, recognising that the beacon analysis last undertaken in 2021-22 had not been updated or reviewed. Members were advised that both issue identified have resulted in a control deficiency having been raised supported by recommended management action.

- The updated summary of audit adjustment misstatements and misclassifications and disclosure changes arising from the additional audit work completed, as detailed in Appendix D of the Audit Findings Report.
- The impact of the additional audit work and resources allocated in terms of the audit fee breakdown and additional costs incurred as a result as detailed in Appendix E of the Audit Findings Report.

David Ewart (as Chair) thanked Sophia Brown and Sheena Phillips for the update provided and then invited Rav Jassar (as Deputy Director Finance, Brent Council) to comment on the update provided. Members were advised that the key challenges and issues which had delayed completion of the audit process had been acknowledged and recognised with a specific focus on the turnover of key staff within the Council's finance team and issues identified in terms of the internal systems in place across the Council to support PPE valuation, including the quality of supporting working papers, which had led to delays in testing being completed and a number of adjusted, unadjusted and disclosure misstatements being identified in the draft financial statements that had increased the level of work required beyond the original scope. Despite these issues, members were assured that testing was now substantially complete with the aim being to seek final sign off of the Statement of Accounts in advance of the backstop deadline at the end of February 2025. In terms of the staffing issue identified, members were advised this had involved the loss of a key member of staff in a Chief Accountant position responsible for managing the audit process. Whilst seeking to recruit and reappoint to the post the nature of the role (given the level of technical experience required) and current market conditions had made this more challenging with work ongoing to attract a suitable replacement. Whilst noting the options being explored to support the retention of key staff and reduce dependency on specific individuals in supporting preparation of the financial statements and external audit process moving forward, members recognised the ongoing risk in relation to the retention of key local authority finance staff with these challenges noted as a sector wide issue.

The Chair thanked officers for their report and then invited the Committee to raise any comments on the update provided, with the issues highlighted summarised below:

- Highlighting ongoing concerns in relation to the issues identified around processes for the valuation of assets and management and control of the Fixed Asset Register further assurance was sought on how these matters were being addressed, given the delays these had had created in being able to complete the audit process. In response, Minesh Patel (as Corporate Director Finance & Resources) advised that the control weaknesses identified had been recognised including the need to ensure robust controls were in place regarding the need to undertake regular and detailed reconciliation between the Fixed Asset Register, general ledger and valuation reports to

ensure any discrepancies or inconsistencies identified could be resolved in a timely manner. Work was also being undertaken to review how the maintenance of supporting records and documents supporting the valuation process could be standardised with relevant teams from across the Council & Council's valuers in order to address the control deficiencies identified. Members noted that these were also issues experienced by other local authorities with the level of control varying between Councils but work ongoing to ensure the necessary reconciliation of the Fixed Asset Register was maintained working with all relevant teams across the Council.

Referring to work undertaken by the Resources & Public Realm Scrutiny Committee in relation to the management of property assets owned by the Council, members noted that the scrutiny review had been mainly focused around maximising the use of assets rather than the process of valuation and how these were reconciled on the Fixed Asst Register.

- The need identified to ensure robust and effective controls were established in relation to management of the Councils Fixed Asset Register with details sought regarding the role of the Internal Audit function in providing the necessary levels of assurance in response to the weaknesses identified. In response, Minesh Patel advised that whilst the Internal Audit Plan had included activity focussed on control elements relating to the management of assets in specific service areas these had not related to the overarching issues and weaknesses identified as part of the current external audit process relating to valuations and management of the Fixed Asset Register which would require a Council wide approach to address supported through Internal Audit activity. In support of the approach outlined, Darren Armstrong (as Deputy Director of Organisational Assurance and Resilience) confirmed that the Fixed Asset Register formed part of the Internal Audit Core Assurance Plan with activity scheduled on a rolling three year programme. As part of the most recent audit review, issues had been identified in relation to need to establish clear processes, roles and responsibilities as well as the retention of supporting documents which supported the weaknesses identified through the external audit process. Members were, however, also advised of the balance needing to be maintained in relation to the independence of the Internal Audit function and capacity of resources available in terms of delivery of the Audit Plan. As further assurance, the Committee was advised that the internal controls relating to PPE, assets valuations and the Fixed Asset Register were already scheduled for review during 2025-26 which would include a focus on some of the main areas of weaknesses in relation to the control issues identified. The inclusion of this activity on the Internal Audit Plan was welcomed by members of the Committee, as an area of high priority.
- In response to a further query regarding the time scale for the adjustments that needed to be made in relation to the valuations and Fixed Assets Register Ravinder Jassar advised, these would be completed as soon as the remaining queries were resolved with the external audit team.
- In response to clarification sought on the risk identified in relation to the design effectiveness of management override controls in relation to journals, members were advised that these had been subject to an extensive process of audit testing and review with the audit work now complete and no issues

having been identified. Further assurance was also provided in relation to the audit work complete to review the existing audit logging controls, which members were advised had been assessed as sufficient without the need to utilise additional functionality within Oracle.

- In support of the efforts being made to ensure sign off of the Council's Statement of Accounts avoided the need to utilise the backstop arrangements members sought further assurance on the work being undertaken to address the remaining outstanding issues which had been identified in relation to completion of the audit process within the necessary timescale. In response, officers once again assured members that the audit work was substantially complete with no material issues remaining to be addressed and it anticipated that the outstanding areas identified would be completed enabling sign off to be achieved prior to the backstop deadline. Looking forward, members were advised of the revised deadline for completion of the audit process and Statement of Accounts in 2024-25 which had been designed to provide an additional month and work already underway to address the issues and weaknesses identified in relation to the PPE valuation process and reconciliation with the Fixed Asset Register as well as staffing issues identified.
- Moving to discuss the Value for Money (VFM) section of the report, further clarification was sought on the definition applied in relation to external audit VFM work, which Sophia Brown confirmed was based on an assessment of the Council's arrangements in relation to Governance, Financial Sustainability and Improving economy, efficiency and effectiveness. Confirmation was provided that these assessments were not based on reviews of individual projects or contracts but reflected a wider assessment designed to provide assurance around the Council's overall governance arrangements, financial sustainability and process for securing economy, efficiency and effectiveness. In response to a follow up query, members were advised that this activity would include an assessment of the Council's overall procurement arrangements, including the work undertaken to prepare for implementation of the new Procurement Act. In addition, Darren Armstrong confirmed that the Council's procurement arrangements also formed part of the Internal Audit Core Assurance Plan which had included activity focussed on contract management and would during the coming year include a review of the procedures relating to delivery of the Council's overall procurement arrangements.
- In response to further details sought on the process undertaken by external audit in assessing asset valuations provided by the local authority, Sophia Brown advised that this involved a process of independent assessment by Grant Thornton's own valuation expert. This would include review of the scope and assumptions on which the Council's valuation had been based in order to provide assurance. Confirmation was also provided that the recommended action identified as part of the current audit regarding valuations being carried out as at the end rather than beginning of the financial year had been accepted by officers in order to avoid the need for in year review and adjustment of asset valuations recognising the extension in the deadline for preparing the Statement of Accounts from 2025-26 onwards.

- In view of the risk and weakness identified in relation to the Council's financial sustainability within the External Audit Annual Report the opportunity was taken to seek a further update on delivery of the budget proposals which had been designed to ensure the Council was able to set a balanced and realistic budget and to avoid the continued use of reserves to meet unplanned expenditure. Whilst recognising the challenging nature of the financial position faced by the Council, members were assured of the actions taken to address the concerns and risks identified within the draft 2025-26 budget proposal, which had included the identification of significant savings in addition to a package of additional in-year savings during the 2024-25 financial year. It was, however, also felt important for the Committee to recognise this as the start of a challenging process moving forward with the risks and pressures expected to continue over 2026-27 and 2027-28 also impacting on the ability to rebuild levels of reserves. In terms of future options, it was felt the issues highlighted also supported the need for wider reform of the Local Government Funding regime which was seen as key in ensuring the necessary levels of financial support for key services were provided as part of future and longer term funding settlements. Members noted the ongoing lobbying being undertaken across the sector on this issue being led through the Local Government Association (LGA) not only in relation to the wider need for reform of the funding framework but also in relation to the need for longer term settlements and funding to match current pressures being experienced in relation to demand led services such as Adult & Children's Social Care and homelessness.

Councillor Chan (as Vice-Chair) advised that he and the Chair had also met with the Leader of the Council to discuss the approach towards tackling the issues identified, given the seriousness of the position, with the need having been recognised to gain maximum value from the use of all funding spent by the Council.

- In seeking additional assurance, confirmation was provided that the updated audit adjustments which had been identified as a result of the audit work now completed were not expected to have a material impact on the Council's overall financial position.

With no further issues raised the Chair thanked Sophia Brown, Sheena Philips and the rest of the Grant Thornton external audit as well as Council's Finance team for the work undertaken to progress the audit with the final stage in the process now focussed around completion of the audit and presentation of the final findings and Letter of Representation at an additional meeting of the Committee provisionally scheduled in advance of the backstop arrangements for Monday 24 February 25.

This meeting would also need to include consideration and approval of the additional audit fees incurred, which members recognised there would be little option but to approve given the reasons for the delay in the audit process and additional work that had been required as a result.

Members also noted the update on the Pension Fund audit, which it was reported had been completed with no further comment. The Chair thanked Amanda Healy (Deputy Director of Investment and Infrastructure) and her team for their work in achieving this.

As a final comment, Sophia Brown also took the opportunity to thank the Council's Finance Team for their support who it was acknowledged had continued to work closely with Grant Thornton in seeking to support completion of the audit process.

In completing consideration of the item, the Committee **RESOLVED:**

- (1) to note the updated External Audit Findings Report.
- (2) To approve the scheduling of an additional meeting of the Audit Standards Advisory Committee and Audit & Standards Committee on Monday 24 February 2025v for the purpose of receiving a final update on final Audit Findings Report and approving the Councils 2023-24 Statement of Accounts and accompanying Letters of Representation, subject to completion of the necessary audit process.

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

The Committee **RESOLVED** to note the Forward Plan and Work Programme for the remainder of the 2024-25 Municipal Year with further review of the number of items scheduled on the agenda for the 25 March 25 meeting to be undertaken with the Chair & Vice-Chair in advance of the agenda for that meeting being finalised.

9. **Exclusion of the Press & Public**

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

- **Any other urgent business**

None.

The meeting closed at 7.26 pm

David Ewart
Independent Chair