



## **Audit and Standards Advisory Committee**

**Tuesday 3 February 2026 at 6.00 pm**

Conference Hall - Brent Civic Centre, Engineers Way,  
Wembley, HA9 0FJ

Please note this will be held as a physical meeting which all Committee members will be required to attend in person.

**The meeting will be open for the press and public to attend or alternatively can be followed via the live webcast. The link to follow proceedings via the live webcast is available [HERE](#)**

### **Membership:**

#### **Members**

David Ewart (Independent Chair)

#### **Substitute Members**

#### **Councillors:**

Chan (Vice-Chair)  
Choudry  
Gbajumo  
Long  
Molloy  
J.Patel  
L.Smith

#### **Councillors:**

Agha, S Butt, Conneely, Ketan Sheth and T.Smith  
Councillors:  
Kansagra and Maurice  
Councillors  
E�apemi and Farah

#### **Independent Co-opted Members**

Sebastian Evans, Rhys Jarvis and Stephen Ross

**For further information contact:** Harry Ellis, Governance Officer  
Tel: 020 8937 3287; Email: [harry.ellis@brent.gov.uk](mailto:harry.ellis@brent.gov.uk)

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## **Notes for Members - Declarations of Interest:**

If a Member is aware they have a Disclosable Pecuniary Interest\* in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent and must leave the room without participating in discussion of the item.

If a Member is aware they have a Personal Interest\*\* in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent.

If the Personal Interest is also significant enough to affect your judgement of a public interest and either it affects a financial position or relates to a regulatory matter then after disclosing the interest to the meeting the Member must leave the room without participating in discussion of the item, except that they may first make representations, answer questions or give evidence relating to the matter, provided that the public are allowed to attend the meeting for those purposes.

### **\*Disclosable Pecuniary Interests:**

- (a) **Employment, etc.** - Any employment, office, trade, profession or vocation carried on for profit gain.
- (b) **Sponsorship** - Any payment or other financial benefit in respect of expenses in carrying out duties as a member, or of election; including from a trade union.
- (c) **Contracts** - Any current contract for goods, services or works, between the Councillors or their partner (or a body in which one has a beneficial interest) and the council.
- (d) **Land** - Any beneficial interest in land which is within the council's area.
- (e) **Licences** - Any licence to occupy land in the council's area for a month or longer.
- (f) **Corporate tenancies** - Any tenancy between the council and a body in which the Councillor or their partner have a beneficial interest.
- (g) **Securities** - Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

### **\*\*Personal Interests:**

The business relates to or affects:

- (a) Anybody of which you are a member or in a position of general control or management, and:
  - To which you are appointed by the council;
  - which exercises functions of a public nature;
  - which is directed to charitable purposes;
  - whose principal purposes include the influence of public opinion or policy (including a political party or trade union).
- (b) The interests of a person from whom you have received gifts or hospitality of at least £50 as a member in the municipal year;

or

A decision in relation to that business might reasonably be regarded as affecting the well-being or financial position of:

- You yourself;
- a member of your family or your friend or any person with whom you have a close association or any person or body who is the subject of a registrable personal interest.

# Agenda

Introductions, if appropriate.

Item	Page
<b>1 Apologies for absence and clarification of alternate members</b>	
<b>2 Declarations of Interest</b>	

Members are invited to declare at this stage of the meeting, the nature and existence of any relevant disclosable pecuniary or personal interests in the items on this agenda and to specify the item(s) to which they relate.

## **3 Deputations (if any)**

To hear any deputations received from members of the public in accordance with Standing Order 67.

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

4.1 To approve the minutes of the previous meetings held on 1 - 24 Wednesday 3 December 2025 as correct.

(Please note the agenda has been republished on 29 January 26 to include the 3 December 25 Audit and Standards Advisory Committee meeting minutes attached as item 4.1 to the report)

4.2 To note the updated Action Log from previous meetings of the Audit 25 - 28 & Standards Advisory Committee.

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

To consider any matters arising from the minutes of the previous meeting.

### **Standards Items**

<b>6 Member Complaints &amp; Code of Conduct</b>	29 - 38
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This report provides an annual review of the complaints received pursuant to, and a review of, the Members' Code of Conduct Complaints procedure.

### **Governance Items**

**7 Update on progress following referral to Social Housing Regulator** 39 - 48

The purpose of the report is to update the Audit and Standards Advisory Committee on the progress made so far as a consequence of the Council's self-referral in April 2025 to the Regulator of Social Housing.

**8 Artificial Intelligence (AI) Update – Audit & Standards Advisory Committee Deep Dive** 49 - 60

To undertake a Deep Dive exploration on the subject of the strategic risk presented to Brent Council from the ongoing development of AI technology recognising the way in which Brent is expanding its use of AI and automation to enhance efficiency and modernise service delivery.

To assist in the review, a paper has been attached which outlines the strategic risks along with the gaps identified in a recent internal audit. It provides an in-depth overview of the newly added AI Strategic Risk within the Council's Strategic Risk Register and summarises the internal audit findings, governance improvements and planned actions designed to provide the necessary oversight and mitigation.

(Please note the agenda has been republished on 28 January 26 to include an updated version of the AI Strategic Risk Register attached as Appendix 1 to the report)

**Finance & External Audit Items**

**9 Internal Audit Interim Report 2025-26 - Addendum** 61 - 72

Further to feedback from the Audit and Standards Advisory Committee on 3 December 2025, this report provides an update on action owners, accepted recommendations, and implementation dates for audits reported as completed within the Interim Internal Audit Report. It also reinstates the 'Basis of Our Classifications' and 'Assurance Definitions' for clarification.

**10 Audit Progress Update** To Follow

To receive an update on the progress in finalising the External Audit Findings Report and Council's Statement of Accounts for the year ended 31 March 25.

**11 Audit & Standards Advisory Committee Forward Plan & Work Programme 2025-26** 73 - 74

To consider the Audit and Standards Advisory Committees work programme 2025-26.

**12 Any other urgent business**

Notice of items to be raised under this heading must be given in writing to the Deputy Director Democratic & Corporate Governance or their representative before the meeting in accordance with Standing Order 60.

**Date of the next meeting:** **Tuesday 24 March 2026**



Please remember to **SWITCH OFF** your mobile phone during the meeting.

- The meeting room is accessible by lift and seats will be provided for members of the public. Alternatively, it will be possible to follow proceedings via the live webcast [\*\*HERE\*\*](#)

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## MINUTES OF THE AUDIT AND STANDARDS ADVISORY COMMITTEE

HELD IN BOARD ROOMS 4,5 & 6, BRENT CIVIC CENTRE ON WEDNESDAY 03 DECEMBER 2025 AT 6.00 PM

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

**Independent Co-opted Members:** Sebastian Evans, Rhys Jarvis & Stephen Ross.

**Also Present:** Sophia Brown (Grant Thornton – External Auditor), Matt Dean (Grant Thornton – External Auditor), Hannah Sargent (Grant Thornton – External Auditor) and Sheena Phillips (Grant Thornton – External Auditor) and Councillor Muhammed Butt (Leader of the Council).

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

Apologies for absence were received from Councillor Kabir with apologies for lateness received from Councillor L.Smith.

Members were advised that Councillor Muhammed Butt (Leader of the Council) was also attending in place of Councillor Mili Patel (as Deputy Leader & Cabinet Member for Finance and Resources).

### 2. Declarations of Interest

David Ewart (Independent 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

Having noted that the minutes had incorporated comments submitted by Sebastian Evans (independent co-opted member) in advance of the meeting it was **RESOLVED** that the minutes of the previous meeting held on Thursday 25 September 2025 be approved as a correct record.

Members noted the updates provided in relation to the Action Log of issues identified at previous meetings which it was noted would be subject to ongoing review by the Chair & Vice Chair.

### 5. Matters arising (if any)

#### Min 7 (25 September 2025): Self-Referral to Regulator of Social Housing Update

Members were advised the next progress update had been rescheduled for the Committee in February 2026 and would follow on from a detailed update being provided for Cabinet on 8 December 2025.

## **Min 12 (25 September 2025): Audit & Standards Advisory Committee Forward Plan & Work Programme for 2025-26 – Deep Dive Activity**

Following on from the previous meeting, Members were advised that the deep dive activity suggested for the February 2026 meeting had been on AI & cyber security.

As a further update, Minesh Patel took the opportunity to provide a brief update for members on the recent cyber-attack involving Westminster City Council and the London Boroughs of Kensington & Chelsea and Hammersmith & Fulham. In noting that the three local authorities were operating under a shared service arrangement members were advised that the impact of the recent incident was being assessed in terms of critical IT infrastructure with the London Office of Technology Innovation (LOTI) coordinating reflections and lessons learned, enabling other local authorities to benefit from a shared understanding of what had happened and focus on any associated issues in terms of the response and recovery. Shared learning would also be subject to review through a Business Continuity planning session being arranged in Brent to reflect on what had transpired and how well the Council would be able to react and recover from any similar type of incident.

### **6. Standards Report (including Q2 update on gifts and hospitality)**

The Committee received a report from the Director of Law which presented an update on Standards related items, including the Q2 update on gifts and hospitality. Details were also provided on the outcome of the consultation process undertaken by the Ministry of Housing, Communities on “Strengthening the standards and conduct framework for local authorities in England and Governments”.

Members noted the report, as circulated without further introduction, including the summary of the Government’s response to the consultation results, detail likely to be included in any upcoming legislation and commentary on the potential implications for the London Borough of Brent as detailed in Appendix B of the report. It was noted that the most significant of these potential changes was likely to involve enhanced sanctions enabling the suspension or disqualification of a councillor along with the ability to withhold allowances from elected members who had committed serious breaches of the code of conduct. In terms of Brent’s response, it was noted further this would be considered in more detail pending the relevant legislation being passed and enacted.

The Chair thanked Marsha Henry for her report and invited the Committee to raise any questions or comments on its content. The issues raised are summarised below:

- Members welcomed the inclusion of Appendix B, highlighting that the commentary provided indicated there were likely to be a number of potential changes to the Member Code of Conduct once the legislation was enacted. Given the scope of the changes and enhanced sanctions it was suggested that as the opportunity arose, members should be provided with as much advance notice of the potential changes as possible prior to them coming into effect. In response, Marsha Henry confirmed briefings and additional guidance would be provided for members at the appropriate time.

- Following this, members raised questions about the cost implications relating to the potential new provisions, which Marsha Henry advised would need to be assessed once the content of the final legislation and changes were confirmed. It was, however, noted that that costs were likely to relate primarily to the most serious sanctions, with the initial changes outlined being similar in scope to existing code requirements.
- Clarification was then sought from the Committee on application of the provisions relating to disqualification, breaches of the code and gross misconduct in relation to parliamentary office. Officers advised that guidance indicated the provisions would apply primarily to local authority members, but further updates would be provided should that position change in advance of the legislation coming into effect.

As there were no further questions, the Chair thanked officers for the report and **RESOLVED** to note the updates provided in relation to standards matters and forthcoming legislative changes to the Member Code of Conduct.

## 7. Interim Counter Fraud Report 2025-26

Darren Armstrong (Deputy Director of Organisational Assurance and Resilience) introduced a report, summarising the counter fraud activity that the Council had undertaken in 2025-26, up to 31 October 2025. In considering the report the Committee noted:

- That the report was intended to support the Audit and Standards Advisory Committee in obtaining assurance that the Council had robust and sound counter-fraud arrangements in place, which included a summary of the activity undertaken by the Counter Fraud team across multiple fraud types (including internal fraud, housing tenancy fraud, external fraud and proactive work undertaken to identify and reduce fraud). The report also fulfilled the requirements of the Local Government Transparency Code 2015, which required local authorities to publish details of their counter-fraud activity.
- The report followed a format similar to previous versions, and officers noted that the team continued to deliver a robust counter-fraud plan and preventative measures across the fraud types outlined underpinned by the Council's Anti-Fraud and Bribery and Whistleblowing policies.
- The details provided in relation to internal fraud which, whilst typically having the fewest referrals, were often more complex in nature as detailed within the "Proactive" section of Appendix 1 of the report. This included work in relation to whistleblowing referrals and a range of case types such as staff conduct, financial and procedural irregularities.
- The update provided in relation to Tenancy & Social Housing Fraud (as detailed within section 3.4 and Section 2 of Appendix 1 in the report) with the recovery of social housing properties continuing to have a positive impact on the temporary accommodation budget as a high-priority fraud risk for the Council alongside

enhanced fraud prevention activity in relation to tenancy successions applications.

- The update provided in relation to External Fraud activity cases as detailed within Section 3.5 of Appendix 1 within the report. This activity included (but was not limited to) fraud cases involving Blue Badge, Direct Payments, Council Tax, Business Rates, insurance, finance, concessionary travel and grant applications.
- The team continued to undertake a broad range of proactive activity including National Fraud Initiative (NFI) data matching, fraud workshops and targeted operations to support the identification, investigation and reduction in other fraud risk activity across all service areas with further details having been summarised in section 4 of Appendix 1 within the report.

The Committee was then invited to raise questions and comments on the report which have been summarised below:

- Beginning the discussion, members raised questions regarding the Key Performance Indicators for external fraud. The number of new referrals was noted to have dropped in the first half of the year compared to previous years with members keen to explore the reason along with details provided in relation to number of closed cases. In response, Darren Armstrong explained that the drop in external cases related primarily to a change in approach towards Blue Badge fraud enabling resources to be redirected towards other emerging and higher risk areas of fraud investigation including housing tenancy, succession and verification work where fraud rates had continued to increase. Whilst also recognising the impact of blue badge fraud, the team had developed an enhanced triage process which enabled them to continue focussing on higher profile misuse. Regarding closed referrals exceeding new referrals, officers confirmed that the figures reflected referrals which had moved from one monitoring period to the next with future updates to therefore include details (in order to provide further clarification) on those cases which had been carried forward to better demonstrate this balance.
- Following on, details were sought on the action being taken to address performance in relation to the collection of council tax and business rates given the level of uncollected income and findings referenced from a recent Internal Audit report regarding issues with reminders and summons notices. In response, officers advised this had been an issue referenced within the Internal Audit Interim Report with it confirmed that management had provided a full and complete management responses on how specific actions would be addressed, further details on which would be reflected within the Annual Internal Audit Report.
- Members then requested clarification on the impact and cost benefit arising from the reduction of external fraud balanced against the increase in activity related to tenancy and housing fraud. In response, Darren Armstrong advised the approach reflected the need to balance and focus the use of available resources on the highest risk areas of fraud and those with the most significant outcome for the Council, both financially and for residents. The team had therefore

consciously stepped back to assess whether it was right to continue spending significant time on Blue Badge fraud when more significant areas of fraud risk (such as housing tenancy fraud) had been identified as likely to achieve more significant benefits for the Council and residents. Officers emphasised that whilst there was a notional value given to property recovery (as used by the Cabinet Office and National Fraud Initiative), the main driver behind the decision was that every property recovered meant one less family on the housing waiting list, representing significant social value alongside financial considerations.

- Moving the discussion on, members noted that the Council appeared to be undertaking significant pre-employment vetting on agency staff and queried whether this should be treated as a responsibility for the agency involved. Officers explained that these checks were performed by the Counter Fraud team using an existing subscription service.. This reflected efforts to protect the Council by undertaking additional screening and vetting to ensure as much as possible was known about people coming into the Council to work with residents (particularly where assessed as vulnerable) with the aim of preventing fraud in the longer term. Where matches or alerts were identified against the database, these were shared (subject to legal considerations) with the hiring manager to perform a risk assessment and decide on whether to continue with employment, mirroring the due diligence process for DBS checks. The team facilitated the process and provided advice when necessary but did not make employment decisions. Members welcomed the activity being undertaken in this area in terms of the additional assurance and oversight relating to pre-employment checks as a further measure in relation to the prevention of fraud.
- In concluding the discussion, members commended the report and, noting the team's assurance role and collaborative work, sought reassurance in relation to the cross-council work and support being provided around fraud prevention activity. Whilst highlighting the evolving nature of risk relating to fraud and nature of emerging risks identified, assurance was provided on the work being undertaken collaboratively to maintain and manage the Council's fraud risk register across the Council. Whilst the team facilitated this work members were reminded they did not own the risks with their role to support service areas in highlighting and seeking to mitigate against fraud risks, which was important both for providing assurance and for education purposes, so service areas understood why controls and processes were in place and why they were important to follow. The team promoted fraud awareness (including during recent Fraud Awareness Week) and conducted targeted sessions in high-risk areas including housing, adult social care and children's social care. Officers therefore confirmed that whilst the Council continued to operate what were regarded as robust counter-fraud measures, the team was always seeking to enhance these through collaborative working.

As no further issues were raised the Chair thanked Darren Armstrong and the Counter Fraud team for their hard work and efforts in relation to the ongoing delivery of counter fraud activity and it was **RESOLVED** to note the contents of the report and counter fraud activity undertaken from April – October 2025.

## 8. Internal Audit Interim Report – 2025-26

Darren Armstrong (Deputy Director of Organisational Assurance and Resilience) introduced the report, outlining the work undertaken by the Internal Audit function as at the end of October 2025.

In highlighting the role of the report in providing assurance that the Council had a sound framework of governance, risk management and internal control in place supported by a summary of Internal Audit activity, updating on the performance of the function, highlighting areas where high priority recommendations had been made and commenting on the level of implementation of audit recommendations by management, the following key issues were highlighted:

- The report reflected the continuation of the flexible audit planning approach adopted in 2024-25, moving away from the previous 'annual plan' approach and towards a less rigid and more flexible process but which would still provide assurance over areas of inherent risk, core systems and processes regarding key foundations to Council governance and control frameworks based on the following areas - Core Assurance, an Agile Risk-based Plan, Consultancy and Advice & Follow-up Activity. It was noted that the current Plan had been agreed by the Committee in March 2025.
- The summary provided within section 3.3 of the report relating to delivery of the 2025-26 Internal Audit Plan including progress (as detailed within Appendix 1 of the report) in relation to the Core Assurance Plan and development of the Agile Risk-Based plan listing the potential high risk and high assurance audit areas prioritised for activity during the remainder of the year. The key highlights included the completion of five core assurance reviews with 13 core assurance reviews currently underway, comprising of seven at the fieldwork stage and six at the planning stage. Completion of four risk-focused reviews, with eight additional risk-focused reviews in progress (four at the fieldwork stage and four at the planning stage) and the completion of two follow-up reviews, with a further thirteen actively being tracked through to implementation. Members noted there had been no changes to this section of planned work from that approved by the Committee in March, and the service currently remained on track to deliver 100% of the Core Assurance Plan by March 2026 enabling the Head of Internal Audit to provide a well-informed, evidence-based opinion on the effectiveness of the Council's governance, risk management, and internal control framework.
- The summary of risk focussed work and findings identified within section of Appendix 1 to the report based on the Agile Risk-Based Plan, which included potential high-risk and high-assurance audit areas prioritised for delivery. Members were reminded of the fluid nature of this element of the plan which had been designed to ensure the Internal Audit function was able to respond to emerging risks and shifting organisational priorities (based on the resource available) whilst providing transparency and assurance around how Internal Audit activity continued to be identified, prioritised, and directed throughout the year. The current potential audit areas identified as part of the rolling internal audit risk assessment process had been included within section 2c of Appendix 1 of the report.

- In addition to its assurance work, Internal Audit continues to provide consultancy and advisory support where required or requested. So far this year, this had included a range of advisory activities, such as participation on various boards and working groups, contributing to discussions and decisions designed to support effective governance and risk management across the Council.
- The summary of follow-up outcomes and activity, as detailed within section 3.4 and Section 3 within Appendix 1 of the report, from planned audit work in relation to implementation of agreed actions, with it noted that the majority of follow-up work was due to be undertaken in Q3 and Q4 on which a final update would be provided within the Annual Internal Audit Report. Members were reminded that where actions were found to be partially implemented or not implemented at the time of follow-up, revised target dates would be agreed with management. These outstanding actions would then be subject to ongoing monitoring through departmental action trackers, with updates reported periodically to Departmental Management Teams and the designated action owner then responsible for advising Internal Audit once an action had been implemented, including the provision of appropriate evidence in support. Where actions were not implemented within their revised target dates, or where there was persistent lack of engagement in the follow-up process, these actions would be flagged as 'overdue' and escalated to senior management, with the list of those high-risk actions currently identified as overdue detailed within Section 3c within Appendix 1 of the report.

Having thanked Darren Armstrong for presenting the report the Chair then invited comments from the Committee, which are summarised below:

- Additional clarification was sought in relation to the executive responses and completion dates in relation to the audit activity and findings listed within Section 2c (Risk Focussed Activity) detailed within Appendix 1 of the report alongside the revised targets dates for items included within Section 3b (as overdue high risk audit activity follow up) which in the case of the Kilburn Square TMO appeared as being before the original target date. A query was also raised in relation to the status of the Licensing and Northgate Housing Benefits audits, given the status showed the findings as not implemented.

In response, Darren Armstrong advised that a number of executive responses for activity listed within Section 2c of Appendix 1 were still being finalised at the time the report was prepared, which it was confirmed had now been finalised with target dates and action plans available, on which a further update would be provided at the next meeting. Moving forward, it was agreed that details relating to completion dates would be included in future updates. In terms of the target date for Kilburn Square TMO audit, members were advised this reflected an error within the report and should have been listed as August 2024. In relation to reasons for non-implementation, members were advised that following the formal follow-up process if actions were not implemented by their original target date, revised dates were agreed with a rationale captured at that time with the responsibility on management or the designated action owner to notify Internal Audit of subsequent implementation and update on the reasons for delay in

implementation where revised dates had passed. Where available, it was agreed that detail on the rationale for non-implementation should be included in future update reports alongside the degree of associated risk (whether high, medium or low) arising from non-implementation to enable the Committee to assess priority and any further monitoring action that may be required as a result.

- Following on in support of the previous comments, support was also expressed for consideration of the risk weighting associated with repeated non implementation of high-risk audit findings to be included within future reports, particularly where this involved multiple actions related to a single audit.
- Further details were sought on the management letter in response to the audit on Wembley Learning Zone (listed under the risk-based audit findings within section 2c of Appendix 1 to the report) with members keen to explore whether (given the nature of the findings identified) these were isolated to Wembley Learning Zone or were more integrated with wider Council processes. In response, officers confirmed the issues identified were isolated to Wembley Learning Zone and did not extend to the Council's wider controls or processes. Follow Up audit activity would, however, consider the arrangements in place to provide wider oversight over the second line of assurance in seeking to avoid the recurrence of such issues.
- Highlighting reference to the phrase "weaknesses" identified in a number of areas within the Interim Report details were sought on the extent this reflected issues relating to the level of staffing available and whether there was a systematic approach to assessing the impact of the risks being identified in relation to staffing levels. In responding, members were advised that this would form part of the relevant considerations and assessment of the root causes identified as part of each finding, although whilst the audit would focus on the context and the risk, it would be the responsibility of management to determine how these were addressed. Where resourcing issues were identified, recommendations would often focus on the effective utilisation of existing resources, implementing smarter controls and processes, or managing risk in different ways rather than simply highlighting a need for more staff. Officers emphasised that recommendations needed to be cost-effective and within the Council's ability to deliver, achieved through collaborative discussion with management to develop suitable solutions.
- In response to a query, further clarification was provided on the definition of "limited assurance" with additional details also requested on the specific timescales for the management response and implementation of the findings relating to the limited assurance provided as an outcome of the risk based audit on Residential & Nursing Care and also on AI Governance, given concerns raised over the nature of the findings.

In response, officers advised that they would include definitions for the various assurance categories within future updates along with details on timescales and responsible officers in terms of management responses. Darren Armstrong advised that he would also provide a further update on progress with the management responses in response to the internal audits on Residential & Nursing Care and also AI governance at the next meeting. It was also noted that

the Committee had agreed to undertake a deep dive on the use and potential emerging risks relating to AI at a future meeting, which would provide an opportunity for further review of governance and oversight arrangements.

- Returning to the issue of core assurance, further details were also sought in relation to the audit findings and limited assurance provided as a result of the audit on Council Tax and Business Rates and management action being taken in response, with members keen to understand the root causes of the issues identified, especially in relation to issuing of reminders, summons and recovery actions. Whilst noting these would be matters for management to respond on in detail, the report had included a summary of findings with Darren Armstrong advising that he would seek to ensure future updates were enhanced to provide a brief synopsis that also gave indication of root causes.

In a broader response, officers emphasised this represented the internal audit process working effectively, focusing on the controls in place to address core assurance and high-risk activity. Whilst recognising that limited assurance may be an unsatisfactory outcome, from a risk perspective it was a good indication that Internal Audit was focusing on the right areas and adding value in identifying issues, with a key focus then on the outcomes delivered as a result through the follow-up process. The Chair acknowledged this was an area of concern and advised that following receipt of the management response and follow-up, if the Committee was not satisfied, they would have the ability to examine the matter in greater depth.

- As a final question, a member sought clarification on whether management had provided a timeline for implementation of AI governance policy, noting the report stated the current approach was reactive and seeking assurance on when it would become proactive. Officers advised that management had now responded with target dates for all actions, with a further update to be provided as an addendum to the report at the next meeting. In terms of when issues would be addressed, this would be reviewed through the follow-up process once the Committee had seen the target dates and Internal Audit had completed its follow-up work.

As there were no further issues raised, the Chair once again thanked Darren Armstrong and his team for the report and progress update provided, noting the reassurance that targeted work was identifying issues. As a result of their consideration, the Committee **RESOLVED:**

- (1) To note the Internal Audit Interim report 2025-26 and additions identified in relation to the provision of future updates.
- (2) That an update be provided as an addendum to the Interim Internal Audit Plan Update on progress in delivery of the management responses to the limited assurance identified in response to the internal audits on Residential & Nursing Care and also AI governance.

## 9. Treasury Management Mid-Year Report 2025-26

Oliver Simms (Head of Finance for Capital and Treasury) introduced the report, which updated Members on Treasury activity for the first half of the financial year 2025-26 in compliance with The Local Government Act 2003 and the Local Authorities (Capital Financing and Accounting) Regulations 2003 and Council's Treasury Management indicators.

In considering the report the Committee noted:

- The ongoing volatility in relation to the national economic context under which the Council's Treasury Management Strategy had been operating during the first half of the year, as detailed within section 3.3 of the report, including the impact of UK Inflation and Monetary Policy, Economic Growth and Labour Market indicators along with Market Volatility and Gilt Yield Surge with a full economic commentary provided in Appendix 1 of the report.
- The following key emerging issues in relation to Treasury Management performance, which included:
  - The level of borrowing identified as outstanding at 30 September 2025 being £951.2m representing an increase from £900.0m at the beginning of the financial year, a change of £51.1m. The change in debt was due to a combination of new loans to fund the capital programme and repayment of loans - both short term and long term borrowing.
  - Cash Investments at 30 September 2025 being identified as £38.6m compared to £47.1m at the beginning of the financial year, a change of £7.1m. The change related to the repayment of maturing debt and ongoing investment in the Council's capital programme.
  - Forecast net interest costs for 2025/26 being £20.7m consisting of interest costs of £52.1m and interest income of £31.4m.
  - The Council having generated interest income of £1.27m on cash investments as at 30 September 2025. This income reflected the Council's cash position and the current level of the Bank of England's Bank Rate. Bank Rate which had been maintained at 4% in September 2025.
  - The economic environment remained highly volatile with sluggish economic growth and inflation remaining above the Bank of England's 2% target, peaking at 3.8% in August. The Bank of England had cut interest rates from 4.5% to 4.0% with further cuts expected but these had not been fully reflected in rates, particularly long-term rates, available to local authorities because of the uncertain economic environment.
- The summary of the Council's cash position arising from the Council's revenue and capital income and expenditure and balance sheet position with the underlying need to borrow for capital purposes being measured by the Capital Financing Requirement (CFR).
- The Council had complied with its Prudential Indicators as at Q2 2025/26 (which members were advised had also published as an Appendix to the Council's Q2 outturn report on 13 October 2025).

The Chair thanked Oliver Simms and Finance officers for the report and then invited the Committee to raise any questions they might have, which are summarised below:

- In noting the Council's level of borrowing and associated cost, assurance was sought from a strategic point of view regarding the affordability of the Council's approach towards borrowing and Capital Financing Requirement with a comparison also requested on the approach taken by other councils of similar size. In response, Amanda Healy (Deputy Director Investment & Infrastructure) confirmed that borrowing cost forecasts were actively built into the Council's Medium Term Financial Strategy to ensure the forecast impact of the capital programme was incorporated into revenue budgets, though this represented a significant challenge. The majority of schemes requiring borrowing were generally housing-related where grants and cash flow could be used to help mitigate the cost of borrowing, though there remained significant pressure that would continue to grow based on the size of the capital programme. Officers advised benchmarking was difficult across authorities due to variations in the breakdown between General Fund and HRA borrowing and different sizes and requirements in relation to the Housing Revenue Account (HRA) and level of housing stock. Limited benchmarking was, however, available through the Council's external Treasury Management Advisors regarding the average cost of borrowing, with assurance provided that Brent was comparable and in line with their wider group of their clients.
- Following on, clarification was requested on what (if any) options existed for the Council to provide an interest free borrowing facility to their subsidiary housing company i4B Holdings Ltd, given the substantial contribution being made in mitigating against ongoing pressures relating to temporary accommodation costs. Officers advised that recent legal advice had been obtained on subsidy control laws. At current lending rates (which were noted to be significantly cheaper than market rates) the Council was not in breach of subsidy control regulations, but it was clarified the provision of an interest free loan facility would not be permitted in order to avoid providing unfair commercial advantage. Recognising that the company provided a public benefit and was not acting purely commercially (in terms of housing tenants from the Council's waiting list rather than being open to any tenant) the rate the Council lent to i4B (reflecting the more advantageous Public Work Loan Board rates) was already highlighted as significantly cheaper than those available from a bank or commercial lender.
- As a further issue, clarification was sought on the potential for the Council to borrow from the London CIV (Collective Investment Vehicle). Officers advised that at present there was no facility to borrow from the London CIV. Changes being introduced in relation to the management of Local Authority Pension Schemes as a result of the Government's Fit for the Future reforms had been designed to support local investment through CIV products, but these proposals were still in the process of being developed for implementation. Officers confirmed the Council was in discussions with LCIV to explore how such an arrangement could work, noting conflicts of interest in dealing directly with the Council's own pension fund. whilst also seeking to maximize local investment alongside compliance with the fiduciary duty on the Pension Fund to its members. The London CIV is also exploring available opportunities to provide a funding blend that could make investments viable for both local authorities and them as investor.

- Moving on, members raised questions about LOBO (Lender Option Borrower Option) loans, particularly in relation to section 3.7 of the report, noting the significant difference between the original and proposed loan rates when refinanced with Public Work Loan Board (PWLB) loans. Clarity was also sought on how much notice the Council received when lenders wanted to call in loans and the timescales for refinancing decisions. Officers confirmed that whilst notice periods varied, lenders would often provide more notice than the required. The Council's Strategy had been developed to reflect the terms relating to the loan facilities and factor in provision for any repayment requirements, especially when rates were more favourable than current market rates. When asked to forecast future interest expenditure, officers confirmed they took a cautious view which reflected the maturity profile of the each facility, in order to provide a necessary buffer.
- Moving on to discuss the link between borrowing and delays in delivery of the capital programme details were sought on the scheduling of borrowing and how this corresponded to project delivery. Officers confirmed that modelling around the Capital Financing Requirement (CFR) indicated expected borrowing levels, but this was monitored throughout the year. As forecasts for borrowing and capital programme spending plans changed, this had knock-on impacts on the CFR providing more realistic assessment of expected borrowing need. The full plan of expected borrowing transactions (quantum and timing) was maintained, but as the capital programme shifted or general cash flows changed (including grant receipt timings), borrowing plans were also adjusted with assurance provided that borrowing was undertaken on an as needed basis relating to project delivery. Details were also sought as to whether any changes were being proposed by the Government under the Capital Receipts Regulations to enable more flexible use of capital receipts and the potential impact including whether this included proposals to allow the contribution of up to 10% of receipts towards revenue. Whilst aware of proposed changes to capital receipts legislation around more flexible use, officers advised they would need to seek further clarification on the clarification being sought before being able to report back.
- In concluding the discussion, the Chair requested a quick update on the impact of the budget on long-term interest rate projections. Whilst no significant impact had been identified in relation to long-term rates some reduction in short-term rates had been observed, including the inter-authority market where the Council borrowed on a shorter-term basis with economic uncertainty being priced within the rates currently available through the Public Works Loan Board. Whilst reductions in bank interest rates may reduce short-term borrowing costs it was felt these would be unlikely to have significant impact on the longer-term borrowing the Council typically undertook. Based on advice from Treasury Management Advisors, the Council's current strategy focused on borrowing over a 5–10-year period, designed to balance the risk of borrowing over a shorter-term period (given the exposure to refinancing and interest rate risk) against that over a longer period, which may not provide best value. The strategy was also noted to vary the maturity profile to avoid refinancing all loans simultaneously, which would expose the Council to higher risk levels.

As there were no further questions the Chair thanked Oliver Simms for presenting the report and responding to the Committee's questions. On the basis of the update provided, the Committee **RESOLVED** to note the 2025-26 Mid-Year Treasury report for reference on to Cabinet and Council, in accordance with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice along with the fact that the Council had been fully compliant with its Prudential indicators.

## 10. Draft Treasury Management Strategy 2026-27

Oliver Simms (Head of Finance for Capital and Treasury) and Amanda Healy (Deputy Director Investment & Infrastructure) introduced a report, presenting the draft Treasury Management Strategy (TMS) for 2026-27 for consideration by the Committee with it noted that the final version of the TMS including the views of the Committee was due to be included in the annual budget setting being presented to Cabinet and Full Council in February 2026.

Prior to considering the report, the Chair invited Minesh Patel (Corporate Director Finance & Resources) to provide a brief update (as additional context) on the overall financial position of the Council. Members were advised that when the Committee last met in September, one of the key issues identified had been the outcome of the Government's Fair Funding Review on which the Government had recently published a policy statement setting out their response to the consultation.

Having reviewed the response provided, it was clear the government had taken note of lobbying, including that of the Council, around the need to more clearly take account of the impact on levels of deprivation and housing costs across specific areas. Whilst the outcome to the consultation had therefore been positive, further details were now awaited in terms of the impact on the provisional local government settlement and understanding of any multi-year settlement position, which was expected the week commencing 15 December 2025.

Having thanked Minesh Patel for the update provided the Chair then invited Oliver Simms to introduce the Strategy, which members were advised set out the framework for Treasury Management activity in 2026-27 and included an outline of the Council's borrowing strategy and sources of debt finance (including the Liability Benchmark), investment strategy (including types and prescribed limits), Treasury Management Indicators for 2026/27, alternative options and strategies along with an external and local context and Capital Financing Requirement (CFR), with the draft Strategy included in Appendix 1 of the report.

In considering the Strategy members noted:

- Key emerging points as follows:
  - The growth in Council debt to fund the capital programme as detailed within Table 1 of the Strategy.
  - The outline of the Council's capital programme based on the Period 6 forecast as detailed within Table 2 of the Strategy.
  - The outline of the Borrowing Strategy as set out in section 34 of the Strategy.

- The outline of the Treasury Investment Strategy as set out in paragraph 50 of the Strategy including Investment limits and approved counterparties.
- The Treasury management prudential indicators are set out in paragraph 79 of the Strategy.

At the request of the Chair, officers advised they would ensure the co-opted members of the Committee were provided with a copy of the final Treasury Management Strategy included within the Council's 2026-27 Budget Report.

Members were advised that the strategy remained unchanged in substance from the previous year, focusing on what the Council's Treasury Advisors termed a "little and often" strategy whereby the Council borrowed regularly from the PWLB, inter-authority market or other sources in relatively small amounts (typically around £5-10 million) with varying maturity profiles to ensure loans did not all mature at the same time. This approach sought to balance affordability and prudence against risk in relation to fluctuations in interest rates given the long-term nature of the capital programme. Members were advised that officers maintained regular discussions with Treasury Advisors on optimal borrowing timing enabling them to act quickly to take advantage of market and interest rate conditions with it noted that the Strategy had been produced in compliance with the CIPFA Treasury Management Code of Practice & Prudential Code for Capital Finance.

The Chair thanked Oliver Simms for the outline provided and then invited the Committee to raise any questions, which are summarised below:

- In highlighting the reference to reputational risk associated with investment undertaken with certain counterparties within section 76 of the Strategy, examples were sought on the nature and type of investment activity this might relate to, including the issue of divestment. In response, officers explained that the focus on this matter had predominantly involved the portfolio of investment linked to other local authorities, as an example, linked to other authorities which had needed to issue s114 notices. As a result, members were advised officers continued to monitor the financial health of any counterparties identified as being at potential risk due to these implications. Whilst local authorities were backed by central government providing security, and there had not necessarily been significant changes in credit quality of counterparties, the reputational impact of such transactions had caused significant reputational risk across the sector and officers had felt it necessary to highlight this within the Strategy.
- Clarification was also sought in relation to the details within Table 11 of the Strategy regarding alternative treasury strategies and the way this reflected the Council's borrowing appetite and profile. It was also requested whether there were monetary examples showing the impact of options such as reducing borrowing on debt interest or savings through forecast modelling. Officers explained that the alternative strategies were included for information and reference purposes. Given the unpredictability demonstrated over recent years, the Treasury Management Strategy sought to provide alternative options for different situations that might arise, ensuring clarity on how the Council would

react if required. The overall strategy set parameters for how the authority would undertake borrowing and investment transactions, with the Council's stance on execution in different situations outlined as a guide.

As there were no further questions the Chair thanked Oliver Simms and Amanda Healy for presenting the Strategy and responding to the Committee's comments. In recognising the importance of the Strategy, the Committee **RESOLVED** to note and endorse (on the basis of its consideration at the meeting) the draft Treasury Management Strategy 2026/27 as detailed in Appendix 1 of the report prior to its inclusion within the Annual Budget Report for Cabinet and Full Council in February 2026.

## 11. External Audit Findings Report & Council's Statement of Accounts 2024-25

The Chair welcomed Sophia Brown (Key Audit Partner, Grant Thornton) and Sheena Phillips (Senior Audit Manager, Grant Thornton) to the meeting and in taking the opportunity to thank them and the finance team for their ongoing efforts on the audit invited them to introduce the report presenting the draft External Audit Findings Report 2024-25 to the Committee. Consideration of the item was divided between the draft Audit Findings (ISA 260) report for the London Borough of Brent and Brent Pension Fund.

In introducing the Draft Audit Findings for the London Borough of Brent's Statement of Accounts for year ended 31 March 2025 Sophia Brown highlighted the following key issues:

- The headline section within the Audit Finding Report, which provided a summary of the process to date, ongoing challenges and work still to be completed. Members noted that the accounts audit had commenced in July 2025 and remained ongoing, with completion planned towards the end of December 2025 and findings to date summarised on pages 19 to 53 of the report. To date three adjustments to the financial statements had been identified as required resulting in a £3.6m adjustment to the Authority's Comprehensive Income and Expenditure Statement, decreasing the financial position. These adjustments were not stated to affect the level of the Authority's usable reserves. Work had been completed on management override of controls and substantially completed on pension liability, with both having been identified as risk areas.
- Whilst audit work was ongoing, no issues had yet been identified that would require modification of the external audit opinion, subject to completion of the following outstanding areas of work on which delays and challenges had been identified which included:
  - Plant, property and equipment: Members were advised that work on PPE valuation had started once the final valuer's report had been received in October 2025 although challenges, delays and issues had been identified in the quality and provision of subsequent information being sought from the Council's valuer. As a result, a number of matters remained outstanding with the valuer with significant work ongoing and required to complete this work with the challenges highlighted as including receipt of incorrect

valuation reports, duplicate property valuations and difficulties in reconciling the fixed asset register with the valuer's report.

- IFRS 16 / Leases: Whilst the lease sample had been selected testing was currently on hold pending the receipt of updated leases note. As an update, it was reported that these had now been received with lessor listings and disclosures also due to be provided by management.
- Movement in Reserves: It was reported that work was now largely complete pending final review.
- Cash and cash equivalents: It was reported that work remained ongoing.
- Financial instruments: Finalised disclosures were awaited from management
- Completion of all remaining audit testing: it was reported that samples were currently being reviewed by the audit team with other supporting information, once provided by management, to be reviewed in full once the revised financial statements had been completed.
- The audit team continued to work closely with management with the aim in seeking to complete the audit by December 2025 with the significant work and effort of both the Finance and Audit Teams commended.
- As an additional update, members were advised that it had now been possible to issue the audit certificate relating to the 2023-24 accounts following completion of the National Audit Office's work on the issues where further guidance had been required relating to the Whole of Government accounts.

Sheena Phillips was then invited to provide an update on the work undertaken in relation to the overview of audit risks, with the following issues highlighted:

- In relation to work focussed around the management of override of controls (journals testing), work had been completed with three deficiencies identified, one classified as significant which related to the segregation of duties involving the posting and approval of journal payments. Whilst highlighting concerns about potential management override in the journal process it was pointed out that the testing undertaken had identified an additional layer of approval outside of the system, providing assurance that the journals were subject to further scrutiny although the issue had remained flagged as a significant control deficiency.

The other two deficiencies identified had involved missing journal checklists and incomplete user listings

- In terms of the valuation of net pension liability, work on this area had been completed with one disclosure error identified which would be corrected by management. The pension fund auditors also identified a £3.7m variance between the Fund Manager confirmations and figures recorded in the financial statements, which it was confirmed fell below performance materiality and would be included as an adjustment in the accounts.
- Work in relation to the valuation of land and buildings and Council dwellings remained ongoing. To date, a £9.5m overstatement in council dwellings had

been identified alongside a £1.6m variance in land and buildings which had led to appropriate adjustments in the accounts.

- IFRS 16 work to date had identified an error in the lease liability calculation, resulting in a £5.7m misstatement. This error would be adjusted by management and once reviewed it would (if appropriate) be added as an audit adjustment. Work had been completed on other risks including fraud in revenue recognition and fraudulent expenditure recognition, with no risk control issues identified for either.

The difficulties experienced by management in preparing the lessee disclosure, requiring the note to be rewritten after audit work had begun due to a significant volume of errors in the underlying data were also noted.

- In terms of other findings, management had recorded three prior period adjustments for 2024-25. Two of these related to PPE (incorrect classification and assets written off), and one related to capital commitments disclosure which remained ongoing pending management decision on how to progress.
- Findings from the information technology audit relating to Oracle Fusion main ledger system had identified a risk arising from excessive system administrative permissions granted to business users without clear justification. This had, however, been addressed in the journal testing process, with confirmation provided that none of those users had posted journals during the year, eliminating the risk of management override of controls.
- Details were also provided on the audit adjustments identified, with adjusted misstatements listed in relation to PPE (land and buildings and council dwellings), and expenditure cut off. In addition, a number of misclassification and disclosure changes had been identified which had subsequently been adjusted by managers. Two unadjusted misstatements had also been identified which had not been included within the final statement of accounts. These related to an error identified where Section 106 and Community Infrastructure Levy contributions were recorded as income but should have been credited to Capital Grants Unapplied creating an imbalance on the Movement in Reserves Statement. The second related to the Pension Liability already referenced, which had not been identified as material.
- Reference was also made to the Action Plan produced in response to the Financial Statements audit and nine control points identified, including one high level deficiency relating to management and control of the journal process. Five medium deficiencies were identified, including two relating to management capacity: insufficient capacity to work on capital commitments (resulting in errors when challenged), and similar issues for capital grants received in advance where no figure was provided in draft financial statements due to lack of capacity for year-end review. Three low-level deficiencies had also been identified in relation to journals checklist which involved change in circumstances reports / retrospective payroll change reporting and the misclassification of reason for work hour changes, with the management responses provided also outlined within the report.

The Action Plan in relation to the IT audit had identified three deficiencies. One of these had been high level relating to the assignment of system administration permissions to business users and two medium level deficiencies related to the revocation of system permissions and user access logging and monitoring with the management responses provided also noted.

In concluding, Sheela Phillips highlighted the follow-up from the prior year audit recommendations with three of the six recommendations shown as completed and the remaining three still in progress, all relating to PPE valuation, with updates included on action taken to date by management to address each issue.

Moving on, Matt Dean (Key Audit Partner for the Pension Fund audit, Grant Thornton) was then invited to introduce the Audit Findings Report relating to Brent Pension Fund. A summary of the main headlines was provided, which included:

- The main audit work had been completed during July to September 2025 with the findings summarised within pages 35 to 41 of the report.
- The audit work had identified one disclosure adjustment to the notes to the financial statements which had resulted in a £45m adjustment to the Pension Fund's Capital Commitments Disclosure Note. As this had been a disclosure amendment, it had no impact on the reported position of the Fund as at 31 March 2025.
- £3.718 million of unadjusted differences had been identified in the valuation of the Fund's investments disclosed in the financial statements at 31 March 2025 and the valuation statements received from the third-party investment managers. In addition, an unadjusted classification error had been identified within the testing of Transfers Out. Two errors were noted in relation to amounts the pension fund had received in error and subsequently refunded to the relevant individuals. The sum of the errors was extrapolated over the absolute population for Transfers Out for which a projected misstatement of £1.214m was identified.
- Members noted the reference to the audit adjustments and unadjusted differences listed within the Audit Findings Report as a result of the above issues with it reported that management was proposing not to amend the financial statements on the basis that the above differences were not material both quantitatively and qualitatively which the Audit and Standards Committee advised they would be asked to confirm as part of approval of the Letter of Representation.
- Details were also provided in relation to the overview of audit risks and other findings, including the IT audit (with similar issues identified to those under the Financial Statement audit process). As a result of the audit work a number of recommendations had been raised for management which included high level action in relation to excessive System Administrative Permissions assigned to Business Users and medium level actions in relation to transfers in made in error

and benefits payable on which the management actions identified in response had been provided within the report.

In concluding, Matt Dean also highlighted the follow-up from the prior year audit recommendations with it noted that the recommendation in relation to school employer contribution rates had once again been highlighted as an issue during 2024-25. This involved a sample of schools being identified as having paid incorrect rate of employer contributions in 2023/24 due to not having updated the contribution rate. As a result, this had been highlighted as an ongoing weakness in the control environment. Whilst noting that management issued instructions to school/payroll providers the issue related to the work required with schools to ensure the correct contribution rates were checked and actioned at the beginning of the year.

Prior to moving on, the Committee noted that whilst work on the Pension Fund financial statements was complete, it would not be possible to issue the final audit opinion on the Pension Fund financial statements until the audit of the Administering Authority had also been completed. The statutory deadline for the Pension Fund Annual Report to be published was 1 December 2025 but as the Administering Authority audit would not be finalised until after this date members were advised it would not be possible to issue the final audit opinion on the Pension Fund financial statements until that had been completed.

The Chair thanked Matt Dean for the summary provided on the Pension Fund Audit Findings Report and as the next stage in consideration of the item then invited Ben Ainsworth (Head of Finance) to provide an update on the work being undertaken to address the issues identified within the Financial Statement audit including progress on delivery of the Improvement Plan established to address the challenges identified during the previous year's audit process. Key issues highlighted were as follows:

- As a key area of focus, the council had been working on an improvement plan to address the shortcomings of its records of assets since the completion of the audit of the 2023/24 Statement of Accounts. So far, this had been focused on improving the records of those areas with the most material assets and issues, especially Assets under Construction and recently completed capital schemes. A second phase of these works had now also commenced which planned to address the remaining issues, such as ensuring that all property assets had the correct Universal Property Reference Number, reconciling the list of the council's assets back to the records held by the Land Registry on asset ownership, and ensuring that all areas of the council maintain adequate inventories of their assets as the council's constitution requires. Alongside this, members were advised that, Internal Audit had also reviewed the Property department's Asset register and associated processes given it contained most of the council's non-housing assets, with recommendations due to be made known shortly.
- In response to clarification which had been sought at the previous Committee meeting regarding the formula for calculating reserve levels, members were advised this was a decision which fell within the remit of the Corporate Director of Finance & Resources as part of the budget, with the current requirement for 5% of the Council's net expenditure to be set aside in unallocated general fund

reserves. It was noted that there was no set level for earmarked reserves, school reserves or Housing Revenue Account reserves.

- An update was also provided regarding the restatement of infrastructure assets, which had been identified as an issue following review of the Council's capital expenditure in recent years, involving the way certain capital expenditure was being misstated against infrastructure. In outlining the management action taken in response, an assurance was provided that the issue had no material impact on the overall balance sheet.

Sawan Manji (Senior Finance Analyst) then provided a brief update on the action being taken to address the Financial Disclosure errors identified, involving the link between short-term debtors and financial instruments disclosures, which had involved a number of misclassifications being identified and needing to be corrected. Whilst not having materially impacted on the accounts it was noted this had created additional delays in the audit process.

Details were also provided in relation to the ongoing work in support of IFRS 16 leases which had involved a range of new accounting policies having to be included in the financial statements along with additional disclosures relating to leases. Whilst implementation had been recognised as presenting challenges for local authorities due to the scale and complexity of leasing arrangements, delays had also been experienced as a result of issues relating to the quality of data available and longer-term asset register issues. Audit work in this area therefore remained ongoing with the testing to date having identified an error of £5.7m due to management using an incorrect Excel formula in calculating the lease liability using net present value and present value methods.

Ben Ainsworth then continued with reference to a further outstanding issue relating to the treatment of PFIs under IFRS 16 which had resulted in a £4m movement being identified, although this was noted not to be material in nature or to have had an impact on general fund or HRA reserves. In addition, updates were provided on the Prior Period Adjustments (PPA) outlined within the Audit Findings report relating to PPE, which it was confirmed involved corrections being agreed in relation to errors identified in prior and current year PPE disclosures and further assurance being sought over the Fixed Asset Register cleansing exercise and PPA adjustment entries.

In terms of Capital Accruals, it was noted that as a result of the creditors and expenditure completeness testing, three errors had been identified arising from management not completing the year-end review of capital accruals which had resulted in the incorrect recording of expenditure and potential risk in terms of material misstatement in the financial statements. Management had acknowledged the audit finding and agreed with the recommendation that an annual review of capital accruals be undertaken with a formal review to be incorporated into the year-end timetable to ensure completeness and accuracy of financial reporting.

On PPE valuations, officers acknowledged that work had been delayed increasing the risk that auditors would identify further errors, given the scale of valuations. The Council expected to update indexation of housing assets by approximately 2% (estimated at £17m), with statutory adjustments leading officers to believe that this

would have no effect on bottom line or usable reserves. Finally, it was noted that the Group Accounts would also need to be audited once the other audit items are complete which would be focused on whether the single entity accounts (once audited) been combined correctly. At this stage it was not anticipated that this would lead to any material issues being identify.

In thanking Sophia Brown, Sheena Phillips & Matt Dean along with Finance Officers for the updates provided, David Ewart (as Chair) recognised the impact of the delays and challenges identified, including the additional complexity introduced as a result of the implementation of IFRS 16. Prior to inviting comments, reference was also made to the report provided by the Corporate Director Finance & Resources providing an update from the Council perspective on work to complete the 2024-25 statement of accounts for both the Council and Pension Fund and process that would need to be followed in terms of their formal approval and sign off, including the Letter of Representation. Given the ongoing work, members were advised that it was proposed to recommend to the Audit & Standards Committee that approval of the Letter of Representation be delegated to the Corporate Director of Finance & Resources with the Chair of the Audit and Standards Committee authorised to sign the final statement of accounts for 2024-25, subject to written assurances being provided that all outstanding matters and adjustments contained in the audit findings report had been made and with any material adjustments required as a result of the final audit findings report to be reported back to the Audit and Standards Advisory Committee and Audit and Standards Committee.

On the basis of the updates provided, the Chair then invited the Committee to raise any questions, with the issues highlighted summarised below:

- Seeking further clarification around the issues identified in relation to PPE valuations members were keen to explore the basis of the challenges experienced. In response, Sophia Brown advised that whilst fewer issues had been identified on the capital side compared to the previous year (reflecting the impact of ongoing process improvements) the main issues experienced had been in relation to the receipt of incorrect valuation reports, duplicate property valuations, difficulties in reconciling the fixed asset register with the valuer's report and slow responses and limited engagement from the valuer. Whilst causing delays in the audit timetable and requiring unplanned audit resource members were advised that to date this had not resulted in a significant impact on audit fees.
- Moving on, questions were raised relating to the process of continuous improvement. Whilst noting the additional complexity introduced as a result of IFRS 16, assurance was sought on the progress made in addressing the challenges and delivery of the improvements identified as a result of the previous audit, including the valuation process and selection and performance of the Council's valuer. In response, Sophia Brown felt it important to recognise that whilst progress had been made, many of the changes included within the Council's Improvement Plan were still due to fully materialise due to the short timeframe between completing the 2023-24 audit and commencing the 2024-25 audit process leaving insufficient time to make desired progress and address all of the previous control points. It was noted that one of the changes introduced

had been to undertake valuation at year-end rather than beginning (as previously) which it was felt would provide more time for future improvement.

As an additional query, views were also sought on whether it was felt the issues identified in relation to financial controls around journals had worsened from previous year. Sophia Brown advised the specific issues highlighted had been raised as a high level deficiency previously and were not therefore felt to represent a widespread risk giving they only related to a limited number of individuals.

Concerns were, however, highlighted by members at the deficiencies identified, in relation to control of the journal process in relation to journal checklists and control of user permissions, which it was felt had the potential to generate a high likelihood of errors and risk of fraud noting that from an audit perspective the risks to financial controls were examined through procedures designed to mitigate identified risks and sample testing.

In terms of the process followed a total of 20 journals were sampled with the significant deficiency relating to segregation of duties found within nine of the tested journals. Members were, however, reminded that in all nine cases, there was an additional layer of approval outside of the system, providing assurance that the journals were subject to further scrutiny. The other two deficiencies identified (not classified as high) involved missing journal checklists (not considered to present a fraud or material misstatement risk) and incomplete user listing, which aligned with the IT audit findings around insufficient monitoring of system access. Further clarification was provided from Hannah Sargent (Grant Thornton) in relation to the sample testing approach and split across journal transactions which it was pointed out had reflected a risk-based approach with confirmation provided the samples selected had been on the basis of the associated risk level identified. Final concerns were raised about roles, responsibilities and security levels representing fraud risk. Officers confirmed this represented a risk with recommendations to be provided for management to review roles, responsibilities and security levels assigned to individuals regularly as appropriateness could change due to team structure or responsibility changes with the audit approach designed to ensure those individuals had not made changes outside their role to financial accounts or adjusted reconciliations.

- Following on from the concerns previously highlighted, members sought additional clarification on the response and engagement of the Council's appointed valuer in support of the audit process and whether this highlighted an issue in relation to data available or responsiveness and management arrangements. Questions were also raised concerning confidence in reconciliation of the Fixed Asset Register and how the depreciation of assets was treated. In response to the treatment of asset depreciation, Sheena Philips outlined the process undertaken with the complexity of the current system also reflecting the changes and improvements introduced as a result of the Council's new asset register management strategy designed to deliver more accurate valuations and avoid single list submissions. Regarding how the asset register, ongoing work was planned to focus on the most material assets on a staged basis, which it was confirmed would include garages. Further planned processes

included reconciliation of the asset register against Land Registry data, as this was the most robust data source and was expected to provide reasonable assurance regarding correctness and absence of significant missing assets.

- In response to further details being sought on the selection process undertaken for the Council's Valuers, confirmation was provided this had been based on a formal procurement process with the firm selected having offered the most cost-effective rate. In terms of value for money (given the issues currently being experienced and potential impact on audit fees) members were advised that the contract had been in place several years with this being the first year of specific difficulty. The impact of delays and potential cost recovery would be addressed at process end before undertaking the next procurement. As a result of the concerns and challenges identified the Committee requested that issues highlighted regarding the delay in response being provided on External Auditor queries in relation to valuations be formally raised on behalf of the Committee with Council Valuers following the meeting in an effort to enhance engagement.
- In concluding the questions, further clarification was sought as to whether the reference to potential equal pay claims within the draft Letter of Representation reflected the same issue experienced by Birmingham City Council and any specific concerns relating to Brent. In response, Sophia Brown advised this had been included as a general reference for all local authorities and did not represent a specific concern in relation to Brent.

As no further issues were raised, Members were then invited to consider the recommendations outlined in the report presented by the Corporate Director of Finance & Resources on the 2024-25 Statement of Accounts. Having once again thanked Sophia Brown and the audit team at Grant Thornton along with the Council's Finance Team for their efforts to progress completion of the audit and noted that the recommendations made regarding approval for sign off of the accounts would require formal approval by Audit & Standards Committee it was unanimously **RESOLVED**:

- (1) To recommend to the Audit & Standards Committee that approval of the draft letters of representation to Grant Thornton for the Council and Pension Fund be delegated to the Corporate Director of Finance & Resources, as set out in Appendices A & B of the report, which member noted was the standard template, subject to any significant changes or adjustments required as a result of the final audit findings report being issued to be reported back to members of the Audit and Standards Advisory Committee .
- (2) To recommend to the Audit & Standards Committee that approval to sign off the final statement of accounts for 2024-25 be delegated to the Chair of the Audit & Standards Committee, subject to written assurance being provided that all outstanding matters and adjustments contained in the Audit Findings report had been made, with any material adjustments required as a result of the final Audit Findings report being issued to be reported back to the Audit and Standards Committee and also notified to all members of the Audit & Standards Advisory Committee.

(3) To recommend to the Audit & Standards Committee that the audit fees for 2024-25 be approved, as detailed in section 3.2.9 of the report subject to members of the Audit & Standards and Advisory Committee to be notified of any material adjustment or change

## **12. Audit & Standards Advisory Committee Forward Plan & Work Programme for 2025-26**

It was **RESOLVED** to note the Committee's Forward Plan and Work Programme for the 2025-26 Municipal Year with the dates for further meetings noted as:

- Tuesday 3 February 2026
- Tuesday 24 March 2026

It was noted that development of the Committee's work programme would continue to be kept under close review with the Chair and Vice Chair working closely with officers to ensure sufficient capacity was maintained to allow for the appropriate consideration of each item at future meetings.

As part of this process, it was **NOTED** that the update on progress relating to the Council's self-referral to the Regulator of Social Housing and AI Deep Dive had been rescheduled for the February 2026 meeting with the work programme to be adjusted accordingly.

## **12. Any other urgent business**

No items of urgent business were identified.

The meeting closed at 8:17pm

David Ewart  
(Independent Chair)

**London Borough of Brent**  
**Audit & Standards Advisory Committee – Action Log February 2026**

Meeting Date	Agenda No.	Item	Actions	Lead Officer and Timescale	Progress
3 Dec 25	4	Action Log	Update on progress following Council's self referral to Social Housing Regulator to be provided for Committee in Feb 26 following submission of update to Cabinet (Dec 25)	Spencer Randolph	Completed – update to be provided for meeting on 3 Feb 26
3 Dec 25	6	Internal Audit Interim Report 2025-26	Committee requested a short update (under Matters Arising) on progress of management responses to internal audits on Residential & Nursing Care and also AI governance.	Darren Armstrong	Completed – addendum provided for meeting on 3 Feb 26
3 Dec 25	8.	Treasury Management Mid-Year Report 2025-26	Officers to review and report back on any changes proposed under the Capital Receipts Regulations to enable more flexible use of receipts and the potential impact including any and whether this included any proposal to allow the contribution of up to 10% of receipts towards revenue	Amanda Healy/Oliver Simms	In Progress
3 Dec 25	8.	Treasury Management Strategy 2026-27	The Treasury Management Strategy 2026-27 to be circulated to all members of the Audit and Standards Advisory Committee once finalised	Amanda Healy/Oliver Simms	In Progress
3 Dec 25		External Audit Findings Report & Statement of Accounts 25-26	Concerns raised by the Committee regarding delay in response being provided on External Auditor queries in relation to valuations to be raised direct with Council Valuers.	Rav Jassar & Ben Ainsworth	Completed
25 Sep 25	7	Self-Referral to Regulator of Social Housing - September 2025 Update	(1) That the 'The Notice Board' newsletter be disseminated to all members of the Audit and Standards Advisory Committee, for reference and information.  (2) Details on the governance structure relating to the Housing and Tenant	Spencer Randolph  Tom Cattermole	In progress

**London Borough of Brent**  
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			Satisfaction Improvement Board be provided for members of the Audit and Standards Advisory Committee.		
25 Sep 25	8	Strategic Risk Report	<p>(1) Feedback in relation to Risk E: Climate and Ecological Emergency Mitigation be relayed to the relevant risk owners, with a view to providing more specific updates on progress and outcomes.</p> <p>(2) Comments concerning the need for mitigation measures in the event of a decline in the independent sector, arising from increased pressures on the SEND system and growing reliance on independent provision be relayed to the relevant risk owners, with a view to providing more detailed updates and outcomes.</p> <p>(3) Comments regarding the implications of outsourcing cyber security services be relayed to the relevant risk owners.</p>	Darren Armstrong	In progress
25 Sep 25	10	London Borough of Brent Interim Auditor's Annual Report 2025	Existing formula for calculating recommended reserve levels be circulated to committee members.	Minesh Patel	In progress
23 Jul 25	6	Procurement Review Update	<ul style="list-style-type: none"> <li>Officers to maintain ongoing efforts to enact implementation of recommendation 2.2 of the report, with a report demonstrating their efforts</li> </ul>	Rhodri Rowlands & relevant departmental leads	In progress

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			<p>brought to the Committee within the 6 months following the 23<sup>rd</sup> of July 2025.</p> <ul style="list-style-type: none"> <li>• Consideration to be given to the inclusion of Social Value &amp; Community Wealth considerations within the Council's corporate report</li> </ul>		
23 Jul 25	10	Evaluating the Effectiveness of the Audit and Standards Advisory Committee	To consider development of the Committee work programme enable deep dives in specific areas, where identified. This to include the potential for ad hoc working group or additional members briefing sessions outside of the main Committee meetings.	Chair & Vice-Chair & lead officers	In progress
25 March 2025	11	Strategic Risk Report	<ul style="list-style-type: none"> <li>• To review Climate Change and Environmental considerations within future cover report to ensure they reflect any related risks identified within the register</li> </ul>	Darren Armstrong	Ongoing
04 Dec 24	9	Internal Audit Interim Report – 2024-25	<ul style="list-style-type: none"> <li>• In cases of specific non engagement in the audit process or where the risk identified in ongoing non implementation of the action was identified as critical, the risk owner/manager be formally required to attend the Committee.</li> </ul>	Darren Armstrong	Ongoing – implementation of outstanding actions subject to ongoing review. If required, arrangements to be made for risk owners/managers to be required to attend future meetings.
	11	London Borough of Brent Auditor's	An update be sought from the Director Strategic Commissioning & Capacity Building on progress in addressing the Improvement	Minesh Patel & Councillor Chan (Vice-Chair)	In progress

London Borough of Brent  
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		Annual Report 2023-24	Recommendation included within the Annual Report in relation to review of the Council's Procurement Strategy.		
24 Feb 25			To consider how any areas of focus identified in relation to preparation of the Accounts need to be incorporated as part of the core assurance work within the Internal Audit Work Programme.	Rav Jassar/Darren Armstrong	In progress
6 February 24		Complaints Code of Conduct procedure	Committee to continue to monitor trends as part of future updates in terms of complaints and assurance around outcomes.	Debra Norman/Biancia Robinson	In Progress - To be included as part of future Annual Complaints report

 <b>Brent</b>	<b>Audit and Standards Advisory Committee</b> 3 February 2026
	<b>Report from the Director of Law</b>
	<b>Lead Cabinet Member (N/A)</b>
<b>Complaints &amp; Code of Conduct Complaints Procedure</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Not applicable
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>No. of Appendices:</b>	One Appendix A: Complaints received over the last 12 months.
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Marsha Henry, Director of Law 020 8937 4078 <a href="mailto:marsha.henry@brent.gov.uk">marsha.henry@brent.gov.uk</a>  Bianca Robinson, Principal Constitutional, Governance & Finance Lawyer 020 8937 1544 <a href="mailto:bianca.robinson@brent.gov.uk">bianca.robinson@brent.gov.uk</a>

## 1.0 Purpose of the Report/ Executive Summary

- 1.1 This report provides an annual review of the complaints received pursuant to, and a review of, the Members' Code of Conduct Complaints procedure.

## 2.1 Recommendations

- 2.1 That the Audit and Standards Advisory Committee consider and note the contents of the report and note that no recommendations are being made to the Audit and Standards Committee.

### 3.0 Detail

#### Contribution to Borough Plan Priorities & Strategic Context

3.1. The reviewing and maintenance of high standards of member conduct supports the delivery of the borough plan by promoting confidence in the operation and good governance of the council.

#### Members' Code of Conduct Complaints Procedure (MCCCP)

##### Background

3.2 The Council has a duty to promote and maintain high standards of conduct by Members and Co-opted Members pursuant to section 27(1) of the Localism Act 2011. As required by section 27(2) of the Localism Act 2011, the Council has adopted a Code of Conduct (Code) dealing with the conduct that is expected of Members and Co-opted Members when they are acting in that capacity.

3.3 Section 28 of the Localism Act requires the Council to have arrangements under which it can investigate and make a decision on an allegation of a breach of the Code. The MCCCP complies with this statutory obligation. Any alleged breach of the Brent Code is considered in accordance with the MCCCP, which is used as guidance in the consideration and determination of complaints and reviews.

3.4 In accordance with:

- para 1.10 of the MCCCP, "*the Standards Committee will convene from time to time to review the handling of complaints, reviews and decisions made with a view to identifying trends or any improvements in this procedure and the application of it that may be desirable*"; and
- annexe 1, para 1.3 of the MCCCP, the complaint Assessment Criteria are subject to "*an annual review by the Standards Committee*". This report sets out the annual review.

##### Complaints

3.5 In terms of background, in the last 12 months, the Monitoring Officer has received eight complaints and made determinations regarding six councillors allegedly in breach of the Members' Code of Conduct. Of these complaints:

- one has been resolved at Initial Assessment Stage;
- seven have been resolved at Assessment Criteria Stage;
- none is under investigation;
- one has been upheld as a breach of the Code;

- e) two have been subject to review requests, one has not been upheld; and one is under review.

Attached as Appendix A is a summary of the complaints received in the last 12 months.

### Overview

3.6 The MCCCP has a two-stage assessment process. The first, **the Initial Assessment Stage**, requires an assessment of whether the alleged behaviour falls within the ambit of the Code of Conduct and in turn the Council's procedure. In particular it considers:

- a) is the complaint about a Member of the authority?
- b) if the Member was in office at the time of the alleged complaint? And
- c) if proven, the complaint would disclose a breach of the Code?

If the alleged behaviour falls outside of the ambit of the Code or within one of the nine criteria set out in the procedure to be considered at the Initial Assessment Stage (see 3.2 of the MCCCP), it will not progress to Assessment Criteria Stage and is concluded.

3.7 The **Assessment Criteria**, apply where the allegations appear to fall within the Code and are not excluded by the Initial Assessment Criteria. At this stage further readily, available details are sought to ascertain the facts, and the member who is the subject of the allegations is provided with the opportunity to provide a written response to the complaint. This is then considered and, following consultation with the Independent Person, a determination in respect of the complaint is made in accordance with the seven options set out in the Assessment Criteria in Annex 1 of the MCCCP. This may conclude the matter (subject to a review request) or may lead to a referral for detailed formal investigation of the complaint.

### Decision Making

3.8 The Assessment Criteria are intended to be a guide and promote consistency in the decision-making. Consistency is also ensured as all complaints alleging breach of the Code are considered by the Monitoring Officer, (or in her absence a Deputy Monitoring Officer). This ensures a consistency of assessment and application of the criteria as the same officers are involved analysing and weighing up the allegations made in complaints. External scrutiny is provided by the Independent Person, involved in each complaint that reaches this stage, provides a double check on the thoroughness and fairness of the decision-making.

3.9 An advantage of Brent's MCCCP is that it is very detailed in the procedure and guidance it provides. This is helpful for the Monitoring Officer, complainants and Members who are complained about and supports a higher degree of

transparency and consistency than might arise in a less detailed high-level procedure.

- 3.10 During consideration of the previous complaints review report last year, the committee asked that future monitoring reports provide an outline of any trends being identified in terms of complaints and outcomes.
- 3.11 The Committee will be aware that the Code only permits 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 it relates to a serious criminal offence being committed in the Member’s private capacity. Accordingly, any decision that purports to find a breach of the Code whilst the Member in question was acting in their private capacity, would be liable to challenge. This has not been an issue for 2025.
- 3.12 The main reason for complaints not proceeding beyond initial assessment stage is that the complaint did *not disclose sufficiently serious potential breaches of the Code to merit further consideration* or have sufficient documents to support the allegation. The main rationale for this finding has been that insufficient evidence has been submitted to support the allegations made and/or when considering the allegations in context, there was not significant evidence to suggest the Councillors had behaved in the manner complained off.
- 3.13 The Committee should note, the main recurring factor in relation to escalating complaints to the Assessment Criteria Stage have been based on the contents of the complaint and that there may be a serious issue to consider, with an opportunity for the councillor concerned to comment being necessary to establish if this is indeed the case.
- 3.14 As the Committee is aware, following implementation of the Localism Act 2011, the Council has limited powers against a Member who has been found to have breached the Code. Any changes to strengthen a sanction for breach of the Code requires a change to the existing legislation and possible additional sanctions are included in the Government’s proposals. Consequently, the sanctions presently available are:
  - a) censuring or reprimanding the Member.
  - b) publishing a notice in respect of the findings in a local newspaper, or on the Council’s website.
  - c) asking the Member to apologise.
  - d) asking the Member to undergo training.
  - e) recommending to Council/Cabinet that the Member be removed from an outside body.
  - f) recommending to the Member’s group Leader (or if independent – full Council) that they be removed from Cabinet/portfolio responsibilities.

- g) recommending to the Member's Leader (or if independent – full Council) that the Committee recommends that they be removed from a Committee.
- h) Excluding the Member from the Council's offices or other premises, with the exception of meeting rooms necessary for attending Council and Committee meetings.

### Reviews

3.15 Step 6 of Paragraph 3.5 of the MCCCP provides that a "*complainant and the subject member of the complaint will ordinarily be given 10 working days from the date of notification of the decision to make a written request*" that the decision is reviewed. Of the Member complaints received two complainants have sought a review.

### Changes to the MCCCP

3.16 Substantive changes to the MCCCP requires formal approval of the Audit and Standards Committee. No changes are recommended as a result of this review.

## **4.0 Financial Considerations**

4.1 There are no financial implications arising out of this report.

## **5.0 Legal Considerations**

5.1 The legal implications are contained within the body of this report.

## **6.0 Additional Considerations**

6.1 There are no

- a) Equity, Diversity & Inclusion (EDI) considerations
- b) Stakeholder and ward member consultation and engagement
- c) Climate Change and Environmental considerations
- d) Human Resources/Property considerations (if appropriate)
- e) Communication considerations

### **Report sign off:**

***Marsha Henry***  
Director of Law

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## Complaints Received during 2025

### Resolved at Initial Assessment Stage

	Date made	Nature of Complaint	Outcome of MOs assessment	Review Requested	Review Outcome
1)	17.12.25.	Alleged DPI and conflict of interests.	Decision met one or more of the criteria set within the initial assessment criteria, and did not progress beyond this initial assessment stage.  No breach of DPI or conflict of interest.	No	N/A

**Resolved at Assessment Stage**

	Date made	Nature of Complaint	Outcome of MOs assessment	Review Requested	Review Outcome
1)	10.01.25	Alleged councillor rude, threatening and abusive, whilst investigating a complaint re a local resident	<p>Decision under Assessment Criteria.</p> <p>Insufficient independent evidence as to the conversation complained about to substantiate the allegations. The resident in this case was a friend or close associate of the councillor and was advised to ask another councillor to act in such circumstances.</p> <p>No breach of the code.</p>	Yes	Decision upheld
2)	12.01.2025	Alleged that the Councillor "defamed" their character and "victimised them based on race, faith and suppression of free speech" following a council event.	<p>Decision under Assessment Criteria.</p> <p>Insufficient evidence to substantiate the allegations.</p> <p>No breach of the code.</p>	No	N/A

3)	15.01.2025	<p>Alleged that Councillor, with another person, visited and intimidated tenants residing there &amp; was aware of the false claims made by the person they accompanied and did not challenge them.</p> <p>Councillor advised to apologise for the misleading statement made by the person they accompanied.</p>	<p>There was merit in the assertions that the Councillor should have made sure the misleading statement(s) was corrected before the tenant acted upon it. This amounted to a breach in respect of the paragraph 6 (respect) of the Code.</p> <p>On balance, the other provisions of the Code were not breached.</p>	No	N/A
4)	28.02.25	Alleged that the Councillor harassed, bullied, victimised and threatened the complainant via messages and emails; failed to follow the correct processes and constitutional steps required by governance documents.	<p>Decision under Assessment Criteria.</p> <p>Documents disclosed to support allegations did not disclose a breach of the Code, or “sufficiently serious potential breaches of the Code to merit further consideration.”</p> <p>No breach of the code.</p>	No	N/A
5)	26.04.25	Alleged that the Cllr breached confidentiality by disclosing exempt/confidential information in a public meeting.	<p>Decision under Assessment Criteria</p> <p>Did not disclose a breach of the Code, or “sufficiently serious potential breaches of</p>	No	N/A

Summary of Member Code of Conduct (MCC) Complaints, Appendix A

			the Code to merit further consideration.”  No breach of the code.		
6)	03.05.25	Alleged that the Councillor failed to respond to communications inviting them to meetings	Decision under Assessment Criteria  Did not disclose a breach of the Code, or “sufficiently serious potential breaches of the Code to merit further consideration.  No breach of the code.	No	N/A
7)	17.06.25	Alleged threatening and bullying behaviour in respect of neighbour dispute	Decision under Assessment Criteria  Breach of the Code, namely – treating others with respect and maintain a high standard of conduct.  Required to apologise to the Complainant.	Yes	Unresolved

 <p><b>Brent</b></p>	<p><b>Audit and Standards Advisory Committee</b>  <b>3 February 2026</b></p>
	<p><b>Report from the Corporate Director of Residents and Housing Services</b></p>
	<p><b>Lead Member – Cabinet Member for Housing  (Councillor Fleur Donnelly-Jackson)</b></p>
	<p><b>Update on the Response to Housing regulator findings and Brent graded at C3</b></p>
<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Not Applicable
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>List of Appendices:</b>	None
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	<p>Spencer Randolph, Director of Housing Services  020 8937 2546  <a href="mailto:Spencer.Randolph@brent.gov.uk">Spencer.Randolph@brent.gov.uk</a></p> <p>Gary Mitchell, Head of Housing Management  Property  020 8937 2956  <a href="mailto:Gary.Mitchell@brent.gov.uk">Gary.Mitchell@brent.gov.uk</a></p>

## 1.0 Executive Summary

- 1.1. The purpose of the report is to update the Audit and Standards Advisory Committee on the progress made so far as a consequence of the self-referral in April 2025 to the Regulator of Social Housing.

## 2.0 Recommendation(s)

- 2.1. That the Audit and Standards Advisory Committee note the progress being made by the Housing Management Service with regards to the compliance of its Housing stock, and the positive engagement with the Regulator for Social Housing.

### 3.0 Detail

#### **Contribution to Borough Plan Priorities & Strategic Context**

- 3.1 The work detailed in this report and that of the Housing Management Service more generally supports the Council's wider borough plan to Move Brent Forward Together.
- 3.2 In particular, the work presented with this report supports the borough plan priority to provide prosperity and stability in Brent through helping to deliver the desired outcome for safe, secure and decent housing across the borough.

#### **Background**

- 3.3 In April 2025, it was identified within the Housing Management Service that 'True Compliance', which is the compliance software utilised by the Housing Management Service, had been updated incorrectly.
- 3.4 Further investigations established that up to 12,500 fire actions had been wrongly updated to indicate that works had been completed but were missing the required supporting evidence. In addition, the council was unable to reconcile performance data on asbestos management, water safety and detectors for smoke and carbon monoxide.
- 3.5 Upon realising the potential seriousness of the situation, advice was taken on appropriate corrective steps, from a building safety specialist that deals with the management and recovery of regulatory breaches.
- 3.6 In line with the requirements of the Social Housing (Regulations) Act 2023 around transparency, the advice was to self-refer to the Regulator of Social Housing.
- 3.7 Contact was made with the regulator, which subsequently led to a request for further performance information on building safety and stock decency.
- 3.8 At that point, the council was unable to provide a comprehensive response, due to the low level of confidence in the performance data held within True Compliance.
- 3.9 As part of the response, the council was asked to provide information on its stock condition data.
- 3.10 The council reported that it had stock data on 95% of its homes, however it does not hold recorded survey information on over 50%.
- 3.11 As a result of the aforementioned issues, on the 28<sup>th</sup> May 2025 the Regulator of Social Housing [published its regulatory judgement](#), that being a grading of **C3**.

3.12 The Consumer Standards is the regulatory framework operated by the Regulator of Social Housing. Set out below is an explanation of the grading:

Grading	
C1	Fully compliant: landlords demonstrate good compliance and an appetite and ability to address failings effectively.
C2	Still compliant, but there may be some weaknesses or areas for improvement.
<b>C3</b>	<b>Serious failings have been identified, and significant improvements are needed.</b>
C4	Very serious failings, and fundamental changes are needed to address them

3.13 In response to the situation, the council appointed health and safety advisors that specialise in building safety and assisting landlords in meeting the requirements and outcomes set out in the Social Housing (Regulations) Act 2023, in particular The Quality and Safety Standard.

3.14 The independent specialists began their work mid-May and have completed an initial assessment of the council's compliance arrangements against the 'Big 8' areas of compliance. These being:

1. Fire Safety
2. Gas Safety
3. Electrical Safety
4. Water Safety
5. Asbestos Management
6. Mechanical and Engineering (Lifts)
7. Damp and Mould
8. Smoke and Carbon Monoxide (CO) detectors

3.15 The Health and Safety Specialist have been contracted to support ongoing improvement work, providing additional objective and independent oversight, as well building safety expertise.

3.16 Caldiston Ltd have carried out an independent forensic audit across all key compliance workstreams (including fire, gas, electrical, water, asbestos and decent homes requirements) which was completed in August 2025. The audit involved desktop reviews, staff interviews and validation of data from multiple systems in use by the service, including True Compliance, NEC, and LifeSpan.

3.17 The audit aligned with officers' concerns, validating the referral to the regulator confirming that there were significant systemic issues, particularly in data management, governance, and policy implementation. The overall outcome of the audit was that the Housing Management Service has inadequate assurance in relation to managing building safety and compliance.

- 3.18 Key recommendations from the audit include developing a comprehensive compliance framework, resolving data integrity issues, closing overdue fire risk assessment actions, establishing central registers for smoke and CO detectors, and providing staff training on compliance processes. It is also recommended to implement dashboards for real-time KPI monitoring and align the Strategic Risk Register with actual risks.
- 3.19 The findings from the audit have highlighted and clarified several areas that the service had already identified as needing focus as well as some additional key learning. These findings have fed into the development of a robust action plan for improvement. This action plan also includes root cause analysis (as recommended by The Regulator), to ensure permanent solutions are in place to prevent similar issues arising in the future and will form a key part of the agenda and monitoring for the relevant project board under the newly established Housing and Tenant Improvement Programme.

#### **4.0 Ongoing improvement work**

- 4.1 Whilst the reflective audit work is vital for lesson learning and effectively mapping robust and long-term improvements to our management of building safety, it has been important to us as a service to ensure we are driving forward rapid improvements on the ground to strengthen oversight quickly and provide re-assurance for our residents
- 4.2 The Compliance Team have been onboarding additional contractors to expedite the completion of works as a consequence of Fire Risk Assessments, and as of 1 September it confirmed that all outstanding high-risk fire actions in high-rise blocks had been satisfactorily addressed; either closed with evidence, completed and closed with evidence or work booked.
- 4.3 The rebuild of True Compliance and the NEC asset register is well underway and due to be complete by April 2026. Additional governance has also been implemented around the management of data, in particular restricting property creation access which provides a more controlled approach to new properties being added to the system and feeding into compliance workstreams accurately.
- 4.4 The compliance team has been progressing with recruitment. A Compliance and Contract Manager, a dedicated electrical manager, a Quality and Delivery Manager and an interim Contract Officer all started in September with two permanent Contract Officers starting in October, all with a focus on compliance and safety.
- 4.5 Furthermore, the Housing & Tenant Satisfaction Improvement Board met for its initial meeting in September, and the Building Safety Compliance Project Board held its first meeting on 12<sup>th</sup> November 25.
- 4.6 The Building Safety Compliance Project Board report into the Housing & Tenant Satisfaction Improvement Board, which is chaired by the Chief Executive, will

oversee and drive initiatives aimed at improving the quality of housing services and increasing tenant satisfaction.

- 4.7 The Board will provide governance and oversight by monitoring the progress of improvement initiatives and ensuring compliance with housing standards.
- 4.8 Significant progress has been made in addressing the data issues highlighted in the audit report. Our priority has been to validate the ownership and the council's compliance responsibilities of all properties on our Housing Database, NEC. This work is essential to build confidence in our data and provide a reliable foundation for reporting.
- 4.9 We are currently in the process of systematically reviewing each compliance stream, starting with Gas. This will confirm the properties that fall in or out of scope, and importantly, for what reason. Whilst the audit highlighted that confidence in the reporting number is low, we are using these figures as a baseline so that improvements can be clearly appreciated as our validation work progresses. This will result in the reported asset numbers changing as properties are validated and confirmed in work streams, and percentages fluctuating because of this.
- 4.10 This data correction work is not limited only to the properties we report on to the Regulator (i.e. council owned homes) but has been expanded to all residents in our properties e.g. leaseholders, i4B and FWH tenants etc. This ensures a consistent, council-wide approach that strengthens both safety and assurance moving forward.
- 4.11 We have accelerated the Stock Condition Survey program to 35% this financial year splitting the remaining surveys between the next 2 years with a goal to reach 100% March 2028.
- 4.12 Senior Housing Management managers meet monthly with the Regulator of Social Housing and have developed a good working relationship with them with the Regulator being happy with the pace in which Housing Management Service is working to recover their position.

## **5.0 Engagement with residents and key stakeholders**

- 5.1 Effective communication and engagement with residents and key stakeholders are central to the overall recovery plan. A multi-channel engagement strategy has been developed in partnership with the councils Communications Team which prioritises transparency, trust and keeping all key parties informed of progress and upcoming changes.
- 5.2 Engagement and communication activities scheduled for the coming month:
  - Special print edition of The Noticeboard (council tenant and leaseholder newsletter), providing an update on building safety, re-iterating how to contact the service about building safety concerns and an overview of the new repairs contract set up.

- E-newsletter version of The Noticeboard to include video message from Cllr Donnelly-Jackson outlining the Regulator judgement, what it means, what action has been taken so far and our commitment to rapid and lasting improvements. This newsletter reaches over 7000 tenants and leaseholders
- Update to the existing web page and FAQs.
- Members bulletin update and self-referral update report to PCG.

## 6.0 Financial Considerations

- 6.1 Like other local authorities, Brent is facing significant financial pressures and is continuously needing to look for efficiencies to address budget challenges. Some of the main challenges that could affect the long-term viability of the HRA Business Plan along with rent levels are major works and repairs.
- 6.2 As the Council adds more stock to its portfolio and complexities of new additional requirements to building standards are increasing, such as fire safety works and decarbonisation, the cost of major works are rising. At the moment, there is insufficient government subsidy available to address these changes. The Asset Management Strategy and investment plans must be approached cautiously and allow for flexibility to scale back on schemes where required. Careful budget monitoring and financial planning are crucial. With a current 5.75% loan rate for the HRA, £1m in borrowing costs the HRA circa £28k per annum in interest costs.
- 6.3 The specialists that have been appointed to assist with the recovery of the compliance breaches, are currently undertaking an initial assessment of the situation with the intention of developing a recovery programme.
- 6.4 Upon completion of the initial assessment, a paper will be presented setting out the anticipated costs and financial implications. For comparative purposes, a registered provider with 21,000 homes that were in a similar situation, spent £2.3m on their recovery programme.
- 6.5 It should be noted that whilst operating under a regulatory notice, access to grant funding for housing developments may be reduced or ceased, until the council can evidence a position of compliance, although this has not been the case to date.

## 7.0 Legal Considerations

- 7.1 This report ensures compliance with the regulatory standards for housing, in particular ensuring we comply with the requirements of the Social Housing (Regulations) Act 2023 (the “Act”).
- 7.2 The Act received royal assent on 20 July 2023. It makes provision for the regulation of social housing landlords, particularly with regard to issues such as safety, transparency, standards and conduct of staff and tenant engagement.

The Act also strengthens the powers of the Housing Ombudsman and enables requirements to be set for social landlords to address hazards such as damp and mould within a fixed time period.

7.3 As a result of the amendments made by this Act, safety and transparency will become explicit parts of the objectives of the Regulator of Social Housing ("the Regulator") and the Regulator will have greater powers in relation to the competency and conduct of staff and the provision of information. The Regulator will also be given strengthened economic powers to ensure they can effectively intervene when required to enable them to assess landlords failing to meet standards more routinely and proactively, as well as taking action in a wider range of circumstances. Changes are also made to the economic regulatory regime to ensure that providers of social housing are well governed and financially viable.

- The Act has three core objectives as follows:
- To facilitate a new, proactive consumer regulation regime
- To refine the existing economic regulatory regime
- To strengthen the Regulator's powers to enforce the consumer and economic regimes.

7.4 On 29 February the Regulator set out the revised consumer standards that apply to all registered housing providers from 1 April 2024. The new standards are:

- The Safety and Quality Standard
- The Transparency, Influence and Accountability Standard
- The Neighbourhood and Community Standard
- The Tenancy Standard

7.5 The introduction of the revised consumer standards also included information on the Regulator's Tenant Satisfaction Measures (TSM) referred to above, that all social housing landlords must report on. The TSMs will help the Council to see how well it is doing in areas such as keeping properties in good repair, maintaining building safety, and effectively handling tenant complaints. The Regulator required all landlords who own more than 1,000 homes to submit their first TSM data return by 30<sup>th</sup> June 2024 to enable the Regulator to publish the first year of data by autumn 2024.

7.6 As a social landlord the council has a duty to provide a safe environment for those living in their homes. Failure to comply could result in negative outcomes ranging from customer dissatisfaction and criticism to a requirement to submit (to the Regulator) a Performance Improvement Plan, or to take particular remedial actions as set out in an enforcement notice. If necessary, the Regulator will be able to authorise an appropriate person to enter a social housing premises to take emergency remedial action, issue penalties such as unlimited fines, or require the provider of social housing to pay compensation. A provider of social housing will commit an offence if they obstruct access or work required to undertake remedial action. A person guilty of an offence under

this section is liable on summary conviction to a fine not exceeding level 4 on the standard scale.

7.7 As per the report the council completed a self-referral that focused on the Safety and Quality Standard. The regulator notes that: "This is the first time we have issued a consumer grade in relation to this landlord. LB Brent has engaged positively with us since making its self-referral and has plans in place to understand the wider impact of its current position. Those actions include work to understand the root causes of the presenting issues, reviewing the completion of all closed fire safety remedial actions through a risk-based approach and working to develop a suitable action plan to resolve the issues. We will continue to engage with LB Brent as it seeks to address the issues that have led to this judgement. This includes evidencing that it is taking reasonable steps to mitigate risks to tenants as it creates and delivers its improvement plan. We are not proposing to use our enforcement powers at this stage but will keep this under review as LB Brent seeks to resolve these issues".

## **8.0 Equity, Diversity & Inclusion (EDI) Considerations**

8.1 The public sector equality duty set out in Section 149 of the Equality Act 2010 requires the council, when exercising its functions, to have due regard to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, and to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not share that protected characteristic. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

## **9.0 Climate Change and Environmental Considerations**

9.1 Housing is a key stakeholder in delivering the Council's Climate Action strategy. The actions Housing is responsible for are as follows:

- Retrofit work to three tower blocks;
- We will deliver further retrofitting projects via the Council's Carbon offset fund;
- We will develop and implement employer requirements for energy efficiency standards within all new Council housing;
- We will explore and identify an opportunity for an exemplar net zero new build within the NCHP;
- We will review developments within our NCHP pipeline to ensure that all aspects of sustainability are holistically addressed, with a special focus on the proposed development plans for St Raphael's Estate.

## **10.0 Human Resources/Property Considerations (if appropriate)**

10.1 At this time it is anticipated that additional resource will be required in the short to medium term, to assist with the recovery programme.

## 11.0 Communication Considerations

- 11.1 In consultation with the regulator, we are adopting a proactive approach concerning our engagement with tenants, elected members, and the wider community.
- 11.2 Communication with Residents and our Tenants is primarily through The Brent Noticeboard, which featuring updates on housing, services, and engagement opportunities. Resident engagement has been through a blend of online, phone and face-to-face channels. All communication about building safety updates, reporting progress on repairs, compliance and estate issues has been timely and transparent.

**Report sign off:**

**Thomas Cattermole**  
Corporate Director of Residents and Housing Services

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 <p><b>Brent</b></p>	<p><b>Audit and Standards Advisory Committee</b>  <b>3 February 2026</b></p> <p><b>Report from Head of Digital Transformation</b></p>
<p><b>Artificial Intelligence (AI) Update – Audit &amp; Standards Advisory Committee Deep Dive</b></p>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Not Applicable
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>List of Appendices:</b>	One Appendix 1: AI Strategic Risk Register
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	<p>Tony Afuwape, Head of Digital Transformation  Tel: 020 8937 12247  Email: <a href="mailto:tony.afuwape@brent.gov.uk">tony.afuwape@brent.gov.uk</a></p> <p>Olu Adeniji, Digital Programme Manager - AI and Automation  Tel: 020 8937 2516  Email: <a href="mailto:Olurotimi.Adeniji@brent.gov.uk">Olurotimi.Adeniji@brent.gov.uk</a></p>

## 1.0 Executive Summary

- 1.1 Brent is expanding its use of AI and automation to enhance efficiency and modernise service delivery. While these technologies offer significant benefits, they also introduce strategic risks that require strong oversight and mitigation.
- 1.2 This report outlines those risks for the Audit & Advisory Committee, along with the gaps identified in the recent internal audit. It provides an in-depth overview of the newly added AI Strategic Risk within the Council's Strategic Risk Register and summarises the internal audit findings, governance improvements, and planned actions.

## 2.0 Recommendation(s)

- 2.1 That members of the Committee note the content of the report.

## 3.0 Contribution to Borough Plan Priorities & Strategic Context: Brent's AI and Automation Ambitions

- 3.1 The Council is progressively adopting AI and automation to support its ambition to become a data- and insight-led organisation. AI is recognised as a key enabler for improving service efficiency, enhancing the resident experience, and delivering measurable financial benefits and savings.
- 3.2 Brent Council is committed to becoming a "Digital Council" by investing in AI, machine learning, and robotics to enhance service delivery, improve efficiency, and foster a "Digital Place". Supported by a considerable investment, as detailed in the recently approved Digital Transformation Roadmap 2026-28, these technologies aim to drive efficiency, reduce operational costs and improve services.
- 3.3 Brent's AI ambitions, as set out in the Digital Roadmap 2026–2028, focus on building on learning from pilots and projects and embedding artificial intelligence as a core enabler of service transformation, improved resident experience, and organisational efficiency.
- 3.4 Alongside these ambitions, the roadmap identifies significant savings linked to automation including cross cutting digital and resident experience savings proposals for 2026–27 and 2027–28

## 4.0 Background

- 4.1 Artificial Intelligence (AI) is a cornerstone of Brent's digital transformation agenda. Its adoption enables efficiency and innovation. AI presents significant opportunities for service improvement, productivity, and resident experience.
- 4.2 Brent has a highly effective in-house automation function, the **Intelligent Automation Centre of Excellence (CoE)**. The CoE is responsible for identifying, designing and delivering automation solutions that streamline manual, repetitive and high-volume processes across the council. By leveraging the use of a leading platform for Robotic Process Automation (RPA) (i.e. UIPath) and agentic automation, the team also actively develops staff capability and promotes a culture of continuous improvement.
- 4.3 To date, the CoE has successfully delivered **around 50 automations**, generating significant efficiency savings, reducing administrative burden, and improving the speed and quality of services for residents.

Examples of impactful use cases include:

- **Hospital Discharge to Mosaic** - automating the transfer of discharge notifications into Mosaic to reduce delays and improve adult social care workflow.
- **ASC and CYP Payments** - streamlining the processing of Adult Social Care and Children & Young People payments, ensuring faster, more accurate transactions.
- **School Admissions** - automating elements of the admissions process to improve accuracy, reduce processing times, and free staff to focus on more complex queries.

This growing automation capability strengthens operational efficiency, enhances resident-facing services, and positions Brent as a leading council within the sector.

4.4 Recent AI initiatives have included a trial of Microsoft 365 Copilot, trial and adoption of Magic Notes in Adult Social Care, Brent's First Conversational AI Parking Chatbot and a pilot of using AI to assist with responses to Housing complaints. Additional pilots are also underway across the organisation.

4.5 Significant progress has been made in establishing governance, strengthening controls, and deploying early AI use cases. However, the 2025/26 Internal Audit review issued a Limited Assurance rating, identifying important gaps that must be addressed to ensure the council remains compliant, secure, and operationally resilient as AI adoption accelerates.

4.6 The internal audit commissioned by Brent and conducted by PwC in August 2025 concluded that the overall arrangements of AI were maturing but not yet consistent to the required corporate level as recommended. The report identified a number of areas for improvement, including:

- Council-wide AI strategy or roadmap to set priorities and standards.
- Strengthening the governance arrangements regarding AI.
- AI risks to be included on the digital risk register and the strategic risk register.
- Training on building staff awareness of AI risks such as data security, bias, explainability, and responsible use.
- Procurement guidance has not been adapted for AI (e.g. explainability, bias testing, model/IP portability, exit).

All recommendations have been accepted, with actions scheduled for completion by 31 July 2026.

## **5.0. Strategic Risks**

- 5.1 The use of AI in local government carries inherent risks that require careful oversight. In particular, AI hallucinations—where generative models produce false or misleading information—pose a significant strategic risk. If such outputs are not appropriately verified with a ‘human in the loop’ or human reviewer, they can lead to reputational damage, legal exposure, financial loss, and poor decision-making.
- 5.2 AI systems that handle council data may expand the number of potential entry points within Brent’s IT environment. The integration of AI into core line-of-business systems also introduces additional cyber-risks, particularly where AI outputs influence critical operational processes. Without robust controls, these platforms could become avenues for intrusion or data exfiltration, increasing overall security exposure.
- 5.3 Lack of formal governance structures, inadequate oversight over AI model selection, training data provenance, and performance limits could result in ungoverned deployments and ethical lapses.
- 5.4 AI use must comply with data protection laws (UK GDPR, DPA), procurement and UK public sector standards, as well as emerging AI-specific regulatory expectations (e.g., UK AI assurance frameworks).

## **6.0 Cyber – Risks**

### **6.1 Organisational AI Security Risks**

Risks associated with securing internally developed or deployed AI systems arising from inadequate data classification and preparation for model training, insufficient prompt-engineering standards. This is mitigated through rigorous validation of AI-generated outputs, strengthened governance controls, and robust oversight of AI development and deployment.

### **6.2 Third-Party AI Service Risks**

Risks associated with external AI platforms—including commercial generative AI tools—stem from unauthorised use, potential data exfiltration, loss of intellectual property, and unassessed or undisclosed AI functionality embedded by vendors. These risks should be mitigated through robust due-diligence processes, appropriate technical controls and policies, and regular reviews to identify and remove unauthorised AI software.

### **6.3 AI-Enabled Threat Landscape Risks**

Risks arising from malicious actors using AI to increase the sophistication and impact of cyberattacks, including the creation of deepfakes for impersonation and social engineering and the development of highly personalised phishing campaigns. These threats will be mitigated through the deployment of defensive

AI tools, the adoption of “Verify-Then-Trust” protocols and strengthened staff awareness and training.

#### **6.4 Human Risk and Security Awareness Gaps**

Risks stem from limited staff understanding of AI capabilities and threats, including insufficient awareness of hallucinations, system bias, and over-reliance on unverified outputs. Targeted training is required to improve awareness of AI limitations and reinforce the necessity of maintaining a ‘human in the loop’.

### **7.0 Mitigations and Ongoing Improvement**

- 7.1 The internal audit has identified key areas requiring improvement to support Brent’s AI adoption. In response, we have implemented initial mitigations and developed a forward plan to strengthen governance, build organisational capability, and ensure the safe and effective use of AI across the organisation.
- 7.2 The council operates a governance-first approach to prioritise the establishment of ethical, legal, and operational guardrails before the widespread technical deployment of AI systems. This is to ensure safe, ethical, and transparent AI adoption.
- 7.3 Governance structures and arrangements for AI include clear risk assessment, approval, monitoring and escalation pathways, supported by oversight from the Data Ethics Board, Technical Design Authority (TDA), AI & Data Board and the Cyber Security Board. In addition, strategic and operational risks associated with AI, such as those related to data privacy, security, model performance, and ethical considerations, are formally reported to the Senior Information Risk Owner (SIRO). This ensures that significant risks are escalated appropriately and that the SIRO is kept informed to enable effective oversight and timely decision-making regarding risk mitigation and compliance.
- 7.4 Governance controls already in place for AI at Brent include:
  - Mandatory Data Protection Impact Assessments (DPIAs) and AI Impact Assessments for all AI deployments
  - Technical and security assurance through the TDA and Chief Security Officer
  - A structured nine stage AI approval process
  - A risk-based approach to adoption
  - Dual administration controls and secure by design architecture
  - Use of RACI and RAPID decision-making frameworks

- 7.5 Governance foundations are in place, including mandatory Data Protection Impact Analysis and AI Impact Analysis, strengthened cyber assurance, and a structured approval process preventing shadow AI.
- 7.6 Brent has implemented a policy restricting the use of unauthorised artificial intelligence (AI) software to safeguard council data and ensure responsible technology usage, supported by regular monitoring and management of AI activity across the organisation.
- 7.7 Brent is developing a dedicated AI strategy that will define the council's vision, principles, governance, priority use cases, success measures, and delivery roadmap. The strategy is scheduled for completion by Q2 of the next financial year.
- 7.8 We have recently undergone an exercise to decommission and block unauthorised AI tools within the Brent ecosystem, alongside issuing staff communications to reinforce the requirement to use only approved AI solutions.
- 7.9 The council's AI governance model is strengthened by dedicated in-house AI expertise, including a functioning Centre of Excellence that ensures safe, ethical and well-assured adoption of AI. This level of specialist expertise is uncommon in local government and positions Brent with a distinct advantage in scaling AI safely and responsibly across its services.
- 7.10 Brent continues to work closely with sector partners to ensure its AI approach aligns with emerging best practice and collective public-sector standards. The council is an active participant in pan-London collaboration through organisations such as the London Office of Technology and Innovation (LOTI) and the West London Alliance (WLA), contributing to shared learning on AI governance, risk management, and resident-centred design.
- 7.11 Brent also incorporates national best practice by adopting guidance from the Government Digital Service (GDS) and the Local Government Association (LGA), ensuring its frameworks, ethical safeguards, and delivery models remain consistent with sector-wide standards. Through participation in cross-council working groups, peer networks, and communities of practice, Brent ensures that its AI adoption is informed by the latest evidence, meets public-sector expectations, and demonstrably aligns with responsible, transparent, and trustworthy use of emerging technologies.
- 7.12 As part of Brent's Procurement Improvement Programme, work is underway to update the council's existing "How to Buy" guidance with an AI Procurement Addendum aligned to emerging UK Government standards.
- 7.13 The council will continue to monitor and assess its AI maturity on an ongoing basis. An initial self-assessment, using the UK Government's AI principles and data ethics tool, places the council at Level 1–2 (Foundational) on the five-level AI maturity scale. The target is to progress to Level 3–4 (Defined/Managed) by 2027.

## **8.0 Financial Considerations**

- 8.1 All activity referenced, including the continued rollout of AI initiatives, governance enhancements, and delivery of the Digital Transformation Roadmap, are funded from existing budgets. The Digital Transformation Roadmap has been built into the Capital programme and will invest up to £8.7m across 2026/27 and 2027/28.
- 8.2 The anticipated £2.1m annual saving associated with cross-cutting digital and resident experience themes proposed as part of Draft Budget for 2026/27 have been incorporated into the draft Medium Term Financial Strategy.

## **9.0 Legal considerations**

- 9.1 The council's expanding use of artificial intelligence (AI) engages a range of legal duties and compliance requirements, particularly in relation to data protection, procurement, public-law decision-making, and emerging government standards governing the safe deployment of AI technologies. Officers have addressed the majority of these requirements within the report and, as they work to resolve the gaps identified in the 2025/26 Internal Audit review, they are reminded to engage all relevant teams, including Legal Services.
- 9.2 There are no direct legal barriers to the council's continued adoption of AI, provided that appropriate oversight, risk controls, and compliance measures remain in place. As officers are asking the Committee merely to note the contents of this report, there are no legal implications arising from the recommendation.

## **10.0 Equity, Diversity & Inclusion considerations**

- 10.1 AI must actively support the council's commitment to fairness, inclusion, and equitable service delivery. All AI pilots will incorporate fairness testing, bias monitoring, and representative data considerations in line with the council's EDI commitments.

## **11.0 Stakeholder and ward member consultation and engagement**

- 11.1 AI adoption requires transparent engagement with internal and external stakeholders to maintain trust and alignment. A structured engagement process will be used to make sure ward members, service leads, and residents are properly consulted during all significant AI deployments, promoting transparency, alignment, and trust.

## **12.0 Climate Change and Environmental considerations**

- 12.1 AI initiatives will be assessed for environmental impact, including energy usage, sustainability of data processing, and alignment with the council's climate commitments.

## 13.0 Human Resources

- 13.1 The implementation and wide use of AI tools can boost productivity and reduce repetitive tasks. The full impact is yet unknown but could lead to efficiencies requiring less people in some areas but increased skills in other areas, particularly in the AI skills and data analysis space. Clear communication, training, and positioning AI as a tool to drive improvements will be important.
- 13.2 Aligning the AI strategy with Brent's workforce strategy is essential to ensure HR considerations—such as workforce impact, changing roles, and emerging skills requirements—are fully integrated into the AI programme, enabling staff to prepare for and adapt to organisational change.

<b><i>Report sign off:</i></b>
<b>Rachel Crossley</b> Corporate Director Service Reform and Strategy

# A. AI Risks

## Risk Details

There is the risk of unauthorised use of generative AI, dependency on third-party platforms, heightened threat of Cyber attacks inadequate cyber security controls, and weak information governance could lead to reputational damage, resident mistrust, operational disruption, data breaches, and regulatory penalties.

## Risk Update

In early 2025, Internal Audit initiated a governance review to understand whether the organisation had the strategy, controls and capability needed to support safe, ethical and compliant adoption. The review was prompted by concerns that AI activity was outpacing the Council's maturity and that existing risk, procurement and data protection processes were not designed with AI-specific risks in mind.

The review concluded in October 2025 with a Limited Assurance rating, identifying gaps in policy, governance, training, procurement and ongoing monitoring. These issues stem from several underlying drivers: the speed and decentralisation of AI adoption, the absence of an AI Strategy, early-stage governance maturity, limited staff capability, insufficient vendor assurance processes, and the rapidly evolving regulatory environment.

December 2025, the Directors' Risk Review recommended elevation of AI to the Strategic Risk Register, recognising that the combination of uncoordinated adoption, compliance risk and organisational exposure constituted a material corporate-level threat. The risk was formally added in January 2026.

The core risk arises from AI adoption outpacing the Council's governance maturity, leading to inconsistent standards, gaps in oversight, and uneven capability across services. Key contributing factors include the absence of a cohesive AI Strategy, incomplete policy framework, early-stage staff literacy, insufficient vendor assurance arrangements, and emerging regulatory obligations under UK GDPR, transparency requirements, and evolving UK/EU AI standards.

The council is addressing these risks as work over 2025/26 has focused on establishing stronger governance foundations for AI activity across the organisation. Although Brent's AI maturity remains in its early stages, important controls are already in place to reduce exposure and create a clearer framework for responsible adoption. A strengthened governance model now provides oversight across strategy, ethics, data protection and cyber security. The Programme Manager for AI & Automation has taken responsibility for leading delivery of the Council's AI strategy. Brent also incorporates national best practice by adopting guidance from the Government Digital Service (GDS) and the Local Government Association (LGA), ensuring its frameworks, ethical safeguards, and delivery models remain consistent with sector-wide standards

## Risk Scores

	I	L	T	Trend
<b>CURRENT</b>	<b>4</b>	<b>3</b>	<b>12</b>	
Previous	4	3	12	
Target	3	2	6	

## Key Controls & Mitigating Actions

- We have an AI and Data Board, supported by a dedicated Data Ethics Board, to provide expert guidance on the responsible development and deployment of AI systems.
- Clear accountability held by the Director of CII, who is responsible for ensuring AI activities across the organisation meet regulatory, ethical, and organisational expectations.
- Strategic oversight provided by the Programme Manager for AI & Automation, ensuring coordinated delivery, risk management, and alignment across all AI initiatives. This role acts as the central governance lead, ensuring projects follow agreed standards and frameworks.
- Shadow AI Monitoring is now in place to detect and manage unauthorised AI use.
- Mandatory completion of DPIAs and AI Impact Assessments for all AI projects to ensure potential risks, especially around data protection, bias, and individual rights. And shadow AI monitoring.
- Corporate Risk monitoring to track AI-related risks at an organisational level, ensuring they are visible, assessed, and managed through established risk-management processes. This provides ongoing oversight as systems evolve.
- Cyber assurance provided through the STS team, to identify vulnerabilities and reduce the risk of AI-enabled cyberattacks. This ensures AI systems meet high security standards before going live

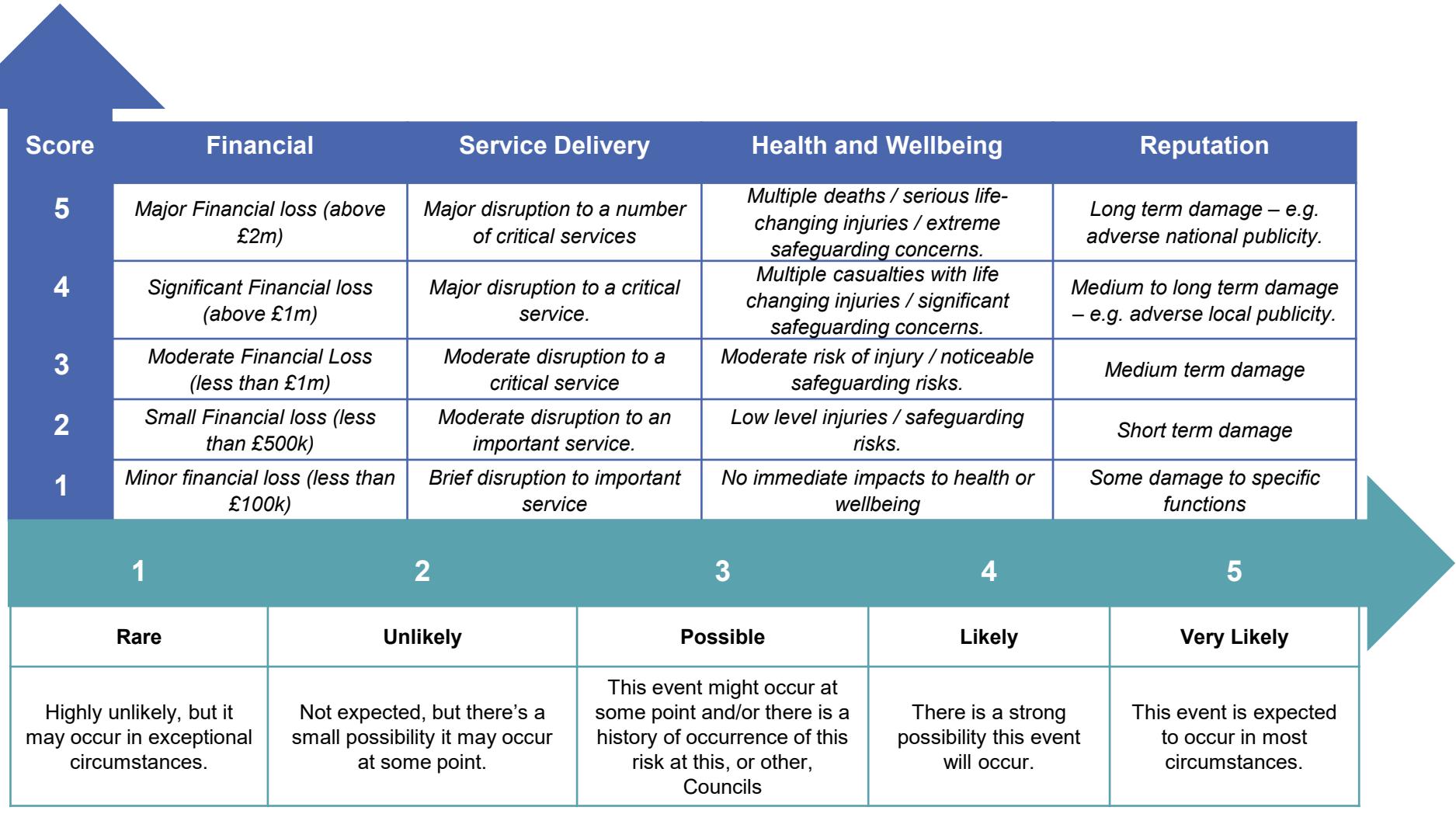
# AI Risks

## ◆ Action Plan

Ref	Action	Target Date	Status	Comments
1.	We will Develop AI Strategy & Policy Framework	31 July 2026	In Progress	A Council wide AI strategy is being drafted, supported by a comprehensive AI Policy Framework. This will set out minimum standards for transparency, data use, ethical safeguards, and assurance requirements. This work directly supports the creation of a consistent governance baseline across the organisation.
Page 58	We will Strengthen governance structures and KPIs	31 July 2026	In Progress	Governance mapping has been completed and will inform a strengthened structure including clearer decision rights, reporting lines, and KPIs. This forms a core part of the long-term capability building programme and supports the move from High to Medium risk.
	Introduce risk based, Responsible and Ethical AI training for Brent Staff	31 July 2026	In Progress	A new mandatory training framework is being developed to improve cultural readiness and ensure staff understand safe use expectations, risk indicators, escalation routes, and ethical considerations. This will become a baseline requirement for all AI related activity.
	Update procurement & supplier due diligence	31 July 2026	Planned	Procurement and due diligence processes will be updated to incorporate AI specific requirements, including transparency obligations, model governance expectations, data protection compliance, and risk disclosures. This ensures suppliers meet minimum AI safety standards.
	Identify AI vendors appropriate to our tooling strategy and explore internal AI capability	31 July 2026	In progress	A catalogue of AI vendors and tools in use across Brent is being developed. This will support risk management, contract visibility and alignment to the Council's tooling strategy. Internal capabilities will also be assessed to ensure we can safely build and manage AI in house where appropriate.

# Risk Evaluation Matrix

The following impact and likelihood criteria are used to analyse and evaluate the Council's Strategic Risks.



The Risk Evaluation Matrix is a 5x5 grid. The vertical axis (Score) ranges from 1 (bottom) to 5 (top). The horizontal axis (Likelihood) ranges from 1 (left) to 5 (right). The matrix is divided into four quadrants: Financial (top-left), Service Delivery (top-right), Health and Wellbeing (bottom-left), and Reputation (bottom-right). The matrix is color-coded: a dark blue header and footer, and a teal middle section.

Score	Financial	Service Delivery	Health and Wellbeing	Reputation
5	Major Financial loss (above £2m)	Major disruption to a number of critical services	Multiple deaths / serious life-changing injuries / extreme safeguarding concerns.	Long term damage – e.g. adverse national publicity.
4	Significant Financial loss (above £1m)	Major disruption to a critical service.	Multiple casualties with life changing injuries / significant safeguarding concerns.	Medium to long term damage – e.g. adverse local publicity.
3	Moderate Financial Loss (less than £1m)	Moderate disruption to a critical service	Moderate risk of injury / noticeable safeguarding risks.	Medium term damage
2	Small Financial loss (less than £500k)	Moderate disruption to an important service.	Low level injuries / safeguarding risks.	Short term damage
1	Minor financial loss (less than £100k)	Brief disruption to important service	No immediate impacts to health or wellbeing	Some damage to specific functions
1 2 3 4 5				
Likelihood				
Rare	Unlikely	Possible	Likely	Very Likely
Highly unlikely, but it may occur in exceptional circumstances.	Not expected, but there's a small possibility it may occur at some point.	This event might occur at some point and/or there is a history of occurrence of this risk at this, or other, Councils	There is a strong possibility this event will occur.	This event is expected to occur in most circumstances.

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 <b>Brent</b>	<p><b>Audit and Standards Advisory Committee</b> 3 February 2026</p> <p><b>Report from the Corporate Director of Finance and Resources</b></p> <p><b>Lead Member - Deputy Leader and Cabinet Member for Finance and Resources (Councillor Mili Patel)</b></p>
<b>Internal Audit Interim Report 2025-26 - Addendum</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Not Applicable
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>List of Appendices:</b>	One Appendix 1: Internal Audit Interim Report 2025-26 - Addendum
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Darren Armstrong, Deputy Director Organisational Assurance and Resilience 020 8937 1751 <a href="mailto:Darren.Armstrong@brent.gov.uk">Darren.Armstrong@brent.gov.uk</a>

## 1.0 Executive Summary

- 1.1 Further to feedback from the Audit and Standards Advisory Committee on 3 December 2025, this report provides an update on action owners, accepted recommendations, and implementation dates for audits reported as completed within the Interim Internal Audit Report. It also reinstates the 'Basis of Our Classifications' and 'Assurance Definitions' for clarification. These details are presented in Appendix 1.

## 2.0 Recommendations

- 2.1 The Committee is asked to note the report.

### **3.0 Detail**

#### **3.1 Contribution to Borough Plan Priorities & Strategic Context**

- 3.1.1 The role and mission of the Internal Audit function is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. Internal Audit helps the Council to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the governance, risk management and control processes in place.
- 3.1.2 The mission of Internal Audit is achieved through providing a combination of risk-based assurance and consulting activities. The assurance suite of work involves assessing how well the systems and processes are designed and operating in order to effectively mitigate risk, while consulting activities aid with the improvement in systems and processes where necessary.
- 3.1.3 The response of the Council to the activity of Internal Audit should lead to the strengthening of governance arrangements and the control environment, and therefore, contribute to the achievement of strategic objectives.

#### **3.2 Interim Internal Audit Report Update**

- 3.2.1 This update responds to the Committee's request for greater clarity on the implementation of agreed actions within the Interim Internal Annual Report. Appendix 1 sets out:
  - Responsible officers for each audit area;
  - Accepted recommendations and their priority;
  - Implementation dates; and
  - Basis of our classifications and assurance definitions to support interpretation of audit outcomes.

### **4.0 Stakeholder and ward member consultation and engagement**

- 4.1 None.

### **5.0 Financial Considerations**

- 5.1 The report is for noting and so there are no direct financial implications.

### **6.0 Legal Considerations**

- 6.1 All Local Authorities are required to make proper provision for Internal Audit in line with the 1972 Local Government Act and Accounts and Audit Regulations 2011 (as amended). The Public Sector Internal Audit Standards 2017, also require proper planning of audit work.

### **7.0 Equity, Diversity & Inclusion (EDI) Considerations**

7.1 None.

**8.0 Climate Change and Environmental Considerations**

8.1 None.

**9.0 Communication Considerations**

9.1 None.

**Report sign off:**

***Minesh Patel***

Corporate Director of Finance and Resources

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# **Internal Audit Interim Report 2025-26 - Addendum**

**2025-26**

## 1b. Core Assurance Work 2025-26 – Findings (High & Medium)

This section of the report provides a summary of findings for all core assurance audits completed to date.

System / Process	Assurance Provided	Summary of Findings	Internal Audit Update - January 2026
<ul style="list-style-type: none"> <li>• Council Tax and Business Rates</li> </ul>	<p><b>Limited</b></p>	<p><b>High Risk</b></p> <ol style="list-style-type: none"> <li><b>Discounts and Exemptions</b> Council's internal controls over Council Tax discounts and exemptions are currently weak, with issues identified across policy documentation, segregation of duties, and eligibility verification</li> <li><b>Delays and Omissions in Issuance of Reminder and Summons Notices</b> Testing revealed frequent delays in issuing reminder and summons notices beyond policy timelines, with some notices not issued at all despite outstanding debts.</li> </ol> <p><b>Medium Risk</b></p> <ol style="list-style-type: none"> <li><b>Follow-up of warning discrepancies</b> Weaknesses in follow-up, escalation, and coordination with the Valuation Office Agency (VOA) have led to long-standing discrepancies and recurring data mismatches, heightening the risk of inaccurate records and billing errors</li> <li><b>Lack of Independent Review and Authorisation of Reconciliations</b> The quarterly property data reconciliation reports are prepared without any formal independent review or authorisation</li> <li><b>Inconsistent Recovery Actions</b> Recovery officers prioritise accounts subjectively, focusing mainly on high-balance or "critical" cases, which causes delays or inconsistencies in pursuing lower-balance accounts and risks revenue leakage.</li> </ol>	<p><b>Responsible Officers:</b> Head of Revenue and Debt; Revenues &amp; Debt Service Manager; Service Manager – Debt Recovery</p> <p><b>Recommendations Accepted:</b> High: 2   Medium: 3   Low: 1 (Total: 6)</p> <p><b>Final Implementation Date:</b> All remaining actions are targeted for 31 October 2026, with the process improvements relating to reminder and summons notices and the Debt Recovery Policy update already completed.</p> <p>Internal Audit plan to undertake a follow-up to measure progress towards implementation of actions in Q4 2026-27.</p>

## 2b. Risk-Focussed Work 2025-26 - Findings (High & Medium)

This section of the report provides a summary of findings for all core assurance audits completed to date.

System / Process	Assurance Provided	Summary of Findings	Management response Summary
<ul style="list-style-type: none"> <li>Residential and Nursing Care</li> </ul>	<p><b>Limited</b></p>	<p><b>High Risk</b></p> <ol style="list-style-type: none"> <li><b>Financial Assessments</b> Our review identified that half of the financial assessments reviewed were calculated incorrectly and issued to service users without prior approval, resulting in unnecessary costs to the Council. Furthermore, delays in completing assessments meant that in some cases, the Council funded care for up to 11 months before establishing who was financially responsible.</li> <li><b>Quality Assurance Process</b> The evidence section of the Quality Assurance document is not structured to capture precise examples of compliance, descriptions of what qualifies as evidence, and sample sizes are not included to give context to what is being recorded. Also, where standards are unmet or partially met there is no clear process for revaluation to attest compliance.</li> <li><b>Residential and Nursing Care Oversight</b> There is no effective oversight of all elements of the end to end residential and nursing care service to identify any failures in the process, such a forum to review the effectiveness of monitoring and reporting.</li> </ol> <p><b>Medium Risk</b></p> <ol style="list-style-type: none"> <li><b>Governance</b> The current Adult Social Care Charging Guidance (2016) lacks key governance details, including the author, approval information, and scheduled review dates. It also does not specify when financial assessments should be completed or how they should be documented. Additionally, there is no clear requirement for Senior Officer approval before assessment outcomes are shared with service users.</li> </ol>	<p><b>Responsible Officers:</b> Head of Commissioning, Contracting &amp; Market Management; Service Manager Benefits Subsidy &amp; Policy; Digital Programme Manager</p> <p><b>Recommendations Accepted:</b> High: 3   Medium: 1 (Total: 4 issues, 8 recommendations)</p> <p><b>Final Implementation Date:</b></p> <ul style="list-style-type: none"> <li>Financial assessment accuracy &amp; Mosaic uploads: 31 Jan 2026</li> <li>QA process improvements: 31 Jan 2026 (validation doc), 31 Mar 2026 (scoring redesign)</li> <li>Charging Policy update &amp; training: 30 Apr 2026</li> <li>Oversight forum: 31 Jan 2026</li> </ul> <p>Internal Audit plan to undertake a follow-up to measure progress towards implementation of actions in Q4 2026-27.</p>

System / Process	Assurance Provided	Summary of Findings	Management response Summary
♦ AI Governance	Limited	<p><b>High Risk</b></p> <ol style="list-style-type: none"> <li><b>Strategy and policy framework</b> AI is currently being introduced through isolated pilot projects under the broader Digital Strategy. However, the absence of a unified Council-wide AI strategy has led to fragmented and reactive deployment. This has resulted in inconsistent approaches and varying quality in how benefits are tracked and assessed.</li> <li><b>Governance and Oversight</b> AI oversight is dispersed across existing forums, without a single, end to end framework or accountable owner. The ethics board is advisory only.</li> </ol> <p><b>Medium Risk</b></p> <ol style="list-style-type: none"> <li><b>Training</b> There is no Council-wide training programme on AI risks, role-specific expectations, or systematic tracking of completion.</li> <li><b>Procurement and Due Diligence</b> The Council's procurement framework has not been adapted for AI. This increases ethical, legal, and value-for-money risks despite some oversight through existing forums and DPIAs</li> <li><b>AI Risk Management</b> AI risks are captured on the digital risk register and managed largely through project level DPIAs. However, they are not included on the corporate risk register, and key enterprise level exposures such as information governance failures from AI use and the risk of shadow AI are not formally owned or mitigated.</li> </ol>	<p><b>Responsible Officers:</b> Interim Head of Digital Transformation; Digital Transformation Programme Manager – AI; Head of Digital Transformation</p> <p><b>Recommendations Accepted:</b> High: 2   Medium: 3 (Total: 5)</p> <p><b>Final Implementation Date:</b></p> <ul style="list-style-type: none"> <li>AI Strategy &amp; Training: 30 Apr 2026</li> <li>Governance Framework &amp; Risk Register: 31 Jul 2026</li> <li>Procurement Addendum: 31 Jan 2026</li> </ul> <p>Internal Audit plan to undertake a follow-up to measure progress towards implementation of actions in Q3 2026-27.</p>
♦ Wembley Learning Zone (WLZ)	Management Letter	<p>Internal Audit completed a review of Wembley Learning Zone at management's request. The review identified several issues and concerns, including:</p> <ol style="list-style-type: none"> <li><b>Safeguarding</b> – there is currently a lack of clarity regarding the safeguarding training and DBS status of WLZ team members.</li> </ol>	<p><b>Responsible Officers:</b> Head of Setting and School Effectiveness; Project Manager</p> <p><b>Recommendations Accepted:</b> High: 9   Medium: 2   Low: 1 (Total: 12)</p> <p><b>Final Implementation Date:</b></p>

System / Process	Assurance Provided	Summary of Findings	Management response Summary
		<ol style="list-style-type: none"> <li>2. <b>Event Charges</b> – the pricing of events is inconsistent, with lower rates charged in some instances.</li> <li>3. <b>Write-offs</b> – a write-off credit of c£10k could not be accounted for or verified.</li> <li>4. <b>Event Bookings</b> – the tracking of bookings was inconsistent and incomplete and did not correspond to invoices received.</li> <li>5. <b>Staffing and Job Descriptions</b> – up to date JDs and procedures could not be located or provided during the audit.</li> <li>6. <b>Procurement</b> – WLZ use a Council issued Credit Card that has been used to by-pass traditional procurement routes.</li> </ol>	<ul style="list-style-type: none"> <li>• Safeguarding DBS renewal: Completed Oct 2025; training ongoing</li> <li>• Financial reconciliation &amp; booking reconciliation: 31 Aug 2025</li> <li>• BestBrent booking system: Implemented Jan 2026</li> <li>• Procurement training, catering compliance, risk assessments, staff manual, marketing refresh: 1 Jan 2026</li> </ul> <p>Internal Audit plan to undertake a follow-up to measure progress towards implementation of actions in Q4 2026-27.</p>
• <b>Pay Policy and Allowances</b>	<i>Management Letter</i>	<p>Internal Audit completed a planned review of the Council's Pay Policy and Allowances. The review has highlighted several issues regarding the consistent application of, and adherence to, the Council's Pay Policy and Procedures, including:</p> <ol style="list-style-type: none"> <li>1. Expenditure monitoring controls require improvement;</li> <li>2. A number of payments were found to fall outside of the agreed pay rates.</li> <li>3. Some payments were processed without full authorisation.</li> <li>4. Several payments lacked supporting records.</li> <li>5. Legacy systems and fragmented data have made it difficult to validate payments.</li> <li>6. Limited monitoring and oversight at a service level have contributed to informal practices.</li> </ol>	<p><b>Responsible Officers:</b> Corporate Director Finance and Resources; Director HR &amp; Organisational Development; Deputy Director Finance; Head of Transactional Finance; Senior HR Business Partner</p> <p><b>Recommendations Accepted:</b> High: 6 (systemic issues across governance, authorisation, documentation, verification, oversight)</p> <p><b>Final Implementation Date:</b> Immediate actions underway via Pay &amp; Allowances Project Review; formal follow-up scheduled Q4 2025-26</p> <p>Internal Audit plan to undertake a follow-up to measure progress towards implementation of actions in Q2 2026-27.</p>

## Appendix A – Basis of our Classifications

**Critical**

A finding that could have a:

- ***Critical impact on operational performance; or***
- ***Critical monetary or financial statement impact; or***
- ***Critical breach in laws and regulations that could result in material fines or consequences; or***
- ***Critical impact on the reputation or brand of the organisation which could threaten its future viability.***

**High**

A finding that could have a:

- ***Significant impact on operational performance; or***
- ***Significant monetary or financial statement impact; or***
- ***Significant breach in laws and regulations resulting in significant fines and consequences; or***
- ***Significant impact on the reputation or brand of the organisation.***

**Medium**

A finding that could have a:

- ***Moderate impact on operational; or***
- ***Moderate monetary or financial statement impact; or***
- ***Moderate breach in laws and regulations resulting in fines and consequences; or***
- ***Moderate impact on the reputation or brand of the organisation.***

**Low**

A finding that could have a:

- ***Minor impact on the organisation's operational performance; or***
- ***Minor monetary or financial statement impact; or***
- ***Minor breach in laws and regulations with limited consequences; or***
- ***Minor impact on the reputation of the organisation.***

## Appendix B – Assurance Definitions

Rating	Description
<b>Substantial Assurance</b>	There is a sound control environment with risks to key service objectives being satisfactorily managed. Recommendations will normally only be Advice and Best Practice
<b>Moderate Assurance</b>	An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are <i>medium</i> priority recommendations indicating weaknesses, but these do not undermine the system's overall integrity. Any <i>critical</i> recommendation will prevent this assessment, and any <i>high</i> recommendations would need to be mitigated by significant strengths elsewhere.
<b>Limited Assurance</b>	There are several significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are <i>high</i> recommendations indicating significant failings. Any <i>high</i> recommendations would need to be mitigated by significant strengths elsewhere.
<b>No Assurance</b>	There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.

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	A	E	F	G	H	I	J
1	<b>ASAC FORWARD PLAN / WORK PROGRAMME / UPCOMING AGENDA 2025-26</b>						
2	Topic / Date	16-Jun-25	23-Jul-25	25-Sep-25	03-Dec-25	03-Feb-26	24-Mar-26
3	<b>Internal Audit &amp; Investigations</b>						
4	Internal Audit Annual Report, including Annual Head of Audit Opinion	X					
5	Annual/Interim Counter Fraud Report	X			X		
6	Internal Audit Plan Progress Update				X	X	
7	Internal Audit Strategy & Plan						X
8	<b>External Audit</b>						
9	External Audit progress report		X				X
10	Audit Findings Report Council & Pension Fund Accounts 2024-25				X	X	
11	Draft External Audit Plan 2025-26 (incl Pension Fund)	X					X
12	Annual Auditor's Report			X			
13	<b>Financial Reporting</b>						
14	Treasury Management Mid-term Report					X	
15	Treasury Management Strategy					X	
16	Statement of Accounts & Pension Fund Accounts	X			X*		
17	Treasury Management Outturn Report	X					
18	Progress on implementation of FM Code	X					
19	<b>Governance</b>						
20	To review performance & management of i4B Holdings Ltd and First Wave Housing Ltd			X			X
21	Procurement review including arrangements for securing value of money, community wealth & social value		X				X
22	Referral to Social Housing Regulator	X		X		X	
23	Review of the use of RIPA Powers						X
24	Receive and agree the Annual Governance Statement	X*					
25	<b>Risk Management</b>						
26	Strategic Risk Register Update			X			
27	Emergency Preparedness		X				
28	Deep Risk Dive on AI					X	
29	<b>Audit Committee Effectiveness</b>						
30	Review the Committee's Forward Plan	X	X	X	X	X	X
31	Review the performance of the Committee (self-assessment)		X				
32	Chair's Annual Report	X					
33	Training Requirements for Audit Committee Members (as required)						
34	<b>Standards Matters</b>						
35	Standards Report (including gifts & hospitality)	X		X	X		X
36	Annual Standards Report						X
37	Member Complaints & Code of Conduct					X	
38	Review of the Member Development Programme and Members' Expenses (incorporating Review of the Financial and Procedural Rules governing the Mayor's Charity Appeal)						X
39	<b>Committee Development</b>						
40	<b>Treasury Management Training</b>						
41	<b>Levels of Control and Lines of Defence Training</b>						
42	<b>Review of Committee performance linked to Global Internal Audit Standards</b>						
43	<b>Role of External Audit &amp; Committee</b>						
44							
45	* Requires approval by Audit & Standards Committee						

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