



## Audit and Standards Advisory Committee

**Tuesday 24 March 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:

Ethapemi 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 is to charitable purposes;
  - whose principal purposes include the influence of public opinion or policy (including a political party or trade union).
- (b) The interests a 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.	
<b>3 Minutes of the previous meeting &amp; Action Log</b>	
3.1 To approve the minutes of the previous meeting held on Tuesday 3 February 2026 as a correct record.	To follow
3.2 To note the updated Action Log from previous meetings of the Audit & Standards Advisory Committee.	1 - 4
<b>4 Matters arising (if any)</b>	
To consider any matters arising from the minutes of the previous meeting.	
<b>5 Deputations (if any)</b>	
To hear any deputations received from members of the public in accordance with Standing Order 67.	
<b>Governance Items</b>	
<b>6 To review performance &amp; management of i4B Holdings Ltd and First Wave Housing Ltd</b>	5 - 14
This report provides an update and assurance on the governance and oversight arrangements the Council has in place as Shareholder of i4B Holdings Ltd (i4B) and Guarantor of First Wave Housing (FWH). It outlines the mechanisms through which the Council monitors performance, risk and compliance, and highlights key governance developments from the most recent Shareholder/ Guarantor meetings held in February 2026.	

<b>7</b>	<b>Procurement Strategy Progress Review</b>	15 - 30
	This report provide an update on progress with development of the Procurement Strategy and review.	

<b>8</b>	<b>Review of the use of RIPA Powers</b>	31 - 36
	This report details the Council’s use and conduct of surveillance techniques in accordance with the Regulation of Investigatory Powers Act (RIPA) 2000 in compliance with the annual review obligations set out in Brent Council’s RIPA policy and procedures.	

**Standards Items**

<b>9</b>	<b>Annual Review of the Member Learning &amp; Development Programme (MLD) and Members’ Expenses (incorporating Review of the Financial and Procedural Rules governing the Mayor’s Charity Appeal)</b>	37 - 64
	This report provides a summary of the Member Learning and Development Programme since the last report to the Committee in March 2025 along with details on Members Expenses and a review of the financial and procedural rules governing the Mayor’s Charity Appeal.	

<b>10</b>	<b>Annual Standards and Governance Report for 2025 (including quarterly update on gifts and hospitality)</b>	65 - 78
	This presents the Monitoring Officer’s Annual Report to the Audit and Standards Advisory Committee (ASAC) for 2025. The report provides an update on Member conduct issues and the work of the Audit and Standards Advisory Committee, the Audit and Standards Committee (ASC) and the Monitoring Officer during 2025 together with the quarterly report on gifts and hospitality registered by Members.	

**Audit Items**

<b>11</b>	<b>Internal Audit Plan 2026-27 and Internal Audit Strategy 2024-27 Year 2 Review</b>	79 - 118
	This report presents the proposed Internal Audit Plan for 2026-27. The report also includes an assessment of the progress made at the end of Year 2 towards achieving the objectives outlined in the Internal Audit Strategy 2024-27, which was approved by Audit and Standards Advisory Committee in March 2024.	

<b>12</b>	<b>External Audit Update Report</b>	119 - 140
	To receive a report from Grant Thornton (as the Council’s External	

Auditor) providing an update on external audit activity and relevant sector updates.

**13 Audit Findings (ISA 260) Report for the London Borough of Brent 2024-25** 141 - 242

To receive, for information and reference, the final Audit Findings Report for 2024-25.

**14 Audit & Standards Advisory Committee Draft Work Programme 2026-27 & Dates of Future Meetings** 243 - 244

14.1 To consider the Committee's provisional work programme for the 2026 -27 Municipal Year and dates identified (as set out below) for future meetings:

- Monday 15 June 2026 (including Member Learning & Development session)
- Monday 27 July 2026
- Wednesday 23 September 2026
- Monday 30 November 2026
- Tuesday 2 February 2027
- Wednesday 24 March 2027

Please note all of the above meetings are scheduled to commence at 6pm and will be held in person at Brent Civic Centre.

**15 Evaluating the Effectiveness of the Audit & Standards Advisory Committee 2025-26**

To receive a verbal update from the Chair regarding the approach in seeking member's views on the effectiveness of the Committee during the current 2025-26 municipal year for inclusion in the Chairs' Annual Report.

**16 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: Date Not Specified**



- 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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Meeting Date	Agenda No.	Item	Actions	Lead Officer and Timescale	Progress
3 Feb 26	6.	Member Complaints & Code of Conduct	Details provided on complaints received during the corresponding year as appendix to report to include whether submitted by members of public or other councillor for future reports	Marsha Henry/Biancia Robinson	In progress
3 Feb 26	7.	Update on the Response to Housing regulator findings and Brent graded at C3	(1) Future updates to include an outline of the dashboard being used to monitor progress in delivery of the compliance framework, workstreams and associated KPIs including relevant timescales and details on the structure of resources to support the work being undertaken.  (2) Further progress update to be provided at appropriate stage identified (within the next 6 months)	Thomas Cattermole/ Spencer Randolph  Thomas Cattermole/ Spencer Randolph	In Progress
3 Feb 26	10.	External Audit Progress Update	Members of the Committee to be informed when final sign-off of the Council's 2024-25 Statement of Accounts has been completed.	Ravinda Jassar/ Minesh Patel	Completed
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

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25 Sep 25	7	Self-Referral to Regulator of Social Housing - September 2025 Update	<p>(1) That the 'The Notice Board' newsletter be disseminated to all members of the Audit and Standards Advisory Committee, for reference and information.</p> <p>(2) Details on the governance structure relating to the Housing and Tenant Satisfaction Improvement Board be provided for members of the Audit and Standards Advisory Committee.</p>	<p>Spencer Randolph</p> <p>Tom Cattermole</p>	<p>Completed</p> <p>Completed</p>
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

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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 brought to the Committee within the 6 months following the 23<sup>rd</sup> of July 2025.</li> <li>Consideration to be given to the inclusion of Social Value &amp; Community Wealth considerations within the Council's corporate report</li> </ul>	Rhodri Rowlands & relevant departmental leads	In progress
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</li> </ul>	Darren Armstrong	Ongoing – implementation of outstanding actions subject to ongoing

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			risk owner/manager be formally required to attend the Committee.		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 Annual Report 2023-24	An update be sought from the Director Strategic Commissioning & Capacity Building on progress in addressing the Improvement Recommendation included within the Annual Report in relation to review of the Council's Procurement Strategy.	Minesh Patel & Councillor Chan (Vice-Chair)	In progress
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

 <p><b>Brent</b></p>	<p><b>Audit and Standards Advisory Committee</b> 24 March 2026</p> <p><b>Report from the Chief Executive and Corporate Director of Finance and Resources</b></p>
<p><b>Report on i4B Holdings Ltd and First Wave Housing Ltd</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>No. of Appendices:</b>	Two Appendix 1: i4B Risk Register Appendix 2: FWH Risk Register
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Natoyah Vincent, Strategy & Delivery Manager 020 8937 2828 Natoyah.Vincent@brent.gov.uk

## 1.0. Executive Summary

1.1. This report provides assurances to the Audit and Standards Advisory Committee (The Committee, ASAC) on the governance and oversight arrangements the Council has in place as Shareholder of i4B Holdings Ltd (i4B) and Guarantor of First Wave Housing (FWH). It outlines the mechanisms through which the Council monitors performance, risk and compliance, and highlights key governance developments from the most recent Shareholder/ Guarantor meeting held in February 2026.

## 2.0. Recommendation(s)

- 2.1. The ASAC is asked to note the governance arrangements and oversight mechanisms in place for i4B and FWH.
- 2.2. ASAC is invited to comment on any areas where further assurance may be required.

## 3.0 Detail

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

3.1.1 The work of i4B and FWH contributes to the Borough Plan strategic priority of ‘Prosperity and Stability in Brent: Safe, Secure and Decent Housing’ as its core business activity involves increasing the supply of good quality affordable housing in the borough and reducing the use of Temporary Accommodation.

### 3.2 Governance Assurance Overview

#### *Governance Framework*

3.2.1 In November 2016, Cabinet agreed to establish its wholly owned investment company, i4B Holdings Ltd. The Company was set up with the purpose of acquiring, letting, and managing a portfolio of affordable, good quality PRS properties. Properties would be let to homeless families at Local Housing Allowance (LHA) levels. This would enable the Council to either prevent or discharge its homelessness duty and therefore reduce Temporary Accommodation costs. i4B currently own 477 properties, plus the key worker block, Lexington, with 153 flats.

**Table 1 i4B portfolio as of February 2026**

	1 Bed	2 Bed	3 Bed	4 Bed+	Total
<b>Breakdown of units</b>	67	203	145	62	477

3.2.2 FWH is a Registered Provider of Social Housing wholly owned by Brent Council. FWH is limited by guarantee and owns a stock of 216 units.

3.2.3 Governance of both companies is overseen by the Council through formal Shareholder/Guarantor meetings held biannually, scrutiny by the Community & Wellbeing and Resources & Public Realm Committees, and annual review and approval of business plans and statutory accounts. This framework aligns with CIPFA’s guidance on audit committees and supports effective oversight of Council-owned entities.

#### *Oversight Mechanisms*

3.2.4 Shareholder and Guarantor meetings are held twice yearly with the Chief Executive, Corporate Director of Finance & Resources, and Deputy Leader. These meetings provide strategic oversight and review of governance, risk, and financial performance. Operational and strategic performance is also reviewed by relevant Council scrutiny committees. Both companies produce annual accounts and business plans, which are reviewed and approved by the Council.

#### *Board Composition and Capacity*

3.2.5 The current Board structure includes an independent Chair, two independent non-executive Directors with finance and property expertise, and three internal Directors. Since the last report the following changes have been made to the Board membership:

- Sadie East stood down as a Director from 31 January 2026, following her departure from the Council.
- Jonathan Kay joined the Board as a Council Director on 16 March 2026.

3.2.6 The Chief Executive conducts an annual appraisal of the Chair of the Board. and the Chair also carries out an annual Board self-assessment to support continuous effectiveness and good governance.

#### *Board Governance and Regulatory Oversight*

3.2.7 Board Directors complete annual declarations of interest and confirm any updates prior to each Board meeting. No current conflicts have been declared. Training in carrying out the role of a Company Director is provided for Board members.

3.2.8 An audit into the Companies' leasehold billing and charges is currently underway and expected to be finalised during 2026/27. FWH is also exploring whether the Council's internal audit team can carry out a review of the company's compliance against consumer and regulatory standards set out by the Regulator of Social Housing to provide added assurance to the Guarantor.

3.2.9 FWH carry out an annual review of their governance against the Regulator of Social Housing's guidance, the most recent of which was presented at the July 2025 Board meeting. Additionally, i4B and FWH are currently reviewing their governance arrangements against the Local Partnerships Local Authority Company Review Guidance as an additional benchmarking tool following a recommendation from the Brent LGA Corporate Peer Challenge which took place earlier this year. The findings from this review will be presented at the March Board meeting.

#### *Risk*

3.2.10 Both companies maintain strategic and operational risk registers, reviewed quarterly by the Boards and biannually by the Shareholder/Guarantor. The latest risk registers for i4B and FWH can be found in Appendices 1 and 2. Key risks identified include operational performance challenges, cyber fraud, management of the Home Counties contract, and future capital investment decisions.

#### *Financial Performance*

3.2.11 A 30-year business plan is in place for the companies to ensure long-term financial standing. This is reviewed annually and is supported by monthly monitoring reports. The company produces and files annual statutory accounts.

3.2.12 i4B has a financial model that guides all acquisitions. A net yield target is set for all purchases. This ensures that property purchases are viable, and the Company is able to meet future financial commitments. The financial model is

regularly reviewed to ensure its appropriateness and thus the Company's ongoing financial viability.

3.2.13 Loans to fund asset acquisitions are on a long-term fixed rate basis which is an appropriate de-risking tool for financing the purchase of long-term assets held for rent rather than for sale. Interest charges are included in the plan and are paid to the Council. As all loan finance is provided by the Council, the Council retains substantial freedom to restructure i4B's financial and ownership arrangements should it be necessary in order to secure the ongoing viability of the company or to safeguard the Council's financial interests.

3.2.14 In January 2026, i4B agreed the terms for a phase 3 loan with the Council, which is made up of £32m loan and £8m in equity. This will support the delivery of the acquisition progress in 2026/27 and beyond.

### *Business Planning*

3.2.15 The development of the 2026/27 business plan has now been completed. The draft plans were reviewed by Board in January and subsequently agreed by the Shareholder/ Guarantor in February. Cabinet approved the finalised plans on 9 March 2026.

## **3.3 Update from Shareholder & Guarantor Meeting**

3.3.1 The latest Shareholder/Guarantor meeting between the Council and i4B/FWH took place on 6 February 2026.

3.3.2 The Chair of the i4B and FWH Boards, Andrew Hudson, presented a report on the company's acquisition programme, operational performance, financial performance, 2025-26 business plan progress, risks and governance to the Council's Corporate Director of Finance & Resources and the Deputy Leader of the Council.

3.3.3 Operational performance formed a major part of the discussion. Voids remain a persistent challenge, reflecting broader pressures across the Council's housing stock. While some progress has been made, the overall performance remains significantly below target, and legacy voids continue to distort figures. Rent collection performance is also substantially below expectations. Although recent staff absence has affected progress, a revised improvement plan from the Housing Management Service (HMS) is now in place. The Shareholder/ Guarantor encouraged the Board to consider whether the current tenancy management model remains appropriate for the Companies and to explore alternative and innovative approaches where necessary.

3.3.4 On financial performance, the Chair reported early signs of improvement, with new financial processes beginning to embed across budget holders. The Shareholder/Guarantor welcomed the reduction in disrepair cases, the significant reduction in budget variances this year compared with last, and the improved clarity in reporting.

3.3.5 The meeting also considered the Companies' longer- term strategic direction. Proposals were presented for exploring new ways of increasing stock, including small- scale development schemes, partnerships with local builders, opportunities in the Home Counties, and the conversion of commercial units. The business plans include work to be done on these possibilities. The discussion also highlighted a capacity gap within the Companies, with the Shareholder/Guarantor noting that additional senior operational or development resource may be required to translate strategic concepts into deliverable work programmes. The Shareholder/Guarantor requested that these strategic considerations be reflected in the 2026/27 Business Plans, alongside strengthened SLA arrangements, clearer contract management, and an assessment of resource requirements for new areas of work.

#### *Acquisitions*

3.3.6 Movements in interest rates and other market factors mean that i4B is likely to continue facing challenges in acquiring properties within its financial criteria during 2026/27. Despite these pressures, the Chair reported positive progress against the 2025/26 acquisition target of 15 properties. To date, i4B has completed six acquisitions, with a further 13 properties progressing through various stages of conveyancing.

3.3.7 i4B will continue to explore a range of possible opportunities, e.g. conversions of non-residential property to residential use, as well as acquisitions. The additional expertise provided by the new independent non-executive directors will strengthen this work.

3.3.8 Following the recent government announcement of loan availability at 0.1% interest under the Social and Affordable Homes Programme (SAHP) 2026-2036 administered by the GLA, FWH is working closely with Council colleagues to prepare a bid. This funding opportunity will support the delivery of additional new homes within the borough.

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

4.1 N/A

#### **5.0 Financial Considerations**

5.1 None other than outlined within the report.

#### **6.0 Legal Considerations**

6.1 None other than outlined within the report.

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

7.1 N/A

#### **8.0 Climate Change and Environmental Considerations**

8.1 N/A

**9.0 Human Resources/Property Considerations**

9.1 N/A

**10.0 Communication Considerations**

10.1 N/A

**Report sign off:**

***Minesh Patel***

Corporate Director of Finance and Resources

i4B Risk Register												Post-mitigation score					
Strategic objective	Strategic risk	Ref	Risk	Level of control	Recent developments	Pre-mitigation score			Trend	Mitigating action	Owner (i4B)	Owner (SLA)	Timescale	Action status and update	Likelihood	Impact	Score
Delivering safe and sustainable homes	i4B does not meet health & safety requirements - risk of injury or death to tenants, damage to property, financial and reputational damage	1	There is a risk that i4B may not fully meet its statutory health and safety obligations if certification, data accuracy, or follow-up of compliance actions are incomplete. As i4B relies on the Council's Property Services for compliance delivery under the SLA, any gaps or delays within Council processes could expose i4B to legal, financial, and reputational risk, and may impact tenant safety.	Significant control through SLA	The Council continues to implement its wider Building Safety and Compliance Improvement programme following its self-referral to the Regulator. Although this work is expected to strengthen compliance controls used by i4B through the SLA, the Board has highlighted that the likelihood score should not remain high indefinitely. Once the Council's enhanced compliance framework is embedded and data quality improves, the likelihood of non-compliance should reduce. A further review of this risk and its scoring is expected at the next cycle.	4	5	20	↔	Continue working closely with Property Services to ensure all statutory checks are completed and evidenced in a timely way. Strengthen monitoring arrangements through improved reporting, regular audit of compliance data, and clear escalation where actions are not completed. Align i4B's compliance tracking with the improvements being made through the Council's compliance programme, and prepare for a reassessment of the risk scoring once the new controls are fully embedded.	Strategic Support Officer	Head of Property Services	May-26	Compliance performance continues to improve, supported by additional management oversight and clearer accountability introduced through the Council's compliance recovery work. Some residual non-access risks remain, but overall processes are maturing. As requested by the Board, the scoring will be reviewed at the next update, informed by progress in the Council's compliance improvement programme.	2	5	10
		2	Third party freeholders do not provide compliance information to i4B for communal areas in third party blocks, meaning i4B cannot verify that adequate compliance controls in place	Reliant on third party freeholders	Engagement continues to be challenging in this area and this is expected to continue to be the case. As agreed by Board, i4B will continue to only acquire freehold properties or leasehold properties in blocks owned by local authorities and housing associations	2	5	10	↔	Take forward strategy to delay payments for service charges etc. and engage with freeholders where information has not been provided	Strategy & Delivery Manager	n/a	Ongoing	Strategy is being progressed, but no significant outcomes reported to date	2	5	10
		3	i4B is non-compliant with requirements of building safety regulations	Significant control both directly and through SLA	i4B has one block, Lexington, requiring registration with the Building Safety Regulator. Registration has been completed, all relevant information including an up-to-date Fire Risk Assessment is in place, and the Building Safety Case has been submitted	1	5	5	↔	Continue compliance with requirements of Building Safety Act and other relevant legislation	Strategy & Delivery Manager	n/a	Ongoing	Following the submission of the Building Safety Case there are no outstanding actions for i4B here	1	5	5
Running a viable business	i4B does not manage its costs and performance well - risk of financial and reputational damage, or inability to trade as a going concern	4	Poor rent collection performance due to unaffordability of rent for tenants, exacerbated by welfare reform and changes to the council tax support scheme	Significant control through SLA	Income collection continues to face pressure as tenant affordability is affected by wider cost-of-living impacts. Officers have incorporated these financial stress factors into arrears monitoring and tenant support assessments. HMS are implementing a new dashboard to improve visibility of rent collection performance.	4	4	16	↔	Implement targeted rent collection improvement measures and strengthen early-intervention processes for tenants at risk of arrears. Enhance collaborative working with Council teams to ensure support pathways are available for households experiencing affordability pressures. Monitor arrears trends linked to welfare reform and cost-of-living indicators, and refine operational responses accordingly.	Strategic Support Officer	Head of Housing & Neighbourhoods	Jul-26	HMS continues to roll out performance dashboards to support improved arrears monitoring. Tenant affordability pressures are now explicitly incorporated into analysis and interventions. Work is underway to stabilise staffing and maintain continuity in income collection activity. Former tenant arrears collection options are still being reviewed as part of the Council's broader policy work.	3	3	9
		5	High void turnaround times, costs and rent loss lead to financial losses for i4B	Significant control through SLA	Void turnaround times remain above target but improvements can be seen. Property Services recruited a new voids manager on a temporary basis who is supporting the delivery of the surveying function under the SLA. Property Services are still facing challenges with permanent recruitment and retention. Delays also persist at stage 3, linked to delays in receiving nominations from Housing Needs.	5	4	20	↔	Implement plans to reduce void turnaround times.	Strategic Support Officer	Head of Property Services	Apr-26	A voids improvement group is in place, chaired by the Head of Housing Management Property. Turnaround times and void numbers are expected to improve and progress is already being seen. Further update on the progress of the improvement group will be provided at the December Board	3	3	9
		6	Limited availability of surveyors within HMS contributes to delays in void turnaround times and increased rent loss	Significant control through SLA	A temporary surveying manager is now in post within Property Services and improvements have been seen to stage 2 void times. Further work still required to fill vacant posts with permanent staff	5	4	20	↔	Review and implement alternative delivery models for surveying services, including potential internal restructuring and external support options, to improve capacity and reduce delays.	Strategy & Delivery Manager	Head of Property Services	Apr-26	Officers are reviewing options for delivering the surveying function as part of SLA renewals for 26/27, including the potential to move the role under the Strategy and Delivery Manager to improve oversight	3	3	9
		7	High capital programme costs, including stock condition and energy efficiency expenditure, adversely affect the company business plan	Subject to market fluctuations, governmental requirements, availability of grant, etc.	Asset management and decarbonisation strategy approved by Board in September 2025. Strategic decisions to be taken on approach to planned / capital works	3	5	15	↔	Implement asset management and decarbonisation strategy	Strategic Support Officer / Senior Finance Analyst	Head of Property Services	Apr-26	Officers will now work with Property Services to commission stock condition surveys and take any necessary works forward	2	4	8
		8	Substantial variations in inflation and interest rates compared to the business plan adversely affect financial performance and viability, with additional pressure from international economic trends such as US monetary policy	No control over external environment, can exercise caution through business planning	September 2025 CPI (3.8%) will cap rent increases for 2026-27 at 4.8%, above the current CPI of 3.6%. Phase 3 loan negotiations are due to be finalised in December 2025, the interest rate will be based on the PWLB loan rate at the time the funding is drawn down, but significantly higher than the previous 3.7% funding.	3	4	12	↔	Regularly monitor economic environment and financial performance, including biannual stress testing of business plan	Senior Finance Analyst		Mar-26	Regular reviews are in place	2	5	10
		9	Company cash flow (capital and revenue) is insufficient to manage expenditure	Significant control through budget management	No major developments to report	3	5	15	↔	Regularly monitor financial and rent collection performance, including biannual stress testing of business plan	Senior Finance Analyst		Apr-26	Regular reviews are in place with. Full business plan review set for January 2026	2	5	10
		10	Changes in Government policy on Local Housing Allowance (LHA), welfare benefits, or inflation may limit i4B's ability to set rents at levels assumed within the business plan, reducing income and affecting financial viability.	None other than link to Council lobbying role, can exercise caution through business planning	i4B rents are linked to Local Housing Allowance (LHA) rates. There is no Government commitment to increase LHA annually, and future LHA changes remain subject to ad-hoc national policy decisions. The absence of inflation-linked uplifts creates uncertainty for i4B's income projections. For i4B, the key risk driver is therefore the possibility that LHA freezes continue into 2026/27, constraining rent levels despite rising management costs, inflation, and interest rates.	2	3	6	↔	Regularly monitor economic environment and Government policy, including biannual stress testing of business plan	Senior Finance Analyst		Apr-26	Next stress test to take place in April 2026	2	3	6
		11	A cybersecurity incident results in a loss of income, data and/or reputational damage to the company and the Council and could cause disruption to council services which may impact residents.	Reasonable internal control	Following engagement with Council colleagues, the risk has been updated to reflect improvements in Brent's cyber security posture, including enhanced alerting, training, and incident-prevention capabilities.	3	4	12	↑	All staff and directors to follow guidelines on cybersecurity and GDPR. The Council have implemented a centralised alerting platform which supports greater security logging	All		Ongoing	All staff carry out annual awareness courses, regular improvements to Brent internal systems are made, and the council conducts regular phishing simulations to raise awareness of cyber risks.	3	4	12
		12	Fraud results in a loss of income and/or reputational damage to the company and the Council.	Significant internal control	Internal colleagues are supporting the companies in developing a tailored fraud risk assessment to strengthen controls and identify specific vulnerabilities	2	3	6	↔	Develop and implement tailored fraud risk assessment. Carry out annual review of governance and internal control	Head of Change and Customer Insight		Completed	Scheme of delegation approved by Board; annual review of governance standards, including National Housing Federation Code of Governance, takes place with the next review due in July 26	2	3	6
Providing a consistently good housing service	i4B's properties are not managed effectively - risk of tenant dissatisfaction, increase in complaints and reputational damage	13	Costs of remediation to the Granville and Princess Road blocks exceed business plan estimates	i4B is major leaseholder in works programme being commissioned by Brent Council; reasonable input into design and costings	Design, specification and procurement are being managed by the Council's Major Works and Refurbishment team. i4B will be liable for approx. 22% of the cost of work, the latest update received is that these works are unlikely to commence during 2025/26	3	2	6	↔	Receive regular updates from council on procurement process	Strategy & Delivery Manager		Ongoing	Cost certainty will increase as the project moves along, and the business plan will be kept up-to-date accordingly. i4B representatives attend design workshops etc.	1	2	2
		14	i4B does not effectively manage its contract for the management of Home Counties properties, leading to poor performance and risk to tenant satisfaction	Reasonable control through contract	Pinnacle took over the Home Counties housing management contract in July. To support a smooth onboarding process, officers are holding weekly meetings with Pinnacle's Operational teams. These sessions are focused on closely monitoring the implementation of the contract and fostering strong working relationships.	4	4	16	↔	Closely monitor performance under the contract through regular meetings, performance reporting and Board attendance	Strategy & Delivery Manager		Apr-26	Pinnacle to attend the April Board	2	3	6
		15	Poor service delivery gives rise to low tenant satisfaction	Significant control through SLA	Publication of the latest tenant satisfaction results has been delayed due to under-resourcing within the Performance Team. The Performance Team expects to complete validation and release the updated results by April 2026, after which the findings will be incorporated into FWH/i4B performance reporting and the risk will be reassessed.	3	3	9	↔	Regularly measure tenant satisfaction against performance, and develop and implement targeted improvement plans	Strategic Support Officer	Head of Housing & Neighbourhoods	Apr-26	Officers are working closely with the team to support completion of the outstanding tenant satisfaction dataset. Updated results are expected in April 2026, after which the impact on service quality and the risk rating will be reassessed. Improvement planning will be refreshed once the data is available.	2	3	6
		16	Poor complaints management procedures lead to low tenant satisfaction	Significant control through SLA	Also part of consumer standards. A separate complaints hierarchy has been set up on the system for the housing companies, with the next report to come to the December Board meeting	3	3	9	↔	Regularly measure complaints performance and tenant satisfaction, and develop and implement targeted improvement plans. Following feedback from the Chair, during 2026/27 the Strategic Team will sign off all complaints before responses are issued, to ensure quality, consistency, and clearer oversight of complaint handling.	Strategic Support Officer	Head of Housing & Neighbourhoods	Jun-26	Next update to Board in June 2026	2	3	6
		17	Disrepair in properties leads to poor tenant satisfaction, reputational damage and an increase in costs through legal settlements.	Reasonable control through SLA	Disrepair cases have stabilised following a notable increase over the past 1-2 years. While the volume of new cases has levelled off, ongoing risks remain for i4B. These include tenants being advised not to allow access for remedial works, delays in general repairs, and the financial impact of settlement costs. A clear legal framework exists for managing disrepair cases, which continues to guide our approach	3	3	9	↔	Closely monitor, manage and report on disrepair cases	Strategic Support Officer		Ongoing	Monthly report has now been set up by Legal providing operational and financial updates on all i4B disrepair cases, which will be fed into performance reports and financial reports	2	3	6

Increasing the supply of affordable housing	i4B is unable to acquire properties and cannot contribute to increasing affordable housing supply in the borough	18	There is an insufficient volume of street property acquisition properties on the market that meet i4B's financial criteria	Subject to market conditions	Momentum in the acquisitions programme has continued into the final quarter of the year. i4B has completed on 6 properties to date, with an additional 4 properties progressing through the final stages of conveyancing. Market conditions remain challenging due to price pressures and limited suitable stock, but the pipeline activity indicates continued delivery against the annual target as the year closes.	2	3	6	↔	Continue street property acquisitions	Strategy & Delivery Manager	Ongoing	To date in 2025/26, i4B has completed on six properties. A further 4 are in the final stages of conveyancing and are expected to complete shortly, subject to legal checks and final approvals. Performance remains broadly on track given market conditions, and officers continue to progress remaining opportunities to support achievement of the acquisition target.	2	3	6	
			19	There is an insufficient amount of development opportunities that meet i4B's financial criteria	Subject to market conditions	No recent developments	3	2	6	↔	Continue to review potential block acquisitions and new build purchases	Strategy & Delivery Manager	Ongoing	No developments are assumed in the business plan, so any progressed opportunities will represent an additional benefit to the company and Council. i4B team links with teams in Council such as Property, Development and Planning continue to be good with regular conversations held and i4B representatives on internal boards	2	2	4
			20	i4B has insufficient capital to fund new acquisitions, and therefore meet its goals of reducing homelessness	Subject to market conditions and strategic direction of Council	Phase 3 loan terms approved at December board meeting	2	3	6	↔	Engage the Council on future investment in i4B	Strategy & Delivery Manager	Ongoing	The Council has agreed to provide further funding for i4B to continue its acquisition programme	2	2	4

FWH Risk Register										Pre-mitigation score			Post-mitigation score				
Strategic objective	Strategic Risk	Ref	Risk	Level of control	Recent developments	Likelihood	Impact	Score	Trend	Mitigating action	Owner (FWH)	Owner (SLA)	Timescale	Action status and update	Likelihood	Impact	Score
Delivering safe and sustainable homes	FWH does not meet health & safety requirements - risk of injury or death to tenants, damage to property, financial and reputational damage	1	There is a risk that FWH may not fully comply with statutory health and safety requirements if certification, data, or follow-up actions are incomplete or inaccurate. As an RP, any failure to meet statutory or landlord safety obligations could expose FWH to enforcement action under the RSH consumer standards, as well as legal, financial, and reputational harm.	Significant control through SLA	The Council's wider Building Safety and Compliance recovery programme continues to progress following its self-referral to the Regulator. This work is expected to strengthen the compliance framework used by FWH through the SLA. The Board has requested that the likelihood rating be reviewed, noting that it should reduce as these improvements embed and evidence of sustained compliance becomes available. A more detailed reassessment is provided.	4	5	20	↔	Continue working with Property Services to ensure all statutory checks are completed, evidenced, and recorded accurately. Strengthen oversight through improved reporting, regular validation of compliance data, and clear escalation where actions are delayed. Align FWH's monitoring with the Council's compliance improvement programme, and prepare to update the risk score when stronger assurance is available.	Strategic Support Officer	Head of Property Services	May-26	Ongoing improvements in governance, oversight, and data quality are beginning to address previous weaknesses in compliance processes. While some residual risks remain, progress made through the Council's compliance programme should lead to a reduction in likelihood once fully embedded. A full review of this risk will be presented at the next Board following updated input from Property Services.	2	5	10
		2	Third party freeholders do not provide compliance information to FWH for communal areas in third party blocks, meaning FWH cannot verify that adequate compliance controls in place	Reliant on third party freeholders	Engagement continues to be challenging in this area and this is expected to continue to be the case	2	5	10	↔	Take forward strategy to delay payments for service charges etc, and engage with freeholders where information has not been provided	Strategy & Delivery Manager	n/a	Ongoing	Strategy is being progressed, but no significant outcomes reported to date	2	5	10
		3	FWH is non-compliant with requirements of building safety regulations	Significant control both directly and through SLA	FWH has two blocks (Addis and Arnoux Courts) requiring registration with and regular updates to the Regulator of Social Housing. Registration has been completed, all relevant information including Fire Risk Assessments is in place, and the latest quarterly survey to the Regulator was submitted in October 2024	1	5	5	↔	Continue compliance with requirements of Building Safety Act and other relevant legislation	Strategy & Delivery Manager	n/a	Ongoing	Current main requirement is a quarterly survey to the Regulator of Social Housing, which is carried out within deadlines each quarter	1	5	5
Running a viable business	FWH does not manage its costs and performance well - risk of financial and reputational damage, or inability to trade as a going concern	4	Poor rent collection performance due to unaffordability of rent for tenants, exacerbated by welfare reform and changes to the council tax support scheme	Significant control through SLA	Income collection continues to face pressure as affordability is affected by wider cost-of-living impacts. Officers have incorporated these financial stress factors into arrears monitoring and tenant support assessments. HMS are implementing a new dashboard to improve visibility of rent collection performance.	4	4	16	↔	Implement targeted rent collection improvement measures and strengthen early-intervention processes for tenants at risk of arrears. Enhance collaborative working with Council teams to ensure support pathways are available for households experiencing affordability pressures. Monitor arrears trends linked to welfare reform and cost-of-living indicators, and refine operational responses accordingly.	Strategic Support Officer	Head of Housing & Neighbourhoods	Jul-26	HMS continues to roll out performance dashboards to support improved arrears monitoring. Tenant affordability pressures are now explicitly incorporated into analysis and interventions. Work is underway to stabilise staffing and maintain continuity in income collection activity. Former tenant arrears collection options are still being reviewed as part of the Council's broader policy work.	3	3	9
		5	High void turnaround times, costs and rent loss lead to financial losses for FWH	Significant control through SLA	Void turnaround times remain above target but improvements can be seen. Property Services recruited a new voids manager on a temporary basis who is supporting the delivery of the surveying function under the SLA. Property Services are still facing challenges with permanent recruitment and retention. Delays also persist at stage 3, linked to delays in receiving nominations from Housing Needs.	5	4	20	↔	Implement plans to reduce void turnaround times	Strategic Support Officer	Head of Property Services	Apr-26	A voids improvement group is in place, chaired by the Head of Housing Management Property. Turnaround times and void numbers are expected to improve and progress is already being seen. Further updates on the progress of the improvement group will be provided at the December Board	3	3	9
		6	Limited availability of surveyors contributes to delays in void turnaround times and increased rent loss	Significant control through SLA	A temporary surveying manager is now in post within Property Services and improvements have been seen to stage 2 void times. Further work still required to fill vacant posts with permanent staff	5	4	20	↔	Review and implement alternative delivery models for surveying services, including potential internal restructuring and external support options, to improve capacity and reduce delays.	Strategy & Delivery Manager	Head of Property Services	Apr-26	Officers are reviewing options for delivering the surveying function as part of SLA renewals for 26/27, including the potential to move the role under the Strategy and Delivery Manager to improve oversight	3	3	9
		7	High capital programme costs, including stock condition and energy efficiency expenditure, adversely affect the company business plan	Subject to market fluctuations, governmental requirements, availability of grant, etc.	Asset management and decarbonisation strategy approved by Board in September 2025. Strategic decisions to be taken on approach to planned / capital works	3	5	15	↔	Develop asset management and decarbonisation strategy	Strategy & Delivery Manager / Senior Finance Analyst	Head of Property Services	Apr-26	Officers will now work with Property Services to commission stock condition surveys and take any necessary works forward	2	4	8
		8	Substantial variations in inflation and interest rates compared to the business plan adversely affect financial performance and viability	No control over external environment, can exercise caution through business planning	September 2025 CPI (3.8%) will cap rent increases for 2026-27 at 4.8%, above the current CPI of 3.6%.	2	5	10	↔	Regularly monitor economic environment and financial performance, including biannual stress testing of business plan	Senior Finance Analyst		Dec-25	Regular reviews are in place with next full business plan review due for December	2	5	10
		9	A cybersecurity incident results in a loss of income, data and/or reputational damage to the company and the Council and could cause disruption to council services which may impact residents	Reasonable internal control	Following engagement with Council colleagues, the risk has been updated to reflect improvements in Brent's cyber security posture, including enhanced alerting, training, and incident-prevention capabilities.	4	4	16	↑	All staff and directors to follow guidelines on cybersecurity and GDPR. The Council have implemented a centralised alerting platform which supports greater security logging	All		Ongoing	All staff carry out annual awareness courses, regular improvements to Brent internal systems are made, and the council conducts regular phishing simulations to raise awareness of cyber risks.	2	3	6
		10	Fraud results in a loss of income and/or reputational damage to the company and the Council.	Significant internal control	Internal colleagues are supporting the companies in developing a tailored fraud risk assessment to strengthen controls and identify specific vulnerabilities	2	3	6	↔	Develop and implement tailored fraud risk assessment. Carry out annual review of governance and internal control	Strategic Support Officer		Completed	Scheme of delegation approved by Board; annual review of governance standards, including National Housing Federation Code of Governance carried out in July 2026	2	3	6
		11	Changes to Government rent policy, CPI levels, or welfare benefits may alter the permitted rent increases under the RSH Rent Standard, impacting FWH's ability to achieve planned rental income and maintain financial viability.	None other than link to Council lobbying role, can exercise caution through business planning	From 1 April 2026, the Rent Standard 2026 applies, confirming that social and affordable rents may generally increase by CPI (September) + 1% each year under the Government's 10-year rent settlement. The September 2025 CPI was 3.8%, so the 2026/27 rent increase limit is 4.8%. This provides a stable, predictable framework for rent-setting in 2026/27	2	3	6	↔	Regularly monitor economic environment and Government policy, including biannual stress testing of business plan	Senior Finance Analyst		Apr-26	Next stress test to take place in April 2026	2	3	6
		12	FWH fails to meet the requirements of the Regulator's economic and consumer standards	Significant control through SLA	The most recent review of FWH's regulatory compliance was carried out in July 2025. No major concerns were identified.	3	3	9	↔	Annual review of compliance with standards	Strategic Support Officer		May-26	Regulatory compliance review completed in July 2025 and next review due in May 2026	2	3	6
		13	Poor service delivery gives rise to low tenant satisfaction	Significant control through SLA	Publication of the latest tenant satisfaction results has been delayed due to under-resourcing within the Performance Team. The Performance Team expects to complete validation and release the updated results by April 2026, after which the findings will be incorporated into FWH4iB regulatory reporting and the risk will be reassessed	3	3	9	↔	Regularly measure tenant satisfaction against performance, and develop and implement targeted improvement plans	Strategic Support Officer	Head of Housing & Neighbourhoods	Apr-26	Officers are working closely with the team to support completion of the outstanding tenant satisfaction dataset. Updated results are expected in April 2026, after which the impact on service quality and the risk rating will be reassessed. Improvement planning will be refreshed once the data is available.	2	3	6
		14	Poor complaints management procedures lead to low tenant satisfaction	Significant control through SLA	Also part of consumer standards, and separate complaints hierarchies have been set up on the system for the housing companies, with the next report to come to the Joint Board	3	3	9	↔	Regularly measure complaints performance and tenant satisfaction, and develop and implement targeted improvement plans. Following feedback from the Chair, during 2026/27 the Strategic Team will sign off all complaints before responses are issued, to ensure quality, consistency, and clearer oversight of complaint handling	Strategic Support Officer	Head of Housing & Neighbourhoods	Jun-26	Next update to Board in June 2026	2	3	6
15	Disrepair in properties leads to poor tenant satisfaction, reputational damage and an increase in costs through legal settlements.	Reasonable control through SLA	Disrepair cases have stabilised following a notable increase over the past 1-2 years. While the volume of new cases has levelled off, ongoing risks remain for FWH. These include tenants being advised not to allow access for remedial works, delays in general repairs, and the financial impact of settlement costs. A clear legal framework exists for managing disrepair cases, which continues to guide our approach	3	3	9	↔	Closely monitor, manage and report on disrepair cases	Strategic Support Officer		Ongoing	Monthly report has now been set up by Legal providing operational and financial updates on all FWH disrepair cases, which will be fed into performance reports and financial reports	2	3	6		

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	<p align="center"><b>Audit and Standards Advisory Committee</b> 24 March 2026</p>
	<p align="center"><b>Corporate Director Service Reform and Strategy</b></p>
	<p align="center"><b>Lead Member – Cabinet Member for Climate Action and Community Power (Cllr Jake Rubin)</b></p>
<p align="center"><b>Procurement Review and Improvement Programme Update</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>	Appendix One: Procurement Review Executive Summary
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Rhodri Rowlands Director Strategic Commissioning, Capacity Building & Engagement <a href="mailto:Rhodri.rowlands@brent.gov.uk">Rhodri.rowlands@brent.gov.uk</a> 02089371738

## 1.0 Executive Summary

1.1 This report provides an update on progress to date on delivery of the Procurement Improvement Programme (PIP).

## 2.0 Recommendations

That Audit and Standards Advisory Committee:

2.1 Note progress to date in delivering the Procurement Improvement Programme.

## 3.0 Contribution to Borough Plan Priorities & Strategic Context

3.1 The Procurement Improvement Programme supports delivery of the **Brent Borough Plan 2023 – 2027**. It aligns with three of the priorities in the Borough Plan: Prosperity and Stability; A Cleaner, Greener Future; and Thriving

Communities and reflects the Borough Plan's commitment that sustainability is central to the growth of the borough and local economy.

- 3.2 The Council participated in the **LGA's Corporate Peer Challenge** in January 2025, which provide the following feedback/recommendations around procurement:

*“Commissioning, procurement and contract management are key areas for development. The peer team identified a cautious approach, with low appetite for risk and limited innovation in procurement practices. To address these challenges, there is a need to foster greater professional curiosity and innovation within procurement and commissioning, ensuring that the Council takes a more strategic, market-aware and forward-thinking approach. There remains a significant opportunity for the Council to secure greater levels of social value and drive efficiencies through commissioning [and contract management] - an increasingly important factor given the Council's growing financial pressures.”*

- 3.3 The Procurement Improvement Programme responds to this feedback as well as to the findings of the **Procurement Peer Review** (April 2025).
- 3.4 The Council's new Procurement Strategy (developed as a core part of the PIP) is consistent with the Council's broader commitments to change the way that it delivers public services, so that they deliver the most value for residents and support them to live their best lives. It is also consistent with the Council's commitment to work more closely with partners to deliver good outcomes for residents and communities.

#### **4.0 Procurement Review - Scope**

- 4.1 Specialist external expertise was secured to provide independence and ensure industry best practice could inform the review. The review was carried out between January and April 2025 with the aim of drawing out both areas for improvement and to highlight what works well and current strengths.
- 4.2 The review scope covered the following themes:
- Procurement Processes
  - Governance and Approvals processes
  - Contract Management
  - Engagement and Communications
  - Use of data, information and knowledge sources
  - Procurement Strategy and Policies
  - Team, culture and staff development
  - Collaboration with others

## **5.0 Procurement Review – Key Findings and Recommendations**

5.1 The Procurement Review reported in May 2025. The review made the following key recommendations. The Executive Summary is attached as appendix one.

- A culture reset is required to adopt a proactive, “can do” and more commercial approach, build a stronger team ethos and attract the best procurement talent to build enduring relationships. This should be accompanied by a new approach to staff learning and development that nurtures and retains a wider and necessary skill set
- Non-compliant activity within directorates needs to be addressed by providing absolute clarity of expectations, responsibilities and accountabilities between Procurement, directorates and other support services
- Improved relationships between Procurement and service areas can be achieved through more robust governance: at the corporate level through an enhanced Commissioning, Procurement and Contract Management Assurance Board; at directorate level through establishing Directorate Procurement Groups and for Category Managers to have an increased focus on business partnering
- The Contract Register is reported to be only approx. 60% complete and should be refreshed so that directorate contract registers are integrated into it. Given the importance of the data held and the vulnerability of using spreadsheets, a more robust approach should be evaluated.
- The Council’s Procurement Strategy and Social Value (SV) Policy both expired in 2023. Both should be updated to reflect the current needs of the Borough and the changed world since 2019/20.
- Responsibilities across all social value activities need to be reviewed and clarified to ensure suppliers are held accountable for delivery and SV is designed and delivered in a way that benefits the borough without the supplier incurring costs that are indirectly passed to the council.

## **6.0 Procurement Improvement Programme (PIP)**

6.1 A Procurement Improvement Programme was established to respond to the review. This was endorsed by Corporate Management Team in May 2025. The PIP has several core workstreams covering the following themes:

- Staff development, culture and capability
- Strategy and policy
- Directorate engagement, governance and compliance
- Contract management
- Operational excellence

6.2 The PIP introduced the following vision for Procurement, which has been adopted by the new Procurement Strategy and that drives all improvement activity:

***“We will harness innovative and high-quality procurement to create opportunity, tackle inequality, drive sustainability and deliver the best possible value for Brent’s communities”***

6.3 The governance arrangements in place to oversee delivery of the PIP include the following:

- The sponsoring Senior Responsible Officer (SRO) officer is the Director of Strategic Commissioning, Capacity Building and Engagement.
- A new Commissioning, Procurement and Contract Management Assurance Board (CPCMAB) has been established. The CPCMAB provides a scrutiny, challenge and assurance role in relation to commissioning, procurement and contract management, including delivery of the PIP. The CPCMAB operates in two parts – an officer only meeting and a member-officer meeting chaired by the Lead Member and Cabinet Member for Climate Change and Community Power
- Regular progress updates through Lead Member Briefings
- A project group and workstream delivery groups reporting to CPCMAB

## **7.0 Summary of progress to date**

Good progress has been made at pace since endorsement of the PIP:

### **7.1 Staff Development, Culture and Capability**

- A new interim Head of Procurement has been in post since July 2025, and six new permanent appointments have been made for previously “hard to fill” vacant roles.
- This addresses the previously long-standing use of agency and interim staff.
- The level of turnover in the service has reduced, enabling stability and supporting the strengthening of relationships and engagement across the Council
- A series of culture workshops are underway with staff to embed new ways of working and to continue re-focusing the service on business partnering with services

### **7.2 Strategy and Policy**

7.2.1 A stream of work focused on developing the Council’s Procurement Strategy 2026-2030, an accompanying Social Value Statement and other initiatives such as Match My Project to broker supplier social value capacity against local needs:

- Procurement Strategy 2026-2030 has been developed and was approved by Cabinet at its meeting on 9<sup>th</sup> March 2026. The strategy will ‘go-live’ in April 2026. Further information is set out in section 8.

- A refreshed Social Value Statement, supporting the Procurement Strategy has been developed and will also ‘go-live’ in April 2026
- Partnered with Match My Project to make social value work better for residents, community and businesses – this is an online connection and matchmaking platform that will be used through both procurement and as a means to signpost businesses and community groups to seek matches. This is currently being soft launched with up to 20 businesses and 20 community groups engaged to date
- Commissioned Centre for Local Economic Strategies (CLES) to review current approaches to community wealth building and make recommendations on how Brent Council can further develop and strengthen its approach – ensuring that its supports current and emerging priorities and makes the best possible impact for people and place. Work undertaken by CLES has directly informed the Procurement Strategy
- Held first ‘Winning Council Business’ workshop for Brent VCSE organisations and local small-medium enterprises (SMEs) on 12<sup>th</sup> March 2026. A ‘Meet the Buyer’ Event is scheduled for 24<sup>th</sup> March.

### 7.3 Improve Directorate Engagement

- Two Directorate Procurement Groups have been established, each covering two directorates to strengthen relationships with service areas. These are continuing to develop a better understanding of directorate needs with the ability to meet them
- These forums are used to consult on ideas for improvements, clarify roles and responsibilities and act as a channel for two-way communication and feedback between Procurement and service areas
- The Procurement Peer Review recommended that roles and responsibilities between Procurement, service areas and other support services be clarified and understood. The RACI model has been used to develop a framework addresses this. The RACI defines the level of ownership for a project and for specific activities and uses the following definitions:
  - **Responsible** – the person/people who undertake the defined role or activity. There may often be more than one role that is responsible.
  - **Accountable** – the single role or function held accountable to ensure the activity is delivered. They may not necessarily undertake the activity
  - **Consulted** – those whose view are sought and provide input as part of an activity
  - **Informed** – those who are informed of the outcome and not involved or consulted in the process

### 7.4 Contract Management

- Over 70 Council contracts have been reviewed and “segmented” into tiers to determine the most effective level of contract management. This pilot approach is now being further expanded to other contracts
- The highest risk/highest profile contracts – deemed Platinum – are reported to the Council’s Assurance Board

- Brokered a training and support offer through Local Partnerships that includes 16 days consultancy and development support aligned to contract management (free of charge)
- Accepted onto national Contract Management Pioneer Programme (CMPP) providing accredited training routes for contract management
- Practitioner training on contract management is being provided for 19 contract managers funded by the Cabinet Office, a substantial investment in contract management capability in the organisation
- A new, more robust contract register is currently being implemented to better manage contracts and improve visibility of expiring contracts. This will be implemented in summer 2026
- A new Contract Management Framework has been developed to replace the old and out-dated version and bring it into line with the new Procurement Strategy, Improvement Programme and better support the Council's overall contract management approach – this is being launched on 20<sup>th</sup> April 2026
- A new Contract Management Community of Practice has been established – this brings officers together to oversee and maintain continuous improvement in contract management and will agree changes and improvements to the Contract Management Framework post launch in April 2026. It will also contribute to creating and maintaining a culture of high standards, officer confidence, and delivery against organisational objectives

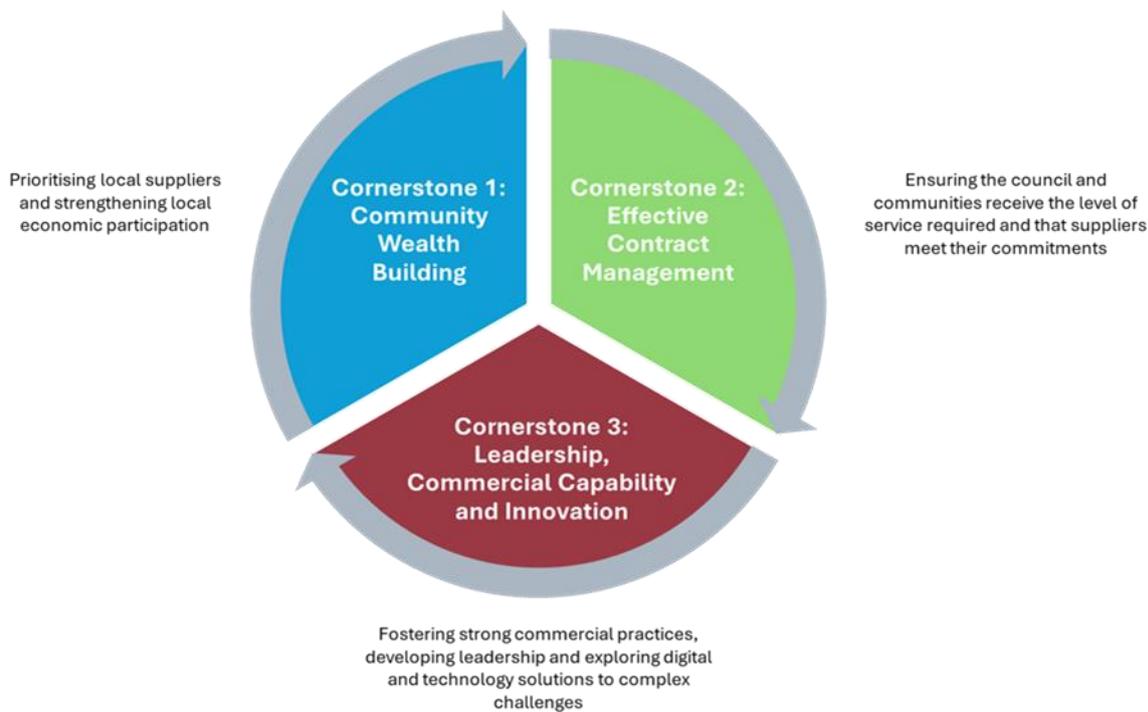
## **7.5 Operational Excellence**

- 7.5.1 This workstream is focused on modernising procurements through improvements to processes, monitoring performance through KPIs, and analysing waivers and contract extensions to identify underlying causes to address.
- 7.5.2 It also includes the Council's partnership with Oxygen Finance Fast Track Payment Initiative. A priority has been to accelerate the use and impact of the initiative to support effective use of resources
- 7.5.3 Growth of 111% in YTD and forecast savings of £214k and £330k in 2026/27 have been realised to date

## **8.0 Procurement Strategy 2026-2030**

- 8.1 Brent Council's previous procurement strategy covered the period 2020-2023. Since then, the legislative context for procurement has evolved significantly. The Procurement Act 2023 and accompanying Procurement Regulations 2024 came into force in February 2025 and represent a major shift towards enhancing efficiency, flexibility and transparency across the procurement lifecycle. The key objectives of the Procurement Act 2023 are:
- Creating a simpler and more flexible commercial system which better meets the government's national objectives
  - Opening up public procurement to new entrants such as social enterprises and small businesses

- Embedding transparency throughout the commercial lifecycle
- 8.2 The National Procurement Strategy 2022 focuses on three core themes: showing leadership, behaving commercially and achieving community benefits.
- 8.3 In February 2025 the government released the National Procurement Policy Statement. This sets out the government's wider procurement policy objectives, which local authorities are required to have regard to and use as a strategic guide. It identifies three key priorities:
- **Driving economic growth** and strengthening supply chains by giving SMEs and VCSEs a fair chance at public contracts, creating high quality jobs and championing innovation.
  - **Delivering social and economic value** that supports the Government's missions including by working in partnership across organisational boundaries.
  - **Ensuring** the right **commercial capability** and standards are in place to procure and manage contracts effectively and to collaborate with other contracting authorities to **deliver best value**.
- 8.4 This legislative and policy context, alongside the Procurement Improvement Programme has informed the development of the new Procurement Strategy.
- 8.5 [The Procurement Strategy 2026-2030](#) sets the guiding principles and priorities for future procurement activity in Brent, and how the Council will use its spending power to deliver value for Brent's residents and communities. The Strategy recognises the need for the Council to ensure procurement is delivering value for money, given the significant financial pressures facing the Council, while also ensuring that procurement delivers wider benefits to residents.
- 8.6 The Strategy is based on three key cornerstones or pillars, which are:
1. Community Wealth Building
  2. Effective Contract Management
  3. Leadership, Commercial Capability and Innovation



## 9.0 Stakeholder and ward member consultation and engagement

9.1 The Lead Member for Climate Action and Community Power has been engaged throughout the development and delivery of the programme and the procurement strategy. The Procurement Strategy has been informed by the independent peer review of Brent's procurement function and approach that was undertaken in 2025. As part of this review, there was extensive engagement with members, officers and a small number of suppliers.

## 10.0 Financial Considerations

10.1 The Procurement Improvement Programme supports the Council's delivery of savings and securing best value from third party spend. Resourcing implications will be kept under review. The Procurement Strategy commits to new training, systems, governance structures and data improvements. These upfront investments can be contained within existing budgets. In the medium term, these measures, including contract management improvements, will result in savings and cost avoidance for the Council through tighter supplier performance management and greater control of risk and scope creep.

## 11.0 Legal Considerations

11.1 The Procurement Improvement Programme support's the Council's compliance with the Procurement Act 2023 and Best Value obligations. The Procurement Strategy must comply with, and be delivered in accordance with, all applicable UK legislation and guidance, including the Procurement Act 2023, the Public Contract Regulations 2015, the Public Services (Social Value) Act 2012 and the Equality Act 2010.

- 11.2 Officers in Legal Services will continue to provide support and guidance in the implementation of the Procurement Strategy, and any necessary amendments to contract and tender documents.

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

- 12.1 The Public Sector Equality Duty, as 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, to advance equality of opportunity and foster good relations between those who have 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. The Council also internally recognises care experience and socio-economic status as protected characteristics.
- 12.2 The strategic intent of the draft Procurement Strategy strengthens the Council’s commitment to EDI, with the explicit purpose of using procurement to support the local economy and increase local employment, skills and learning opportunities. This will strengthen local communities and help to tackle inequality in Brent. One of the key actions of the new Strategy is to increase contractor collaboration on tackling poverty and inequality. Suppliers for Platinum, Gold, and Silver contracts will be required to complete Modern Slavery and EDI due diligence. Non-compliance will constitute a material breach of contract, emphasising the Council’s commitment to ensuring that contractors uphold these commitments in practice.

## **13.0 Climate Change and Environmental Considerations**

- 13.1 The Council is committed to adopting a sustainable approach for all products and services it procures and to harness its purchasing power to help tackle climate change holistically, in alignment with the key themes within the Borough’s Climate and Ecological Emergency Strategy.
- 13.2 The Council has adopted a stand-alone Procurement Sustainability Policy, which underpins this approach. It also utilises the West London Sustainable Procurement Charter as a mandatory section for all suppliers to complete as part of major procurements. The new Procurement Strategy developed as part of the Procurement Improvement Programme references the significance of environmental sustainability within the new cornerstones and underpinning principles.

## **14.0 Communication Considerations**

Following the adoption of the Procurement Strategy, it will be worked into a designed version for publication. There will be communication with officers so that they understand the contents of the Strategy and what it means for them. There will also be communication with residents, key suppliers, prospective

suppliers, VCSE organisations and other partners about the new Strategy, including via the Council's website and other communications channels.

**Report sign off:**

***Rhodri Rowlands***

Director Strategic Commissioning, Capacity  
Building and Engagement



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# PROCUREMENT PEER REVIEW

## Executive Summary

Final Version Issue date: 22 April 2025

**NK** PROCUREMENT  
LIMITED



**Report to Rhodri Rowlands, Director Strategic  
Commissioning, Capacity Building & Engagement**

**Report from: Nigel Kletz  
Director, NK Procurement Limited  
Consultant / Advisor to London Borough of Brent**

## **Procurement Peer Review – Final Report**

### **1. Executive Summary**

A peer review of Procurement at the London Borough of Brent was initiated due to senior management concerns about the service, feedback received from directorates and from a Limited Assurance internal audit report. The review took place in the context of significant external changes such as the implementation of the Procurement Act in February 2025, the Council's change programme and Grant Thornton's Audit Findings Report dated Feb 2025.

NK Procurement Limited was engaged to undertake a detailed peer review to independently draw out both areas for improvement and to highlight what works well and current strengths. The scope of the work is detailed in section 4. This "State of the Nation" report provides the outcome of the review in detail with a series of recommendations and proposes an Implementation Plan to deliver the improvements required.

- The predominant factor and the cause of the many issues within Procurement that impact directorates is the extremely high turnover of both permanent and interim staff, with the accompanying inability to retain many staff of a high quality. The likely reasons for the high turnover are outlined though the report.
- The consequences include inconsistent approaches to procurements, poor relationships with directorates at multiple levels and erosion of confidence in and credibility of the service leading to delays to procurements, the need to extend contracts beyond their intended term and the failure to deliver greater value for money from procurement and contract management. .
- There has been consistent and detailed criticism of the leadership of the procurement function from across a wide swathe of the organisation and from external organisation who interact closely with procurement. Respondents acknowledge a deep technical knowledge but referred to a lack of engagement, slow responsiveness and failure to meet expectations.
- Procurement is therefore seen as a compliance and administrative function rather than a strategic enabler which consistently adds value for departments.
- There is a risk of "blame displacement". Procurement is or is perceived to be failing in some areas, therefore delays and poor planning by service areas by not commencing projects in a timely way, or non-compliance within directorates, as detailed within the report, is sometimes erroneously badged

as a further Procurement failing. There are few sanctions, such as holding managers to account or “naming and shaming” of this non-compliant behaviour within directorates which makes it harder to create a complete and accurate picture.

- There are some good examples of strong contract management within directorates though this is not widespread. There were limited examples of proactively seeking improved value from suppliers or evidence that suppliers are fully delivering on their contractual commitments. The Strategic Contracts list has several contracts that are hard to justify as “strategic” and omits some of the council’s most complex and strategic contracts.
- Within directorates there is little awareness and understanding of processes and tools such as the Gateway Process and Contract Management Handbook which leads to inconsistency and potentially loss of value.

**In summary, Procurement must change to become a strategic function, contributing to shaping the future direction of the council, a team with which directorates willingly engage. To enable the change requires leadership of Procurement that a) accepts and understands the need to change, b) understands best practice and c) is capable of leading the change and inspiring others to follow.**

### **Key Recommendations**

1. A culture reset is required to adopt a proactive, “can do” and more commercial approach, build a stronger team ethos and attract the best procurement talent to build enduring relationships. This should be accompanied by a new approach to staff learning and development that nurtures and retains a wider and necessary skill set.
2. Non-compliant activity within directorates needs to be addressed by providing absolute clarity of expectations, responsibilities and accountabilities between Procurement, directorates and other support services.
3. Improved relationships between Procurement and service areas can be achieved through more robust governance: at the corporate level through an enhanced Commissioning, Procurement and Contract Management Assurance Board; at directorate level through establishing Directorate Procurement Groups and for Category Managers to have an increased focus on business partnering.
4. The Contract Register is reported to be only approx. 60% complete and should be refreshed so that directorate contract registers are integrated into it. Given the importance of the data held and the vulnerability of using spreadsheets, a more robust approach should be evaluated.
5. The Council’s Procurement Strategy and Social Value (SV) Policy both expired in 2023. Both should be updated to reflect the current needs of the Borough and the changed world since 2019/20.
6. Responsibilities across all SV activities need to be reviewed and clarified to ensure suppliers are held accountable for delivery and SV is designed and

delivered in a way that benefits the borough without the supplier incurring costs that are indirectly passed to the council.

Section 8 outlines a **Procurement Improvement Plan** and the associated governance, structure and budget to achieve the improvements. The following workstreams are recommended as being required in order to achieve this along with project governance and supporting communications and engagement.

1. Directorate engagement, governance and compliance
2. Strategy and policy
3. Contract management
4. Staff development, culture and capability
5. Procurement operational excellence

To fully achieve the desired state the Improvement Plan will take approximately two years to deliver. The outcome will be a modern, strategic Procurement function that meets the needs of the Council and individual directorates, adds value across the whole commissioning cycle, and nurtures and develops talent to ensure the service is robust and capable of delivering within a challenging environment.

If the recommendations that accompanies this report are approved to establish a Procurement Improvement Programme, then it is anticipated that the Improvement Plan can commence as soon as possible in May 2025.

### **Summary of what will be different – what will improve?**

A Procurement service that helps to achieve council priorities by driving value for money and cost savings, optimising spend and creating a culture of innovation and continuous improvement.

1. A more stable team, with better motivated and trained staff
2. Focused on business partnering
3. A better understanding of directorate needs with the ability to meet them
4. Clearer responsibilities and accountabilities across the Council
5. Accountability and reporting which leads to improved compliance
6. Improved project planning and delivery
7. Improved contract management demonstrated through better value for money
8. Strategy and Policies reflect current and anticipated needs.

 <b>Brent</b>	<b>Audit and Standards Advisory Committee</b> 24 March 2026
	<b>Report from the Corporate Director of Finance and Resources</b>
	<b>Lead Member – Deputy Leader &amp; Cabinet Member for Finance &amp; Resources</b> <b>(Councillor Mili Patel)</b>
<b>Review of the Use of Regulation of Investigatory Powers Act 2000</b>	

<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>No. of Appendices:</b>	None
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Marsha Henry Director Law 020 8937 1578 <a href="mailto:Marsha.Henry@brent.gov.uk">Marsha.Henry@brent.gov.uk</a>  Biancia Robinson, Senior Constitutional & Governance Lawyer 020 8937 1544 <a href="mailto:biancia.robinson@brent.gov.uk">biancia.robinson@brent.gov.uk</a>  Tola Robson, Chief Lawyer Litigation and Licensing 020 8937 1455 <a href="mailto:omotolani.Robson@brent.gov.uk">omotolani.Robson@brent.gov.uk</a>

**1. Purpose of the report/Executive Summary**

- 1.1. This report explains the Council’s use and conducts of surveillance techniques in accordance with the Regulation of Investigatory Powers Act (RIPA) 2000;

and complies with its annual reviewing obligations as set out in Brent Council's RIPA policy and procedures.

## **2. Recommendations**

That the Committee notes:

- 2.1. the contents of this report.
- 2.2 the changes to the RIPA policies to reflect the Council's organisational changes.

## **3. Detail**

### Background

- 3.1. The Regulation of Investigatory Powers Act 2000 (RIPA) gave the Council significant powers in order to investigate serious matters and offences. It enables the Council to use covert surveillance, covert human intelligence sources (CHIS) and the acquisition of service user or subscriber information in relation to communications data in a manner which is compatible with Article 8 of the European Convention on Human Rights (which governs an individual's right to respect for their private and family life). Before the Council may undertake covert surveillance, there are various criteria which must be met including approval of the application by a Magistrate.
- 3.2. Covert surveillance techniques include static surveillance (e.g. taking up an observer post to monitor the activities and movements of those suspected of having committed criminal offences); mobile surveillance (e.g. following someone to see where they are going without their knowledge) and using hidden CCTV at a crime hotspot. RIPA refers to these techniques as 'directed surveillance'. It also extends to the use of undercover officers and informants. RIPA refers to these as 'Covert Human Intelligence Sources' (more commonly referred to as CHISs).

### Inspection

- 3.3. The Council is periodically inspected by Investigatory Powers Commissioner's Office (IPCO). Inspections focus on RIPA policies, procedures and practice. The last inspection was undertaken on 9 March 2020; when the Inspector was happy with his findings.
- 3.4 During 2023, IPCO reviewed the way in which Inspections / oversight of local authorities was conducted. They ceased undertaken routine inspections instead, requiring each local authority to provide a written update, in the first instance, on its compliance with the legislation. Responses were then assessed followed by a determination as to whether or not a remote, or in some cases, in-person inspection is required. This approach takes cognisance of the general decline in the use of covert powers by many local authorities. In July 2023 officers provided a written response addressing a range of matters identified by

the Inspector which included internal governance and oversight, policy refreshes; annual updates to Elected Members; ongoing training and awareness raising; internal compliance etc. In August 2024 the Inspector confirmed “I am satisfied that your reply provides your assurance that ongoing compliance with RIPA 2000 and the Investigatory Powers Act 2016 will be maintained. As such, your Council will not require further inspection this year.”

#### Changes to RIPA policy

- 3.5 The RIPA Policy and procedures were last revised in 2025 following organisational changes and appointment of the then new Chief Executive.
- 3.6 Substantive changes to the RIPA Policies and Procedures requires formal Cabinet approval. Minor amendments were made last year, following approval from the Committee, to reflect the Council’s organisational restructure, including the departure of the Corporate Director of Law & Governance and the appointment of the Director of Law as the Council’s Senior Responsible Officer (SRO)

#### Oversight

- 3.7 The Council’s use and conduct of covert surveillance techniques is overseen internally by the Council’s Monitoring Officer, who also acts as the Council’s Senior Responsible Officer (SRO) for the purposes of the Home Office Codes of Practice.
- 3.8 The Monitoring Officer reviews RIPA related topics such as internal training, social media, applications/authorisations and changes in addition to keeping the Council’s RIPA policy and procedures document under review and updates it as and when necessary. This ensures compliance with the most current legislation, statutory codes of practice, technical guidance and best practice. It is also necessary to keep the list of authorising officers up to date and for administrative, technical and presentational changes to be made from time to time to ensure the document acts as a helpful source of instruction and guidance to all officers of the Council. In addition, the SRO is responsible for:
  - a) the integrity of the process in place for the management of CHIS and directed surveillance.
  - b) compliance with the codes of practice.
  - c) engagement with the IPCO inspectors when they conduct their inspections.
  - d) oversight of the implementation of post-inspection action plans.
  - e) ensuring authorisation officers are of an appropriate standard (where a IPCO report highlights concerns about the standard of authorising officers, the SRO will be responsible for ensuring the concerns are addressed).
- 3.9 In February 2024, RIPA Refresher training was provided for all officers involved in the RIPA regime and identified in the RIPA Policy at Appendices 1-4. The training included a refresher of the legislation, recent guidance from the Investigatory Powers Commissioners Office and current thinking.

- 3.10 In accordance with paragraph 4.47 of the Covert Surveillance and Property Interference Code, Councillors have a formal scrutiny role in relation to RIPA and should regularly review the authority's use of RIPA. Accordingly, it was decided that this Committee should conduct a high-level annual review. Any significant policy changes recommended by the Committee arising from its review will be reported to Cabinet for decision.

#### Use of RIPA

- 3.11 Following the introduction of legislative changes in the RIPA regime, the number of RIPA authorisations declined within local authorities and this position has not changed. In more recent years, this combined with the shrinking size of the council investigative teams, and in part the improvements with investigative methods have meant there is less reliance on directed surveillance. In Brent, for the current financial year, there has been zero RIPA Directed Surveillance or CHIS authorisations. RIPA powers are now predominantly used to enforce trading standards controls and, in particular, to conduct test purchases of age restricted products such as alcohol. It is occasionally used in the context of serious fraud investigations.
- 3.12 Table 1 below sets out the directed surveillance authorisations over the last five years.
- 3.13 Table 2 shows the number of requests for communications Data pursuant to the Investigative Powers Act 2016 and their purpose. Powers are infrequently exercised but are used where needed by the council's Trading Standards, Financial Investigation or Fraud teams, typically for supporting evidence in serious criminal investigations. This year, 11 requests were made, although these all related to the same investigation.

Table 1

<b>Year</b>	<b>Number of Authorisations</b>
<b>2025/2026</b>	<b>0</b>
2024/2025	0
2023/2024	0
2022/2023	0
2021/2022	0
2020/2021	0
2019/2020	0

Table 2

<b>Year</b>	<b>Number of Requests</b>	<b>Purpose</b>
2017/18	6	Freedom pass fraud
2018/19	39	Doorstep crime and rogue trading investigation
2019/20	0	

2020/21	18.	Subletting of council housing
2021/22	0	
2022/23	2	Fraudulent subletting a council property Fraudulent use of blue badge concession.
2023/24	20	Fraudulent use of blue badge concession. Car trader investigation roofer investigation
2024/25	10	Housing succession investigation Rogue roofer investigation
<b>2025/26</b>	<b>11</b>	<b>Financial investigation for confiscation proceedings regarding the alleged misuse of a domestic property as a commercial hotel.</b>

#### **4 Financial Considerations**

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

#### **5 Legal Considerations**

5.1 The legal considerations are contained within the body of the report.

#### **6 Equity, Diversity & Inclusion Considerations**

6.1 Under section 149 of the Equality Act 2010, the council has a duty when exercising its functions to have 'due regard' to the need to eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act and advance equality of opportunity and foster good relations between persons who share a protected characteristic and persons who do not. This is the public sector equality duty.

6.2 The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

6.3 Due regard is the regard that is appropriate in all the circumstances.

6.4 There are no equalities implications arising from this report.

#### **7 Additional Considerations**

7.1 There are no

- a) Stakeholder and ward member consultation and engagement
- b) Climate Change and Environmental considerations
- c) Human Resources/Property considerations (if appropriate)

d) Communication considerations

**Report sign off:**

**Minesh Patel**

Corporate Director of Finance and Resources

 <b>Brent</b>	<b>Audit and Standards Advisory Committee</b> 24 March 2026
	<b>Report from the Corporate Director Finance &amp; Resources</b>
	<b>Lead Member – Deputy Leader &amp; Cabinet Member for Finance &amp; Resources</b> <b>(Councillor Mili Patel)</b>
<b>Annual Review of the Member Learning and Development (MLD) Programme and Members’ Expenses</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>	Four: Appendix 1: Upcoming MLD sessions Appendix 2: Feedback on the MLD Programme Appendix 3: Member Training and Expenses 24/25 Appendix 4: Financial Rules governing the Mayor
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Amira Nassr Deputy Director Democratic and Corporate Governance Tel: 020 8937 5436 <a href="mailto:Amira.Nassr@brent.gov.uk">Amira.Nassr@brent.gov.uk</a>

## 1.0 Purpose of the Report

1.1 The purpose of this report is to provide members of the Audit and Standards Advisory Committee with a summary of the Member Learning and Development (MLD) Programme since the last report to Committee in March 2025 along with information regarding the Members’ Expenses Scheme and the financial and procedural rules governing the Mayor’s Charity Appeal.

## 2.0 Recommendations

2.1 That the Committee notes the work being undertaken by the MLD Steering

Group in continuing the effective training and development of Brent's elected representatives (as detailed within Appendix 1).

- 2.2 That the Committee notes Member feedback on MLD sessions, requests for future training, and personal development plans and Charter Plus (as detailed within Appendix 2).
- 2.3 That the Committee notes the expenses claimed by Members in the course of their work in 2025/26 (as detailed within Appendix 3).
- 2.4 The financial and procedural rules governing the Mayor's Charity Appeal has also been attached (Appendix 4). There have been no changes made in 2025/26.

### **3.0 Background**

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

- 3.1. The reviewing and maintenance of high standards of member conduct is supported by the MLD programme which in turn supports the delivery of the borough plan by promoting confidence in the operation and good governance of the council.

#### Detail

- 3.2 Members of the Audit and Standards Advisory Committee last reviewed the Member Development Programme in March 2025.
- 3.3 In addition to the annual review by members of the Standards and Audit Advisory Committee, the MLD programme is monitored quarterly by the cross-party Member Learning and Development Steering Group. The scope of the Group is to consider the type of training provided, review attendance at each session and consider any requests and suggestions for training from Members.
- 3.4 The Member Learning and Development Steering Group provides constructive input and evaluation of the programme. A strong political lead on Member development from all three groups is essential to ensure Member ownership of the programme.

### **4.0 Member learning and flexibility**

- 4.1 All 57 Members of the Council have access to Microsoft Teams and Zoom and tend to have at least an iPhone and iPad. About half of all Members have a laptop as well or instead of an iPad, depending on their personal preference. Members and officers are very comfortable with both, there have been no security breaches over the last 12 months and, in general, sessions are highly interactive as Members understand how to use the 'hands up' button and 'chat function' as well as contributing orally.

4.2 We continue to run most of the training for Members online, with in-house face-to-face (FTF) training the next most common form of training. Member feedback has shown that they prefer the convenience of attending online sessions and overall, attendance levels at online (non-mandatory) meetings tends to be much higher than for face-to-face meetings.

## **5.0 Member attendance**

5.1 For non-mandatory sessions, group sessions in 2025/26 have attracted anything between 12-33 Members (out of 57 members) per session. The two least popular sessions (in terms of attendance) have been:

- Gypsy, Roma and Traveller strategy (12 attendees)
- Gambling and gaming harm (14)

The two most popular sessions this year have been:

- Social Progress Index (33)
- Housing Emergency and Temporary Accommodation Pressures (25)

5.2 It should be noted that the Gypsy, Roma and Traveller strategy took place at lunchtime, which may attribute to the low attendance figures. More generally, lunchtime sessions tend only to be scheduled in exceptional cases, but a congested calendar might mean lunchtime sessions would have to be scheduled given a lack of evening availability.

5.3 Another session - Safeguarding Vulnerable Adults susceptible to financial fraud and scams – was scheduled for 3 March 2026, but was cancelled due to low take-up.

5.4 'Data Protection' was the only mandatory session scheduled in 2025. This had 100% attendance, although it did run five times to accommodate everyone's availability.

5.5 Member attendance at internal learning and development sessions has varied for each session during the current municipal year. Reminders are issued regularly via Outlook calendar invitations and reminders, text and Whatsapp messages and email, in the fortnightly Members' Information Bulletin, as well as reminders by the respective political/administrative assistants.

5.6 MLD tries to work around Member availability as much as possible. Given sunset in Ramadhan fell between 5.30pm - 6pm in 2026, Chairs of committees and sessions Leads were made aware of when the fast end coincided with their evening MLD and committee meetings and advised to work around this for the benefit of attendees who may have been fasting. As in previous years, a few tweaks were made (some sessions had a small break, and others started slightly later) to accommodate the fast break. Similarly, MLD tends to avoid holding MLD sessions over half term, Christmas and August to allow parents to balance their childcare commitments with their councillor responsibilities.

## **6.0 External Training Events**

6.1 External trainers have been used minimally these past few years due to a reduced need from Members or officers as well as the reduced budget. There is normally a wider use of external trainers following local elections. Member Services will be using external trainers to train Members on certain mandatory training and committee sessions in May/June 2026.

## **7.0 Feedback**

7.1 Feedback continues to shape and develop the MLD programme. Appendix 2 details feedback received for Member Learning and development.

7.2 Feedback has been mixed, and ranges from the negative (lack of interaction, a lack of relevant officers attending a session, to session timings) to the positive (effective, engaging, excellent). Feedback is shared with each trainer after each event.

## **8.0 Personal Development Plan (PDP) – 2024**

8.1 All Members were offered the chance to undertake a PDP in 2022 and a refresh in 2024. The approach undertaken was based on a structured one-to-one discussion and the completion of a Councillor PDP, the purpose being to support each Councillor in individually identifying the information and development they require to continue to fulfil their role as a Brent Councillor effectively.

8.2 As part of our contract with Charter Plus, we are due to revisit the PDPs every two years. The next time this will take place is in autumn 2026.

8.3 As with previous elections where turnover has been anything up to a third of all Members, we are expecting between 20-30 newly elected Councillors to start, and we will be focusing on them to undertake PDPs for the first time.

## **9.0 Members' expenses**

9.1 The Council's Allowance Scheme for Members, as detailed in Part 6 of the Council's Constitution, makes provision for the payment of certain expenses, in accordance with stipulated conditions.

9.2 The Executive Support Manager is responsible for administering the Members' Allowance Scheme and therefore oversees the receipt, processing and payment of all appropriate expense claims submitted by Members.

9.3 £11,141.34 was spent in 2025/26 for mandatory and general training courses. Childcare cover for three Members also came to £8,666.47. Please see Appendix 3 for more details.

## **10. Financial And Procedural Rules Governing the Mayor's Charity Appeal**

- 10.1 It was agreed by the committee last year that this annual report should in future also include the annual update on the financial and procedural rules governing the Mayor's Charity Appeal.
- 10.2 Each Mayor in their capacity as First Citizen chooses 1-2 charities which they intend to support through donations/fund raising events during the Mayoral year.
- 10.3 The Financial and Procedural Rules (the Rules) governing the Mayor's Charity Appeal were updated last year. To ensure the Rules remain transparent and accurate, a periodic review is undertaken by officers. If, following this review, it is proposed to make any substantive modifications, they are notified to this committee and require the formal approval of the Audit and Standards Committee.
- 10.4 No changes have been made to this paper, but this has been included for reference.

## **11. Financial Considerations – Expenses**

- 11.1 The costs of the Member Learning and Development Programme are met from a budget of £14,000. Internal sessions delivered by Council Officers help to keep costs down.
- 11.2 The funds collected by the Mayor's Office on behalf of the charities are governed by trustee and charity law; they must be registered with the Charity Commission for England and Wales at the date they are selected.

## **12. Legal Considerations**

- 12.1 None for the Member Learning and Development Programme.
- 12.2 The Local Authorities (Members' Allowances) (England) Regulations 2003 requires the council to keep a record of the payments made by it in accordance with its Members' Allowance Scheme. The record has to be made available for public inspection and copies can also be supplied on request and on payment of a reasonable fee.
- 12.3 After the end of each year, the total amount paid in that year to each Member has to be published in the council's area.
- 12.4 The civic role of the Mayor is governed by s3 the Local Government Act 1972. However, when the Mayor nominates and then supports one or more charities by raising proceeds which are then donated to a charity, or charities, of their choice, the Council is exercising its wellbeing powers pursuant to s2 Local Government Act 2000.

## **13. Equity, Diversity & Inclusion Considerations**

- 13.1 This report contains no specific diversity implications.

**14. Consultation with Ward Members and Stakeholders**

14.1 This report has been shared with the Member Learning and Development Steering Group Members.

**15. Human Resources/Property Considerations (if appropriate)**

15.1 N/A.

**16. Additional Considerations**

16.1 There are no additional considerations in relation to the following areas arising from the report

**Report sign off:**

Minesh Patel  
Corporate Director, Finance & Resources

Appendix 1

Member Learning and Development programme

**March 2025 to March 2026**

<b>Session Date</b>	<b>Session Title</b>	<b>Who for</b>	<b>Method of delivery</b>	<b>To be facilitated by</b>	<b>Session time</b>
Monday 24 March 2025	Affordable Housing Viability Training	Planning Committee Members only	Virtual	Victoria McDonagh, Development Management Services Manager	6.30pm-8pm
Tuesday 08 April 2025	Pre-application briefing	Planning Committee Members only	Virtual	Victoria McDonagh, Development Management Services Manager	6pm-7.30pm
Tuesday 29 April 2025	Council Tax Support and Council Tax Hardship Fund	All Members	Virtual	Peter Cosgrove, Head of Revenues and Debt	6pm-8pm
Monday 23 June 2025	Social Progress Index	All Members	Virtual	Jon Cartwright, Head of Change and Customer Insight	6pm-8pm
Monday 03 November 2025	Transforming Adult Social Care online – ASC website refresh	All Members	Face to Face	Rachael Gant, Digital User Experience Manager and Duc Tran, Transformation Programme Manager	6pm-7pm
Monday 17 November 2025	Brent Gypsy, Roma and Traveller Strategy consultation	All Members	Virtual	Tom Pickup, Policy and Performance Manager	1pm-2pm
Tuesday 02 December 2025	Climate Adaptation and Resilience in Brent	All Members	Virtual	Gemma Clenshaw, Senior Climate Action Officer and Tom Welsh, Climate Emergency Strategy Manager.	6pm-8pm
Monday 08 December 2025	Housing & Tenant Satisfaction Improvement Programme	All Members	Virtual	Kim Wright, Chief Executive, and Thomas Cattermole, Corporate Director, Residents and Housing Services	6.00pm-7.30pm

Monday, 26 January 2026	Indices of Deprivation (IoD) 2025	All Members	MS Teams	Fatuma Serugo-Lugo, Strategic Data Manager	6.00pm-7.30pm
Wednesday, 04 February 2026	Council's Preventing Homelessness Programme	All Members	MS Teams	Laurence Coaker - Director Housing Needs and Support, Grace Hall - Change and Improvement Programme Lead, and Jamie Slagel - Change and Improvement Project Manager	6.00pm-7:30pm
<i>Monday, 03 March 2026</i>	<i>Safeguarding vulnerable adults susceptible to financial fraud and scams</i>	<i>All Members</i>	<i>MS Team</i>	<i>Anu Prashar - Senior Regulatory Service Manager</i>	<i>6.00pm-8.00pm</i>
Tuesday, 10 March 2026	Anti-Social Behaviour	All Members	MS Team	Simon Egbor - Head of Community Safety and Noah Okunromade - Prevention and Principal ASB Localities Officer	6.00pm-8.00pm

March 2026 onwards- PLANNED (mandatory)\*

May 2026	Committees – what they cover and their remit	<b>Mandatory</b> for All Members	In-person	James Kinsella – Governance	Date/time tbc
May 2026	Standards & Code of Conduct Training	<b>Mandatory</b> for All Members	In-person	Marsha Henry- Director of Law	Date/time tbc
May 2026	Equalities and Diversity Training	<b>Mandatory</b> for All Members	In-person	Angela Chaudhry – Learning and Development	Date/time tbc
May 2026	Safeguarding Vulnerable Adults	<b>Mandatory</b> for All Members	In-person	Claudia Brown – Adult Social Care	Date/time tbc
May 2026	Supporting you in your role: case work and surgeries	<b>Mandatory</b> for All Members	In-person	Member Services	Date/time tbc
May 2026	Safeguarding Children and Corporate Parenting	<b>Mandatory</b> for All Members	In-person	Nigel Chapman – Children and Young People	Date/time tbc

Date/time tbc	Data Protection training	<b>Mandatory</b> for All Members	Virtual	Stephen Skeete (Information Governance Lead) and Bianca Robinson (Senior Lawyer Governance)	Date/time tbc
Date/time tbc	Scrutiny Committees induction	<b>Mandatory</b> for Scrutiny Committee Members only	In-person	CfGS, Jason Sigba – Strategy Lead Scrutiny, and Chatan Popat – Strategy Lead Scrutiny	Date/time tbc
Date/time tbc	Alcohol and Entertainment Full Licensing Committee Induction	<b>Mandatory</b> for Committee Members only	In-person	Anu Prashar – Senior Regulatory Service Manager	Date/time tbc
Date/time tbc	Planning Committee Induction	<b>Mandatory</b> for Committee Members only	In-person	David Glover – Head of Planning and Development Services, Victoria McDonagh – Development Management Service Manager	Date/time tbc
Date/time tbc	Alcohol and Entertainment Full Licensing Committee Induction	<b>Mandatory</b> for Committee Members only	In-person	Anu Prashar – Senior Regulatory Service Manager	Date/time tbc
Date/time tbc	Audit & Standards Advisory Full Committee induction	<b>Mandatory</b> for Committee Members only	In-person	Minesh Patel – Corporate Director Finance and Resources and Ravinder Jassar – Deputy Director Corporate and Financial Planning	Date/time tbc
Date/time tbc	Brent Pensions Fund Sub-Committee and Brent Pensions Fund – Committee Members induction	<b>Mandatory</b> for Committee Members only	In-person	Ravinder Jassar – Deputy Director Corporate and Financial Planning	Date/time tbc

\*this is in addition to a three-day member induction programme following the election

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# Member Learning & Development Programme

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March 2026

# Aim

This PowerPoint aims to look at feedback received on:

1. Member Learning and Development (MLD) sessions
2. Requests for future training
3. Charter Plus

# 1. Learning and Member Development sessions

Feedback is requested at the end of every training session. Unfortunately, we don't get very much of it and we tend to find we only get feedback where sessions went exceptionally well or exceptionally badly!

We generally use feedback to gauge if members found sessions useful, and if they found external presenters helpful. If we do get poor feedback for a presenter, we would not use them again.

## A selection of feedback received

I was not really able to discuss our role as councillors. Felt it was too short and hurried - not enough interaction.

*Brent Carers Strategy*

*3 June 2025*

Less slides and more interaction. I felt all the stats about 'how many' was excessive and was a little irrelevant in some ways.

*Brent Carers Strategy*

*3 June 2025*

Members and fix my street should have been here to respond to queries.

*Members' Enquiries*

*1 July 2025*

Have it in a larger room!!

*Brent Carers Strategy*

*3 June 2025*

## A selection of feedback received

I think more of our training should be delivered as effectively as this. The trainers knew their subject, delivered it effectively and engagingly and answered questions honestly. The exercise was far superior to other council training I've taken part in which has too often consisted of people reading out poorly produced slides with too many words on and which too often seems to be used to justify a department's performance rather than elucidate the requirements of councillors.

*Data Protection and Information Governance training  
July 2025*

Excellent Session

*Annual Data Protection and Information Governance training  
July 2025*

This training is most important for all Councillors.

*Annual Data Protection and Information Governance training  
July 2025*

Trainers needs to improve skills on not letting 1 or 2 cllrs derail a session with their own personal enquiries unrelated to cllr roles/ plus time keeping. A couple of answers after the multiple-choice questions left people still in some doubt on the right answers because so much time was spent discussing wrong answers. E.g. on the turnaround for a subject access request. Time was wasted reading out the entirety of long scenarios.

*Data Protection and Information Governance training  
July 2025*

## A selection of feedback received

No (except an accurate estimate of the time it would take. It was booked for 90 mins but the trainers clearly expected 120.

*Annual Data Protection and Information Governance training  
July 2025*

Having this training as a refresher help to keep in touch with updates.

*Annual Data Protection and Information Governance training  
July 2025*

It would be more useful to shorten the group discussion section of the programme. We came to the correct answer quickly.

*Annual Data Protection and Information Governance training  
July 2025*

Finishing the session at 8.15pm was too late. Sessions should finish by 7.30pm.

*Annual Data Protection and Information Governance training  
July 2025*

There should be an assessment of learning styles and prior knowledge. I would prefer not to do this format and simply do a course online.

*Annual Data Protection and Information Governance training  
July 2025*

## 2. Requests for future training

We occasionally get requests from Members for training (both individual training, group sessions and general feedback). However, not all requests will be able to be accommodated. Training requests received in 2025 include:

- More on carers for elderly, those with dementia or physical impairments, children with learning difficulties and/or special needs. More about helping those who are carers with practical things like applying for assistance and respite. Dos and Don'ts. **Member Services are currently liaising with Mental Health team re scheduling in a session re this.**
- Understanding of our strategy in Health and social care, housing and environmental management. **Member Services have requested more information on what this might cover from requesting Member, given broadness of request**
- AI and IT **Member Services have requested more information on what this might cover from requesting Member, given broadness of request.**
- Mental Health/ Anti Social Behaviour impacting quiet enjoyment. Remedies. **Public Health team have agreed to schedule in a session on Public Mental Health and on Substance Misuse in late 2026.**

### **3. Personal Development Plans (PDPs)**

As part of our contract with Charter Plus, we are due to revisit the PDPs every two years.

The next time this will take place is in the second half of 2026 - after the Local Elections.

As with previous elections where turnover has been anything up to a third of all Members, we are expecting between 20-30 newly elected Councillors, and we will be focusing on them to undertake PDPs for the first time.

## Next steps for MLD

1. MLD training will continue as planned. As this is an election year, this means the normal MLD programme has ended and will not resume until June or July. The focus in May will be on all Members completing the mandatory training. All training planned will have the continued input of the MLD Steering Group.
2. Member feedback (both formally sought and voluntarily offered) continues to shape and mould future MLD plans.
3. The next set of PDP sessions are due to be late in late 2026, after the Local Elections. The priority will be to get all newly elected Members to undertake PDPs.

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Appendix 3

Member Training and Expenses – April 2025 – March 2026

<b>Councillor Name (Claimant)</b>	<b>Nature of expense</b>	<b>Date of event</b>	<b>Value of claim</b>
Fleur Donnelly Jackson	Westminster Social Policy Forum Keynote Seminar: Next steps for the private rented sector in England and Renters' Rights Bill implementation	May 2025	£322.80
Mili Patel and Muhammed Butt	LGA conference in Liverpool	30 June – 3 July 2025	£1,267.20
Neil Nerva	LGA conference in Coventry	05 November 2025	£46.34
Robert Johnson	LGA Leadership Academy	Sessions run from January 2026	£1,255
ALL	Charter Plus Personal Development for Members	September – October 2026	£8,250
		<b>TOTAL</b>	<b>£11,141.34</b>

Mili Patel	Childcare cover	Covering Apr-Dec 2025	£6,333.58
Sunita Hirani	Childcare cover	Covering Apr-Dec 2025	£527.93
Promise Knight	Childcare cover	Covering Jul-Dec 2025	£1,804.96
<b>Note:</b> Childcare does not come out of the Member development budget, so this is listed here separately.		<b>TOTAL</b>	<b>£8,666.47</b>

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## **Financial Rules Governing the Mayor's Charity Appeal**

### **1. Role of Mayor's Office**

#### General

- 1.1 The Mayor's Office will assist the Mayor in choosing the Charities for the year, should the incoming Mayor need guidance. Due care should be taken to ensure that the chosen charities are reputable and will benefit significantly from monies raised.
- 1.2 The Mayor's Office will ensure that the Mayor's Charity Appeal is registered under, and complies with, the Lotteries and Amusements Act 1976 (this relates to the selling of raffle tickets).

#### Day to day management

- 1.3 A spreadsheet will be maintained to record all receipts and donations.
- 1.4 All donations received will be receipted, acknowledged by a different person from the person who collected the donation, and passed to Finance to be banked.
- 1.5 The Civic & Member Services Manager will be responsible for authorising expenditure from the Charity Appeal account.
- 1.6 Where raffle tickets are sold, a record will be kept of how many tickets have been issued and this will be cross referenced with the amount of money collected.
- 1.7 The Civic & Member Services Manager will ensure all steps required to comply with Lotteries and Amusements Act are undertaken.

### **2. Role of Finance**

#### General

- 2.2 A new charity appeal bank account will be opened at the beginning of each Mayoral Year. All transactions will be finalised within 3 months of the end of the Mayoral Year and the account will be closed no later than 6 months after the end of the Mayoral year.

#### Day to day management

- 2.3 Bank reconciliations will be carried out monthly and all discrepancies resolved monthly.
- 2.4 All donations passed on by the Mayor's Office will be banked and a receipt issued to the Mayor's Office for cash donations.
- 2.5 Invoices will only be paid if signed off by the Mayor's Office and Civic & Member Services Manager or the Deputy Director- Democratic Services.
- 2.6 Finance will check the signature and invoice for accuracy and records will be kept on file.
- 2.7 Cheques can only be signed by an authorised signatory within Finance.

### **3. General**

- 3.1 All payments from the Charity Account should be by bank transfer. Where payments not exceeding £20 each need to be made in cash for expediency, then a receipt shall be obtained from the person who receives the cash, with details as to why the cash was paid.
- 3.2 The Council cannot pay advances into the Charity Appeal account in lieu of expected funds to be raised or underwrite any losses.
- 3.3 Therefore, the Mayor's Charity Appeal account should not be overdrawn at any time.
- 3.4 Should the Mayor wish to invite interested persons to form a fundraising group to assist with the appeal, this group will play no active role in the finances of the Charity Appeal.

### **4. Public Accountability**

- 4.1 On closing the account, monies will only be paid to a charity registered with the Charity Commission for England and Wales.
- 4.2 If the Mayor wishes to divide the funds other than equally between the chosen charities, he/she must make this clear at the beginning of the Mayoral year so that donors are aware of where their contributions are going.
- 4.3 Donors should where practical be given the choice of donating to only one of the charities that the Mayor has chosen, rather than the donation being split. A separate record will be kept by the Mayor's Office of donations falling into this category.
- 4.4 A clear statement giving details of all donations received and all expenditure incurred should be available for any member of the Council or for any member of the public to inspect by appointment.

## **Financial and Procedural Rules Governing the Mayor's Charity Appeal**

### **5. The Mayor's Selection of Charities to support**

- 5.1 The Mayor shall name not more than three charities which he or she wishes to support for his or her term of office as Mayor. For the avoidance of doubt, funds collected are in the name of the office of the Mayor of the London Borough of Brent and not in an individual capacity.
- 5.2 The incoming Mayor shall inform the Mayor's Office of the names of the charities which he or she wishes to support no later than four weeks before the Annual General Meeting or two weeks in exceptional circumstances.
- 5.3 The charities chosen by the incoming Mayor must be registered with the Charity Commission for England and Wales at the date they are selected.
- 5.4 The charities chosen by the incoming Mayor must be UK based and operate within Brent for the benefit the inhabitants of Brent.
- 5.5 The Mayor, or immediate Members of their family, must not be a Trustee or Chair (or an equivalent position) at a charity the Mayor is fundraising for.
- 5.6 Prior to announcement of the incoming Mayor's nominated charities at the Annual General Meeting, officers of the council shall confirm that the charities meet appropriate standards for governance, are financially viable, are likely to endure for the duration of the Mayoral year and have not been the subject of Charity Commission concerns within the last two years at the date officers make enquiries. If the requirements set out in this paragraph are complied with, a record shall be made accordingly. In the event that there are reasonable concerns expressed by officers, the Mayor shall be asked to make an alternative choice of charity to support.
- 5.7 If the incoming Mayor is a newly elected Councillor, he or she shall inform the Mayor's Office of the charity (ies) he or she wishes to support within two weeks of taking office.

### **6. Collection and Donation of Funds**

- 6.1 It shall be assumed that the funds collected during the Mayor's term of office shall be divided equally between the chosen charities unless otherwise specified by the Mayor in writing at the outset of his/her term of office, or unless a donor specifies that their donation is for one specific charity.
- 6.2 Where more than one charity is named donors should where practical be given the choice of donating to only one of the charities that the Mayor has

chosen, rather than the donation being split. A separate record will be kept by the Mayoral Office of donations falling into this category.

- 6.3 The funds collected shall be used for the general purposes of the charity named and there shall be no collections for specific projects.
- 6.4 Where one or more of the Mayor's chosen charities is no longer deemed to be fit or able to receive the funds collected as determined by the Chief Finance Officer, or ceases for whatever reason to operate or be registered the relevant proportion of the funds shall (following consultation with the Mayor) be added to the funds to be donated to the remaining of the Mayor's chosen charities (if any) or a different registered charity which has the closest aims and functions to those originally named.

## **7. Role of Mayor's Office**

### General

- 7.1 The Mayor's Office will assist the Mayor in choosing the Charities for the year, should the incoming Mayor need guidance. Due care should be taken to ensure that the chosen charities are reputable and will benefit significantly from monies raised.
- 7.2 The Mayor's Office will ensure that the Mayor's Charity Appeal is registered under, The Gambling Act 2005 (this relates to the selling of raffle tickets).

### Day to day management

- 7.3 A receipt book will be maintained to record all receipts and donations.
- 7.4 All donations received will be receipted, acknowledged by a different person from the person who collected the donation, and passed to Finance to be banked.
- 7.5 The Civic & Member Services Manager will be responsible for authorising expenditure from the Charity Appeal account.
- 7.6 Where raffle tickets are sold, a record will be kept of how many tickets have been issued and this will be cross referenced with the amount of money collected.
- 7.7 The Civic & Member Services Manager will ensure all steps required to comply with The Gambling Act 2005 are undertaken.

## **8. Role of Finance**

### General

- 8.1 A new charity appeal bank account will be opened at the beginning of each Mayoral Year. All transactions will be finalised within 3 months of the end of the Mayoral Year and the account will be closed no later than 6 months after the end of the Mayoral year by the payment of monies to the nominated charity(ies).

### Day to day management

- 8.2 Bank reconciliations will be carried out monthly and all discrepancies resolved monthly.
- 8.3 All donations passed on by the Mayor's Office will be banked and a receipt issued to the Mayor's Office for cash donations.
- 8.4 Invoices will only be paid if signed off by the Mayor's Office and Civic & Member Services Manager or Deputy Director - Democratic Services. Finance will check the signature and invoice for accuracy and records will be kept on file.
- 8.5 Cheques can only be signed by an authorised signatory within Finance.

## **9. General**

- 9.1 All payments from the Charity Account should be by electronic funds transfer.
- 9.2 The Council cannot pay advances into the Charity Appeal account in lieu of expected funds to be raised or underwrite any losses. Therefore, the Mayor's Charity Appeal account should not be overdrawn at any time.

## **10. Public Accountability**

- 10.1 On closing the account, monies will only be paid to a charity registered with the Charity Commission for England and Wales.
- 10.2 If the Mayor wishes to divide the funds other than equally between the chosen charities, he/she must make this clear at the beginning of the Mayoral year so that donors are aware of where their contributions are going.
- 10.3 Donors should where practical be given the choice of donating to only one of the charities that the Mayor has chosen, rather than the

donation being split. A separate record will be kept by the Mayor's Office of donations falling into this category.

- 10.4 A clear statement giving details of all donations received and all expenditure incurred should be available for any member of the Council or for any member of the public to inspect by appointment.
- 10.5 If a donor decides to donate to the Mayor's charity directly, formal proof of donation must be shared with the Mayor's Office. This could be a screenshot of a donation made to the charity, a receipt from the charity, or some other equivalent proof of donation. This 'proof' can be shared by the donor or the Mayor.

 <b>Brent</b>	<b>Audit and Standards Advisory Committee</b> 24 March 2026
	<b>Report from Director of Law – Monitoring Officer</b>
	<b>Lead Member – Deputy Leader &amp; Cabinet Member for Finance &amp; Resources</b> <b>(Councillor Mili Patel)</b>
<b>Annual Standards and Governance Report for 2025 (including quarterly updates on gifts and hospitality)</b>	

<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>No. of Appendices:</b>	Two Appendix A - Summary Members' Code of Conduct complaints received in 2025 Appendix B - Gifts and hospitality register for Q3 and Q4
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Marsha Henry Director of Law 020 8937 4078 <a href="mailto:marsha.henry@brent.gov.uk">marsha.henry@brent.gov.uk</a>

## 1.0 Executive Summary

- 1.1 This is the Monitoring Officer's Annual Report to the Audit and Standards Advisory Committee (ASAC) for 2025. It provides an update on Member conduct issues and the work of the Audit and Standards Advisory Committee, the Audit and Standards Committee (ASC) and the Monitoring Officer during 2025; together with the quarterly reports on gifts and hospitality registered by Members.
- 1.2 The report also recommends an amendment to the Members' Code of Conduct Complaints Procedure.

## 2.0 Recommendations

- 2.1 That the Committee note the contents of the report.
- 2.2 That the Committee recommend to the Audit and Standards Committee that the normal deadline for carrying out an initial assessment under the Members' Code of Conduct Complaints Procedure be extended to 15 working days.

### **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.

#### Committee's Work during 2025

- 3.2 The ASAC met on seven occasions during 2025 six of which discussed standards related matters as follows:
- (a) On 04.02.25 the Committee considered the Monitoring Officer's Annual Report on Code of Conduct Complaints and the Complaints Procedure. The report also advised members of the Government's consultation on potential changes to the current Standards regime.
  - (b) On 24.02.25 the Committee discussed and agreed the Council's response to the Government's consultation on potential changes to the current Standards regime.
  - (c) On 25.03.25 the Committee considered the Annual Report on Standards from the Monitoring Officer providing an update on Member conduct issues along with the quarterly update on gifts and hospitality registered by Members.

The Committee also considered the annual review of the Member Learning & Development Programme (including Member Expenses and the financial and procedural rules for governing the Mayors Charity) along with the Council's use and conduct of surveillance techniques in accordance with the Regulation of Investigatory Powers Act (RIPA) 2000.

- (d) On 16.06.25 the Committee considered a Standards Update including the quarterly report on gifts and hospitality registered by Members, attendance record for Members in relation to mandatory training sessions and details on a standards case relating to the King's Lynn and West Norfolk Borough Council regarding the perception of undue influence on members of their Planning Committee.

The report also included an update on the recommendation made as part of the Council's External Audit Value for Money (VFM) Report (to accompany the 2023-24 accounts) that the Council consider strengthening provisions within the Members Code of Conduct regarding

the registration of gifts and hospitality (G&H) to include more information for exceptional items to ensure transparency. The report detailed the outcome of the review undertaken by officers in response and subsequent change agreed to the provisions within the Members Code of Conduct relating to the registration of gifts and hospitality (approved by Full Council on 14 May 2025) requiring members accepting any gift or hospitality valued at £500 or more to provide reasons to the Monitoring Officer as to why they considered it appropriate to accept the gift or hospitality.

In addition, the Committee also received and considered the Annual Governance Statement 2024-25 which was subsequently referred to the Audit & Standards Committee for formal approval.

- (e) On 25.9.25 the Committee considered a further Standards Update including the quarterly report on gifts and hospitality registered by Members and the attendance record for Members in relation to mandatory training sessions as well as details of a standards decision made by Cornwall Council regarding the failure of a former councillor to correctly register a disclosable pecuniary interest (DPI) on being appointed to a new role and the Government's announcement of the Ethics and Integrity Commission, replacing the long-standing Committee on Standards in Public Life.
- (f) On 3.12.25 the Committee considered a Standards Update including the quarterly report on gifts and hospitality registered by Members and the attendance record for Members in relation to mandatory training sessions. The report also updated the Committee in respect of the responses to the Consultation on "Strengthening the standards and conduct framework for local authorities in England" and the Government's intended legislative response.

- 3.3 During January to December 2025, the Audit & Standards Committee met on one occasion on 25 March 2025 to consider and approve standards matters, namely, changes to the financial and procedural rules governing the Mayor's Charity Appeal.

#### Independent/Co-opted members

- 3.4 During 2025 Rhys Jarvis and Stephen Ross continued as Independent Co-opted Members, (Standards focussed) on the Committee with their current term of office due to expire in 2027. In addition, Sebastian Evans was appointed in February 2025 as an additional Independent Co-opted Member (for Audit) with his term of office due to expire in 2029.
- 3.5 The council also has three existing Independent Persons for Standards matters - Julie Byrom, William Goh and Keir Hopley who it is anticipated will continue their roles in the next municipal year.

#### Complaints against Members

- 3.6 Complaints under the Member Code of Conduct are submitted to the Director of Law - Monitoring Officer. Following consideration of the complaint the Monitoring Officer will decide the appropriate course of action in accordance with the Members' Code of Conduct Complaints Procedure.
- 3.7 During 2025, the Monitoring Officer received ten complaints alleging breaches of the Members' Code of Conduct. Of these complaints: a) three did not progress beyond the Initial Assessment Stage; b) six did not progress beyond the Assessment Criteria Stage; and c) one did not progress beyond the Review Stage. Attached as **Appendix A** is a summary of the complaints received in 2025.
- 3.8 The experience of dealing with the complaints received last year is that they are time consuming and demanding of focussed attention. The disposal of complaints even at relatively early stages of the process often requires enquiries to be made and consultations with an Independent Person. Currently, the Members' Code of Conduct Complaints Procedure requires the Monitoring Officer to carry out an initial assessment of complaints within 10 working days normally. The number and nature of complaints dealt with last year suggests that expectations should be set more realistically. It is proposed therefore that this Committee recommend to the Audit and Standards Committee that the normal timeframe for carrying out initial assessments be increased to 15 working days.

#### Gifts & Hospitality

- 3.9 Members are required to register gifts and hospitality received in an official capacity worth an estimated value of at least £50. This includes a series of gifts and hospitality from the same person that add up to an estimated value of at least £50 in a municipal year.
- 3.10 Gifts and hospitality received by Members are published on the Council's website and open to inspection at the Brent Civic Centre.
- 3.11 The Committee will note there has been regular declarations regarding gifts and hospitality during 2025.
- 3.12 For Q3 & Q4 (to date) 2025-26, there have been 5 gifts and hospitality recorded as being received. A summary of gifts & hospitality received for this period is set out in **Appendix B**.
- 3.13 The Committee will recall that hospitality accepted by the Mayor in their civic role are recorded separately and published on the Council's website.

#### Monitoring Officer Advice Notes (MOANs)

- 3.14 During 2025 one Monitoring Officer Advice Note (MOAN) was issued in March providing practical guidance on the behaviours that do and do not constitute bullying (see paragraph 8 of the Code) and intimidation (see paragraph 9 of the Code). This MOAN is part of a series addressing all aspects of the Code in turn.

A list of all MOANs issued since 2015 is available on the Member's internal SharePoint portal as are copies of those which are still relevant.

### Member Training Attendance

- 3.15 At this Committee's request reports updating it on the attendance records for Members in relation to mandatory training sessions has become a standard reporting item.
- 3.16 The Committee will know that:
- a) It is a requirement of the Members' Code of Conduct that all members' *"must attend mandatory training sessions on this Code or Members' standards in general, and in accordance with the Planning Code of Practice and Licensing Code of Practice"*.
  - b) The schedule for all mandatory sessions is ordinarily published and approved in the Council calendar at the May Annual Council meeting.
  - c) All internal training sessions attended by Members are published on the Council's Website and on individual Member profile pages.
  - d) For face-to-face training sessions, reminders are sent via email, calendar invitations, and text messages and, on some occasions, direct telephone calls to Members. The same reminder process is employed for re-run(s) of sessions, where applicable, to take account of personal circumstances like work commitments and childcare arrangements etc.
- 3.17 A detailed report on member training is elsewhere on the agenda for this evening's meeting and members of the committee are referred to this for further details. That said, officers are able to confirm all mandatory training for members as completed in 2025.

## **4.0 Financial Considerations**

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

## **5.0 Legal Considerations**

- 5.1 Pursuant to the Localism Act 2011, the Council has to have arrangements in place to deal with any allegations of failure to comply with the Brent Members' Code of Conduct (as set out in Part 5, of the Council's Constitution) and must appoint an Independent Person whose views are sought and taken into account by the council before it makes its decision on an allegation that it has decided to investigate.
- 5.2 The Council, individual Members and co-opted Members are required to promote and maintain high standards of conduct in accordance with s27 of the Localism Act 2011. The attendance at mandatory training sessions is a means

to achieve this and a requirement pursuant to the Brent Members' Code of Conduct.

## **6 Additional Considerations**

- 6.1 There are no
- a) Equity, Diversity & Inclusion 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 – Monitoring Officer

### Complaints Received in 2025

	Date received	Complainant (s)	Outline of Complaint	Outcome	Review Requested	Review Outcome
1.	10.01.25	Member of the public	Allegations of rude, threatening and abusive behaviour	Insufficient evidence as to the conversation complained to substantiate the allegations.  No breach of the code.	Yes	Decision upheld
2.	12.01.25	Officer	Alleged that the cllr "defamed" their character and "victimised them based on race, faith and suppression of free speech" following a council event.	Insufficient evidence to substantiate the allegation.  No breach of the code.	No	

Appendix A: Summary Members' Code of Conduct Complaints received in 2025

3.	15.01.25	Member of the public	Alleged that Cllr, with another person, visited two properties and intimidated tenants residing there. Further, that the Cllr was aware of the false claims made by the person they accompanied and did not challenge them.	<p>There was merit in the assertions that the Councillor should have made sure 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. On balance, the other provisions of the Code were not breached.</p> <p>Cllr advised to apologise for the misleading statement made by the person they accompanied.</p>	No	
4.	28.02.25	Member of the public	Alleged that the Cllr harassed, bullied, victimised and threatened the complainant via messages and emails; and failed to follow the correct processes and constitutional steps required for the organisation's constitution and Charity Commission requirements.	<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	

Appendix A: Summary Members' Code of Conduct Complaints received in 2025

5.	28.04.25	Member of the public	Alleged that the Cllr breached confidentiality by disclosing exempt/confidential information in a public meeting.	Did not disclose a breach of the Code, or "sufficiently serious potential breaches of the Code to merit further consideration."	No	
6.	05.05.25	Member of the public	Alleged that the Cllr failed to respond to communications inviting them to meetings	Did not disclose a breach of the Code, or "sufficiently serious potential breaches of the Code to merit further consideration."	No	

Appendix A: Summary Members' Code of Conduct Complaints received in 2025

7.	17.06.25	Member of the public	Alleged threatening and bullying behaviour in respect of a parking dispute between neighbours, and then attended outside the property and re-painted the yellow line in front of the original line.	Breach of the Code, namely para 6 – you must treat others with respect and para 4 –you must maintain a high standard of conduct.  Sanction: Member required to apologise to the Complainant.		
8.	17.12.25	Member of the public	Alleged failure to register interests and a conflict of interest.	Complaint withdrawn when a request for confidentiality refused. In any event, complaint assessed as having met a number of initial assessment criteria and not meriting further consideration. Namely, delay, not disclosing a sufficiently serious potential breach of the Code and appearing to be politically motivated or otherwise submitted with an improper motive.	N/A	

Appendix A: Summary Members' Code of Conduct Complaints received in 2025

9.	13.10.25	Member of the public	<p>Various complaints about ward councillor conduct ranging from allegedly lodging a complaint about the complainant to a political party and not responding to enquiries about it to allegations of discrimination and disrespectful conduct.</p>	<p>As for the main complaint, no evidence to indicate that the councillors were undertaking council business or otherwise acting in their official capacity as councillors.</p> <p>In any event, dissatisfaction with the outcome of enquiries to councillors also outside the scope of the Code. Performance issues, as opposed to conduct issues, are not Code matters. Further, none of the councillors' responses disclosed even a potential breach of the Code.</p> <p>Complaint dismissed as outside the Council's jurisdiction.</p> <p>As for the historical complaints, it would be inequitable, unreasonable or otherwise not in the public interest to allow the complainant to pursue complaints dating back three and four years.</p>	N/A	
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Appendix A: Summary Members' Code of Conduct Complaints received in 2025

10.	05.12.25	Member of the public	This complaint was supplementary to the complaint set out at 9. above alleging a pattern of disrespectful, intimidatory and dismissive behaviour at a residents' association meeting and in subsequent correspondence.	Complaint appeared to be a continuation of complainant's political disagreements with the councillors concerned and not a permissible or appropriate use of the Members' Code of Conduct Complaints Procedure.  No further action merited.	N/A	
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**Q3 (Oct 25 - Dec 25) & Q4 (Jan 26 - March 26)**

<b>Councillor</b>	<b>Date of gift</b>	<b>Gift received</b>	<b>Value £</b>	<b>From</b>
Cllr M Patel	11.11.2025	Ticket for Coven play at the Kiln Theatre	20.00	Received from Kiln Theatre Board
Cllr Akram	11.11.2025	8 tickets for England v Serbia, all 8 tickets allocated to Residents.	280.00	(Value £35.00 each - total £280). Received from the FA
Cllr M Butt	29.11.2025	Hilton UK Foundation Ball - Food and Drink	100.00	Received from Cygnet Property and Leisure PLC
Cllr C Clinton	08.02.2026	Bucks Fizz	7.88	Received from resident of Stanley Park Drive
	12.02.2026	Celebrations 69g	2.09	Received from residents of Grand Union Heights
Cllr T Benea	020.03.2026	Box of Chocolates	150.00	Received from Dr Mohammed Majim at Willesden Green Surgery

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 <b>Brent</b>	<b>Audit and Standards Advisory Committee</b> 24 <sup>th</sup> March 2026
	<b>Report from the Corporate Director of Finance and Resources</b>
	<b>Lead Cabinet Member - Deputy Leader and Cabinet Member for Finance &amp; Resources (Councillor Mili Patel)</b>
<b>Internal Audit Plan 2026-27 and Internal Audit Strategy 2024-27 Year 2 Review</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Non-Key
<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>	Two Appendix 1: Internal Audit Plan 2026-27 Appendix 2: Internal Audit Strategy 2024-2027 Year 2 Review
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	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 This report presents the proposed Internal Audit Plan for 2026-27, which is attached at *Appendix 1*.
- 1.2. The Plan has been developed in alignment with the Global Internal Audit Standards. It is designed to support the Council's objectives, based on a thorough assessment of the Council's strategies, objectives, and risks. Additionally, the Plan incorporates insights from senior management and leverages Internal Audit's understanding and knowledge of the Council's governance, risk management, and control processes.
- 1.3 In 2024-25, Internal Audit adopted a revised methodology that moved away from the traditional, rigid 'annual plan' approach. Due to its success, this

methodology has been retained for subsequent years. This aligns with the objectives outlined in the Internal Audit Strategy 2024-2027, which aims to implement a more agile and enhanced risk-based approach to planning and delivery, while also continuing to provide a robust programme of core assurance.

- 1.4 The report also includes an assessment of the progress made at the end of Year 2 towards achieving the objectives outlined in the Internal Audit Strategy 2024-27, which was approved by the CMT and the Audit and Standards Advisory Committee in March 2024. This review and assessment are detailed in Appendix 2.

## **2.0 Recommendations**

- 2.1 The Committee is asked to:

- a) Consider and note the Internal Audit Plan for 2026-27
- b) Note the Internal Audit Strategy 2024-2027 Year 2 Review

## **3.0 Detail**

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

- 3.1.1 The role of the Internal Audit function is to contribute to the overall success of the Council by bringing a systemic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and control processes throughout the Council. This is primarily achieved through providing independent, risk-based and objective assurance and advisory services. The assurance suite of work involves assessing how well the systems and processes are designed and operating in order to effectively mitigate risk, while advisory activities aid with the improvement in systems and processes where necessary.

- 3.1.2 The function also plays a key role in enhancing the Council's ability to serve its residents and the public interest by providing assurance on matters such as operational efficiency, reliability of reporting, compliance with laws and regulations, safeguarding of assets, and ethical culture.

- 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 Background**

- 3.2.1 The Council has a duty to maintain an adequate and effective Internal Audit function. In exercising its duties, the Internal Audit function should seek to:

- 1) provide assurance to the Chief Executive, S151 Officer, senior management, the Audit and Standards Advisory Committee and other key stakeholders

that the Council has effective arrangements in place to deliver its strategic objectives and manage key risks;

- 2) meet the statutory responsibility to arrange for the continuous, independent internal audit of the Council;
- 3) meet the requirements of professional internal audit standards in order that the Head of Internal Audit is able to deliver an annual opinion on the Council's arrangements for governance, risk management and control; and
- 4) maximise the use and deployment of resources.

3.2.2 The Global Internal Audit Standards, in conjunction with the Application Note issued by the Relevant Internal Audit Standard Setters, set out the basis for the practice of internal auditing in the UK public sector.

3.2.3 The following Standards and Principles set out how the Head of Internal Audit must compile the Internal Audit Plan:

- **Standard 9.4 Internal Audit Plan**

This requires that the internal audit plan be based on a documented assessment of the organisation's strategies, objectives, and risks. This assessment must be informed by the Head of Internal Audit's understanding of the organisation's governance, risk management, and control processes. Additionally, the assessment must be performed at least annually to ensure its relevance and effectiveness.

The Standard is also very clear and prescriptive in terms of what the Internal Audit Plan *must* do:

- Consider the internal audit mandate and the full range of agreed-upon internal audit services.
- Specify services that support the evaluation and improvement of the organisation's governance, risk management, and control processes.
- Include coverage of information technology governance, fraud risk, the effectiveness of compliance and ethics programs, and other high-risk areas.
- Identify the necessary human, financial, and technological resources to complete the plan.
- Be dynamic and updated promptly in response to changes in the organisation's business, risks, operations, programs, systems, controls, and organisational culture.

- **Standard 9.2 Internal Audit Strategy**

This standard requires the Head of Internal Audit to develop and implement a strategy for the internal audit function that supports the organisation's strategic objectives and aligns with the expectations of the board, senior management, and other key stakeholders.

- **Standard 9.5 Coordination and Reliance**

This standard emphasises the importance of the Head of Internal Audit coordinating activities and sharing information with other internal and external assurance and consulting service providers. This coordination aims to ensure proper coverage and minimise duplication of efforts.

- **Standard 8.2 Resources**

This standard sets out that the Head of Internal Audit must evaluate whether internal audit resources are sufficient to fulfil the internal audit mandate and achieve the internal audit plan.

- **Principle 10 Manage Resources**

This Principle and subsequent standards ensure that the internal audit function is equipped with the necessary resources to operate effectively. This principle emphasises the importance of managing financial, human, and technological resources to support internal audit activities. It includes ensuring adequate funding, maintaining a skilled and competent audit team, and providing access to essential tools and technology.

### **3.3 Developing the Internal Audit Plan**

#### Organisational resilience theme

3.3.1 The Plan for 2026–27 is framed around an overarching theme of organisational resilience, recognising that the Council continues to operate in an environment of significant uncertainty driven by factors such as financial pressures, geopolitical instability, transformation and change activity, rapid developments in digital and AI technologies, increased cyber risk, and increasing and changing demand and pressures on services. These pressures heighten the Council’s need for robust preparedness, timely and effective response arrangements, and strengthened capability to withstand and recover from disruption.

3.3.2 While the audits in the Plan have been identified through the usual risk-assessment process, a resilience lens will be applied to relevant reviews. This means that, where appropriate, traditional audit scopes will be expanded to consider the Council’s ability to maintain critical services during disruption. For example, a review of a payments system may also examine business continuity, incident response and recovery arrangements, ensuring that resilience considerations are fully integrated into assurance work.

#### Integrated assurance pilot

3.3.3 To strengthen this resilience focus, 2026–27 will see the introduction of a pilot Integrated Assurance approach applied to selected Internal Audit reviews. This approach draws together insight from across the Organisational Assurance and Resilience department - Internal Audit, Counter Fraud & Investigations, Health & Safety, Emergency Planning & Resilience, and Insurance - to provide a more connected, holistic and robust view of risks, controls and governance for the areas under review.

- 3.3.4 Where appropriate, Internal Audit engagements will draw on expertise, intelligence and assurance already held within these functions. This will enable a deeper assessment of the Council's risk exposure and reduce duplication, while providing senior leadership with clearer, more rounded assurance on resilience and control maturity.
- 3.3.5 This model does not replace or dilute any function's statutory, regulatory or professional responsibilities. Each discipline will continue to operate independently and in line with its established standards, and the independence of Internal Audit remains fully protected. Rather, the integrated approach ensures that assurance is not delivered in isolation and that significant risks are understood collectively, supporting more informed decision-making and a stronger organisational response to disruption.
- 3.3.6 Reviews selected for this approach are identified in **Appendix 1**.

#### Preparing the plan

- 3.3.7 Internal Audit operates across a broad and complex assurance landscape, with an extensive scope that requires balancing evolving and sometimes competing expectations from a wide range of stakeholders. This includes managing resources in a way that enables the service to respond to emerging risks while also providing ongoing assurance over the Council's core systems and controls. To support this balance, Internal Audit adopts an agile, risk-based approach that allows resources to be redirected quickly as priorities change. Alongside its assurance work, the service provides advice and insight to support proactive risk management and undertakes follow-up activity to confirm that agreed improvements have been implemented and embedded.
- 3.3.8 The Plan is informed by an ongoing assessment of the Council's risk profile, drawing on Internal Audit's knowledge of operations, governance, and control arrangements. As part of this process, Internal Audit reviewed and facilitated updates to the Strategic Risk Register and Directorate Risk Registers, ensuring these reflected current risks and could be fully incorporated into audit planning.
- 3.3.9 In preparing the Plan, Internal Audit also considered a range of internal and external inputs, including sector insights, benchmarking with other authorities, previous audit outcomes, fraud risk intelligence, and work undertaken by External Audit and other assurance providers. Engagement with senior management further ensured that planned coverage aligns with organisational priorities and areas of highest risk.
- 3.3.10 To provide clear visibility of how assurance resources will be deployed, the Plan is structured into four components:
- **Core assurance:** planned reviews of key systems and controls that provide the foundation of the Internal Audit annual opinion.
  - **Agile risk-based work:** flexible capacity to respond to emerging risks and priorities identified throughout the year.

- **Consultancy and advice:** time reserved to support management on control design, risk issues and new initiatives.
- **Follow-up activity:** work to confirm implementation of agreed audit actions and strengthened control arrangements.

#### Information sources

3.3.11 The plan is underpinned by a comprehensive and continuous risk assessment undertaken by the Internal Audit team, which draws on the team’s knowledge and understanding of the Council and its governance, risk management and control processes.

3.3.12 In developing the plan, a range of external information sources were considered, including sectoral updates such as the IIA’s Risk in Focus 2026 report and PwC’s ‘The Risk Agenda for Assurance Functions 2026’ report. The process also involved consultation with other Heads of Internal Audit, a planning workshop and presentation by PwC, and benchmarking against other boroughs’ plans. Additionally, the plan takes into account prior audit findings, strategic and directorate risk registers, fraud risks, and work undertaken and reported by External Audit and other assurance providers.

#### Resourcing

3.3.13 The Deputy Director Organisational Assurance and Resilience (Head of Internal Audit) has reviewed the resources required to deliver the proposed plan. On the basis of this assessment, the Head of Internal Audit is satisfied that the service has sufficient and appropriately skilled capacity to meet its assurance responsibilities for 2026–27.

3.3.14 The available resource for the Internal Audit function for 2026-27 comprises an estimate of 700 days. This remains broadly in line with the London average. The 2025 London Audit Group benchmarking exercise reported an average of 745 audit days across London boroughs (range 412–1,610).

3.3.15 It is anticipated this time will be spread across the following areas:

Area	Days (approx.)	%
Core assurance	200	28%
Agile, risk-based Work	320	46%
Consultancy and advice	50	7%
Follow-up	130	19%

3.3.16 The service also continues to operate a co-sourced model, with approximately 200 (of the 700) days delivered by an external partner. This model remains effective and provides a number of benefits, including:

- enhanced flexibility and resilience in resourcing
- access to specialist expertise (e.g. IT and cyber) not held in-house
- benchmarking and insight from other councils using the same framework

- access to specialist-led training, tools and sector developments
- strong organisational understanding retained through the in-house team

### Reporting progress

- 3.3.17 Progress reports and outcomes of internal audit work are reported functionally to both CMT and the Audit and Standards Advisory Committee. An *Interim Internal Audit Report* is presented in Q2/3 and the *Annual Internal Audit Report*, containing the Head of Internal Audit's annual opinion, is reported in June. Routine progress updates are presented at key intervals between these two reports.
- 3.3.18 In addition to reporting functionally to CMT and the Audit and Standards Advisory Committee, regular updates are reported in-year to Directorate Leadership Teams (DLTs) and the Brent Assurance Board.
- 3.3.19 All assurance-based reviews undertaken by Internal Audit result in an opinion of either 'substantial', 'moderate', 'limited' or 'no' assurance. These conclusions are based on the number of critical and high priority risks identified in an audit report.

## **3.4 Internal Audit Strategy**

- 3.4.1 In accordance with the Global Internal Audit Standards the Head of Internal Audit must develop and implement a strategy for the internal audit function that:
- a) includes a vision, strategic objectives and supporting initiatives for the internal audit function;
  - b) supports the strategic objectives and success of the organisation;
  - c) aligns with the expectations of the 'Board', senior management and other key stakeholders; and
  - d) is reviewed periodically.
- 3.4.2 The Internal Audit Strategy 2024-2027, agreed by Council Management Team (CMT) and the Audit and Standards Advisory Committee in March 2024 (see [here](#)), set out four strategic objectives and priorities. These objectives were established in response to the growing challenges and risks faced by the Council, as well as the increasing demands and expectations of stakeholders. This necessitated the delivery of an internal audit function that is both agile and responsive to the Council's evolving needs.
- 3.4.3 In accordance with the Global Internal Audit Standards, the Head of Internal Audit must review the Internal Audit Strategy with CMT and the Audit and Standards Advisory Committee periodically. To this end, *Appendix 2* sets out an assessment at the end of Year 2. No revisions or adjustments have been made to the strategy.

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

- 4.1 None

## **5.0 Financial Considerations**

5.1 The Internal Audit Strategy 2024-2027 and plan for 2026-2027 will be delivered in accordance with the approved budget.

## **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**

10.1 None

**Report sign off:**

***Minesh Patel***

Corporate Director of Finance and Resources



# Internal Audit Plan

## 2026-2027

## A. Core Assurance

This section of the plan lists the work that will be undertaken in-year to provide assurance over the Council's core/key systems and controls. Whilst there may still be a need to flex this plan in response to significant changes or risks, it is anticipated that this aspect of the plan will remain relatively stable and unchanged in-year.

The Core Assurance programme for 2026–27 has been framed within the wider context set out in the Plan introduction, recognising that the Council continues to operate in an environment of sustained uncertainty arising from financial pressures, geopolitical instability, digital and AI-enabled change, cyber threats and increasing demand on services. While these reviews focus on core and stable systems, a resilience lens will be applied where appropriate so that scopes consider not only the effectiveness of routine controls, but also the Council's ability to sustain these critical processes during disruption.

Ref	Core System/Process	Scope - High Level Summary	Planned Quarter
<b>Key Financial Systems</b>			
CA1	▪ Accounts Payable	To provide assurance over the effectiveness and efficiency of key controls.	Q1
CA2	▪ Accounts Receivable	To provide assurance over the effectiveness and efficiency of key controls.	Q3
CA3	▪ Payroll	To provide assurance over the effectiveness and efficiency of key controls.	Q2
CA4	▪ Pensions	To provide assurance over the effectiveness and efficiency of key controls.	Q3
CA5	▪ Housing Benefits	To provide assurance over the effectiveness and efficiency of key controls.	Q3
<b>Inherent Risks</b>			
CA6	▪ Cyber Security, IT Network and Infrastructure.	2x risk-based reviews to be undertaken to provide assurance over the Council's core Cyber Security/ICT controls. These reviews will be determined in consultation and collaboration with the Shared Technology Service and other participating Boroughs.	Q1-4
CA7	▪ Information Governance	To assess the adequacy and effectiveness of the Council's arrangements for information governance, including policies, processes, data handling practices, and oversight mechanisms, with a focus on compliance with statutory requirements and the resilience of controls that protect sensitive information across services.	Q2
CA8	▪ ICT Application review	To provide assurance over a selected critical ICT application, focusing on access management, data integrity, system resilience, change management, and the effectiveness of key operational and technical controls.	Q2
CA9	▪ Housing Compliance	A continued and rolling programme of assurance over this key area of inherent risk.	Q3
CA10	▪ Procurement	A continued and rolling programme of assurance over this key area of inherent risk. To provide assurance over the effectiveness of procurement and contract management arrangements, including compliance with the new procurement framework, the application of the Council's tiered contract model, and the extent to which these processes operate efficiently, consistently and in line with Contract Standing Orders	Q2
CA11	▪ Adult's Safeguarding	A risk-based review over key controls and processes in place to manage risks relating to Adult's safeguarding. Scope to include mitigating actions and controls referenced in the Strategic Risk.	Q1
CA12	▪ School Reviews	Risk-based reviews of a sample of schools (to be determined in conjunction with the School Setting and Effectiveness service). To also include the coordination of a controls self-assessment for a cohort of schools.	Q1-4
CA13	▪ Grant Certification	Independent certification and verification of grants (as required).	Q1-4

## A. Core Assurance – Rolling 3-year plan

To ensure a balanced view of assurance is delivered across these areas, a number of core systems and processes have been scheduled for coverage on a periodic basis, rather than on a pure risk basis, with all scheduled to be covered at least once across a three-year period – as shown in the table below.

### Key Financial Systems

These audits will primarily consist of substantive testing over the design and operation of key financial controls.

System/ Process	Year of last Audit	3 Year Rolling Plan		
		2025-26	2026-27	2027-28
▪ Accounts Payable	2023/24		✓	Follow-up
▪ Accounts Receivable	2023/24		✓	Follow-up
▪ General Ledger	2024/25	Follow-up		✓
▪ Budgetary Control	2025-26	✓	Follow-up	
▪ Fixed Assets/Valuations	2025-26	✓	Follow-up	
▪ Payroll	2022/23		✓	Follow-up
▪ Pensions	2023/24		✓	Follow-up
▪ VAT	2024/25	Follow-up		✓
▪ Treasury Management	2024/25	Follow-up		✓
▪ Capital Expenditure	2025-26	✓	Follow-up	
▪ Insurance	2024/25	Follow-up		✓
▪ Income and Debt Management	2022/23	Follow-up		✓
▪ Council Tax & Business Rates	2025-26	✓	Follow-up	
▪ Housing Benefits	2023/24		✓	Follow-up

### Inherent Risks

The below section provides broad headings for key areas of inherent risk. The scope of area will be tailored accordingly based on an assessment

System/ Process	Year of last Audit	3 Year Rolling Plan		
		2025-26	2026-27	2027-28
▪ Cyber Security	2025-26	Annual Assurance due to level of risk. To rotate across different areas pertaining to Cyber Security.		
▪ IT Network and Infrastructure	2025-26	Annual Assurance due to level of risk. To rotate across different areas pertaining to the IT Network and Infrastructure		
▪ Housing Compliance	2025-26	Annual Assurance due to level of risk. To rotate across different areas pertaining to Housing Compliance.		
▪ Procurement / Contract Management	2025-26	Annual Assurance due to level of risk. To rotate across different areas pertaining to Procurement and Contract Management.		
▪ Information Governance	2023-24		✓	
▪ Health and Safety	2024-25			✓
▪ Emergency Planning	2022-23**		✓	
▪ Recruitment and Vetting	2024-25			✓
▪ Adult's Safeguarding	2021-22*		✓	
▪ Children's Safeguarding	2025-26	✓		
▪ School Reviews	Annually	C5-7 school audits to be undertaken annually, subject to risk-assessment.		

\*Assurance provided by CQC in 2024

\*\* Assurance provided by external inspection in 2024

## B. Agile Risk-based Plan

This section of the plan is intended to be flexible and adaptive to respond to changing risks and priorities, and to ensure audit resources are allocated efficiently and effectively to the areas with the greatest assurance needs. The audits undertaken as part of this section of the plan will be determined via a number of factors, including:

- an on-going internal audit risk assessment;
- assurance mapping against strategic and directorate risks;
- identification of new and emerging threats and risk areas; and
- on-going consultation with senior management.

It should be noted that the table below is not a rigid plan, nor is it a list of committed audits that will take place. It is instead provided as a long list and an indication of potential audit areas for 2026-27, which in-line with the process described above, will be continually updated. The Head of Internal Audit will determine, adjust and revise this plan as necessary in-year, with routine updates presented to both CMT and the Audit and Standards Advisory Committee. As a minimum, an updated plan will be presented in September (mid-year) and February.

The Agile Risk-Based Plan has been developed against the backdrop of significant organisational uncertainty, including financial volatility, rapid technological and AI developments, rising cyber threats, transformation activity, external geopolitical pressures and growing demand for services. As set out in the introduction to the Plan, these factors heighten the need for assurance that not only tests existing controls, but also considers the Council's preparedness for, response to, and recovery from disruption.

For 2026–27, a resilience lens will therefore be applied to relevant risk-based audits, and where appropriate, Internal Audit engagements may use the pilot Integrated Assurance approach, drawing on intelligence from across the Organisational Assurance and Resilience department to provide a more rounded and connected assessment of risks, controls and governance.

This section of the plan provides a list of potential audit areas, each accompanied by a supporting scope and rationale for inclusion. To aid transparency and prioritisation, each audit has also been assigned a Priority Rating reflecting its relative risk and the urgency of assurance required. These ratings are defined as follows:

**Priority 1** – Review at earliest opportunity **Priority 2** – Seek to audit this year, and **Priority 3** – review when capacity allows

Ref	Audit/Area	Prioritisation	Rationale	Indicative Scope - High Level Summary
RB1	<ul style="list-style-type: none"> <li>▪ Budget Pressures / Savings Delivery</li> </ul>	<b>Priority 1</b>	Financial resilience remains a significant organisational risk, with ongoing pressures and challenging savings targets identified across multiple directorates.	To assess the robustness of governance, monitoring and delivery arrangements for key budget savings and pressure areas, including the realism of planned savings, accuracy of forecasts, and timeliness of corrective actions.
RB2	<ul style="list-style-type: none"> <li>▪ Performance Management</li> </ul>	<b>Priority 1</b>	The accuracy and reliability of performance information is essential for informed decision-making, particularly as new corporate performance arrangements are being embedded.	A review of the accuracy, completeness and reliability of performance information used for decision-making, including KPI governance, data quality controls, consistency of reporting across services, and the effectiveness of new performance arrangements.
RB3	<ul style="list-style-type: none"> <li>▪ Child to Adult Transition</li> </ul>	<b>Priority 1</b>	Transition arrangements remain an inherently high-risk area due to the vulnerabilities of young people moving between statutory systems.	Assurance that arrangements for young people transitioning from children's to adult services are well-coordinated, timely and robust, with clear responsibilities and controls to manage continuity of care for vulnerable individuals.

Ref	Audit/Area	Prioritisation	Rationale	Indicative Scope - High Level Summary
RB4	<ul style="list-style-type: none"> <li>Licensing</li> </ul>	<b>Priority 1</b>	National reviews have highlighted ongoing concerns across councils about unlicensed premises, inconsistent inspection coverage and the resilience of local regulatory frameworks.	A review of controls and processes relating to inspection activity, fee setting, income controls, and the effectiveness of case management arrangements.
RB5	<ul style="list-style-type: none"> <li>Fleet Management (Cross-cutting)</li> </ul>	<b>Priority 1</b>	Directorate risk assessments highlight a lack of clarity over fleet ownership, accountability and cost control.	To review the governance and controls in place over the Council's fleet, including clarity of ownership and accountability, asset management, maintenance and inspection arrangements, and monitoring of usage, costs and compliance.
RB6	<ul style="list-style-type: none"> <li>Expenses (Cross-cutting)</li> </ul>	<b>Priority 1</b>	Decentralised processing of staff and member expenses presents an increased risk of non-compliance, inconsistent evidencing and weak oversight.	Evaluate the adequacy of controls governing staff and member expenses, including policy compliance, appropriateness of claims, evidencing requirements, pre-approval processes, monitoring arrangements, and the effectiveness of devolved controls.
RB7	<ul style="list-style-type: none"> <li>Embrace Change Portfolio</li> </ul>	<b>Priority 2</b>	The Embrace Change Portfolio is a major strategic transformation programme designed to deliver organisational efficiencies, modernise service delivery, embed digital and data-driven improvements, and support long-term financial sustainability.	The review will assess whether governance, oversight and risk management arrangements for the Portfolio are clear, effective and operating as intended. It will also consider whether benefits, resourcing and delivery plans are realistic, well-monitored and aligned to corporate priorities.
RB8	<ul style="list-style-type: none"> <li>Complaints (Cross-cutting)</li> </ul>	<b>Priority 2</b>	High complaint volumes and variable response quality across services indicate the need for stronger oversight.	To provide assurance over the end-to-end complaints process, including timeliness and quality of responses, the appropriateness of remedies and compensation, and whether recurring issues are identified, analysed and escalated to support organisational learning.
RB9	<ul style="list-style-type: none"> <li>Commercial property - leases and rents collection</li> </ul>	<b>Priority 2</b>	The commercial estate represents a key income stream exposed to economic volatility and arrears risk.	Review controls governing the commercial property portfolio, including lease management, rent invoicing, arrears monitoring, data accuracy, rent reviews and governance arrangements for maximising income.
RB10	<ul style="list-style-type: none"> <li>ASC Market/Provider Failure</li> </ul>	<b>Priority 2</b>	Adult Social Care continues to face material financial and demand pressures, increasing the risk of provider instability.	To review the effectiveness of market oversight, provider monitoring and financial risk controls in Adult Social Care, including forecasting, early identification of sustainability concerns, contingency planning, and escalation arrangements.
RB11	<ul style="list-style-type: none"> <li>Digital Transformation (programme assurance)</li> </ul>	<b>Priority 2</b>	Digital and automation programmes carry inherent risks relating to delivery, benefits realisation, change readiness and governance.	To provide assurance over governance, delivery, benefits realisation and risk management for digital transformation programmes, including alignment to strategic priorities, stakeholder engagement and readiness for operational change.

Ref	Audit/Area	Prioritisation	Rationale	Indicative Scope - High Level Summary
RB12	<ul style="list-style-type: none"> <li>Employments Rights Bill Readiness</li> </ul>	Priority 2	The forthcoming Employment Rights Bill introduces significant statutory changes affecting HR policies, systems and workforce processes.	To assess the organisation's preparedness for upcoming Employment Rights Bill requirements, including updates to HR policies, systems, processes, governance and training to ensure timely compliance.
RB13	<ul style="list-style-type: none"> <li>Purchase/Payment Cards</li> </ul>	Priority 2	Purchase card usage carries inherent risks relating to inappropriate spend, weak oversight and incomplete record-keeping.	Assessment of the adequacy of controls over purchase and payment card usage, including transaction monitoring, approval processes, policy compliance, record-keeping, exception reporting, and management oversight.
RB14	<ul style="list-style-type: none"> <li>Climate Change Programme</li> </ul>	Priority 2	The Climate Change Programme is a high-profile strategic priority with complex inter-directorate dependencies and reputational exposure.	To provide assurance over programme governance, delivery, benefits tracking and cross-Council coordination relating to the Climate Change Programme.
RB15	<ul style="list-style-type: none"> <li>Economic Outlook Impact / Regeneration-led Capital Projects</li> </ul>	Priority 2	Economic uncertainty and viability challenges increase the risks associated with major regeneration schemes.	To assess governance and financial management arrangements for regeneration-led capital projects, including viability assessments, risk management, dependencies, financial modelling and alignment with economic outlook considerations.
RB16	<ul style="list-style-type: none"> <li>Planning – Compliance with Regulations</li> </ul>	Priority 2	Recent and forthcoming regulatory changes heighten the need for consistent and compliant planning processes.	Robustness of planning compliance processes, including decision-making controls, enforcement activity, documentation quality, and readiness for legislative changes.
RB17	<ul style="list-style-type: none"> <li>Housing Allocations</li> </ul>	Priority 2	The Housing Allocations process must operate fairly, consistently and in line with statutory duties.	To assess whether the Housing Allocations policy is applied consistently and effectively, including eligibility assessments, prioritisation, decision-making, record-keeping and oversight arrangements.
RB18	<ul style="list-style-type: none"> <li>Financial Assessments</li> </ul>	Priority 2	Accurate and timely financial assessments are central to income collection and managing client contributions across services.	To provide assurance that financial assessments are accurate, timely and robust, that client contributions are collected, and that debt recovery processes operate effectively across relevant service areas.
R19	<ul style="list-style-type: none"> <li>Homelessness Services</li> </ul>	Priority 2	National changes arising from the Renters' Rights Act are reshaping the private rented sector and have direct implications for homelessness demand. The Act will abolish Section 21 evictions; a reform recognised by Homeless Link and the UK Government as addressing one of the major drivers of homelessness, with no-fault evictions historically pushing thousands into local authority services.	Assurance over key processes and controls within Homelessness Services following relocation, including assessments, placements, case management, and demand-led financial pressures.

Ref	Audit/Area	Prioritisation	Rationale	Indicative Scope - High Level Summary
RB20	<ul style="list-style-type: none"> <li>Residents Experience Programme</li> </ul>	Priority 2	Improving resident experience is a strategic priority with dependencies across multiple service areas.	To assess the effectiveness of arrangements to understand, monitor and improve residents' experience, including insight gathering, service responsiveness, escalation processes and performance measures.
RB21	<ul style="list-style-type: none"> <li>Private Rented Sector licensing (PRS) Licensing</li> </ul>	Priority 2	PRS licensing plays a key role in safeguarding housing standards and tenant safety.	To evaluate PRS licensing controls, including investigations and enforcement activity, income collection, case management, inspection processes and alignment with directorate risk priorities.
RB22	<ul style="list-style-type: none"> <li>Direct Payments – Children's</li> </ul>	Priority 2	Previous audit work identified weaknesses in Direct Payments relating to monitoring, safeguarding and financial controls.	Assurance over Direct Payments processes, including financial monitoring, support planning, review arrangements, safeguarding controls, and value-for-money risk management.
RB23	<ul style="list-style-type: none"> <li>Commissioning &amp; Placements (Children's)</li> </ul>	Priority 2	Rising placement costs and increasing complexity of need underline the importance of strong commissioning and contract oversight.	Review the effectiveness of commissioning, market engagement in Children's Services, including financial controls, contract oversight and value-for-money arrangements.
RB24	<ul style="list-style-type: none"> <li>Looked After Children &amp; Permanency</li> </ul>	Priority 3	Permanency planning remains a high-risk area due to statutory requirements, placement stability issues and court-related delays.	An assessment of the permanency planning arrangements, ensuring pathways are timely, well-governed and compliant, with effective monitoring of outcomes and alignment with corporate parenting responsibilities.
RB25	<ul style="list-style-type: none"> <li>Send Transport</li> </ul>	Priority 3	SEND transport is a high-cost and high-growth area for all councils, with risks linked to demand, route optimisation and commissioning.	Assurance is required to evaluate route planning, commissioning processes, contract management, and financial oversight, as well as the accuracy of demand forecasting.
RB26	<ul style="list-style-type: none"> <li>Dedicated Schools Grant (DSG)</li> </ul>	Priority 3	The DSG, particularly the High Needs Block, remains a nationally recognised financial risk area.	Governance, financial management and monitoring arrangements for the Dedicated Schools Grant, with a focus on the High Needs Block, forecasting accuracy, effectiveness of recovery and transformation plans, and alignment with statutory and DfE requirements.
RB27	<ul style="list-style-type: none"> <li>Medicines and Healthcare products Regulatory Agency - Compliance (devices)</li> </ul>	Priority 3	Clinical and care-related devices must meet MHRA safety and compliance requirements, with several services dependent on them for safe delivery of care.	Assurance over the controls relating to the safety, maintenance, usage and statutory compliance of devices covered by MHRA standards within Adult Social Care and Public Health, including governance, record-keeping and escalation mechanisms.
RB28	<ul style="list-style-type: none"> <li>Equal Pay</li> </ul>	Priority 3	Developments in case law and ongoing workforce restructuring highlight the importance of maintaining robust arrangements relating to equal pay.	A proactive review to review controls relating to pay and grading to understand how they support compliance with equal pay requirements, including the consistency of job evaluation processes, application of pay policies,

Ref	Audit/Area	Prioritisation	Rationale	Indicative Scope - High Level Summary
				monitoring arrangements, and governance of workforce restructuring.
RB29	<ul style="list-style-type: none"> <li>CCTV and Surveillance</li> </ul>	Priority 3	Surveillance activities must comply with statutory requirements and data protection controls, with gaps posing compliance and reputational risks.	Ensure compliance with relevant legislation and regulatory expectations, including governance structures, asset registers, data protection controls, retention policies, monitoring practices, and forward planning for upgrades and technological resilience.
RB30	<ul style="list-style-type: none"> <li>Adapted Properties</li> </ul>	Priority 3	Demand for adapted properties and associated prioritisation carries operational and financial risk.	Review controls governing the management of adapted properties, including assessment processes, data quality, prioritisation, cost control, and alignment with Directorate risk register requirements.
RB31	<ul style="list-style-type: none"> <li>Waste &amp; Recycling Reform Readiness</li> </ul>	Priority 3	Forthcoming national reforms represent a significant operational and financial change for the Council.	To assess readiness for upcoming waste and recycling reforms, including programme planning, data quality, financial modelling, contract implications, risk mitigation and inter-directorate dependencies.
RB32	<ul style="list-style-type: none"> <li>Medicines and Healthcare products Regulatory Agency - Compliance (devices)</li> </ul>	Priority 3	Clinical and care-related devices must meet MHRA safety and compliance requirements, with several services dependent on them for safe delivery of care.	Assurance over the controls relating to the safety, maintenance, usage and statutory compliance of devices covered by MHRA standards within Adult Social Care and Public Health, including governance, record-keeping and escalation mechanisms.

## C. Consultancy and Advice

This work is often reactive to requests from senior management, and therefore we have retained a portion of time these. Below lists the consultancy and advisory engagements that have been requested in advance. We will indicate any further consultancy/advisory work carried out in-year within progress updates to CMT and the Audit and Standards Advisory Committee.

Ref	Audit/Area	Type	Scope - High Level Summary
CA1	<ul style="list-style-type: none"> <li>ASC Budgetary Control</li> </ul>	Advisory	To assess the effectiveness of budget setting, monitoring and forecasting within Adult Social Care, including controls for demand-led pressures, accuracy of financial information, and timeliness of interventions to address emerging overspends.
CA2	<ul style="list-style-type: none"> <li>ASC Business Systems</li> </ul>	Advisory	To provide light-touch advisory support over the effectiveness of Adult Social Care (ASC) business systems, focusing on how key systems are currently used to support operational delivery, financial management and performance reporting. The review will consider whether system functionality is being utilised efficiently, whether data captured is reliable and supports decision-making, and whether current processes, workflows and controls within the systems enable consistent and compliant practice.
CA3	<ul style="list-style-type: none"> <li>Directorate Assurance Statements</li> </ul>	Advisory	A review of whether Directorate Assurance Statements provide evidence-based and meaningful assurance, including how governance arrangements are evaluated, how risks and controls are evidenced, and whether the process supports organisational accountability.
CA4	<ul style="list-style-type: none"> <li>Public Health Contract Performance</li> </ul>	Advisory	Assessing the adequacy of monitoring and performance management arrangements for Public Health contracts, focusing on high-risk services to ensure compliance, value for money, data quality and effective oversight.

*This table will be populated with additional consultancy and advice work as these are agreed in year.*

## D. Follow-up Activity

We continue to operate an established follow-up process, tracking actions through to confirmed implementation, to provide confirmation that improvements in the Council's governance, risk management and control have been embedded. The table below lists the key follow-ups planned for 2026-2027 (based on audits completed in 2025-2026).

Follow-up Audit/Area	Planned Quarter
Assets & Valuations	Q1
Residential and Nursing Care	Q1
HRA Financial Management	Q1
Deputyship/Appointees	Q2
AI Governance	Q2
Capital Expenditure	Q2
Budgetary Control	Q2
STS Asset Management	Q2
Housing Compliance-Fire Risk Assessments/True Compliance	Q2
IT Application (Oracle)	Q2
Children's Safeguarding	Q2

Follow-up Audit/Area	Planned Quarter
Council Tax & Business Rates	Q3
Leaseholder Billing (i4B)	Q3
Housing Voids	Q3
Waste Management/Enforcement	Q3
Management of TMOs	Q3
Contract Management	Q3
Parking – debt collection	Q4
Debt Recovery	Q4
Martyn's Law	Q4
Child to Adult Transition	Q4
Pay Policy and Allowance	Q4

## E. Strategic and Inherent Risks – Internal Audit Assurance Map

To strengthen the alignment between Internal Audit activity and the Council's strategic risk environment, the tables below set out the most recent position of the Strategic Risk Register (updated January 2026) and the corresponding assurance provided through the three-year Internal Audit Plan. Presenting these together enables a transparent view of how Internal Audit coverage supports the mitigation of the Council's highest-priority risks and highlights any areas where further assurance may be required.

The first table summarises the latest strategic risk scores, including inherent and target scores, risk ownership and the current direction of travel. The second table maps Internal Audit activity against each of these strategic risks, demonstrating the coverage delivered to date and the planned assurance work over the forthcoming period.

### Strategic Risk Register (updated January 2026)

Ref	Risk Title	SRO	Risk Score	Previous	Trend	Target Score	Gap to target score
A.	<b>Lack of Affordable Accommodation</b>	Director Housing Needs & Support	<b>25</b> (I:5 L:5)	<b>25</b> (I:5 L:5)	↔	<b>10</b> (I:5 L:2)	+15
B.	<b>Cost of Living Crisis</b>	Head of Resident Experience	<b>20</b> (I:4 L:5)	<b>20</b> (I:4 L:5)	↔	<b>15</b> (I:3 L:5)	+5
C.	<b>Increase in Dedicated Schools Grant High Needs Block Deficit</b>	Director Education Partnerships & Strategy	<b>20</b> (I:4 L:5)	<b>20</b> (I:4 L:5)	↔	<b>16</b> (I:4 L:4)	+4
D.	<b>Risks to Community Cohesion</b>	Director Community Development	<b>20</b> (I:5 L:4)	<b>20</b> (I:5 L:4)	↔	<b>15</b> (I:5 L:3)	+5
E.	<b>Climate &amp; Ecological Emergency Mitigation, Adaptation and Resilience</b>	Head of Environment Strategy & Climate Action	<b>20</b> (I:4 L:5)	<b>20</b> (I:4 L:5)	↔	<b>20</b> (I:4 L:5)	=
F.	<b>Cyber Attacks</b>	Managing Director, Shared Technology Service	<b>12</b> (I:4:L3)	<b>12</b> (I:4 L:3)	↔	<b>9</b> (I:3 L:3)	+3

Ref	Risk Title	SRO	Risk Score	Previous	Trend	Target Score	Gap to target score
G.	Financial Resilience and Sustainability	Deputy Director of Finance, Corporate and Financial Planning	15 (I:5 L:3)	20 (I:5 L:4)	↓	5 (I:5 L:1)	+10
H.	Risk of a serious child protection incident or wider safeguarding concerns	Director Early Help and Social Care	12 (I:4:L3)	12 (I:4 L:3)	↔	12 (I:4 L:3)	=
I.	Recruitment and Retention	Director Human Resources & Organisational Development	9 (I:3:L3)	9 (I:3 L:3)	↔	6 (I:3:L2)	+3
J.	Emergency Preparedness, Response & Recovery	Deputy Head of Resilience	12 (I:4:L3)	12 (I:4 L:3)	↔	9 (I:3 L:3)	+3
K.	Safeguarding Incidents - Adults	Director Adult Social Services	8 (I:4 L:2)	8 (I:4 L:2)	↔	8 (I:4 L:2)	=
L.	Non-compliance with Statutory Housing Duties	Director Housing Services	25 (I:5 L:5)	25 (I:5 L:5)	↔	6 (I:3:L2)	+19
M.	Contract Management	Director of Strategic Commissioning, Capacity Building & Engagement	9 (I:3:L3)	9 (I:3 L:3)	↔	6 (I:3:L2)	+3
N	Artificial Intelligence	Head of Digital Transformation	12 (I:4:L3)	N/A - New Risk	↔	6 (I:3:L2)	=

## Internal Audit Assurance Map

Strategic Risk	Details of Previous Audit Coverage			Planned Coverage	
	2023-24	2024-25	2025-26	2026-27	2027-28
<ul style="list-style-type: none"> <li>Lack of supply of affordable accommodation</li> </ul>	 Follow-up activity relating to work performed in 22-23	 Temporary Accommodation	 Follow-up activity relating to work performed in 24-25	 Housing Allocations	 Follow-up activity relating to work performed in 26-27
<ul style="list-style-type: none"> <li>Cost of Living Crisis</li> </ul>	 Ad-hoc Risk/Control support (energy support grants)	 Discretionary Housing Payments	 Follow-up activity relating to work performed in 24-25	 Homelessness Services	 Follow-up activity relating to work performed in 26-27
<ul style="list-style-type: none"> <li>Increase in Dedicated Schools Grant High Needs Block (HNB) Deficit</li> </ul>	 DSG High Needs Block	 Follow-up activity relating to work performed in 23-24	No audit activity planned for 2025-26.	 Dedicated Schools Grant (DSG)	 Follow-up activity relating to work performed in 26-27
<ul style="list-style-type: none"> <li>Risk to Community Cohesion</li> </ul>	n/a – new risk introduced in 2024.	n/a – new risk introduced in 2024.	No direct assurance work	<i>TBD – subject to outcomes of rolling risk assessment.</i>	
<ul style="list-style-type: none"> <li>Climate &amp; Ecological Emergency Mitigation, Adaptation and Resilience</li> </ul>	 Risk Advice/support provided	 Risk Advice/support provided	Review has been included under section 2 of the plan – to be completed subject to rolling risk assessment.	<i>TBD – subject to outcomes of rolling risk assessment.</i>	
<ul style="list-style-type: none"> <li>Cyber Attacks</li> </ul>	 Cyber Maturity Assessment Cyber 3 <sup>rd</sup> Parties IT Application (NEC)	 STS Procurement STS Project Management 2023-24 Follow-up work	 2x Audits TBD. 2024-25 Follow-up work	 Annual assurance provided due to level of associated risks.	
<ul style="list-style-type: none"> <li>Financial Resilience and Sustainability</li> </ul>	 Annual KFS Work Financial Strategy / Capital Programme follow-up	 Annual KFS Work Financial Resilience / Sustainability	 Annual KFS Work Follow-up activity relating to work performed in 24-25	 Annual KFS Work Annual assurance due to associated level of risks.	

<ul style="list-style-type: none"> <li>▪ <b>Serious child protection incident or wider safeguarding concern</b></li> </ul>	 NRPF	 Follow-up activity relating to work performed in 23-24	 Children Safeguarding review as per core assurance plan.	 Follow-up activity relating to work performed in 25-26	<i>TBD – subject to outcomes of rolling risk assessment.</i>
<ul style="list-style-type: none"> <li>▪ <b>Recruitment and Retention</b></li> </ul>	No direct assurance work	 Recruitment and Vetting.	 Follow-up activity relating to work performed in 24-25 Contractors/Temporary Workers	<i>TBD – subject to outcomes of rolling risk assessment.</i>	
<ul style="list-style-type: none"> <li>▪ <b>Emergency Preparedness, Response and Recovery</b></li> </ul>	n/a – new risk introduced in 2024.	n/a – new risk introduced in 2024. <i>(Independent assurance provided via external assessment)</i>	<i>No audit activity planned for 2025-26.</i>	 A resilience theme will be assessed across all audit areas.	
<ul style="list-style-type: none"> <li>▪ <b>Safeguarding Incident - Adults</b></li> </ul>	 Direct Payments	 Follow-up activity relating to work performed in 23-24	No direct assurance work (Assurance provided via CQC and external review by third party)	 Adults Safeguarding	 Follow-up activity relating to work
<ul style="list-style-type: none"> <li>▪ <b>Non-Compliance with Statutory Housing Duties</b></li> </ul>	 Housing Compliance (Fire Risk) TMO reviews HMO Licensing	 Social Housing (Regulation) Act – inspection preparedness	 Follow-up activity relating to work performed in 24-25	 Annual assurance provided due to level of associated risks.	
<ul style="list-style-type: none"> <li>▪ <b>Contract Management</b></li> </ul>	 Contract Management follow up	 Procurement	 Follow-up activity relating to work performed in 24-25	 Public Health Contract Performance Management	 Follow-up activity relating to work performed in 26-27
<ul style="list-style-type: none"> <li>▪ <b>Artificial Intelligence</b></li> </ul>	n/a – new risk introduced in 2026		 AI Governance	 Follow-up activity relating to work performed in 25-26	

## F. Assurance Ratings

The following assurance ratings and opinions will be applied across all *assurance* reviews carried out in 2024-25 (assurance ratings/opinions are not provided for consultancy and advisory work). These opinions will be based on the number of critical, high and medium priority risks identified in the report.

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 Medium priority recommendations indicating weaknesses but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.
<b>Limited Assurance</b>	There are a number of 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 High recommendations indicating significant failings. Any High 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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# Internal Audit Strategy 2024-2027

*Year 2 Review*

*March 2026*

## A. Introduction

In accordance with the Global Internal Audit Standards the Chief Audit Executive (Head of Internal Audit) must develop and implement a strategy for the internal audit function that:

- a) includes a vision, strategic objectives and supporting initiatives for the internal audit function;
- b) supports the strategic objectives and success of the organisation;
- c) aligns with the expectations of the 'Board', senior management and other key stakeholders; and
- d) is reviewed periodically.

The **Internal Audit Strategy 2024-2027**, agreed by Council Management Team (CMT) and the Audit and Standards Advisory Committee in March 2024 (see [here](#)), set out the four strategic objectives and priorities shown below. These are underpinned by a **vision** to “become an established trusted advisor and strategic partner to senior management, providing independent and objective assurance, insight and challenge that contributes to informed decision-making, improved governance, and enhanced organisational performance”.

### **1. To adopt a more agile and enhanced risk-based approach to planning and delivery.**

We will implement and embed an enhanced risk-based approach to audit planning and delivery that identifies and prioritises key risks that the Council faces and ensures audit resources are allocated efficiently and effectively to areas with the highest assurance need. To aid this approach, we will also make better use of data, information and technology to drive and inform the work of internal audit.

### **2. To provide an ongoing and robust programme of core assurance.**

In developing an enhanced risk-based approach, we are also conscious of striking the right balance between being responsive to the changing needs and risks of the Council, whilst also continuing to provide a continuous cycle of assurance over the Council's core systems and processes. We will therefore develop a comprehensive programme of assurance over core and key areas to provide a balanced perspective and to prevent our work from being solely focussed on short-term issues. This will involve conducting regular audits of critical process, systems and controls on a cyclical basis.

### **3. To offer and provide high-quality insight, foresight and advice.**

We will seek to maximise our value-added by undertaking work beyond traditional assurance activities, such as advisory reviews, control/process optimisation exercises, identifying and reporting on emerging trends, risks and issues, and aiding the Council's change programme through carefully considered risk versus control advice.

### **4. To lead and coordinate the implementation of an integrated assurance framework.**

We will take the lead in developing an integrated assurance framework/model, including the championing, mapping and coordinating of other sources of assurance from across the Council to enable a more joined-up, informative approach to reporting and to ensure any gaps or overlaps are managed.

This document sets out progress towards these objectives, and supporting initiatives, at the end of Year 2.

## B. Background

The Head of Internal Audit is responsible for leading and managing the Council's Internal Audit function in accordance with the Internal Audit Charter and relevant professional internal audit standards. This responsibility includes developing and implementing a strategy for internal audit that supports the strategic objectives and priorities of the Council and aligns with the expectations of the CMT, senior management, the Audit and Standards Advisory Committee and other key stakeholders.

### Role of Internal Audit

Our principle role is to contribute to the overall success of the Council by bringing a systemic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and control processes throughout the Council. This is primarily achieved through providing independent, risk-based and objective assurance and advisory services. We also play a key role in enhancing the Council's ability to serve its residents and the public interest by providing assurance on matters such as operational efficiency, reliability of reporting, compliance with laws and regulations, safeguarding of assets, and ethical culture.

### Core Values and Principles

We are committed to providing a *high quality, professional and customer-focussed* service that ensures the function remains a trusted source of assurance, advice, insight and foresight across the Council. The core values and principles shown in the diagram (right) underpin the delivery of all aspects of internal audit work:

### Objectives of the Strategy

The Internal Audit Strategy has been prepared to cover the period 1 April 2024 to 31 March 2027 and sets out the operating model for delivering an effective Internal Audit function that:

1. Provides assurance to CMT, senior management, the Audit and Standards Advisory Committee and other key stakeholders that the Council has effective arrangements in place to deliver its strategic objectives and manage key risks;
2. Meets the statutory responsibility to arrange for the continuous, independent internal audit of the Council;
3. Meets the requirements of professional internal audit standards for the Head of Internal Audit to deliver an annual opinion on the Council's arrangements for governance, risk management and control; and
4. Maximises the use and deployment of resources.



## C. Review of Strategic Objectives – Year 2

The following table provides an assessment against each of the four objectives as at the end of Year 2.

Objective 1: To adopt a more agile and enhanced risk-based approach to planning and delivery.			
Rationale	What we agreed to do	Year 2 Assessment	What we have done so far
<p>We have historically prepared an annual risk-based audit plan that set out a list of prescribed audit work across a 12-month period. Whilst these plans were never inflexible, they generally remained unchanged throughout the course of the year and our success and performance was largely judged upon how much of this plan we completed. Due to the environment in which the Council is now operating in, this approach no longer feels fit for purpose and we must therefore change and adapt accordingly.</p> <p>To this end, we will implement and embed an enhanced risk-based approach to audit planning and delivery that identifies and prioritises the key risks that the Council is facing and ensures audit resources are allocated efficiently and effectively to areas with the greatest assurance need. This move is in-keeping with the new Global Internal Audit Standards that will come into force in 2025, which require the Head of Internal Audit to frequently review and update the internal audit plan as necessary. Clearly, a key part in implementing this new approach will be making the better use of data, information and technology.</p>	<ul style="list-style-type: none"> <li>• Implement a more agile, fluid and risk-based approach to audit planning and delivery.</li> <li>• Review, revise and update our programme of work at regular intervals throughout the year to respond to changing risks and priorities.</li> <li>• Make better use of data, information and technology to develop a rolling risk assessment.</li> </ul>	<p><b>On Track</b></p>	<p>The agile, risk-based planning model continues to work effectively and has enabled the function to remain responsive to emerging risks and issues, while still maintaining a cyclical approach to 'core assurance'. This balance between thematic/emerging risks and inherently high-risk core areas remains a strength of the model and continues to receive positive feedback from External Audit.</p> <p>The risk-based plan has been reviewed, updated and re-prioritised at regular intervals throughout the year. Although this still requires professional judgement from the Head of Internal Audit and the Audit Manager, the process is now supported by enhanced use of data, information and technology.</p> <p>In particular, Co-pilot has been introduced to support the rolling risk assessment by:</p> <ul style="list-style-type: none"> <li>• analysing information from previous audit coverage and assurance outcomes;</li> <li>• assessing inherent risk indicators and identifying areas of elevated exposure;</li> <li>• horizon-scanning for sector-wide changes, including legislative, regulatory and policy developments; and</li> </ul>

		<ul style="list-style-type: none"> <li>supporting the synthesis of multiple data sources into more consistent and evidence-based risk insights.</li> </ul> <p>The Internal Audit function is continuing to explore further digital and AI-enabled solutions to automate elements of risk monitoring and enable more seamless, real-time integration of relevant risk intelligence into the planning process.</p>
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**Objective 2:  
To provide an ongoing and robust programme of core assurance.**

<b>Rationale</b>	<b>What we agreed to do</b>	<b>Year 2 Assessment</b>	<b>What we have done so far</b>
<p>In view of the 1<sup>st</sup> objective above, we are also conscious of striking the correct balance between being responsive to the changing needs and risks of the Council, whilst continuing to provide a robust programme of assurance over the Council's core systems and processes.</p> <p>We will therefore develop and deliver a comprehensive programme of assurance over the Council's core and key controls that ensures that, irrespective of changing priorities and risks, we continue to deliver timely assurance over the fundamental elements of the Council's governance, risk management and internal control framework.</p> <p>Whilst this will mean we continue to focus on more 'traditional' audit areas, we feel this is necessary to ensure that the Council continues to 'do the basics right'. This work also remains a crucial source of assurance to the S151 Officer, the Head of Internal Audit's annual opinion, and the Audit and Standards</p>	<ul style="list-style-type: none"> <li>Identify the core systems and processes that will be scheduled for coverage on a periodic and cyclical basis, rather than a pure risk basis, with all scheduled to be covered at least once during the duration of this strategy.</li> <li>Ensure that outcomes, including follow-up outcomes, are reported and communicated to all stakeholders in a clear and joined-up way.</li> </ul>	<p><b>On Track</b></p>	<p>We have identified the Council's core/key systems and controls (c25 separate areas) and prepared a three-year cyclical plan, where each area will be reviewed on a periodic basis, as opposed to pure risk basis. The following core assurance reviews have been /are being undertaken in 2025-26:</p> <ol style="list-style-type: none"> <li>1. Recruitment (Vetting, Starters)</li> <li>2. Health and Safety (Compliance)</li> <li>3. IT STS Procurement</li> <li>4. Treasury Management</li> <li>5. VAT</li> <li>6. Assets and Valuations</li> <li>7. Capital Expenditure</li> <li>8. Income and Debt Management</li> <li>9. Council Tax &amp; Business Rates</li> <li>10. Budgetary Control</li> <li>11. Cyber Assurance Mapping</li> <li>12. STS Asset Management</li> </ol>

<p>Committee's review and approval of the Annual Governance Statement.</p>			<p><b>13. IT Application (Oracle)</b></p> <p>In addition, a programme of follow-up work has been undertaken across several core and key financial system areas. This has included follow-up activity relating to General Ledger, Treasury Management, Insurance, VAT, STS Procurement, STS Project Management, IT Application (Mosaic), Recruitment (Vetting), True Compliance, Health and Safety Compliance, Procurement, and Performance Management. These follow-ups have supported continued oversight of the Council's core financial, ICT and inherent risk areas, helping to confirm the extent to which previously agreed improvements have now been embedded. Separating the internal audit plan into core assurance and agile/risk based sections has helped to ensure that we continue to strike the right balance between being responsive to changing needs and risks of the Council, while (as evidenced above) continuing to provide a robust programme of assurance over the Council's core systems and processes.</p> <p><u>Follow-up Outcomes</u></p> <p>We have continued to make enhancements to the reporting of follow-ups, with a particular focus on overdue actions. The implementation rate of audit actions within original target dates has improved compared to the prior year and performance for high-risk actions has also strengthened. While this represents a positive year-on-year improvement, further effort across the Council remains necessary to ensure timely and consistent implementation of agreed actions, particularly those assessed as higher risk.</p> <p>Progress in relation to implementation of audit actions is reported routinely to DLT/DMTs, CMT and the Brent Assurance Board, and periodically to the Audit and Standards Advisory Committee. Presentations have also been made at Senior Leadership Team and</p>
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			<p>Senior Managers Group meetings, with endorsement from the Chief Executive, to improve the rate of implementation. A clear directive has been set by the Chief Executive for Directors to attend CMT and Audit and Standards Advisory Committee where there is persistent non-implementation.</p> <p>During 2025–26 we have also sought to streamline and modernise our follow-up process. The team has introduced automated reminders for action owners using SharePoint and Microsoft Lists, ensuring services are notified in advance of target dates and reducing the administrative burden previously required from Internal Audit. While this automation has improved visibility and timeliness, Internal Audit continues to provide essential coordination, quality checks and formal sign-off to ensure that evidence of implementation is robust, complete and aligned with expectations. This forms part of our wider effort to improve the efficiency of the follow-up process and to support a stronger culture of timely action completion across the Council.</p> <p>In summary, while the rate of implementation continues to require improvement across the Council, clear progress has been made in the highlighting and reporting of actions.</p>
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**Objective 3:  
To offer and provide high-quality insight, foresight and advice**

Rationale	What we agreed to do	Year 2 Assessment	What we have done so far
<p>An important part of our role has always been the provision of consultancy and advisory work; however, this has often been seen as a secondary role and an 'add-on' to our traditional assurance related work. It is our view that our consultancy and advisory offer is as equally important as our assurance work, particularly in the unstable and fast-changing environment that we currently operate within – and in our ambition to become an established and trusted advisor. We will therefore seek to maximise our value-added by undertaking additional work beyond traditional assurance activities, such as advisory reviews, control/process optimisation exercises, identifying and reporting on emerging trends, risks and issues, and aiding and supporting the Council's change programme through carefully considered risk versus control evaluations.</p> <p>In undertaking this advisory and consultancy work, it will also help us to remain at the forefront of the Council's strategic direction and the issues it is facing – which in-turn, will benefit our agile and risk-based planning.</p>	<ul style="list-style-type: none"> <li>• Be more proactive and engaging to promote our consultancy and advisory services.</li> <li>• Ensure our involvement in significant and key transformation and key change initiatives.</li> <li>• Improve reporting of consultancy/advisory work to the Audit and Standards Advisory Committee (in advance where possible).</li> <li>• Utilise our relationships with other Councils and external partners to provide increased opportunity for benchmarking and cross-council learning.</li> </ul>	<p><b>On Track</b></p>	<p>During 2025/26, Internal Audit has continued to strengthen and broaden its consultancy, insight and advisory contribution, reflecting our ambition to act as a trusted advisor and strategic partner across the Council.</p> <p>Internal Audit maintains a strong, visible and proactive profile. The Deputy Director for Organisational Assurance and Resilience (Head of Internal Audit) continues to sit on the Budget Assurance Panel and the Senior Responsible Officer Delivery Board for the Council's Embrace Change Programme, enabling real-time advice, challenge and support across several major transformation initiatives. In addition, the Head of Internal Audit now represents the function on the Housing &amp; Tenant Satisfaction Improvement Programme (HTSIP) Board, ensuring early visibility of key issues arising from the new social housing regulatory requirements and supporting improvements in housing compliance, assurance and resident experience.</p> <p>Requests from senior management for consultancy and advisory input remains high. The team regularly provides targeted advice on emerging issues, control design, risk mitigation and process optimisation. To support more consistent documentation and reporting of this advisory activity, the Internal Audit Advice Note template is now embedded and used both reactively (in response to management requests) and proactively where Internal Audit identifies opportunities for early intervention.</p> <p>To supplement in-house capability, the function continues to utilise its co-sourced partner to secure access to specialist insight, particularly in relation to</p>

		<p>complex or sector-specific challenges. In 2025/26 this has included areas such as housing regulatory readiness, financial sustainability, cyber resilience and ICT governance.</p> <p>Internal Audit has also strengthened its engagement with peers across the local government sector. The function is now an active member of both the Local Authority Chief Auditors Network (LACAN) and the London Audit Group (LAG), providing significant opportunities for shared learning, benchmarking and emerging-risk intelligence. Participation in the LACAN End-of-Year Benchmarking exercise has enhanced our comparative insight into audit coverage, resourcing, productivity and thematic areas of concern across the sector, and these findings will help shape Brent's priorities for 2026/27.</p> <p>Looking ahead, Internal Audit will continue to maximise collaboration with peers within both networks, identifying opportunities for cross-council work, joint approaches and shared assurance where appropriate.</p>
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<b>Objective 4: To lead and coordinate the implementation of an integrated assurance framework.</b>			
<b>Rationale</b>	<b>What we agreed to do</b>	<b>Year 2 Assessment</b>	<b>What we have done so far</b>
<p>In view of the increasing number of risks faced by the Council, it is more important than ever that timely, reliable and robust assurance is provided and received over how the Council is performing, delivering on its duties, and fulfilling its commitments made to residents. However, as acknowledged in the sections above, for a number of reasons including resourcing</p>	<ul style="list-style-type: none"> <li>• We will take the lead in developing an integrated assurance framework/model, including the mapping and coordinating of other sources of assurance from across the Council to ensure any gaps or overlaps are managed.</li> <li>• Develop a more joined-up, informative approach to reporting</li> </ul>	<p><b>Off Track, but recoverable</b></p>	<p>Progress against this objective has been slower than originally anticipated; however, meaningful steps have now been taken to lay the foundations of a more coordinated and integrated assurance framework.</p> <p>Internal Audit has continued to align its work closely with the Council's strategic objectives and risk profile, including facilitating updates to both the Strategic Risk Register and</p>

<p>constraints, it is not possible for internal audit to provide assurance across all areas of risk.</p> <p>Whilst Internal Audit is unique in that it provides independent and objective assurance – it is not the only source of assurance within the Council. There is also a wide range of additional assurance available that is provided as a matter of course across the Council, both operationally but also functionally to senior management, Boards and Committees. We will therefore leverage our unique position within the Council to champion and coordinate the development of a coordinated and integrated assurance framework that makes the link between the Council's objectives, risks and assurance outcomes.</p>	<p>assurance to senior management and the Audit and Standards Advisory Committee.</p> <ul style="list-style-type: none"> <li>• Work more closely with other assurance providers to share resources, information and intelligence.</li> </ul>	<p>Directorate Risk Registers, ensuring these remain current and are embedded within audit planning. This has enhanced the connection between strategic risk and assurance coverage.</p> <p>A significant area of progress has been in relation to Housing Fire Risk Assessments (FRAs). Between 2024 and 2026, Internal Audit undertook a series of reviews across multiple lines of defence; including FRA compliance, the True Compliance system, follow-up verification work, and a review of the external Caldiston Safety Consultants' programme, culminating in the February 2026 Management Letter. This work has brought together operational teams, contractors, external specialists and governance functions to form a more connected assurance picture across one of the Council's highest-risk areas. Internal Audit also reviewed the draft Five-Year Assurance Programme for Housing Compliance, providing professional observations to strengthen clarity, completeness and the avoidance of overlap.</p> <p>More broadly, Internal Audit continues to coordinate with other assurance providers to avoid duplication and ensure issues are escalated appropriately. Although progress in establishing a Council-wide framework has been limited due to capacity constraints in 2025–26, this groundwork has strengthened collaboration with services such as Housing, IT, Health &amp; Safety and external contractors, and has highlighted the practical value of a more joined-up assurance model.</p> <p>Building on this foundation, the Corporate Management Team has now endorsed the introduction of an Integrated Assurance</p>
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		<p>Model, which will be piloted during 2026–27. Under this approach, the Organisational Assurance and Resilience department will coordinate assurance activity across Internal Audit, Counter Fraud &amp; Investigations, Health &amp; Safety, Emergency Planning &amp; Resilience and Insurance, enabling a more coherent and organisation-wide view of risks, controls and governance.</p> <p>While a fully developed integrated assurance framework has not yet been delivered, the progress made in 2025/26; particularly through the FRA assurance work and the movement toward piloting the Integrated Assurance Model; provides a clear and recoverable pathway for achieving this objective within the timeframe of the strategy.</p>
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## D. Continued Delivery of the Strategy

## Annual Planning

A key vehicle for delivering upon all of the objectives will continue to be the development and implementation of an annual plan and programme of work in consultation with CMT and the Audit and Standards Advisory Committee. Following the success of 2024-25 and 2025-26, we will continue to adopt a more flexible approach to planning and delivery to ensure our work is responsive to changing risks and challenges, while also retaining the necessary core assurance work. To that end, our work will continue to be presented in the following form:

- 1) **Core assurance work** - the core/key systems and processes that will be subject to an internal audit review in each respective financial year, including proposed timescales and an indicative scope.
- 2) **Risk-based assurance work** – this work will continue to be a significant element of how we deliver the strategy and provide the flexibility and responsiveness that the Council requires to ensure audit coverage keeps pace with the changing needs and risks of the organisation. This part of the plan will be determined via several methods, including a rolling risk assessment, assurance mapping against strategic and key inherent risks, horizon-scanning to identify new/emerging areas of risk, and ongoing consultation with senior management. Under this part of the plan, at the beginning of each financial year we will continue to produce a list of anticipated and potential audit areas, alongside a supporting scope and/or rationale for inclusion. However, the plan will be reviewed, updated and re-prioritised as appropriate by the Head of Internal Audit.
- 3) **Advisory and consultancy work** – this work is often reactive to requests from senior management, and therefore we will retain a portion of time each year to accommodate these (circa 15%).
- 4) **Follow-up Activities** – we will continue with our established follow-up process, tracking actions through to confirmed implementation, to provide confirmation that improvements in the Council’s governance, risk management and control have been embedded.

## Ensuring Quality and Value for Money

Operationally, we continue to operate within defined quality standards for the planning, execution and reporting of all internal audit work. Our reports and outputs continue to be balanced, clear, concise, and constructive, and provide an independent and objective assessment and opinion on the effectiveness and efficiency of controls. We also continue make recommendations, where necessary, to highlight areas for improvement and to provide insight and share best practice.

We also continue to provide regular reports to senior management, Brent Assurance Board, CMT and the Audit and Standards Advisory Committee to provide assurance over how well Council risks are being managed, and the adequacy, effectiveness and efficiency of the Council’s governance and internal control framework. The Head of Internal Audit will also continue to provide a statutory Annual Internal Audit Opinion to those charged with governance, timed to support the approval of the Council’s Annual Governance Statement.

The successful delivery of this strategy relies on the effective deployment of the collective skills, abilities and resources of the Internal Audit function. To this end, we continue to operate a co-sourced model whereby the in-house team is complemented using an external contractor (PwC). This delivery model provides a number of benefits, including an in-depth understanding of Brent specific issues via the in-house team; increased flexibility, capacity and operational resilience; and access to specialist assurance and advisory services.

## Risks and Opportunities

To support the development of the strategy and to assist with identifying further opportunities for improvement, a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis was completed.

In addition, we continue to identify, assess and manage risks that may threaten the achievement of our objectives via our service-level risk register.

## Measuring Success

The continuous monitoring and evaluation of our work remains essential to ensure that we remain aligned with the Council's strategic objectives, deliver value to stakeholders, and operate with optimal levels of efficiency and effectiveness. We continue to operate the following Key Performance Indicators to measure performance, which are reported bi-annually to CMT and the Audit and Standards Advisory Committee.

<b>Strengths</b> → Skilled and experienced team. → Robust processes and ways of working. → Positive EQA assessment. → Well positioned within the organisation. → Good profile and reputation. → Access to specialisms.	<b>Weaknesses</b> → Recruitment and retention of staff. → Limited resources / capacity. → Timeliness and promptness of reporting. → Limited use of data/technology.
<b>SWOT Analysis</b>	
<b>Opportunities</b> → To capitalise on emerging technology. → Increasing demand and scope for Internal Audit. → To make key contributions to the change programme. → New Global Internal Audit Standards.	<b>Threats</b> → Demand exceeds supply. → Over-reliance on Internal Audit. → Competing/ conflicting demands and priorities. → Significant governance /control/ fraud issue.

<b>Planning &amp; Coverage</b> ✓ % of Core Assurance Plan completed across the 3-year cycle <i>(target 100%)</i> ✓ % of strategic risks/ key inherent risks covered across 3-year cycle <i>(target 100%)</i> <b>Delivery</b> ✓ Timeliness in raising issues with Management - end of fieldwork to draft report <10 working days. ✓ % of acceptance to audit recommendations <i>(target 100%)</i> ✓ Number of requests for consultancy/advisory services	<b>Follow-up</b> ✓ % of Critical and High-risk actions followed-up within 1 month of due date <i>(target 100%)</i> ✓ % of audit actions implemented within original timescales <i>(target 75%)</i> <b>Quality</b> ✓ % of audit satisfaction surveys rated as 'good or better' <i>(target 100%)</i> ✓ Conformance to the Public Sector Internal Audit Standards
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The critical success factor to any Internal Audit function is in how it adds value to an organisation. To this end, the table to the right lists the key/high risk audits performed by Internal Audit over the past three financial years. In summary:

- **112** audits have been completed.

- **32** audits of **key financial systems** and/or areas of key **financial management** have been undertaken.
- **16** audits relating to **cyber** and **ICT** risk have been undertaken
- **18** audits relating to **housing** risks have been undertaken

In addition to the KPIs listed above, we also continue to seek to measure our performance by obtaining regular and formal feedback from Senior Management (including the Chief Executive and S151 Officer) and the Audit and Standards Advisory Committee; and highlighting areas and occasions where the work of internal audit has led to significant improvements (i.e. through improved processes and controls); and highlight areas and occasions where the work of internal audit has led to significant savings or income generation.

## **E. Summary and Next Steps**

In summary, good progress has been made in Year 2 towards achieving the objectives and priorities set out within the strategy. While limited progress has been made towards developing and implementing an integrated assurance framework for the Council, it is anticipated that this work will accelerate in 2026-27.

No amendments or revisions are necessary to the objectives or priorities set out within the strategy and these continue to be relevant and fit for purpose to lead and drive continuous improvement.

Progress towards achieving and delivering upon the strategy will continue to be reported annually to CMT and the Audit and Standards Advisory Committee.

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# London Borough of Brent

Audit progress report and sector updates

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March 2026

Agenda Item 12

# Agenda

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# Audit progress report

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# Introduction



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This paper provides the Audit & Standards Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a series of sector updates in respect of emerging issues which the Committee may wish to consider.

Members of the Audit & Standards Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

[Local government | Grant Thornton.](#)

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either Sophia or Sheena.

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# Progress as at March 2026 (1)

## Financial statements audit

We completed our external audit of your 2024-25 financial statements on 25 February 2026 following presentation of our Audit Findings Report at the 3 February 2026 Audit & Standards Committee meeting. On issuing the 2024-25 audit opinion we also finalised the Audit Findings Report and the Auditor's Annual Report. These final documents will be included in papers for the upcoming Audit & Standards Committee meeting on 24 March 2026.

We commenced planning and risk assessment procedures for the 2025-26 audit on 9 March 2026. In line with the timetable set out in the Appendix we will discuss the advanced testing schedule with management to support early progress ahead of the year-end audit.

New audit legislation introduces earlier backstop dates for publishing local authority accounts over the next three years. Our letter in the Appendix explains how we are preparing for the statutory deadline moving to 30 November. Specific time frames for the Council's 2025-26 audit will be confirmed in the 2025-26 Audit Plan.

## Value for money

In our 2024-25 Auditor's Annual Report, we reported two significant weaknesses under Financial Sustainability relating to medium-term financial planning and the development of a pipeline of recurrent savings and income-generation schemes. We also reported a significant weakness under Improving Economy, Efficiency and Effectiveness, following the Council's self-referral to the Regulator of Social Housing, and their finding in May 2025 that the Council failed to meet the Safety and Quality Standard in relation to accuracy and completion of fire safety data and housing repairs, highlighting compliance risks and potential cost increases.

We have completed our planning and risk assessment procedures for the 2025-26 VFM work. At this stage, we have assumed that the prior-year findings remain areas of significant weakness, and will set this out in the 2025-26 Audit Plan. We will revisit prior-year significant weaknesses and key recommendations in our 2025-26 work to assess progress and determine if further action is required.

As our work progresses, we will continue to monitor for any emerging issues. Should any potential significant weaknesses be identified, we will report these promptly to those charged with governance.

# Progress at March 2026 (2)

## Meetings

As part of our 2025-26 audit, we will meet regularly with the finance team as part of our audit liaison meetings.

We have recurring meetings with your Chief Executive and Corporate Director Finance and Resource. During these meetings we receive strategic finance updates, and we discuss the progress of the audit. These regular meetings ensure that issues are flagged and discussed early.

## Audit fees

PSAA published their scale fees for 2025-26: [Auditor-Directory-for-Website-2025-2026-as-at-11-02-2026.xlsx](#)

For the London Borough of Brent, these fees are £560,500 for the Council's audit. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

## Events

We recently held a webinar for members of audit committees on 10 February 2026, to discuss best next steps to take "After the Backstop". A recording for the webinar can be found here: [After the Backstop | Grant Thornton](#).

We also held two Local Government Accounts webinars for preparers of accounts on 5 and 11 February 2026, where we discussed a range of topics for preparing the 2025-26 statement of account.

# Audit deliverables

Below are some of the audit deliverables planned for 2025-26

2025-26 Deliverables	Planned date	Status
<p><b>Audit Plan</b></p> <p>We are required to issue a detailed audit plan to the Audit &amp; Standards Committee setting out our proposed approach to giving an opinion on the Council's 2025-26 financial statements.</p>	<p>Agreement with mgmt. in April 2026 Present to ASC in June 2026</p>	<p>In progress</p>
<p><b>Audit Findings Report</b></p> <p>The Audit Findings Report will be reported to the Audit &amp; Standards Committee.</p>	<p>November 2026</p>	<p>Not yet due</p>
<p><b>Auditor's Report</b></p> <p>This includes the opinion on your financial statements.</p>	<p>November 2026</p>	<p>Not yet due</p>
<p><b>Auditor's Annual Report</b></p> <p>This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.</p>	<p>November 2026</p>	<p>Not yet due</p>

The Appendix provides an update on expected audit timeframes from 2026 onwards.

# Sector updates

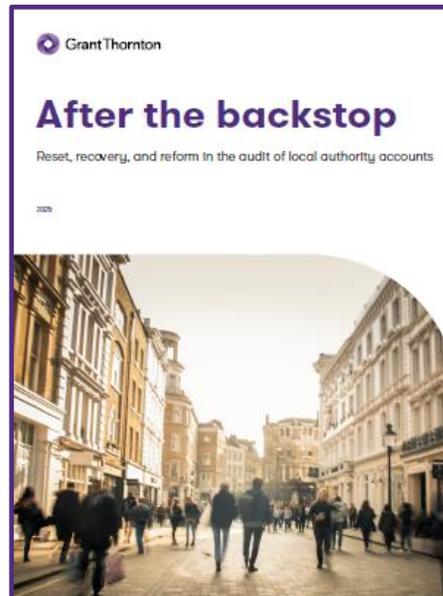
# After the Backstop:

## Reset, recovery and reform in the audit of local authority accounts

Our latest thought leadership report ‘After the Backstop: Reset, recovery and reform in the audit of local authority accounts’ was published in December 2025.

In this report we explored the development and implementation of a ‘reset’ of the local audit system, the immediate and longer-term consequences of the ‘backstop’ before turning attention to the reform of the system, the challenges involved in returning to widespread and sustainable compliance with audit reporting timeframes and what, in our view, is needed next. We also set out a series of recommendations for the Local Audit Office, the UK Government, local bodies, Audit Committees, and auditors.

The full report is available here: [Local audit reset: What comes after the backstop? | Grant Thornton](#)



Gareth Davies, Head of the National Audit Office, informed Parliament [in a keynote speech on 10th February 2026](#) that the use of disclaimed audit opinions to meet backstop dates, coming after years of backlogs in the accounts, means that *“we have no independent assurance about how local government spent billions of pounds of public money”*.

By coincidence, we were joined at a webinar by some 140 local government finance professionals and audit committee members on the same day to discuss reset, recovery and reform in the local audit market. Insight from the discussion can be found here: [After the Backstop | Grant Thornton](#).

Key recommendations to audit committees are:

- ❖ Recruit independent members with appropriate skills and experience.
- ❖ Hold management and auditors to account.
- ❖ Report to full Council on an annual basis with their assessment of the accounts preparation and audit process.

# CIPFA Code changes to the accounting for non-investment assets

## Changes introduced in the 2025/26 Code:

The 2025/26 CIPFA Code introduces substantial changes arising from the HM Treasury Thematic Review on Non-investment assets, and the requirement to keep the valuations of certain assets up to date:

- ❖ The introduction of a valuation expedient requiring valuations once every five years or on a five-year rolling basis, in each case supported by indexation in intervening years; and
- ❖ The Code requires the use of the best available indices and, where no index is available, a desktop valuation is undertaken in year three.

The following asset classes are affected by the change:

- ❖ Other land and buildings;
- ❖ Vehicles, plant, furniture and equipment (where carried at current value);
- ❖ Surplus assets; and
- ❖ Right of use assets measured at current value

Assets which are not in scope of the changes include council dwellings; vehicles; plant and equipment carried at depreciated historical cost as a proxy for current value; infrastructure; assets under construction; heritage assets; assets held for sale; intangible assets; and community assets carried at cost.

## Why indexation is important:

Indexation is a new requirement in the Code, intended to provide a reasonable estimate of how market values have changed, rather than an exact valuation. A range of indices are available, and authorities will need to exercise and be prepared to explain their judgements on which indices are the most appropriate to apply across their asset base. Authorities may apply indexation to 31 March 2025 carrying values, providing the assumption that existing carrying values are true and fair is valid. Where valuations are required, they must be undertaken at least once every five-years or when there are indicators of impairment.

## Audit committees can help by asking:

- ❖ Have we sought advice from an expert valuer on which indices are most appropriate for our various assets within scope of indexation?
- ❖ Have we documented our rationale regarding why we select/reject or deem there to be no indices?
- ❖ How has indexation been calculated/applied in underlying records/ asset systems?
- ❖ Have we ensured that asset records distinguish between revaluation versus indexation, so that we have a clear record of when valuations are due and when valuations were last carried out?

# Public Sector Finance Leaders' Barometer

Audit committees can obtain new analysis of the issues public sector finance leaders most prioritise, and how it might affect their organisation, here:

[The Public Sector Finance Leaders' Barometer | Grant Thornton](#)

## Background

Grant Thornton's 2026 Public Sector Finance Leaders' Barometer draws on the views of 100 s151 officers across local government in England to identify the top three strategic priorities, operational pressures and in-demand skills for public sector finance this year.

94% of those interviewed were confident that their medium-term financial strategies will hold, but there was consensus that the biggest risks those strategies face are largely outside the s151 officer's control:

- Growth in demand for statutory services
- Unfunded policy changes
- Failure to deliver change programmes.

These risks highlight the need for better demand modelling, earlier horizon scanning, and disciplined delivery of change programmes. However, workforce shortages, recruitment challenges, and increasing complexity, mean there's simply not enough capacity to deliver transformation at the required pace.



**Interviews with 100 s151 officers identified for 2026:**

**The top three strategic priorities are:**

- ❖ Digital transformation
- ❖ Talent attraction and retention
- ❖ Regulatory compliance

**The top three top operational pressures are:**

- ❖ Rising operating costs
- ❖ Complexity of regulation
- ❖ Workforce and skills shortages

**The top three most in-demand skills are:**

- ❖ Technical accounting
- ❖ Data analytics and business intelligence
- ❖ Change management

# Finance Settlement 2026/27 to 2028/29

The Government published the final Local Government finance settlement for 2026/27 to 2028/29, valued at some £78 billion, on 9 February 2026. We note that:

- ❖ This was the first multi-year settlement for a decade, helping to create certainty for financial planning.
- ❖ Councils will have up to 90% of their historic SEND-related deficit balances as at 31st March 2026 covered by a new grant.
- ❖ Some councils impacted by historic funding cuts will receive targeted investment through a £440 million Recovery Grant uplift, aimed at increasing spend on street cleaning, pot-hole repair and services.
- ❖ There is an extra £272 million homelessness funding to invest in Homelessness, Rough Sleeping and Domestic Abuse Grant; an additional £50 million to help Councils implement the Renter's Rights Act; and an additional £39.6 billion for mayoral capacity.
- ❖ Seven councils have been granted permission for flexibility to raise council tax over the referendum limit.

[Key information table for local authorities: final local government finance settlement 2026 to 2027 - GOV.UK](#)

**There are important aspects to be aware of:**

- ❖ Although all local councils with a SEND deficit will be eligible to receive the new grant funding, they will need to secure approval of a SEND local reform plan first.
- ❖ Residual SEND deficits accrued by 31 March 2026 will only be covered by statutory override until 31 March 2028. Similarly, any new deficits incurred in 2026/27 and 2027/28 are only covered by statutory override until that date.
- ❖ The new Indices of Multiple Deprivation, have brought changes in the distribution of funds between areas – some areas will gain, but others will lose.
- ❖ The government has still had to approve [Exceptional Financial Support](#) for 35 local authorities.

# Local Outcomes Framework

Audit committees should seek to understand how their organisation is implementing reporting against new local government Outcomes:

The Government published a new Local Outcomes Framework on 9 February 2026, setting out 16 national priority outcomes that central government and local government will work together in partnership to deliver:

[Local Outcomes Framework: Priority outcomes and metrics - GOV.UK](#)

Using the Outcomes Framework will be a radical shift in the way that the performance of local government is assessed. We will see a shift from process-heavy form filling by councils for central government, to a clearer focus on what councils are actually achieving at local level.

Prominent sector commentators such as [Solace](#) and the [Local Government Association](#) have reacted very positively.

The Outcomes in turn are supported by metrics that will be populated from robust, well known national data sources such as the Office for National Statistics; Government Departments for areas such as Health and Social Care, Education, Transport, and Work and Pensions; the Ministry of Justice; and Sport England.

## New local government Outcomes:

- ❖ Housing Supply
- ❖ Housing quality and safety
- ❖ Homelessness and rough sleeping
- ❖ Multiple disadvantage
- ❖ Best start in life
- ❖ Every child achieving and thriving
- ❖ Keeping children safe (children's social care)
- ❖ Health and wellbeing
- ❖ Adult social care – quality
- ❖ Adult social care – independence, choice and control
- ❖ Adult social care - neighbourhood health / integration
- ❖ Neighbourhoods
- ❖ Environment, circular economy and climate change
- ❖ Transport and local infrastructure
- ❖ Economic prosperity and regeneration – contextual outcome
- ❖ Child poverty

# The Crisis and Resilience Fund

- ❖ A new Crisis and Resilience Fund (CRF) will be introduced from 1 April 2026, replacing the Household Support Fund and providing a £1 billion annual government fund in England, until March 2029, to help low-income families if they suffer financial shock.
- ❖ Culturally, there will be a big difference between the new CRF and its predecessor, the Housing Support Fund (HSF). The CRF emphasises lasting support and resilience (into the long-term), while the HSF focused on immediate crisis response.
- ❖ The new CRF will have three main aims: Effective crisis support; improving the citizen's own financial resilience (ability to withstand financial shock); and bolstering local support networks in communities.

Updated guidance was provided by the Government on 21 January 2026 **Crisis and Resilience Fund: Guidance for local authorities in England (1 April 2026 to 31 March 2029) - GOV.UK.**



# Local government reorganisation and devolution update

## Latest developments

- ❖ **11 January 2026:** Consultation closed for four Devolution Priority Programme areas undergoing unitarisation. Decisions are expected in March 2026.
- ❖ **20 January 2026:** The English Devolution and Community Empowerment Bill moved to Committee stage.
- ❖ **5 February 2026:** New consultations were launched on local government reorganisation proposals for another 14 different areas across England. The consultations will run for seven weeks until Thursday 26th March 2026 and can be found here: [Local government reorganisation: Policy and programme updates - GOV.UK](#).
- ❖ **12 February 2026:** All areas in England without devolution can propose foundation strategic authority boundaries by 20th March 2026. [Written statements - Written questions, answers and statements - UK Parliament](#)

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- ❖ **12 February 2026:** Proposals for nine new foundation strategic authorities were announced at the same time as announcing new spatial development strategies [Areas for producing spatial development strategies - GOV.UK](#)
- ❖ **16 February 2026:** The Government confirmed that the local elections due in England on 7th May 2026 will go ahead for 30 councils where delays had previously been announced.

The [Institute for Government \(IFG\)](#) suggested in December 2025 that the government may have fundamentally misunderstood the scale of the local government reorganisation task it set itself.

Two Grant Thornton publications provide further information:

- ❖ [Navigating the future: The dual challenge of local Government reorganisation and devolution | Grant Thornton](#)
- ❖ [Dual delivery - How can areas successfully reorganise local government and implement devolution at the same time?](#)



# Unlocking land for housing

On 11 February 2026, the National Audit Office published a report that drew on interviews with 15 different local authorities about their experiences of working with the Ministry for Housing, Communities and Local Government (MHCLG) and Homes England to unlock land for housing delivery. Experiences to date show that:

❖ Unlocking land takes a long time. Since 2016/17, MHCLG has allocated £10.5 billion of funding to unlock land for housing. MHCLG expects that the money will have been spent by March 2034.

❖ It is uncertain how directly successful MHCLG interventions to unlock land so far have been. Previous funding provided capacity for building 713,000 new homes across England, but there is no direct record of how many new builds are directly attributable to that funding.

**With a new £21 billion scheme launching on 1 April 2026**, the NAO recommends that MHCLG works with local authority (and other) partners to:

- ❖ Agree an approach to performance measurement with delivery partners;
- ❖ Generate timely data on both progress of unlocking land and subsequent delivery of new homes on new projects and active legacy projects; and
- ❖ Put in place evaluation and monitoring arrangements that provide continuous timely evidence.

## Key facts

1.5 million - Number of homes to be built by the end of this parliament.

£16 billion – committed to the new National Housing Bank from 1 April 2026 for investment capital (£10.5 billion) and housing guarantees (£5.5 billion).

£5 billion – Grant Funding through the new housing delivery fund from 1 April 2026.

Findings from the National Audit Office: [Unlocking land for housing - NAO report](#)

# Successful legacy planning for major events



Just as UK and Ireland Ltd starts to ramp up work for the Euros 2028 to be based at nine different locations across our two countries, so Mayors and Local Government Leaders from the North of England delivered a [joint letter on 8 February 2026](#) (from the Great North to the government), calling for any future UK Olympic and Paralympic bid to be centred in the North of England. The letter highlighted the legacy benefits that can accrue for regions from major sporting events in terms of jobs, regeneration and transport links.

Successful legacies don't happen on their own though. They take careful planning to achieve.

The [International Olympics Committee's Strategic Approach to Legacy](#) has in the past emphasised:

- ❖ Embedding communication legacy objectives from the very start of the Olympics bid process;
- ❖ Developing strong partnerships to deliver the legacy; and
- ❖ Setting up effective governance for legacy measurement.

For economic legacy, [World Economic Forum](#) data published in February 2026 highlights the importance of strong and realistic forecasting.

In the North of England, it is clear that the sense of partnerships is already strong.

As the Leaders of Westmorland and Furness Council, and Cllr Mark Fryer, leader of Cumberland Council, both said:

“It is unlikely that stood alone any city or county (in the North) could have realistic hopes of pulling off such a major coup. But the combined ambition and offer of the authorities across the North of England is a far stronger proposition.”

# Audit committee resources

Commentary from Grant Thornton on recovering the accounts preparation and audit timetable:

[Local audit reset: What comes after the backstop? | Grant Thornton](#)

Latest guidance and learning from Grant Thornton on local government reorganisation and devolution:

[Navigating the future: The dual challenge of local Government reorganisation and devolution | Grant Thornton](#)

[Dual delivery - How can areas successfully reorganise local government and implement devolution at the same time?](#)

[Learning from the new unitary councils](#)

Grant Thornton learning on procurement and contract management:

[Local government procurement and contract management](#)

Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email [ami.beeton@local.gov.uk](mailto:ami.beeton@local.gov.uk) LGA Senior Adviser, for more information.

CIPFA Application Note: Global Internal Audit Standards in the UK Public Sector

[Global Internal Audit Standards in the UK Public Sector | CIPFA](#)

CIPFA Good Governance

[Delivering Good Governance in Local Government Addendum](#)

The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-ias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>

# Appendix

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# Appendix – Letter to S151 Officer from Grant Thornton on audit timeline for 2025-26 (1)

Ahead of us starting our work on your 2025-26 Accounts, we wanted to send you a letter to set out our plans for your audit timelines over the course of the next two years and what we will need from you as an Authority as part of these plans. As I am sure you are aware, on 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

For years ended 31 March 2025 by 27 February 2026

For years ended 31 March 2026 by 31 January 2027

For years ended 31 March 2027 by 30 November 2027

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

To be able to achieve the targets for the next two financial years, as a firm we are looking to put things in place to enable us to achieve the end of November 2027 deadline. To help make this achievable, we are going to undertake a dry run of finishing our work on the 2025-26 Accounts by the end of November 2026. On this basis, we would like you to assist with this process by firstly setting an audit committee date in advance of the end of November 2026, to enable us to sign off our opinion by that date. We would note that the NAO has already set a requirement that our Value for Money (VfM) work is completed by 30 November each year which has been set to align with the upcoming 30 November accounts deadline.

# Appendix – Letter to S151 Officer from Grant Thornton on audit timeline for 2025-26 (2)

In advance of that, we will start our work on your accounts from 16 June 2026. Whilst we recognise this is in advance of the formal deadline for you as a local authority to publish your accounts, we feel this is an important first step towards achieving end of November closure. From 15 June 2026, for a four-week period, we will undertake a suite of initial sample selection and testing, ahead of the start of your formal audit visit in Phase 1 of our local government audit work, which will start on 13 July 2026.

This plan should allow us as a firm to deliver all our 2025-26 local government audits by the end of November 2026, putting us in a strong position ahead of the backstop formally moving to 30 November 2027. We appreciate this will require a change on how both sides will need to work to make this a reality, but we are committed to making this happen. We will undertake early engagement with your finance team to clearly set out our expectations and understand what is needed to make a success of these plans. MHCLG has asked us as a firm to report by 31 July 2026, on a case-by-case basis, our assessment of the Authority's ability to both maintain, and where necessary rebuild assurance. Having a clear and agreed project plan to complete all financial statements and VfM work by 30 November 2026 is a key part of this assurance.



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# Audit Findings (ISA 260) Report for the London Borough of Brent

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Year ended 31 March 2025

February 2026



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25 February 2026

Dear Cllr Jumbo Chan

## Audit Findings for London Borough of Brent for the year ended 31 March 2025

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

### Chartered Accountants

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We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [Transparency-report-2024-.pdf \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2024-2025).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

**Sophia Brown**  
Key Audit Partner  
for Grant Thornton UK LLP

#### Chartered Accountants

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# 01 Headlines and status of the audit

# Headlines (1)

This page and the following summarises the key findings and other matters arising from the statutory audit of London Borough of Brent (the 'Authority') and the preparation of the Group and Authority's financial statements for the year ended 31 March 2025 for the attention of those charged with governance.

## Financial statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to report whether, in our opinion:

- the Group and Authority's financial statements give a true and fair view of the financial position of the Group and Authority and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report and Pension Fund financial statements), is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

The accounts audit commenced in July 2025 and completed in February 2026. Our findings are summarised on pages 19 to 31 of this report. We identified 12 adjustments to the financial statements, resulting in a £0.1m adjustment to the Authority's Comprehensive Income and Expenditure Statement (increasing the financial position) and a £0.3m adjustment to general fund usable reserves (decreasing the final position). We raised recommendations for management as a result of our audit work (page 60) and audit adjustments are detailed from page 36. Our follow up of prior year audit recommendations is included at page 70.

# Headlines (2)

## Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance.

Our VFM work and detailed commentary is set out in the separate Auditor's Annual Report, which was presented to the September 2025 Audit & Standards Committee.

We identified 3 significant weaknesses in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. Refer to the value for money section of this report for further detail, page 80.

# Headlines (3)

## Statutory duties

The Local Audit and Accountability Act 2014 (the ‘Act’) also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed the majority of work required under the Code. However we cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until confirmation has been received from the NAO that the group audit (Whole of Government Accounts) has been certified by the Comptroller & Auditor General and therefore no further work is required to be undertaken in order to discharge the auditor’s duties in relation to consolidation returns under paragraph 2.11 of the Code.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

## Significant matters

We encountered significant challenges during this year’s audit. Last year we highlighted significant deficiencies in the valuation of property, plant and equipment (PPE) which led to numerous errors and disclosure misstatements. While management has made efforts to address some of these issues for 2024-25, the late completion of the 2023-24 audit in February 2025 meant there has not been much time to implement the required changes. The draft 2024-25 financial statements was not delivered by the agreed date of 18 July 2025, and delayed until 18 August 2025, missing the 30 June 2025 statutory publication deadline. The main reason for delay continues to be in respect of the Authority’s PPE valuation. We have faced substantial problems with the valuations, including receipt of incorrect valuation reports, duplicate property valuations, difficulties in reconciling the fixed asset register with the valuer’s report, and slow responses from the valuer.

The implementation of IFRS 16 added further complexity, requiring complete revision of the leases disclosure. Management’s efforts to resolve IFRS 16 issues resulted in further issues within the Authority’s capital processes, and additional errors within the accounts. These combined factors have caused delays to the audit timetable, required unplanned audit resource, driving increased audit costs.

Further detail is provided on the following 3 pages.

# Headlines (4)

## Significant difficulties and delays

Area	Commentary
<p>Delay of draft financial statements</p>	<p>The delay in receiving the draft financial statements for audit a month later than planned occurred because management was focused on resolving significant prior-year issues with property, plant and equipment (PPE) balances and disclosures, and completing the required work for the first-year implementation of IFRS 16. As a result, the timing and progress of the audit were substantially impacted. At times we paused the audit, and we also secured additional audit resources once we confirmed the audit could not be completed by the original September 2025 deadline.</p>
<p>Audit work post-September 2025</p> <p>Page 149</p> <p>IFRS 16</p>	<p>Audit resource was originally allocated from mid-June until end of September 2025. Due to audit delays we agreed to continue the audit into October and November 2025. The audit resource was then extended into January 2026 due to further delays in PPE work, IFRS 16 implementation, revisions to the financial instruments note, as well as knock-on impacts on other areas of the accounts such as reserves, including delays in receiving the consolidated group accounts. This additional audit resource was not included in the original budget.</p> <p>We carried out testing on lessor amounts and disclosures; however, management subsequently informed us that the listing provided was incomplete, requiring us to re-select our sample. Additionally, the entire leases disclosure was subsequently rewritten when management identified a significant volume of errors in the underlying data, which meant the original disclosure was materially inaccurate.</p>
<p>PPE valuations</p>	<p>Our initial review of management's reconciliation of the fixed asset register (FAR) to the valuation report identified some variances. Management also informed us that original valuation report was incorrect, for example it contained duplicate valuations. We did not receive the final valuation report which reconciled to the FAR until 22 October 2025 which significantly delayed our work in this and meant that some audit procedures had been carried out multiple times.</p> <p>We selected General Fund (GF) and Housing Revenue Account (HRA) assets to test, sharing the samples with the valuer on 30 October 2025. The initial responses with regards to both GF and HRA samples were unsatisfactory. Most samples required several follow-ups and multiple meetings with the valuer to obtain sufficient evidence and assurance, delaying the process significantly.</p>

# Headlines (5)

## Significant difficulties and delays (continued)

Area	Commentary
PPE prior period adjustment (PPA)	<p>Work on the PPA relating to PPE was not anticipated in our audit plan and resulted in the need for additional audit resource. The PPA required complex reconciliations between the fixed asset register (FAR), valuation reports, and the financial statements.</p> <p>To obtain sufficient assurance, we selected a sample of 11 asset adjustments to test, to gain assurance over the FAR cleansing exercise and the PPA adjustment entries. This work identified a material issue with the approach and preparation of management's PPA calculation. The workings assumed all errors existed pre- 31/03/23, however testing identified this was not the case. Management reviewed their workings again and updated working papers and PPA disclosures. This was reviewed by the audit team, but in January management informed us of additional prior period errors relating to transfers between different categories of PPE and financial instruments.</p>
Page 150 PPE garage valuations / completeness risk	<p>Management has shared the HRA garage valuations, which were carried out separately from the core valuations by an independent valuer (not WHE). The new valuation of the garages is £11.3m, compared to £4.8m in the FAR/draft accounts, resulting in a £6.5m error. The adjustment is reflected in the Audit Adjustments section, page 36. Our work in this area was delayed pending completion of the garage valuations by the new valuer, occurring in late October and early November. Following the valuation, management confirmed ownership of 706 garages and 2 cages which we have tested with no issues identified.</p>
Creditors and debtors sample selections	<p>There was significant delay in obtaining the debtor and creditor listings required for our sample selection. Once management provided the listings, further revisions were necessary by management, resulting in multiple exchanges before we received final versions suitable for sampling.</p>
Financial instruments	<p>Management informed us that a significant rework of the financial instruments (FI) disclosures (Notes 24–26) was required. This was partly due to errors in the original preparation, as well as wider issues identified (such as leases) that impacted the disclosures. We had already completed a significant amount of audit work in this area based on the draft financial statements provided for audit.</p> <p>Management submitted several revised versions of the financial instruments disclosure; however, each version continued to contain errors and unsupported balances. Management subsequently agreed a full rework of the disclosure. Progress with this was delayed due to related issues identified in leases, creditors, and debtors. Our review confirmed that the debtor and creditor balances within the disclosures for both current and prior year are immaterially misstated. Management agreed to correct the prior year comparatives through a PPA and is preparing an IAS 8-compliant revised note.</p>

# Headlines (6)

## Significant difficulties and delays (continued)

Area	Commentary
PPE additions	<p>Management informed us that it was appropriate for us to select our additions sample from the fixed asset register. This was not acceptable due to sub-sampling concerns and we emphasised the need for a complete listing of individual additions. We requested management to provide capital expenditure listing to support our work. However, the capital expenditure listing did not reconcile to the accounts in terms of categorisation. When raised with management we received pushback that the overall reconciliation was sufficient, which we disagreed with. It took additional time for management to provide an appropriate listing that reconciled correctly to the additions by asset category line in the PPE disclosure, enabling us to complete our sample selection.</p>
Capital grants unapplied	<p>We emphasised to management the need for a complete listing that did not require sub-sampling. In the case of capital grants unapplied, we engaged in multiple discussions with management regarding the appropriate sampling approach. The initial listings provided required several rounds of revision and clarification before we were able to identify the final items suitable for testing.</p>
Capital issues	<p>Management informed us that due to time constraints and competing priorities (IFRS 16 and PPE work), there were issues relating to capital where standard reviews did not take place. This resulted in errors in the disclosures and required additional audit work.</p> <p>In capital creditors, management identified two errors from the sample we selected and in expenditure completeness testing we identified one error relating to capital expenditure that was not accrued at year-end. This occurred because management did not complete its review of capital accruals. For errors, refer to Audit Adjustments section on page 36. Due to these errors, we performed additional audit testing to obtain assurance over this balance.</p> <p>In capital grants, we identified one error where a capital grant received in advance was incorrectly recorded as capital grant income. Management explained that this was due to the omission of capital grants received in advance from the financial statements, based on their view that the amounts were immaterial. We performed additional audit work and agree that these amounts are immaterial.</p>

# Headlines (7)

## National context – audit backlog

### Government proposals around the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

# Headlines (8)

## Implementation of IFRS 16

Implementation of IFRS 16 Leases became effective for local government bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Local government accounts webinars were provided for our local government audit entities during March, covering the accounting requirements of IFRS 16. Additionally, CIPFA has published specific guidance for local authority practitioners to support the transition and implementation on IFRS 16.

### Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.”

In the public sector the definition of a lease is expanded to include arrangements with nil consideration. This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires the right of use asset and lease liability to be recognised on the balance sheet by the lessee, except where:

- leases of low value assets
- short-term leases (less than 12 months).

This is a change from the previous requirements under IAS 17 where operating leases were charged to expenditure.

The principles of IFRS 16 also apply to the accounting for PFI liabilities.

The changes for lessor accounting are less significant, with leases still categorised as operating or finance leases, but some changes when an authority is an intermediate lessor, or where assets are leased out for little or no consideration.

### Impact on the Authority

In the current year, IFRS 16 implementation resulted in first-time recognition of right-of-use (ROU) assets with a net book value (NBV) of £19.8m at 31 March 2025 in the draft financial statements.

There were also additions of £28.8m of PFI assets added to PPE ROU assets due to adoption of IFRS 16.

Management will update the NBV for ROU assets due to errors identified through audit testing, see page 38 for detail.

Management reflected the corresponding accounting entries and in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement. New accounting policies and additional lease disclosures have been included in the financial statements in line with IFRS 16 requirements under the CIPFA Code.

We experienced significant delays in obtaining accurate working papers and evidence for the leases work, as outlined on page 9.

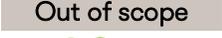
# 02 Group audit

# Group audit

In accordance with ISA (UK) 600 Revised, as Group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the Group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

The table below summarises our final Group scoping, as well as the status of work on each component.

Component	Risk of material misstatement to the Group	Scope at planning	Scope at final	Auditor	Key Audit Partner / Responsible Individual	Status	Comments
London Borough of Brent	Yes	Scope 1	Scope 1	Grant Thornton UK	Sophia Brown	 Green	Audit complete – unmodified audit opinion issued.
First Wave Housing Ltd	No	Scope 3	Scope 3	Grant Thornton UK	Stephen Dean	 Green	Audit complete - unmodified audit opinion issued.
LB Holdings Ltd	No	Scope 3	Scope 3	Grant Thornton UK	Stephen Dean	 Green	Audit complete - unmodified audit opinion issued.
LGA Digital Services	No	Out of Scope	Out of scope	N/A	Not audited	N/A	
Barham Park Trust	No	Out of scope	Out of Scope	N/A	Not audited	N/A	

Key		Audit of entire financial information of the component, either by the Group audit team or by component auditors (full-scope)
		Specific audit procedures designed by the Group auditor (specific scope)
		Specific audit procedures designed by a component auditor (specific scope)
		Out of scope components are subject to analytical procedures performed by the Group audit team to Group materiality
	 Green	Planned procedures are substantially complete with no significant issues outstanding
 Amber	Planned procedures are ongoing/subject to review with no known significant issues	
 Red	Planned procedures are incomplete and/or significant issues have been identified that require resolution	

# Involvement in the work of component auditors

Scope	Component auditors involved	Summary of involvement	Changes compared to planned involvement
Scope 3	Grant Thornton UK	We will not involve or rely on the work of component auditors, given the limited area in subsidiaries requiring testing. Instead, we will conduct testing for significant accounts and transactions at the group-level.	None
Out of scope	N/A	We will not involve or rely on the work of component auditors, given the limited area in subsidiaries requiring testing. Instead, we will conduct testing for significant accounts and transactions at the group-level.	None

# 03 Materiality

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# Our approach to materiality

As communicated in our Audit Plan presented to the Audit & Standards Committee on 5 June 2025, we determined materiality at the planning stage to be £22.6m, based on 2% of prior year gross expenditure. At year-end, we reconsidered materiality based on the draft financial statements. We have not revised materiality levels as the change based on actual 2024-25 gross expenditure results in minimal change to materiality levels determined at the planning stage.

	Group £	Authority £	Qualitative factors considered
Materiality for the financial statements	22,624,000	22,524,000	We considered materiality from the perspective of the users of the financial statements. The Authority prepares an expenditure-based budget for the financial year with the primary objective to provide services to the local community; therefore, gross expenditure was deemed the most appropriate benchmark. This benchmark was used in the prior year also. We considered 2% to be an appropriate rate to apply to the gross expenditure to calculate the materiality.
Performance materiality	14,705,600	13,970,320	Our performance materiality is based on a percentage of the materiality for the financial statements listed above. The threshold applied is 65% of headline materiality. The percentage is lower than last year due to errors and control issues identified during the 2023-24 audit.
Materiality for senior officers' remuneration	20,000	20,000	We consider senior officer remuneration and termination benefits as sensitive disclosures and of public interest. We therefore set a lower materiality figure to ensure adequate procedures are performed and identified misstatements of lower amounts are reported to those charged with governance. No changes on threshold since the planning stage.
Reporting threshold	1,131,200	1,126,200	This balance is set at 5% of materiality for the financial statements.

04 **Overview of significant  
and other risks identified**

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# Overview of audit risks

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

The below table summarises the significant and other risks discussed in more detail on the subsequent pages. Other risks are, in the auditor's judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of control	Significant	↔	✓	Low	● Green
Valuation of land & buildings	Significant	↔	✗	High	● Red
Valuation of council dwellings	Significant	↔	✗	High	● Red
Valuation of net pension fund liability	Significant	↔	✗	High	● Green
IFRS 16 leases implementation	Significant	↔	✗	Low	● Red
Risk of fraud in revenue recognition (rebutted)	Significant	↔	✗	Low	● Green
Presumed risk of fraud in expenditure recognition (completeness of non-pay expenditure)	Other	↔	✗	Low	● Green

## Key

- ↑ Assessed risk increase since Audit Plan
- ↔ Assessed risk consistent with Audit Plan
- ↓ Assessed risk decrease since Audit Plan

- Green - Not likely to result in material adjustment or change to disclosures within the financial statements
- Amber - Potential to result in material adjustment or significant change to disclosures within the financial statements
- Red - Likely to result in material adjustment or significant change to disclosures within the financial statements

# Significant risks (1)

Risk identified	Audit procedures performed	Key observations
<p><b>Management override of controls</b></p> <p>Under ISA (UK) 240, there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p> <p>The Authority faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, <b>in particular journals, management estimates, and transactions outside the course of business as a significant risk for both the Group and Authority</b>, which was one of the most significant assessed risks of material misstatement.</p>	<p>To address this risk, we:</p> <ul style="list-style-type: none"> <li>• Evaluated the design effectiveness of management controls over journals;</li> <li>• Analysed the journals listing and determined the criteria for selecting high risk unusual journals;</li> <li>• Identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration. Our primary testing identified entries that could potentially be used to achieve planned budgets, to address risks of senior office manipulation and address findings from the IT Audit (see below);</li> <li>• Gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness; and</li> <li>• Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul> <p>Our IT Audit identified one significant deficiency (excessive access permissions) and two deficiencies (inappropriate access retention and limited logging &amp; review) in controls relevant to the financial statements. These control deficiencies were factored into our journal strategy and testing.</p>	<p>1. We identified 1 significant control deficiency in our journals testing. We tested a total of 20 journals, and this significant deficiency was found within 9 of the tested journals:</p> <p><b>Segregation of duties</b> – 9 out of 20 journals tested were found to be posted by an individual outside of their remit. Furthermore, middle management who approved these journals in the system had prepared the journals and instructed the individual to post them, before subsequently approving them in the system. This creates a significant segregation of duties issue within the journal process and raises concerns about potential management override. However, in all 9 cases, there was an additional layer of approval outside of the system, providing assurance that the journals were subject to further scrutiny. We flag this as a significant control deficiency.</p> <p>2. We also identified 2 deficiencies from our testing strategy.</p> <p><b>Missing journal checklist</b> – The journal checklist was not included in the supporting evidence. Management confirmed this control is not currently performed. While the checklist covers internal quality aspects, (such as ensuring journal descriptions are appropriate, standard naming conventions are used, and entries are in the correct format) we do not consider its absence to present a fraud or material misstatement risk.</p> <p><b>Incomplete user listing</b> – The journal user listing was inaccurate, with incorrect start and termination dates. Some users marked as terminated were still active. This aligns with IT audit findings around insufficient monitoring of system access. Refer to Audit adjustments section (page 36) for detailed findings.</p>

# Significant risks (2)

## Risk identified

### Valuation of land & buildings – 2024-25 £972m net book value

The Authority re-values its land and buildings on a five yearly rolling programme to ensure that the carrying value is not materially different from fair value using Wilks Head & Eve LLP (WHE) as their valuer. This represents a significant estimate by management in the financial statements due to the size and numbers involved and the sensitivity of the estimate to key changes in assumptions.

Management must ensure the carrying value of assets not revalued at year-end is not materially different from the current value at the financial statements date, where a rolling programme is used.

Other land and buildings (OLB) comprises specialised assets which are required to be valued at depreciated replacement cost (DRC), reflecting the cost of a modern equivalent asset. The remainder of OLB is not specialised in nature and is valued at existing use in value.

The total amount of OLB assets revalued at year-end was £624.8m as at 31 March 2025. We therefore identified valuation of land and buildings as a significant risk, particularly around the key assumptions and inputs applied by the valuer at the financial statement date to determine the current value of the assets. As a result, we selected **17 assets for testing covering £290.9m of the £624.8m** revalued during the year.

## Audit procedures performed

To address the risk, we:

- Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the expert and the scope of their work;
- Evaluated the competence, capabilities and objectivity of the valuation expert;
- Discussed with and wrote to Wilks, Head and Eve (the valuer) to confirm the basis on which their valuation was carried out to ensure that the requirements of the Code are met;
- Engaged our own valuation expert, Lambert Smith Hampton, to provide commentary on;
  - The instructions process in comparison to requirements from CIPFA/IFRS/RICS; and
  - The valuation methodology and approach, resulting assumptions and any other relevant points.
- Challenged the information and assumptions used by the valuer to assess the accuracy, completeness and consistency with our understanding;
- Tested revaluations made during the year to see if they have been input correctly to the fixed asset register; and
- Evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not currently different to current value at year-end.

## Key observations

Our work in this area is now complete. Testing of the OLB valuation confirmed that it is materially correct, although three non-material issues, causing a £4.4m overstatement in aggregate, were identified (see Audit Adjustments section page 36 for detail).

It is important to note that this work was subject to significant delays due to late receipt of the final valuation report from WHE, compounded by prolonged and partial responses from the valuer. Our assessment of the valuer's competence, objectivity, and compliance with valuation standards has not raised any concerns.

We also agreed with management that the PPE disclosure and Other Land and Building balance are overstated by approximately £1.6m which will be adjusted for. This overstatement is a result of late delivery of final valuations from the valuer. Refer to Audit Adjustments section (page 36) for detail of the adjustment.

# Significant risks (3)

Risk identified	Audit procedures performed	Key observations
<p><b>Valuation of council dwellings – 2024-25 £ 853.9m net book value</b></p> <p>The Authority is required to revalue its social housing in accordance with MHCLG’s Stock Valuation for Resource Accounting guidance. The guidance requires the use of Beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties.</p> <p>Management conducted a full revaluation of the housing stock in 2021-22 using the Beacon methodology which is consistent with the Code (full valuation performed within the last 5 years). The valuer reviewed market changes from 1 April 2024 to 31 March 2025 to correctly state the value of HRA stock held by the Authority during the financial period in current terms. Management engaged its valuer Wilks, Head &amp; Eve LLP (WHE) to complete the valuation of these properties.</p> <p>The total amount of council housing assets <b>revalued at year-end</b> represents a significant estimate by management in the financial statements due to the size and numbers involved, and the sensitivity of the estimate to changes in key assumptions. As a result, we selected <b>2 beacon assets and 1 non-beacon asset covering £74.6m of the £219.7m</b> revalued during the year.</p>	<p>To address the risk, we have:</p> <ul style="list-style-type: none"> <li>Assessed management’s processes, assumptions, and instructions to valuation experts, including the scope of their work;</li> <li>Evaluated the competence, capabilities, and objectivity of the valuation expert;</li> <li>Obtained confirmation from the valuer on the valuation basis to ensure compliance with the Code;</li> <li>Engaged our own valuation expert, Lambert Smith Hampton, to provide commentary on: <ul style="list-style-type: none"> <li>The instruction process against CIPFA/IFRS/RICS requirements; and</li> <li>The valuation methodology, assumptions adopted, and other relevant considerations.</li> </ul> </li> <li>Challenged the valuer’s information and assumptions for completeness and consistency with our understanding;</li> <li>Performed sample testing of Beacon properties to confirm representative selection and correct application of valuations to similar assets;</li> <li>Compared the estimate to valuation trends for similar London properties; and</li> <li>Reviewed management’s assumptions for assets not revalued during the year and how they ensured these are not materially different from year-end current value.</li> </ul>	<p>Our work in this area is now complete. Testing confirmed that the valuation of council dwellings is materially correct. A £2.7m understatement was identified and will be corrected as detailed in Audit Adjustments section (page 36).</p> <p>Additionally, we noted that management did not apply the WHE 2024-25 HRA market movement change to HRA assets not revalued during the year. Management has now processed this valuation adjustment to ensure carrying values remain materially aligned with market values.</p> <p>We experienced significant delays in completing this work due to late receipt of the final valuation report, compounded by prolonged and partial responses from the valuer. Our assessment of the valuer’s competence, objectivity, and compliance with valuation standards has not raised any concerns.</p> <p>We also agreed with management that the PPE disclosure and Housing Revenue Account (HRA) balance are overstated by approximately £9m which will be adjusted for. This overstatement is a result of late delivery of final valuations from the valuer. Refer to Audit Adjustments section (page 36) for detail of the adjustment.</p>

# Significant risks (4)

Risk identified	Audit procedures performed	Key observations
<p><b>Valuation of net pension liability – 2024-25 £217m</b></p> <p>The Authority’s share of the pension fund net liability, reflected in its Balance Sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>The estimation of the pension fund net liability depends on a number of complex adjustments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages and mortality rates. A small change in inputs can have a significant impact on the estimated pension fund liability. Notably the discount rates and inflation rates are key assumptions where our consulting actuary has indicated that a 0.1% change in these two assumptions would have approximately 2% effect on the liability.</p> <p>We therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in the actuary’s calculation. We identified the valuation of the Authority’s pension fund net liability as a significant risk.</p>	<ul style="list-style-type: none"> <li>To address this risk, we:</li> <li>Updated our understanding of the processes and controls put in place by management to ensure that the Authority’s pension fund net liability is not materially misstated and evaluated the design of the associated controls;</li> <li>Evaluated the instructions issued by management to their management expert (actuary) for this estimate and the scope of the actuary’s work;</li> <li>Assessed the competence, capabilities and objectivity of the actuary who carried out the Authority’s pension fund valuation;</li> <li>Assessed the accuracy and completeness of the information provided by management to the actuary to estimate the liability;</li> <li>Tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and</li> <li>Undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor’s expert) and performed any additional procedures suggested within the report.</li> </ul>	<p>Our audit work is complete, and we note one disclosure misstatement due to the omission of the Virgin Media case, which management has agreed to update in the final accounts (refer to Audit Adjustments section, page 36).</p> <p>We are satisfied that the judgments and estimates made by management regarding the valuation of the net pension liability were appropriate. We found no material misstatement arising from management bias in respect of these judgments and estimates.</p> <p>The prior year issue relating to IFRIC 14 assessment is resolved, management applied the correct accounting treatment.</p> <p>We reviewed the IAS19 assurances from the auditor of the Brent Pension Fund. The pension fund auditor identified the following differences between the fund managers’ confirmations and the figures recorded in the financial statements:</p> <ol style="list-style-type: none"> <li>LCIV Infrastructure Fund and LCIV Private Debt Fund were understated by £3.5m;</li> <li>Alinda Infrastructure Parallel Fund III was understated by £0.236m; and</li> <li>Capital Dynamics Generation VII Fund was overstated by £0.025k.</li> </ol> <p>This resulted in a total understatement of £3.7m which is below our performance materiality (refer to Audit Adjustments section, page 36).</p> <p>We have not identified any other issues related to this estimate.</p>

# Significant risks (5)

Risk identified	Audit procedures performed	Key observations
<p><b>IFRS 16 Leases implementation – Right-of-use (ROU) asset closing balance – 2024-25 £19.8m</b></p> <p>IFRS 16 Leases is now mandatory for all local government bodies from 1 April 2024. The standard replaced IAS 17 Leases, and the three interpretations that supported its application (IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases – incentives, and SIC-27 Evaluating the substance of transactions involving the legal form of a lease).</p> <p>Under the new standard the current distinction between operating and finance leases is removed for lessees and, subject to certain exceptions, lessees will recognise all leases on their balance sheet as ROU assets, representing the right to use the underlying leased assets, and a corresponding liability representing its obligation to make lease payments.</p> <p>The Code adapts IFRS 16 and requires that the subsequent measurement of the ROU asset where the underlying asset is an item of property, plant and equipment is measured in accordance with section 4.1 of the Code.</p> <p>We considered the implementation of IFRS 16 as other risks, noting the significant changes to disclosures required under the new standard. At year-end, a ROU asset of £19.8m remains in the Authority’s balance sheet. The ROU figure is close to materiality and therefore considered a significant risk given the risk of completeness in first year of implementation.</p>	<p>To address the risk, we:</p> <ul style="list-style-type: none"> <li>Documented our understanding of the processes and controls in place by management to ensure that the Authority’s ROU assets and corresponding liabilities are not materially misstated. This included understanding steps implemented by management to identify leases impacted by IFRS 16, ensuring completeness;</li> <li>Obtained the lease register from management and compared to the prior year to identify any leases omitted.;</li> <li>Selected samples where the Authority acted as a lessee and recalculated the beginning balance and lease liability figure ;</li> <li>Considered management’s rationale for classifying lease arrangements as either leases, short-term leases, or low-value leases;</li> <li>Reviewed accounting policies and disclosures in relation to IFRS 16; and</li> <li>Reviewed disclosures made in the accounts in relation to ROU asset values and lease liabilities to ensure compliance with the requirements of IFRS 16 as adapted in the CIPFA Code.</li> </ul>	<p>Our work on leases is <b>now</b> complete.</p> <p>As noted on page 13, management recognised ROU assets of £19.8m in the draft accounts. This figure was updated following our testing, which identified a £5.7m error caused by incorrect calculation of the lease liability calculations and a lease (£7m) double counted in both lessees and lessors. Management agreed to correct these errors, refer to the Audit Adjustments section (page 36) for further details.</p> <p>In our lessors testing, we noted that although rent uplifts were applied, management was unable to provide rent review memorandums to support the uplifts. We raise a control point with management in respect of this, included in the Action Plan (page 60).</p> <p>Management experienced difficulties 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.</p> <p>There were also delays in providing a complete lessor listing, driven by poor data quality, omission of rent reviews, and a focus on lessees over lessors following IFRS 16 changes.</p>

# Other risks (1)

## Risk identified

### Risk of fraud in revenue recognition (rebutted)

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority we have determined that the risk of fraud arising from revenue recognition can be rebutted because:

- there is little incentive to manipulate revenue recognition;
- opportunities to manipulate revenue recognition are very limited; and
- the culture and ethical frameworks of local authorities mean that all forms of fraud are seen as unacceptable.

We do not consider this to be a significant risk for the Authority and as such there is no specific work planned for this risk.

## Audit procedures performed

To address this risk, we:

- Selected a sample from each material revenue stream and tested to supporting information and subsequent receipt of income to gain assurance over accuracy, occurrence and completeness;
- Inspected transactions which occurred in the year and ensure that they have been included in the current year; and
- Confirmed our understanding of the business process and determine if there are any relevant controls.

## Key observations

Our audit work is complete and has not identified any issues that would lead us to change our conclusion from the planning stage that the risk of fraud arising from revenue recognition can be rebutted.

However, we have one control recommendation where the reconciliation between the OVR310 report and the HB subsidy workbook was not performed, refer to Action Plan section (page 60).

# Other risks (2)

## Risk identified

### Presumed risk of fraud in expenditure recognition (completeness of non-pay expenditure)

As most public bodies are net spending bodies, the risk of material misstatement due to fraud related to expenditure recognition may be greater than the risk of fraud related to revenue recognition.

There is a risk the Authority may manipulate expenditure to that budgeted by under-accruing non-pay expense incurred during the period or not record expenses accurately to improve financial results.

In line with the Public Audit Forum Practice Note 10, having considered the risk in relation to fraud in expenditure recognition and the nature of the Authority's expenditure streams, we determine that the risk of fraud arising from expenditure can be rebutted because:

- There is little incentive to manipulate expenditure recognition;
- Opportunities to manipulate expenditure are very limited; and
- The culture and ethical framework of local authorities, including the London Borough of Brent, mean that all forms of fraud are seen as unacceptable.

However, we have identified that due to the level of estimation involved in manual accruals of expenditure, and the potential volume of large accruals at year-end, there is an increased risk of error in the completeness of expenditure recognition.

## Audit procedures performed

To address the risk, we:

- Inspected transactions incurred around the end of the financial year to assess whether they had been included in the correct accounting period;
- Inspected a sample of accruals made at year-end for expenditure but not yet invoiced to assess whether the valuation of the accrual was consistent with the value billed after the year-end. We also compared size and nature of accruals at year-end to the prior year to help ensure completeness of accrued items; and
- Investigated manual journals posted as part of the year-end accounts preparation that reduce expenditure, to assess whether there is appropriate supporting evidence for the transaction.

## Key observations

In our testing we identified the following:

An error of £3.7m was identified where expenditure relating to the 2024–25 financial year was incorrectly recorded in 2025–26, resulting in an understatement of 2024–25 expenditure.

Management agreed to adjust for this error (see Audit Adjustments, page 36).

### Further testing of capital accruals

We extended our testing due to the above error and an error of £1.2m identified in creditors.

Both errors arose because of a lack of management review of capital accruals during the year. Following our challenge, management produced a capital accruals report, which we tested to assess the extent and impact of this issue. No further errors were identified.

We have raised a control recommendation for management to strengthen the review process of capital accruals (refer to Action Plan section, page 60).

# 05 Other findings

# Other findings – significant matters (1)

Management recorded two prior period adjustments (PPAs) for 2024-25 which relate to Property, Plant and Equipment (PPE) and financial instruments.

Issue	Commentary	Auditor view
<b>Prior Period Adjustment (PPA) – Plant, Property &amp; Equipment (PPE)</b>	<p>During 2024-25 management undertook a cleansing exercise of the fixe asset register (FAR) which identified two significant issues within PPE.</p> <ol style="list-style-type: none"> <li>1. Approximately £19m of assets could not be supported and were written off or disposed of from the FAR.</li> <li>2. Around £79m of assets were misclassified between PPE categories.</li> </ol> <p>Management concluded that these errors existed in both the current and prior years, requiring PPAs to restate prior year comparatives.</p>	<p>We <b>have completed</b> audit work on the PPA. Our review of the prior year and current year PPE disclosures identified errors in both, and corrections are agreed with management.</p> <p>We requested supporting evidence for a sample of 11 asset adjustments, covering both disposals and reclassifications, to provide assurance over the FAR cleansing exercise and the PPA entries.</p> <p>Testing identified a material issue with the approach and preparation of management’s PPA calculation. The workings assumed that all errors existed prior to 31 March 2023, which our testing confirmed was not the case.</p> <p>Management reviewed the workings and updated the supporting paper and disclosure extracts, which the audit team has now reviewed. However, classification issues identified through our in-year testing of asset transfers indicates that further material reclassifications is required in both the current and prior years. This matter is currently under investigation by management. The issue must be resolved before we can conclude on the appropriateness of the proposed PPA.</p> <p><b>Management response</b></p> <p>The Council has a created a specific project to review how it records and accounts for assets, which is working on addressing these issues to prevent a recurrence.</p>

# Other findings – significant matters (2)

Issue	Commentary	Auditor view
PPA – Financial instruments	<p>A financial instruments PPA impacts several disclosure tables within Notes 24 and 26.</p> <p>In our review of the financial instruments note, we identified issues with management’s assessment of short-term debtors and creditors against the classification and measurement criteria set out in IFRS 9. We challenged the appropriateness of management’s working papers and requested they reassess against the relevant standards. In addition, we identified several further non-material issues within management’s financial instruments working papers.</p> <p>Management opted to complete a full re-assessment of financial instrument Notes 24–26. This review confirmed that material errors existed in both the current and prior year figures for the debtor and creditor balances reported in these notes. Management agreed that a PPA was required to restate the prior year comparators and to correct additional non-material issues across other disclosure lines in the financial instruments notes.</p> <p>Revised versions of Notes 24 and 26 were shared in January 2026, confirming the following material adjustments:</p> <ol style="list-style-type: none"> <li>1. Note 24 Payables - £30.7m reduction in financial liabilities</li> <li>2. Note 24 Debtors - £26.4m reduction in financial assets</li> <li>3. Note 26 updated to reflect all consequential impacts arising from the above adjustments.</li> </ol>	<p>Management prepared revised versions of Notes 24 and 26, on which we performed detailed substantive testing. Our testing provides assurance that the Notes are materially accurate for both the current and prior year disclosures.</p> <p>However, the revised notes did not fully meet the PPA presentation and disclosure requirements of IAS 8.</p> <p><b>Management response</b></p> <p>The Council will review its procedures and process for producing the Financial Instruments note to prevent a recurrence of this.</p>

# Other findings – information technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Change management	Batch scheduling	
Oracle Fusion – main ledger system	Detailed ITGC assessment (design effectiveness only)	● Red	● Red	● Green	● Green	<p><b>Management override of control</b> – It was identified there is a risk arising from excessive system administrative permissions granted to business users without clear justification.</p> <p>We addressed this risk in our journal testing and confirmed that none of the users posted journals during the year, eliminating the risk of management override of controls.</p>

**Assessment:**

- **Red** – Significant deficiencies identified in IT controls relevant to the audit of financial statements
- **Amber** – Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- **Green** – IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- **Black** – Not in scope for assessment

# 06 Communication requirements and other responsibilities

# Other communication requirements

Issue	Commentary
Matters in relation to fraud	We previously discussed the risk of fraud with the Audit & Standards Committee. We have not been made aware of any other incidents in the period, and no other issues were identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations, and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from management, which is presented as a separate item for presentation along this report. We requested a specific representation in relation to any potential equal pay claims in relation to the Authority.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Authority's banking and treasury partners. This permission was granted, and the requests were sent and received.
Disclosures	We report disclosure misstatements in at Audit Adjustments section (page 36) of this report. Management corrected all material disclosures issues identified.
Audit evidence and explanations	All information and explanations requested from management were provided.
Significant difficulties	We encountered significant difficulties throughout the audit which has delayed the signing of the audit opinion. See Headlines section (pages 5 – 13) for more information.

# Other responsibilities (1)

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> <li>• The use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities.</li> <li>• For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority’s financial sustainability is addressed by our value for money work, which is covered elsewhere in this report.</li> </ul> <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> <li>• the nature of the Authority and the environment in which it operates;</li> <li>• the Authority’s financial reporting framework;</li> <li>• the Authority’s system of internal control for identifying events or conditions relevant to going concern; and</li> <li>• management’s going concern assessment.</li> </ul> <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> <li>• a material uncertainty related to going concern has not been identified; and</li> <li>• management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li> </ul>

# Other responsibilities (2)

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement, Narrative Report and Pension Fund financial statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>We have no matters to report.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> <li>• if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit;</li> <li>• if we have applied any of our statutory powers or duties; and</li> <li>• where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness.</li> </ul> <p>We have no matters to report.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Note that detailed work is not required as the Authority does not exceed the threshold.</p>
Certification of the closure of the audit	<p>We cannot formally conclude the audit and issue an audit certificate for the Authority for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work required and received confirmation from the National Audit Office that the audit of the Whole of Government Accounts consolidation pack for the period ended 31 March 2025 is complete and certified by the Comptroller and Auditor General.</p> <p>We are satisfied that this work does not have a material effect on the financial statements for the period ended 31 March 2025.</p>

# 07 Audit adjustments

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# Audit adjustments – adjusted misstatements (1)

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted misstatements

All adjusted misstatements are set out in detail below, along with the impact on the key statements.

Detail	Comprehensive Income and Expenditure Statement £	Balance Sheet £	Impact on total net expenditure £	Impact on general fund £
<b>1. Property, Plant &amp; Equipment (PPE) – other land &amp; buildings (OLB)</b>				
In reconciling the fixed asset register (FAR) with the final valuer's report, an overstatement of £1.6m was identified within PPE Note 1a.				
Dr. Revaluation Reserve £1.6m		1,600,000		
Cr. Property, Plant & Equipment £1.6m	Nil	(1,600,000)	Nil	Nil
<b>2. PPE – council dwellings</b>				
In reconciling the FAR with the final valuer's report, an overstatement of £9m was identified within PPE Note 1a.				
Dr. Revaluation Reserve £9m		9,038,000		
Cr. PPE – Council dwellings £9m	Nil	(9,038,000)	Nil	Nil
<b>3. Expenditure cut-off</b>				
We identified an error of £3.7m where a transaction relating to 2024-25 was incorrectly recorded in the 2025-26 financial year.				
Dr. PPE Additions £3.7m		3,677,000		
Cr. Creditors £3.7m	Nil	(3,677,000)	Nil	Nil

# Audit adjustments – adjusted misstatements (2)

## Impact of adjusted misstatements (continued)

Detail	Comprehensive Income and Expenditure Statement £	Balance Sheet £	Impact on total net expenditure £	Impact on general fund £
<b>4. IFRS16 – Leases</b>				
Adjustment for lease errors results in a £7m correction to lease liability and PPE additions. Duplication of Alperton Playground (£6.5m): Lease incorrectly included in both lessees and lessors.				
<u>ROU Note X / Lease liability:</u>				
Dr. Lease liability £7m		7,000,000		
Cr. PPE additions £7m		(7,000,000)		
Dr. Accumulated depreciation £0.3m				
Cr. Depreciation expense £0.3m	(300,000)	300,000		
Dr. Depreciation expense £0.3m	300,000			Nil
Cr. CAA £0.3m				
<u>Interest expense:</u>				
Dr. Lease liability £0.1m	300,000	100,000	300,000	
Dr. Rental payments £0.3m	(400,000)		(400,000)	
Cr. Interest expense £0.4m				Nil
(Continued overleaf)				

# Audit adjustments – adjusted misstatements (3)

## Impact of adjusted misstatements (continued)

Detail	Comprehensive Income and Expenditure Statement £	Balance Sheet £	Impact on total net expenditure £	Impact on general fund £
<b>4. IFRS16 – Leases (continued)</b>				
IFRS 16 lessee lease liability calculations – audit review identified an incorrect Excel formula used to calculate net present value (NPV) for lease liabilities, despite the underlying judgement being correct. Audit recalculated the figures using the correct PV method and identified an accumulated error overstatement of £5.7m, demonstrated in the supporting working papers. Although the error is not material in the current year, it could become material in future periods and interact with other unadjusted errors. Management agreed to adjust the calculation to ensure accurate carry-forward balances in future years.				
DR Lease liability £5.7m		£5,760,059		
CR Right of Use assets £5.7m		(£5,760,059)		Nil

# Audit adjustments – adjusted misstatements (4)

## Impact of adjusted misstatements (continued)

Detail	Comprehensive Income and Expenditure Statement £	Balance Sheet £	Impact on total net expenditure £	Impact on general fund £
<b>5. HRA valuation</b>				
In testing the HRA valuations, we identified an error within and limited too the way in which the valuer calculated the Beacon values for Dickens House.				
Dr. HRA assets £2.7m		2,681,250		
Cr. Revaluation Reserve £2.7m		(2,681,250)		Nil
<b>6. Short-term creditors</b>				
A sample item tested was an error relating to a duplicate purchase order. This issue is isolated to capital creditors within the Procure-to-Pay process.				
Dr. Creditors £1.3m		1,347,074		
Cr. PPE additions £1.3m		(1,347,074)		Nil
<b>7. Other land &amp; building (OLB) valuation</b>				
In testing OLB valuations we a Building Cost Information Service (BCIS) error within the Civic Centre valuation which led to a £3.1m overstatement within PPE.				
Dr. Revaluation Reserve £3.1m		3,100,000		
Cr. PPE OLB assets £3.1m		(3,100,000)		Nil

# Audit adjustments – adjusted misstatements (5)

## Impact of adjusted misstatements (continued)

Detail	Comprehensive Income and Expenditure Statement £	Balance Sheet £	Impact on total net expenditure £	Impact on general fund £
<b>8. Garages valuation</b>				
Management requested an ad-hoc revaluation for a block of garages to provide audit evidence. The valuation determined the valuation of the block of garages valuation in the FAR was significantly different to market value. An increase of £6.9m to the existing carrying value was processed.		6,893,907		
Dr. PPE OLB assets £6.9m		(6,893,907)		Nil
Cr. Revaluation Reserve £6.9m				
<b>9. HRA properties not revalued in-year</b>				
HRA properties not revalued during the year are undervalued by £19.8m.				
Dr. HRA assets £19.8m		19,791,000		
Cr. Revaluation Reserve £19.8m		(19,791,000)		Nil

# Audit adjustments – adjusted misstatements (6)

## Impact of adjusted misstatements (continued)

Detail	Comprehensive Income and Expenditure Statement £	Balance Sheet £	Impact on total net expenditure £	Impact on general fund £
<b>10. Incomplete lessors data</b>				
Error identified due to incomplete lessor data within the draft accounts which had knock-on impact to the discounted debtor balance of £27.1m to £23.1m.				
Dr Gains/Losses on disposal £4,000,000		4,000,000		
Cr MIRS £4,000,000		(4,000,000)		
<b>11. PFI creditor</b>				
The original trial balance showed a short-term PFI creditor of £15m and long-term PFI creditor of £42.9m (total £57.9m). The revised trial balance reflects a short-term PFI creditor of £10.1m and long-term creditor of £41.9m (total £52m).				
DR Short-term PFI creditor £4.9m		4,900,000		
DR Long-term PFI creditor £1m		1,000,000		
CR PFI PPE additions £4.4m		(4,400,000)		
CR PFI prepayments £1.5m		(1,500,000)		

# Audit adjustments – adjusted misstatements (7)

## Impact of adjusted misstatements (continued)

Detail	Comprehensive Income and Expenditure Statement £	Balance Sheet £	Impact on total net expenditure £	Impact on general fund £
<p><b>12. Adjustment to Movement in Reserves Statement (MIRS)</b></p> <p>Amendments to the final MIRS, arising from corrections to the draft financial statements and further audit adjustments, led to a trivial reduction in usable reserves of £0.3m) and a £44.6m increase in unusable reserves. Movements in unusable reserves are of lower interest and risk because they cannot be spent, do not affect cash or service delivery. Amendment reflected therefore only presents the adjustment to usable reserves.</p> <p>OR Usable Reserves £0.3m</p>				300,000
<b>Overall impact of adjusted misstatements</b>	(100,000)	Nil	(100,000)	300,000

# Audit adjustments – prior year adjustments (1)

## Impact of adjusted prior year misstatements

All adjusted misstatements are set out in detail below, along with the impact on the key statements.

Detail	CIES £	Balance Sheet £	Impact on total net expenditure £	Impact on general fund £
<p><b>1. Property, Plant &amp; Equipment (PPE) – FAR cleansing exercise</b></p> <p>During the year, management identified a material issue within the Fixed Asset Register (FAR). They initiated an extensive FAR cleansing exercise, which uncovered approximately £87m of misclassified assets and around £19m of unsupported balances. A prior period adjustment (PPA) was prepared to correct the prior year error.</p> <p>In testing adjustment, we found that it was incorrectly calculated. Management assumed that the entire error related to the opening 2023-24 balance; however, our testing showed that a material portion of the error arose within 2023-24 itself, not the opening balance.</p> <p>In addition, our wider review identified a further error of approximately £80m. We found that the 2024-25 FAR cleansing exercise did not consider in-year asset transfers for potential prior year classification issues.</p> <p>Management conducted further review and updated the adjustment. The final revised adjustment was reviewed by the audit team and deemed appropriate. The net impact the error above is documented to the right of this table.</p>	<p>Nil - no material impact therefore no adjustment required</p>	<p><u>(Change to) Opening balance 23-24:</u></p> <p>NCA – PPE = (18.3)m</p> <p>CA – Assets held for sale = (2.8)m</p> <p>CA – Inventory = 2.8m</p> <p><u>(Change to) Closing balance 23-24:</u></p> <p>NCA – PPE = (19)m</p> <p>CA – Assets held for sale = (5)m</p> <p>CA – Inventory = 7.8m</p> <p>Reserves = 19m</p>	<p>Nil</p>	<p><u>Opening balance 23-24:</u></p> <p>Total Reserves =18.3m, broken between;</p> <p>Revaluation reserve = (9.7)m</p> <p>Capital adjustment account = (8.6)m</p> <p><u>(Change to) Closing balance 23-24:</u></p> <p>Reserves = 19m</p>

# Audit adjustments – prior year adjustments (2)

## Impact of adjusted prior year misstatements (continued)

Detail	CIES £	Balance Sheet £	Impact on total net expenditure £	Impact on general fund £
<p><b>2. Financial instruments</b></p> <p>During the initial audit review of the financial instruments’ disclosures in the draft financial statement, it became evident through testing that Notes 24–26 were incorrectly prepared and could not be substantiated. The audit team requested that management undertook a full re-review of the Notes.</p> <p>The reassessment resulted in material changes to both the current-year and prior-year disclosures, thereby necessitating a Prior Period Adjustment (PPA). All audit work was completed on the revised versions of Notes 24–26.</p> <p>Given the material impact on prior year comparatives, management amended the disclosures accordingly and prepared an IAS 8–compliant PPA note.</p> <p>The comparatives within the financial instruments’ Notes are adjusted as follows:</p> <ul style="list-style-type: none"> <li>Reduction of £36.7m in ‘Total financial liabilities’ classified as financial instruments (including amendments to Payables and PFI balances).</li> <li>Reduction of £26.4m in ‘Total financial assets’ classified as financial instruments (including amendments to Debtors and Cash &amp; cash equivalents).</li> </ul>	<p>Nil – Financial instruments’ Notes are disclosure notes – changes do not affect the core statements.</p>	<p>Nil</p>	<p>Nil</p>	<p>Nil</p>

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# Audit adjustments – misclassification & disclosure (1)

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been adjusted by management.

Disclosure	Misclassification or change identified	Adjusted?
Statement of accounting policies – 4.1	Accounting policy 4.1: Inventories and long-term contracts was included as a disclosure within the Note but the Authority does not hold inventory. Management agreed to remove this disclosure note from the accounting policies.	Yes
Note 38 – Fair value	The entirety of Note 38 - Fair value was omitted from the draft financial statements. Management has since provided an updated Note 38.	Yes
Note 32-37 – Pensions	There was an omission of disclosure relating to the Virgin Media case in the pension Notes. Given the impact of the Court of Appeal's decision and the government's confirmation that it intends to introduce legislation allowing affected pension schemes to retrospectively obtain written actuarial confirmation between 6 April 1997 and 5 April 2016, management concluded it was appropriate that the Virgin Media case should be included in the disclosure.	Yes
Revenue expenditure narrative	We noted a variance of £2.7m in Housing Revenue Account (HRA) between the Outturn Report and revenue expenditure in the draft financial statements of £4.9m and Note 14 Expenditure & Funding Analysis of £2.2m. The difference in the Outturn Report is due to timing, with £4.9m an estimate included at the time. Management confirmed that the HRA should read £2.2m as per the HRA Note.	Yes
Note 12 - Financing & investment Income and Expenditure	The figures stated in Note 12 for pensions interest and interest receivable were reversed when compared to the ledger. Management confirmed this was an error and will update correct figures in the financial statements.	Yes
Group PPE Note	An inconsistency was found between the Single Entity Accounts and the Group Accounts with the £30.2m Impairment Losses/(Reversals) recognised in the Surplus/Deficit in the wrong line in the Group Accounts.	Yes

# Audit adjustments – misclassification & disclosure (2)

## Misclassification and disclosure changes (continued)

Disclosure	Misclassification or change identified	Adjusted?
Note 27 – Alperton Bus Garage	Management disclosed Alperton Bus Garage in the leases note rather than the capital commitments note, as the £7m liability was already included there. No prior period adjustment is required under IFRS 16, so this disclosure will be removed from the capital commitments note in the 2024-25 financial statements.	Yes
Note 1d – updated Note	Management confirmed Note 1d (Valuation breakdown) was incorrect and provided a revised note, which we have reviewed and found materially appropriate.	Yes
Note 1a – Reclassification	Management reviewed the fixed asset register and reclassified approximately £4.8m of assets from council dwellings to other land & building as the assets were acquired under the Local Authority Housing Fund (LAHF) for temporary accommodation, which is held on the General Fund rather than the HRA.	Yes
Note 28 – PFI	Issues were identified in both the PwC PFI data and the Stonebridge PPP allocation, where outdated figures in the PFI model were incorrectly included in journals and some calculations continued to use IAS 17 instead of IFRS 16, causing inconsistencies. In addition, the Stonebridge PPP calculation incorrectly allocated amounts to interest rather than lease liability repayments, resulting in inaccurate journal entries.	Yes
Note 19 – Grant income	Management confirmed that an amount of £5.75m relating to schools will be added to the final version of Note 19. This amount exists on the trial balance but was omitted from Note 19 due to a consolidation issue.	Yes
Note 31– Schools’ exit packages	Incorrect disclosure of schools’ exit package, where packages were incorrectly classified in the cost bandings. This only impacts schools’ exit packages which were based on the bandings of the gross salary of the individual leaving, not the value of the exit package.	Yes

# Audit adjustments – misclassification & disclosure (3)

## Misclassification and disclosure changes (continued)

Disclosure	Misclassification or change identified	Adjusted?
Notes 24 and 26 – Financial instruments	<p>Substantial re-work of the financial instruments disclosures (Notes 24–26) was driven both by errors in the original preparation and by wider issues identified during the audit, such as those relating to leases, which had consequential impacts on the disclosures. Management has provided revised versions of Notes 24 and 26 (confirming that no amendments are required to Note 25). We are materially satisfied with the revisions to current year figures presented.</p> <p>Given this issue materially impacts prior year comparators, management has made adjustments and prepared an IAS 8 compliant prior period adjustment note. The comparators are adjusted by the following amounts:</p> <ul style="list-style-type: none"> <li>Reduction of £36.7m to the total financial liabilities defined as the financial instruments balance (includes changes to the payables and PFI lines).</li> <li>Reduction of £26.4m to the total financial assets defined as the financial Instruments balance (includes changes to the debtors and cash &amp; cash equivalents lines).</li> </ul>	Yes
Note 23 – Capital expenditure and capital financing	<p>We confirmed that the non-material changes between the draft and final financial statements are appropriate.</p> <p>A reduction in the closing capital financing requirement of approximately £7.5m was identified and validated – comprising a £2.7m reduction for the Housing Revenue Account and a £4.8m reduction for the general fund.</p>	Yes
IFRS 16 – Maturity analysis of lease debtors	<p>The disclosure was not complete and updated as follows:</p> <ul style="list-style-type: none"> <li>Total finance leases increased from £103.3m to £134.4m</li> <li>Total operating leases increased from £8.2m to £15.4m</li> </ul>	Yes

# Audit adjustments – misclassification & disclosure (4)

## Misclassification and disclosure changes (continued)

Disclosure	Misclassification or change identified	Adjusted?
Note 31 – Exit packages	Management confirmed four individuals from the voluntary redundancy accruals exit package received their redundancy offers in 2025-26 not 2024-25. These individuals are therefore excluded from the current year disclosure.	Yes
Note 30 – Senior officer’s remuneration	Six individuals included in the 2024-25 remuneration report were confirmed to be duplicate entries. The officer total in Note 30 is reduced from 715 to 709.	Yes
Group Accounts	<p>We identified several disclosure misstatements during the review of the Group Accounts. Management agreed to update the figures. We are satisfied that the revised figures are materially accurate. The disclosure misstatements noted are summarised below:</p> <ol style="list-style-type: none"> <li>1. Long-term investments updated from £18m to £0.1m to correct a missed elimination adjustment relating to the equity investment in i4B Holdings, amounting to £17.90m.</li> <li>2. Short-term debtors for subsidiaries were previously consolidated on a gross basis, with the corresponding provision for doubtful debts included within ‘Provisions’ on the Balance Sheet. This is corrected to present net subsidiary debtor balances under Debtors and to remove the related provision from ‘Provisions’.</li> <li>3. The Provisions balance is updated to include the impact of deferred tax provisions for subsidiaries.</li> </ol>	Yes

# Audit adjustments – unadjusted misstatements (1)

## Impact of unadjusted misstatements

Detail	Comprehensive Income and Expenditure Statement £	Balance Sheet £	Impact on total net expenditure £	Impact on general fund £	Reason for not adjusting
<p><b>1. Pension liability</b></p> <p>The pension fund auditor’s testing of level 3 investments identified the following discrepancies between the fund managers’ confirmations and the figures recorded in the financial statements:</p> <p>1. LCIV Infrastructure Fund and LCIV Private Debt Fund understated by £3.5m;</p> <p>2. Alinda Infrastructure Parallel Fund III understated by £0.236m; and</p> <p>3. Capital Dynamics Generation VII Fund overstated by £0.025m.</p> <p>Total understatement of £3.7m in the Authority’s pension assets.</p> <p>Dr. Pension Fund liability £3.7m</p> <p>Cr. Actuarial gains on pension assets and liabilities £3.7m</p>					Error is estimated and not material
	(3,700,000)	3,700,000	(3,700,000)	Nil	

# Audit adjustments – unadjusted misstatements (2)

## Impact of unadjusted misstatements (continued)

Detail	Comprehensive Income and Expenditure Statement £	Balance Sheet £	Impact on total net expenditure £	Impact on general fund £	Reason for not adjusting
<b>2. Short-term creditors</b>					
Testing identified two failed creditor transactions; one relating to an over-accrual already paid prior to year-end; and the other relating to a duplicate purchase order. These errors resulted in a total projected overstatement of £1.2m.					Immaterial therefore, not deemed significant to correct.
Dr. Short-term creditors £1.2m	Nil	1,203,805	Nil	Nil	
Cr. PPE additions £1.2m		(1,203,805)			
<b>3. PPE disposals testing</b>					
Testing identified two failed disposals assets: one relating to lack of supporting evidence; and an IT system disposed that remains in use.					Immaterial therefore, not deemed significant to correct.
Dr. PPE £3.6m		3,630,219			
Cr. Accumulated depreciation £3.6m	Nil	(3,630,219)	Nil	Nil	

# Audit adjustments – unadjusted misstatements (3)

## Impact of unadjusted misstatements (continued)

Detail	Comprehensive Income and Expenditure Statement £	Balance Sheet £	Impact on total net expenditure £	Impact on general fund £	Reason for not adjusting
<b>4. Long-term investments</b>					
A misstatement has arisen in respect of the I4B equity investment, as management used the I4B draft accounts to estimate the fair value movement. However, during the I4B audit a £2.8m adjustment was made to net assets, revising the equity investment balance.	2,878,181				Immaterial therefore, not deemed significant to correct.
Dr. Expenditure £2.8m		(2,878,181)			
Cr. Long-term investments £2.8m				2,878,181	
Dr. Capital Adjustment Account (unusable reserves) £2.8m					
Cr. MIRS – General Fund £2.8m			2,878,181	(2,878,181)	
<b>5. Other land &amp; building (OLB) valuation</b>					
1. Location factor: The valuer applied an incorrect location factor to 12 depreciated replacement cost valuations, resulting in a £1m overstatement.					On an individual asset basis, the error is trivial. On an aggregate basis the error is nearly trivial.
2. Affordable Homes: A formula error in one valuation failed to account for the reduced amounts applicable to affordable homes, £0.3m overstatement.					
Dr. Revaluation Reserve £1.3m					Therefore, not deemed significant to correct.
Cr. PPE OLB £1.3m		(1,300,000)	Nil	Nil	

# Audit adjustments – unadjusted misstatements (4)

## Impact of unadjusted misstatements (continued)

Detail	Comprehensive Income and Expenditure Statement £	Balance Sheet £	Impact on total net expenditure £	Impact on general fund £	Reason for not adjusting
6. Measurement of peppercorn leases					
In IFRS 16 completeness inquiries to management, we noted that donated assets acquired at a peppercorn value were not measured at fair value per CIPFA Code para 4.2.2.48. This resulted in an unadjusted misstatement of £1.9m.					Not material
Dr Assets £1.9m					
Cr CIES Donated assets income £1.9m	(1,920,000)	1,920,000	1,920,000		
Dr MIRS general fund £1.9m					
Cr Capital adjustment account £1.9m					
<b>Overall impact of unadjusted misstatements</b>	<b>(2,741,819)</b>	<b>1,441,819</b>	<b>(2,741,819)</b>		

# Impact of unadjusted misstatements in the prior year (1)

The table below provides details of misstatements identified during the prior year audit which were not adjusted for within the final set of financial statements for 2023-24, and the resulting impact upon the 2024-25 financial statements. We also present the cumulative impact of both prior year and current year unadjusted misstatements on the 2024-25 financial statements. The Audit & Standards Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £	Balance Sheet £	Impact on total net expenditure £	Impact on general fund £	Reason for not adjusting
<b>1. Pension liability</b>					
From the pension fund auditor's testing of level 3 investments, the following discrepancies were identified between the fund managers' confirmations and the figures recorded in the financial statements:					
Page 195 1. The LCIV Infrastructure Fund is understated by £845,042;					
2. The Alinda Infrastructure Parallel Fund III is understated by £363,111; and					
3. Capital Dynamics investments are understated by an aggregate variance of £1,014,954.					
Overall, the total assets are understated by £2.2m in the pension fund accounts. The Authority's share of these assets is 86%, resulting in an understatement of £1.9m in the Authority's pension assets.					
Dr. Pension fund liability £1.9m					
Cr. Actuarial gains on pension assets and liabilities £1.911m					
	(1,911,000)	1,911,000	(1,911,000)	Nil	

# Impact of unadjusted misstatements in the prior year (2)

Detail	Comprehensive Income and Expenditure Statement £	Balance Sheet £	Impact on total net expenditure £	Impact on general fund £	Reason for not adjusting
<b>2. Property, Plant &amp; Equipment</b>					
In reconciling the fixed asset register (FAR) with the revised valuer's report, a discrepancy of £3.2m was identified. Management is unable to provide justification or rectify the difference.					Not material
Dr. Property, Plant & Expenditure £3.225m	Nil	3,225,000			
Cr. Revaluation Reserve £3.225m		(3,225,000)	Nil	Nil	
<b>3. Cash &amp; Cash Equivalents</b>					
We identified a cumulative unreconciled difference of £0.891m between the bank balance per the general ledger/trial balance and the bank confirmations.					Not material
Dr. Cash & Cash Equivalents £0.891m	Nil	891,000			
Cr. Receivables £0.891m		(891,000)	Nil	Nil	

# Impact of unadjusted misstatements in the prior year (3)

Detail	Comprehensive Income and Expenditure Statement £	Balance Sheet £	Impact on total net expenditure £	Impact on general fund £	Reason for not adjusting
<b>4. Property, Plant &amp; Equipment</b>					
The valuer used an incorrect area of 0.62 hectares in the valuation calculations instead of the correct area of 0.82 hectares. This 0.2 hectare difference results in an understatement in the asset value of £1.7m.					Not material
Dr. Property, Plant & Equipment £1.7m	Nil	1,700,000			
Cr. Revaluation Reserve £1.7m		(1,700,000)	Nil	Nil	
<b>5. Short-term Creditors</b>					
We found that 4 of our samples were not actually a creditor. We identified a factual misstatement of £253,519. After extrapolating these errors, we projected an overstatement of £3,184,603.					Not material
Dr. Short-term Creditors £3.185m					
Cr. CIES £3.185m	(3,185,000)	3,185,000	(3,185,000)	Nil	
<b>Overall impact of prior year unadjusted misstatements</b>	<b>(5,096,000)</b>	<b>5,096,000</b>	<b>(5,096,000)</b>	<b>0</b>	

# Impact of unadjusted misstatements in current and prior years

The table below considers the overall impact of unadjusted misstatements in current and prior years.

Detail	Comprehensive Income and Expenditure Statement £	Balance Sheet £	Impact on total net expenditure £	Conclusion
Overall impact of unadjusted misstatement in the current year	(2,741,819)	1,441,819	(2,741,819)	Impact not material in current year.
Overall impact of unadjusted misstatement in the prior year	(5,096,000)	5,096,000	(5,096,000)	Impact not material in prior year, no change in net expenditure position in current year.
Net expenditure impact	(7,837,819)	6,537,819	(7,837,819)	The impact of prior period and/or current period unadjusted misstatements is not material and does not change the reported position of Authority.

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# 08 Action plan

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# Action plan – financial statements audit (1)

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<p>● High</p>	<p><b>1. Journal poster and approver</b></p> <p>9 out of 20 journals tested were found to be posted by an individual outside of their remit. Furthermore, managers who approved these journals in the system had prepared the journals and instructed the individual to post them, before subsequently approving them in the system. For the 9 journals identified, we confirmed that an additional level of approval was obtained outside the Oracle system.</p> <p>This creates a significant segregation of duties issue within the journal process and raises concerns about potential management override. We flag this as a significant control deficiency as we cannot confirm whether the additional approval was consistently applied across all cases.</p>	<p>We recommend that journals should be prepared and posted by individuals who understand the content and have the appropriate remit. Those approving journals should not be involved in their preparation or posting. Managers should avoid instructing junior colleagues to post journals on their behalf, especially if they intend to approve them.</p> <p><b>Management response</b></p> <p>We will review controls for journals and issue a revised Required Financial Practice Note in 2025-26 and provide training to finance staff to ensure that the required controls are understood.</p>

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- Key**
- **High** – Significant effect on control system and/or financial statements
  - **Medium** – Limited impact on control system and/or financial statements
  - **Low** – Best practice for control systems and financial statements

# Action plan – financial statements audit (2)

Assessment	Issue and risk	Recommendations
<p>● High</p>	<p><b>2. IFRS16 – Leases</b></p> <p>Our testing of lessee arrangements identified several minor errors that indicate management’s processes for preparing the lease note require improvement. Although individually immaterial, these issues resulted in significant additional audit work and highlight weaknesses in oversight, exacerbated by staff turnover, which increases risk of material errors in future years. The following issues were identified:</p> <ul style="list-style-type: none"> <li>Leases incorrectly included in both lessor and lessee schedules; and incomplete listings provided.</li> <li>Lease note required significant revision to ensure accuracy and compliance.</li> <li>Multiple conflicting versions of the lessor note shared with audit.</li> <li>Leases were marked ‘unspecified’ where contracts could not be located and no payments were made.</li> <li>Overstatement of rent expense led to an incorrect minimum revenue provision charge.</li> <li>Incorrect or incomplete application of PWLB rates; and use of implicit interest rates instead of PWLB rates.</li> <li>Incorrect assumption that all new leases commenced on 1 April.</li> </ul>	<p>We recommend that management strengthens lease management processes to ensure a more consistent and streamlined approach in future years. This should include:</p> <ul style="list-style-type: none"> <li>Clear and comprehensive documentation of lease arrangements.</li> <li>Implementation of appropriate review and approval controls.</li> <li>Training to ensure compliance with relevant standards and reduce the risk of errors.</li> <li>A thorough review undertaken of the lease working papers to ensure accuracy and consistency.</li> </ul> <p><b>Management response</b></p> <p>Management will undertake a comprehensive review of the Council’s lease accounting processes to ensure they are robust and clearly documented. This documentation will include detailed guidance for key stakeholders on their responsibilities for record-keeping and the correct application of interest rates. To strengthen oversight and accuracy, all lease working papers will undergo a formal review and approval by the Head of Finance prior to submission. In addition, an enhanced business process will be implemented to prevent duplication of leases across lessor and lessee schedules, ensuring data integrity and consistency.</p> <p>To build capability and reduce the risk of future errors, targeted training will be delivered to relevant staff to reinforce compliance with IFRS 16 requirements and internal procedures.</p>

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- Key**
- **High** – Significant effect on control system and/or financial statements
  - **Medium** – Limited impact on control system and/or financial statements
  - **Low** – Best practice for control systems and financial statements

# Action plan – financial statements audit (3)

Assessment	Issue and risk	Recommendations
<p>● Medium</p>	<p><b>3. Inconsistencies throughout the statement of accounts</b></p> <p>We identified variances between the prior year signed financial statements and the prior year comparatives included in the 2024-25 draft financial statements. There were also inconsistencies between related notes that should align. Management attributed these differences to rounding; however, variances ranged from £0.3m to £0.5m (typically, we only consider rounding differences of approximately £0.1m). Such inconsistencies may cause confusion for readers of the financial statements.</p>	<p>Management should enhance its review process of the draft accounts to ensure consistency throughout. This includes:</p> <ul style="list-style-type: none"> <li>Aligning figures between relevant notes within the financial statements.</li> <li>Ensuring prior year signed accounts agree with prior year comparatives presented in draft financial statements.</li> </ul> <p><b>Management response</b></p> <p>The Council will review its processes for these to see how these small inconsistencies can be addressed.</p>
<p>● Medium</p>	<p><b>4. Journal user listing</b></p> <p>The journal user listing was inaccurate, with incorrect start and termination dates. Some users marked as terminated were still active. This issue also aligns with IT Audit’s findings, which highlighted the risk that management does not currently monitor who is logging into the Oracle system.</p>	<p>We recommend that management implements stronger controls to be clear on who has access to the system.</p> <p><b>Management response</b></p> <p>The report for Journal Users has now been updated to only include active workers and exclude pending workers (which was the case in the audit finding). We can report at any time who has logged into Oracle and at present we monitor this on a quarterly basis to check those users who have not logged in over 90 days that their access is made inactive after contacting their managers to check if they may be on long-term absence.</p>

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- Key**
- **High** – Significant effect on control system and/or financial statements
  - **Medium** – Limited impact on control system and/or financial statements
  - **Low** – Best practice for control systems and financial statements

# Action plan – financial statements audit (4)

Assessment	Issue and risk	Recommendations
<p>● Medium</p>	<p><b>5. Capital grants received in advance</b></p> <p>Due to time pressures, management did not complete work on capital grants received in advance and it was not included within the draft financial statements. The capital grants received in advance figure is immaterial. We have performed additional work to gain assurance that the omission does not cause material misstatement of the accounts.</p>	<p>We recommend that the capital grants received in advance work is concluded in conjunction with production of the draft financial statements.</p> <p><b>Management response</b></p> <p>We will review the timetable to ensure this is included for 2025-26.</p>
<p>● Medium</p>	<p><b>6. Capital accruals</b></p> <p>In our creditors and expenditure completeness testing, 3 errors were identified arising from management not completing their year-end review of capital accruals. The absence of these reviews results in incorrect recording of expenditure and increases the risk of material misstatement in the financial statements.</p>	<p>We recommend that management completes an annual review of capital accruals.</p> <p><b>Management response</b></p> <p>Management acknowledges the audit finding and agrees with the recommendation. A formal review of capital accruals will be incorporated into the year-end timetable to ensure completeness and accuracy of financial reporting including:</p> <ul style="list-style-type: none"> <li>• Adding a mandatory review and sign-off step for all capital accruals within the year-end process.</li> <li>• Aligning the review process with the finance team’s year-end close schedule to ensure timely completion.</li> <li>• Communicating the revised procedure and training with Finance and service teams ahead of the 2025-26 year-end close.</li> </ul>

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- Key**
- **High** – Significant effect on control system and/or financial statements
  - **Medium** – Limited impact on control system and/or financial statements
  - **Low** – Best practice for control systems and financial statements

# Action plan – financial statements audit (5)

Assessment	Issue and risk	Recommendations
<p>● Medium</p>	<p><b>7. Reconciliation between OVR310 and HB subsidy workbook</b></p> <p>We noted one customer and client receipts key sample with the difference of £48,607 between the OVR310 report and the NEC final HB workbook. Management explained that this discrepancy is due to timing differences between the subsidy year closing and the financial year-end, which are not perfectly aligned. The OVR310 report is run based on the financial year.</p>	<p>We recommend that management performs a reconciliation between the OVR310 report and HB subsidy workbook at year-end.</p> <p><b>Management response</b></p> <p>The OVR310 report and HB subsidy workbook will be reconciled at the year-end.</p>
<p>● Medium</p>	<p><b>8. Intangible assets not amortised</b></p> <p>Management identified that five assets with finite useful lives were not amortised during the year due to the incorrect useful life set up in the system. We re-performed management’s workings to confirm this finding and did not identify other instances.</p> <p>These assets currently have a net book value of £1.1m which is a trivial overstatement of the balance sheet for 2024-25. While the impact is immaterial for the current year, if not addressed by management, there is a risk that this issue could become material in future periods.</p>	<p>We recommend that management reviews and validates the useful lives of intangible assets on an ongoing basis.</p> <p><b>Management response</b></p> <p>We will review assets with missing useful lives and ensure that these are updated in 2025-26.</p>

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- Key**
- **High** – Significant effect on control system and/or financial statements
  - **Medium** – Limited impact on control system and/or financial statements
  - **Low** – Best practice for control systems and financial statements

# Action plan – financial statements audit (6)

Assessment	Issue and risk	Recommendations
<p>● Medium</p>	<p><b>9. ‘Last revalued’ record omitted from Asset Manager</b></p> <p>In our PPE valuations work we are required to assess the level of uncertainty within the assets not revalued during the year.</p> <p>Asset Manager does not have a dedicated ‘Last revalued’ date functionality, which makes this exercise difficult. A ‘Last effective’ date column exists which can be used as a proxy for when an asset is last revalued, but it is not 100% accurate – the date may be updated or changed for reasons not as a result of a revaluation.</p> <p>We have gained assurance that the assets not revalued in 2024-25 are materially correct, however in order to arrive at this assessment, additional audit work was required.</p>	<p>Management should introduce an ‘Asset last revalued’ column in Asset Manager to ensure asset valuation dates are maintained.</p> <p><b>Management response</b></p> <p>We have asked the supplier of our asset register if this is functionality that is currently available, and will use this if available</p>
<p>● Medium</p>	<p><b>10. Depreciation policy</b></p> <p>In testing asset disposals we identified a trivial error of £0.245m relating to an IT system disposed during the year but is still in use. This issue arose due to the Authority’s depreciation policy, which fully depreciates assets even when they remain in use. This issue could extend to other assets that have been fully depreciated but remain operational.</p>	<p>Management should review the depreciation policy, particularly for IT systems, and implement a process to update and review the FAR when assets are replaced. Assets should be split into relevant components based on their expected useful lives to ensure accurate depreciation.</p> <p><b>Management response</b></p> <p>The asset project will work with the Shared Technology service to establish a process for maintaining an inventory of all the assets (both hardware and software) they own to provide their service to the Council. This will also include a requirement for them to provide an updated useful life each year.</p>

- Key**
- **High** – Significant effect on control system and/or financial statements
  - **Medium** – Limited impact on control system and/or financial statements
  - **Low** – Best practice for control systems and financial statements

# Action plan – financial statements audit (7)

Assessment	Issue and risk	Recommendations
<p>● Medium</p>	<p><b>11. Rent review memorandum</b></p> <p>In testing lessor leases, we noted that rent uplifts were applied but management was unable to provide rent review memorandums or other written confirmation evidencing review and authorisation. In our view this is a control deficiency in the documentation and retention of rent reviews, increasing the risk of unauthorised or incorrect rent changes.</p>	<p>Management should implement a formal rent review control and documentation process that ensures every uplift is documented and authorised.</p> <p><b>Management response</b></p> <p>Property has a current process for ‘market based’ rent reviews that is supported by valuation reports and delegated authority approvals. Property plans to address this recommendation by expanding this process to also cover indexation rent reviews. Management will implement an internal delegated authority-style sign-off for CPI/RPI indexation cases as well. This would evidence verification of the CPI data and calculation.</p>
<p>● Medium</p>	<p><b>12. Delayed responses to legal inquires</b></p> <p>When we requested responses from law firms regarding litigations and claims involving the Authority, we encountered significant delays. Several firms were unwilling to answer audit-related questions. Additionally, response times were very slow, which caused delays to the audit process and required extensive follow-up from the audit team.</p>	<p>We recommend that management clearly communicates to all legal firms it engages with that they are expected to respond promptly to audit queries and provide complete answers. This expectation should be set out at the start of any engagement to avoid delays.</p> <p><b>Management response</b></p> <p>The Council accepts the recommendation.</p>

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**Key**

- **High** – Significant effect on control system and/or financial statements
- **Medium** – Limited impact on control system and/or financial statements
- **Low** – Best practice for control systems and financial statements

# Action plan – financial statements audit (8)

Assessment	Issue and risk	Recommendations
<p>● Low</p>	<p><b>13. School's expenditure reconciliation</b></p> <p>In testing schools' expenditure, we identified a trivial difference of £0.551m between the accounts and the transaction listing. This variance was due to an omission from the listing relating to a school that converted to academy status in September 2024. There is no formal reconciliation between the between listings provided for audit and the accounts.</p>	<p>Management should carry out reconciliations between listings provided for audit and the accounts to ensure all relevant transactions are captured and explore any variances.</p> <p>Additionally, management should review all schools that converted to academy status during the year to confirm they are accounted for properly at year-end.</p> <p><b>Management response</b></p> <p>Reconciliations between listings provided for audit and the accounts will be formally completed as part of the year-end close process to ensure completeness and to identify and resolve any variances on a timely basis. In addition, management will implement a review of all schools converting to academy status during the year to confirm they are appropriately accounted for at year-end.</p>
	<p><b>14. Misclassification of action reason for work hour changes</b></p> <p>The changes in circumstances reports include entries under the 'Action reason' column marked as 'Change in work hours'. However, entries do not always reflect an actual change in total weekly working hours or FTE.</p> <p>Management confirmed that managers often select the incorrect action reason when submitting changes, or errors occur when payroll staff record and process these changes. Management clarified that the report is used solely for audit purposes and does not impact the accounts.</p>	<p>We recommend management introduces guidance and training for managers and payroll staff responsible for inputting payroll changes. We also recommend that these changes are reviewed following the change being made.</p> <p><b>Management response</b></p> <p>We are introducing Oracle Guided Learning (OGL) for the Oracle Change of Contract process. This will prompt managers to use the correct Action Types and Action Reasons when submitting a request. This will work across all change of contract types and hope to have this implemented by 31 January 2026.</p> <p>The new report (mentioned in action plan issue 8 above) will show all change of contract transactions for a given period with the status of each, and will also show each level of approver on completed changes. Will look to have this implemented by 28 February 2026.</p>

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**Key**

- **High** – Significant effect on control system and/or financial statements
- **Medium** – Limited impact on control system and/or financial statements
- **Low** – Best practice for control systems and financial statements

# Action plan – financial statements audit (9)

Assessment	Issue and risk	Recommendations
<p>● Low</p>	<p><b>15. Journals checklist</b></p> <p>Management’s journal processes require a journals checklist to be included as part of supporting journal evidence. We identified instances where the checklist was not included.</p> <p>In discussion with management, we understood that the quality control process is intended to include a review of journal entries and their supporting documentation, including the checklist. Where evidence is insufficient, the journal poster will be held accountable.</p> <p>Management confirmed that this control is not currently being performed. We reviewed the contents of the journal checklist and consider it an important element of the Authority’s internal processes. However, we do not believe its absence significantly increases the risk of fraud or material misstatement in the financial statements.</p>	<p>We recommend that that management ensures the journal checklist is included within the support evidence for every journal posted and that the relevant review around the checklist is performed per the journal postings process.</p> <p><b>Management response</b></p> <p>Management will review the controls for journals and issue a revised Required Financial Practice Note in 2025-26 and provide training to finance staff to ensure that the required controls are understood.</p>

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- Key**
- **High** – Significant effect on control system and/or financial statements
  - **Medium** – Limited impact on control system and/or financial statements
  - **Low** – Best practice for control systems and financial statements

# Action plan – financial statements audit (10)

Assessment	Issue and risk	Recommendations
<p>● Low</p>	<p><b>16. Completeness of change in circumstances reports / retrospective payroll change reporting</b></p> <p>In sampling from the payroll changes in circumstances (CICs) listings, we noted that the 2024-25 reports have CICs with effective start dates dating back to 2021, hence showing changes occurring in previous financial years. Management informs that managers often submit payroll requests for changes retrospectively, contributing to incomplete listings for each financial year.</p> <p>We challenged management, who confirmed that the report is only used for audit purposes and therefore does not impact the accounts.</p>	<p>We recommend that managers should always report changes to employee assignments to payroll in a timely manner – immediately after manager approval, and the payroll team should ensure prompt processing of changes.</p> <p>In addition, managers should ensure justification of retrospective payroll changes is documented and approved and complete monthly review/ reconciliation of pending payroll changes.</p> <p><b>Management response</b></p> <p>The Oracle change of contract process does follow an approval workflow where different levels of approval are required before any request is processed by payroll.</p> <p>Payroll promptly actions all changes within any payroll window to ensure payment in the following payroll period. Payroll saves any-off Oracle approvals in the Payroll Input folder showing the justification for the change and who it was approved by.</p> <p>We will look to develop a new report which shows all change of contract transactions for a given period with the status of each e.g. whether it's completed or pending approval. Will look to have this implemented by 28 February 2026.</p>

# Action plan – financial statements audit (11)

Assessment	Issue and risk	Recommendations
<ul style="list-style-type: none"> <li>●</li> </ul> <p>Low</p>	<p><b>16. Appropriate recognition of exit packages</b></p> <p>IAS 19 requires recognition of exit packages at the earlier of:</p> <ul style="list-style-type: none"> <li>• The employee accepting the offer; and</li> <li>• The date the offer was made.</li> </ul> <p>In testing of the current year exit package listings, we detected individuals that were incorrectly included in Note 31 as their offers of redundancy were made (date of redundancy letter) after the 2024-25 financial year. This issue caused significant delays on the completion of the remuneration disclosure testing due to:</p> <ol style="list-style-type: none"> <li>a) The listings not containing the relevant information to determine appropriate classification; and</li> <li>b) Redundancy letters for the selected individuals not being readily available.</li> </ol>	<p>We recommend that:</p> <ul style="list-style-type: none"> <li>• Exit package listings should include a column detailing the date the redundancy letter was issued, as this is the earliest point of recognition for an exit package, not the date the individual left the Authority.</li> <li>• Processes embedded for full review of the disclosure for the financial statements.</li> </ul> <p><b>Management response</b></p> <p>Management confirmed they will incorporate this and communicate with HR to ensure they have the relevant redundancy letters readily available to improve the efficiency in the 2025-26 audit.</p>

# Action plan – IT Audit (1)

Our IT Audit findings are set out on page 30 of this report. 3 significant deficiencies within IT controls relevant to the audit of the Authority's financial statements were identified in the area of security management. Below we outline the findings and associated recommendations.

Assessment	Issue and risk	Recommendations
<p>● High</p>	<p><b>1. Excessive system administrative permissions assigned to business users</b></p> <p>During IT Audit's review of Oracle Fusion it was noted that certain business users, primarily from the HR and Payroll teams, were assigned system roles that included permissions for 'Manage menu customisations' and 'Functional setup manager'. Management was unable to confirm whether the users required all of the assigned permissions for their job responsibilities, as these permissions appear to include system administrative access and may provide elevated privileges beyond what is necessary for their business functions.</p> <p>The risk here is where system administrative permissions are assigned to business users without clear justification, there is a risk of unauthorised or unintended changes being made to system configurations. This may compromise system integrity, weaken segregation of duties, and increase the likelihood of errors or misuse of privileged access.</p>	<p>We that management enhances the existing Quarterly Logical Access Review process by incorporating a review of the detailed permissions within user roles, not just the role assignments themselves. This review should ensure that:</p> <ul style="list-style-type: none"> <li>• Roles assigned to users remain appropriate for their job responsibilities; and</li> <li>• The permissions embedded within each role are valid, necessary, and do not grant excessive or administrative access beyond what is required.</li> </ul> <p>Any roles or permissions deemed inappropriate should be promptly adjusted or removed to uphold the principle of least privilege and maintain robust access controls.</p> <p><b>Management response</b></p> <p>We will review all the relevant roles and remove the administrative roles which they may not require for their job, ensuring that users can continue to carry out the necessary activities as part their normal duties.</p> <p>This will need to split into separate stages including review of the roles, feasibility to remove permissions, testing to ensure users can carry out their activities. Work has already progressed to develop this with full implementation expected in February 2026</p>

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- Key**
- **High** – Significant effect on control system and/or financial statements
  - **Medium** – Limited impact on control system and/or financial statements
  - **Low** – Best practice for control systems and financial statements

# Action plan – IT Audit (2)

Assessment	Issue and risk	Recommendations
<p>● Medium</p>	<p><b>2. Unnecessary system permissions not revoked promptly following user position change</b></p> <p>During IT Audit's review, it was identified that a user who had transitioned from a financial to a non-financial role retained certain financial system permissions beyond the effective date of the role change. Management clarified that although some financial system roles were not removed, the permissions could not be used to make changes to system data without other roles that had already been revoked.</p> <p>Where system access is not promptly updated following a change in user role, there is a risk that individuals may retain inappropriate access, potentially enabling unauthorised or erroneous transactions. Additionally, such accounts could be exploited by other users to bypass internal controls.</p>	<p>We recommend that management should enhance the Daily Position Change Check process to ensure that all permissions inconsistent with the user's new role are fully and promptly removed. This should include reviewing the current process to confirm that it captures all relevant permissions for removal and that the revocation is consistently executed and documented for each identified case.</p> <p><b>Management response</b></p> <p>There is a currently a process for checking position changes on a daily basis, where unnecessary roles will be removed. The example identified was a manual check that was missed. Additional training has been completed and process notes have been reviewed to ensure that the process is followed consistently going forward.</p>

- Key**
- **High** – Significant effect on control system and/or financial statements
  - **Medium** – Limited impact on control system and/or financial statements
  - **Low** – Best practice for control systems and financial statements

# Action plan – IT Audit (3)

Assessment	Issue and risk	Recommendations
<p>● Medium</p>	<p><b>3. Limited user access logging and monitoring</b></p> <p>During IT Audit's review, it was noted that system logging for user access and activity was limited. Specifically, the logs to capture user login history and record significant actions performed within the system were not enabled. Furthermore, there was no formal process in place for the routine monitoring of user activities, particularly for high-risk users. This hinders the timely identification of suspicious behaviour or unauthorised access and delayed appropriate remedial action.</p> <p>Without formal and regular reviews of system access and activity logs, inappropriate or anomalous user behaviour may go undetected. This increases the risk of unauthorised changes to configurations or data, particularly by privileged users, and may delay investigation and corrective action in the event of a security incident.</p>	<p>It is recommended that management considers enabling the Security Configuration Changes audit report in Oracle Fusion to capture key modifications to roles, privileges, and access policies. Management may also consider developing customised audit trails that reflect the Authority's specific operational and risk requirements.</p> <p>A formal, documented process should be established for the independent and periodic review of audit logs. This process should clearly define responsibilities, review criteria, and escalation protocols. It is further recommended that the scope of these reviews include privileged and administrative accounts to ensure adequate oversight of high-risk access. Identified issues should be investigated, with remedial actions taken and documented to support accountability and strengthen the control environment.</p> <p><b>Management response</b></p> <p>We will look to develop a report which shows user login history. These reports will be reviewed regularly to ensure users with administrative roles are only accessing the system in line with their job roles, to ensure only relevant active users are logging into the system. We will also look to review the capability within oracle to see if reporting on key modifications in the system routinely is feasible and review a process around this. We have carried out a review of audit logging for the specific business areas with their leads across all financially critical areas and has been found to be sufficient. Work has already progressed to develop this with full implementation expected in February 2026.</p>

- Key**
- **High** – Significant effect on control system and/or financial statements
  - **Medium** – Limited impact on control system and/or financial statements
  - **Low** – Best practice for control systems and financial statements

# Follow up of prior year recommendations (1)

We identified the following issues in the audit of the Authority's 2023-24 financial statements, which resulted in 6 recommendations being reported in our 2023-24 Audit Findings Report. Management has implemented 3 of our recommendations with 3 recommendations in progress.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓ Action completed	<p><b>1. FTE changes in circumstances (assessed as medium risk)</b> – In the prior year, in our changes in circumstances testing we identified one case which was a valid change but missed the appropriate approval. We raised a management action point (control weakness).</p> <p>Similarly, in the current year we tested 12 samples of FTE change in circumstances. We identified an incorrect FTE number in one of the samples. After several discussions with management, we found the report provided to audit team was inaccurate, with incorrect parameters used. Management subsequently provided a revised report with the correct parameters, and our testing was re-performed where we identified a new error. As a result, we needed to extend our testing, selecting an additional 14 samples. We found no errors in the additional sample, leading us to conclude that we could rely on FTE reports for our payroll substantive analytical procedures.</p> <p><b>Risk</b> – If proper protocols are not followed and the HR system is not updated in a timely manner, the FTE report may be inaccurate resulting in incorrect employee benefits paid and incorrect records maintained.</p> <p><b>Recommendation</b> – Management should review FTE reports to ensue that the FTE CiCs are updated in a timely and accurate manner.</p>	<p>This new report has been developed and is now in use as and when required. The report shows all assignment changes for any given period(s) and matches with what is shown on the Oracle history screens.</p> <p>The FTE report is now also in use and includes all current employees as well as any leavers in a given period(s).</p>

# Follow up of prior year recommendations (2)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
In progress	<p><b>2. Property, plant &amp; equipment (PPE) (assessed as medium risk)</b> – On examining the FAR and conducting audit procedures to reconcile the PPE note in the financial statements with the trial balance and the valuer’s report, we found that management had not included OLB assets amounting to £18.5m in the FAR, as indicated in the valuer’s report. When challenged, management explained that they were not satisfied with the valuation of those assets and therefore did not update their revalued amounts in the FAR.</p> <p>We also identified that council dwellings of £26.7m were not revalued in-year. In raising this issue, management decided to revalue these assets due to their materiality. The FAR and PPE note were updated on receipt of the final valuation report and necessitated significant changes to the PPE note.</p> <p>Furthermore, we found errors in the PPE note regarding PPE transfers, additions, and revaluations leading to multiple iterations of the disclosure. We also identified material issues in the assets under construction balance.</p> <p>We have also reported errors in relation to the disclosed gain on disposal, with an overstatement of £10.5m in the financial statements.</p> <p><b>Risk</b> – Incorrect PPE valuations and errors within PPE transfers, additions, disposals and assets under construction can result in material inaccuracies within the PPE note and Balance Sheet.</p> <p><b>Recommendation</b> – A detailed reconciliation, by asset category, must be performed on a regular (monthly or quarterly) basis between the FAR and general ledger, with a full reconciliation of both at year-end to the valuer’s reports. This will ensure any discrepancies or inconsistencies between the FAR, ledger and valuer reports are identified and resolved in a timely manner.</p>	<p>The finance team reviewed the asset register and focused on fixing the most material issues for 2024-25, this resulted in prior period adjustments made to the draft financial statements as detailed on page 29.</p> <p>Further work planned and resourced for 2025-26 to enhance the quality of data held by the Authority to make this more robust in years to come.</p>

# Follow up of prior year recommendations (3)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓ Action completed	<p><b>3. Bank reconciliation statement (BRS) (assessed as medium risk)</b> – We observed discrepancies between the Authority’s bank statements and the general ledger. We noted that the general ledger balance for the bank accounts did not match the general ledger bank balance in the bank reconciliation statements.</p> <p><b>Risk</b> – If the bank reconciliation statements are not correctly prepared it may lead to material issues and unexplained reconciling items.</p> <p><b>Recommendation</b> – The preparation of the BRS should be reviewed in detail with monthly reconciliations to investigate any reconciling items. <b>3. Bank reconciliation statement (BRS) (assessed as medium risk)</b> – We observed discrepancies between the Authority’s bank statements and the general ledger. We noted that the general ledger balance for the bank accounts did not match the general ledger bank balance in the bank reconciliation statements.</p> <p><b>Risk</b> – If the bank reconciliation statements are not correctly prepared it may lead to material issues and unexplained reconciling items.</p> <p><b>Recommendation</b> – The preparation of the BRS should be reviewed in detail with monthly reconciliations to investigate any reconciling items.</p>	<p>Cash in transit codes were amended by Finance Business Partners to debtor codes for the corresponding service area.</p> <p>The amendments were setup by IT on Pay360 to ensure correct allocation.</p> <p>Continuous monitoring is applied to ensure correct codes are used.</p>

# Follow up of prior year recommendations (4)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
In progress	<p><b>4. Property, plant &amp; equipment – valuation of PPE (assessed as high risk)</b> – We identified several errors within PPE in relation to the reconciliation between the fixed asset register (FAR) and the valuation reports, and there been adjustments to addition and disposals. In addition, management revalued assets during the audit that were initially missed from the valuation process.</p> <p><b>Risk</b> – Weakness in the PPE valuation process increases the risk of misstatements in the financial statements. This causes delays to the audit and takes up considerable officer time in resolving errors and issues identified.</p> <p><b>Recommendation</b> – Management must strengthen the PPE valuation process to ensure accuracy of financial reporting. We recommend that:</p> <ol style="list-style-type: none"> <li>1. Management carries out the PPE valuation as at 31 March (financial year-end) rather than as at 1 April.</li> <li>2. There must be a co-ordinated effort by both the finance and estate teams to ensure that all assets requiring revaluation are correctly identified and for the valuer to be provided with all required information.</li> <li>3. Management needs robust review procedures to be in place to ensure that the FAR reconciles with the valuation report and with the financial statements.</li> <li>4. Management must check that other linked balances (additions, disposals, revaluation reserve, surplus or deficits on the revaluation reserve, gains or losses on asset disposal) are consistent with the PPE note and consistent with the FAR where applicable.</li> </ol>	<p>Management carried out a review of asset revaluations and sent far more assets to be revalued than it would in a normal year in order to provide greater assurance that the valuations are up to date.</p> <p>Further work is planned and resourced for 2025-26 to build on the work undertaken so far and make this more robust in future years.</p>

# Follow up of prior year recommendations (5)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
In progress	<p><b>5. Review of subsidiary accounts and consolidation workings (assessed as medium risk)</b> – Management does not currently perform a detailed review of subsidiary accounts and consolidation working papers before recording the amounts in the financial statements. This lack of review increases the risk of errors and misstatements in the consolidated financial statements.</p> <p><b>Risk</b> – Without a thorough review process, there is higher likelihood of inaccuracies in the financial statements, which could lead to incorrect financial reporting and potential non-compliance with accounting standards.</p> <p><b>Recommendation</b> – Management should implement a control procedure to conduct a detailed review of all subsidiary accounts and consolidation working papers. This review should be performed by an individual/team before the amounts are recorded in the financial statements. The review process should include verifying the accuracy and completeness of the subsidiary accounts and ensuring that all consolidation adjustments are appropriately documented and applied.</p>	<p>The working papers for consolidation were revised this year, based on guidance from CIPFA. The subsidiary accountants reviewed the consolidation to ensure that items were correctly classified.</p>
In progress	<p><b>6. Council dwellings (assessed as medium risk)</b> – Management uses a beacon basis for council dwelling valuation. There are approximately 90 beacon groups which are varied by another 200+ variants to reflect the various characteristics of the remaining dwellings. Detailed testing of the beacon groups was performed in 2021-22 with no issues noted. However, management has not updated or reviewed the beacon analysis since 2021-22 as part of their valuation exercise.</p> <p><b>Risk</b> – Failing to update or review the beacon analysis as part of the valuation exercise poses risk of inaccurate valuation and could result in material inaccuracies within the PPE note and Balance Sheet.</p> <p><b>Recommendation</b> – Management should regularly update and review their beacon analysis as part of the council dwellings valuation exercise. This would provide assurance that net book value of council dwellings is not materially different from the current value.</p>	<p>Management has reviewed the guidance on stock valuation to identify under what circumstances Beacons need to be updated and is satisfied that the Beacons remain appropriate for the existing HRA assets. New HRA assets were revalued site by site which ensures that these valuations are sufficiently accurate for the accounts.</p>

# 09 Value for money arrangements

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# Value for money arrangements

## Approach to value for money work for the year ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, the Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30 November each year from 2024-25.

In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.

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### Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



### Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



### Governance

How the body ensures that it makes informed decisions and properly manages its risks.

In undertaking this work we identified three significant weaknesses in arrangements. Two significant weaknesses are within financial sustainability and one in improving economy, efficiency and effectiveness. Full details are included in our 2024-25 Auditor's Annual Report, presented to Audit & Standards Committee in September 2025.

# 10 Independence considerations

# Independence considerations (1)

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, there are no independence matters that we would like to report to you. We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Group and Authority that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Group and Authority or investments in the Group held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Group or Authority as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Group and Authority.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Group's board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

# Independence considerations (2)

## Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Group. See below non-audit related services charged for the 2024-25 financial year, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees	Threats identified	Safeguards
<b>Audit-related</b>			
Housing Benefits Assurance Process	£29,220 plus day rate of £1,500 for additional work required	Self-interest because this is a recurring fee  Self-review because GT provides audit services	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fixed fees for this work total £51,720 in comparison to the total fee for the audit scale fee of £545,235 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.  To mitigate against the self-review threat, the timing of certification work is done after the audit is complete, materiality of the amounts involved to our opinion and unlikelihood of material errors arising, and the Authority has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Certification of Teachers' Pension Return	£12,500	Self-interest because this is a recurring fee  Self-review because GT provides audit services	
Certification of Pooling of Housing Capital receipts return	£10,000	Self-interest because this is a recurring fee  Self-review because GT provides audit services	

# Fees and non-audit services (1)

Below, we confirm the 2024-25 audit fees charged to date and outlines. We also outline proposed additional fees arising from delays and challenges with the audit requiring unplanned input and additional audit resource.

<b>Audit fees</b>	<b>Proposed fee per the Audit Plan £</b>	<b>Final fee £</b>
<b>Scale fee for Brent Council audit</b>	545,235	545,235
Detail of additional procedure carried out for each of the sections below are documented under significant matters on pages 10-13:		
• IFRS 16* (includes standard work and additional procedures)		15,000
• PPE valuations (additional work and delays)		25,000
• Prior period adjustments in relation to PPE, financial instruments		18,000
• Creditor and debtor samples selection		2,000
• <a href="#">Prior period adjustments in exit packages and additional work in relation errors in Exit packages and remuneration notes</a>		2000
• Financial instruments (additional work resulting from revision of disclosures)		4,000
• <a href="#">Additional testing on creditors testing- resulting from errors identified from completeness and creditors testing</a>		2,500
• Additions (additional work resulting from delays)		1,000
• Capital grants unapplied (additional work)		1,500
• Finalisation of all other audit areas in January and February, excluding areas with severe delays noted above		10,000
<b>Total audit fees</b>		<b>626,235</b>

## Fees and non-audit services (2)

<b>Audit-related fees</b>	<b>Final fee £</b>
I4B Holdings Ltd audit	50,600
First Wave Housing Ltd audit	47,500
Overrun fees agreed (I4B and FWH)	4,000
Brent Pension Fund audit	105,000
<b>Total audit fees (excluding VAT)</b>	<b>207,100</b>

None of the above services were provided on a contingent fee basis.

# Fees and non-audit services (3)

<b>Audit-related fees for other services</b>	<b>Proposed fee as the Audit Plan £</b>	<b>Final fee £</b>
Certification of Housing Benefits Assurance Process – 2023-24	28,500	£29,220
Certification of Housing Benefits Assurance Process – 2024-25	28,500	£29,220
Certification of Pooling of Housing Capital Receipts return – 2024-25	10,000	10,000
Certification of Teachers' Pensions return – 2021-22	7,500	7,500
Certification of Teachers' Pensions return – 2022-23	10,000	10,000
Certification of Teachers' Pensions return – 2023-24	12,500	12,500
Certification of Teachers' Pensions return – 2024-25	12,500	12,500
<b>Total non-audit fees (excluding VAT)</b>	<b>£109,500</b>	<b>£110,940</b>

None of the above services were provided on a contingent fee basis.

# 11 Appendices

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# A. Communication of audit matters with those charged with governance (1)

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence.	●	●
Significant matters in relation to going concern	●	●
Matters in relation to the Group audit, including: Scope of work on components, involvement of Group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the Group audit, fraud or suspected fraud	●	●
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●

# A. Communication of audit matters with those charged with governance (2)

## Our communication plan

	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

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ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

### Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

### Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

# B. DRAFT Audit opinion (1)

## DRAFT Independent auditor's report to the Members of the London Borough of Brent

### Report on the audit of the financial statements

#### Opinion on financial statements

We have audited the financial statements of London Borough of Brent (the 'Authority') and its subsidiaries (the 'Group') for the year ended 31 March 2025, which comprise the Balance Sheet, Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Cash Flow Statement, Notes and disclosures to the core statements, including a summary of significant accounting policies, Housing Revenue Account Income and Expenditure Statement, Collection Fund Account, the Notes to the Collection Fund accounts, Group Balance Sheet, Group Consolidated Income and Expenditure Statement, Group Cash Flow Statement, Group Movement in Reserves and Notes to the Group financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2025 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## B. DRAFT Audit opinion (2)

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Corporate Director Finance and Resource's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority or the group to cease to continue as a going concern.

In our evaluation of the Corporate Director Finance and Resource's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 that the Authority's and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Authority and the group and Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Corporate Director Finance and Resource's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's and the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Corporate Director Finance and Resource with respect to going concern are described in the relevant sections of this report.

## B. DRAFT Audit opinion (3)

### Other information

The other information comprises the information included in the Annual Governance Statement and the narrative report, other than the financial statements and our auditor's report thereon, and our auditor's report on the Pension Fund financial statements. The Corporate Director Finance and Resource is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

### Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year period for which the financial statements are prepared is consistent with the financial statements.

## B. DRAFT Audit opinion (4)

### Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

### Responsibilities of the Authority and the Corporate Director Finance and Resource

As explained more fully in the Statement of Responsibilities , the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Corporate Director Finance and Resource. The Corporate Director Finance and Resource is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view, and for such internal control as the Corporate Director Finance and Resource determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporate Director Finance and Resource is responsible for assessing the Authority's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority and the group without the transfer of its services to another public sector entity.

## B. DRAFT Audit opinion (5)

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2024, the Local Government Act 2003, the Local Government Act 1972, the Local Government and Housing Act 1989, and Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012).

- We enquired of management and the Audit & Standards Committee concerning the group and Authority's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Audit & Standards Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

## B. DRAFT Audit opinion (6)

### Auditor's responsibilities for the audit of the financial statements (cont.)

We assessed the susceptibility of the Authority and group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls, fraud in income and expenditure recognition, and potential management bias in determining accounting estimates for the valuation of land and buildings (including council dwellings and leases), the valuation of the pension fund net liability, and the completeness of expenditure accruals. We determined that the principal risks were in relation to manual journals that altered the Authority's financial performance for the year, post year-end and closing journal entries. Our audit procedures involved:

- Evaluation of the design effectiveness of controls that the Corporate Director of Finance Resource has in place to prevent and detect fraud;
- Analysis of the journals listing and determination of the criteria for selecting high risk unusual journals;
- Identification and testing of unusual journal entries made during the year and the accounts production stage for appropriateness and corroboration;
- Reviewing and testing transfer between the General Fund and HRA and inter-group journals.
- Challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings valuations, council dwelling valuations, PFI valuations, the valuation of the defined benefit net pension fund liability, grants and income recognition, PFI provisions, minimum revenue provision, and manual expenditure accruals; and
- Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

## B. DRAFT Audit opinion (7)

### Auditor's responsibilities for the audit of the financial statements (cont.)

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings valuations, council dwelling valuations, lease valuations, PFI valuations, depreciation, the valuation of defined benefit net pension fund liabilities, provisions, income and expenditure accruals, PFI liabilities, credit loss and impairment allowances, and fair value estimates. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the group and Authority's engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;

Page 236 knowledge of the local government sector in which the group and Authority operates; and

understanding of the legal and regulatory requirements specific to the Authority and group including:

- the provisions of the applicable legislation
- guidance issued by CIPFA/LASAAC and SOLACE
- the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- The Authority and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- The Authority and group's control environment, including the policies and procedures implemented by the Authority and group to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## B. DRAFT Audit opinion (8)

Report on other legal and regulatory requirements – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing further to report except that on 25 September 2025, we identified three significant weaknesses:

- Two significant weaknesses in relation to Financial Sustainability; and
- One significant weakness in relation to Improving Economy, Efficiency, and Effectiveness.

### Financial Sustainability

#### Significant weakness in setting realistic future budgets to avoid a draw on reserves and the use of Exceptional Financial Support

The Authority faced continued financial pressures in 2024–25. Service overspends of £15.5 million were covered using earmarked reserves, released after an exercise to re-purpose reserves to support the revenue budget and enhance financial resilience. Rising demand pressures, particularly in temporary accommodation and social care, has made delivering balanced budgets increasingly challenging. The Authority’s Medium-Term Financial Strategy anticipates a cumulative budget gap of £28 million by 31 March 2029.

We recommend the Authority must urgently take additional difficult decisions to ensure that a realistic budget can be set for next year and in the medium-term, so this can be delivered without the need to further draw on reserves nor Exceptional Financial Support from central government.

## B. DRAFT Audit opinion (9)

Matter on which we are required to report by exception – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources (cont.)

### 2. Significant weakness in Identification and delivery of savings

The Authority has yet to fully develop the pipeline of savings to close the projected budget gap of £28 million in the MTF5 until 2028-29. Progress is being made with savings plans for 2026-27 identified as part of the budget setting process but a budget gap remains. To support this, the Authority is developing its Embrace Change Transformation programme, although this is currently in the early stages and lacks clarity and full organisational understanding and embedding.

Our recommendation states that it is critical that savings through the Embrace Change Transformation Programme are quantified and integrated into the Medium-Term Financial Strategy (MTFS) providing a pipeline of sufficient recurrent savings and income generation schemes supported by robust business cases through collaboration and business transformation.

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### Improving Economy, Efficiency, and Effectiveness

### 3. Significant weakness relating to serious failings in quality and safety standards (Housing)

There is a significant weakness in the Authority’s arrangements to deliver economy, efficiency and effectiveness in the Authority’s housing services, as indicated by the Regulator of Social Housing (RSH) awarding the Authority a ‘C3 grading’ in May 2025 for serious failings in meeting quality and safety consumer standards, following the self-referral made to the RSH by the Authority.

We recommend the Authority should ensure that governance and oversight arrangements for the Housing Improvement Plan provide assurance for officers and Members over timely delivery of actions and that improvements are sustained and embedded across housing services.

## B. DRAFT Audit opinion (10)

### Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks;
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

# B. DRAFT Audit opinion (11)

## Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for London Borough of Brent for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to the Authority's consolidation returns and we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

## Use of our report

This report is made solely to the Members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

[\*\*Signature\*\*]

**Sophia Brown**, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

[\*\*Date\*\*]



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	A	E	F	G	H	I	J
1	<b>DRAFT ASAC FORWARD PLAN &amp; WORK PROGRAMME 2026-27</b>						
2	Topic / Date	15-Jun-26	27-Jul-26	23-Sep-26	30-Nov-26	07-Feb-27	24-Mar-27
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		
7	Internal Audit Strategy & Plan						X
8	<b>External Audit</b>						
9	External Audit progress report	X	X	X			X
10	Audit Findings Report Council & Pension Fund Statement of Accounts 2025-26				X*		
11	Draft External Audit Plan 2026-27 (incl Pension Fund)	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	Treasury Management Outturn Report		X				
17	<b>Governance</b>						
18	To review performance & management of i4B Holdings Ltd and First Wave Housing Ltd			X			X
19	Procurement Strategy Review Progress Update						
20	Referral to Social Housing Regulator			X			
21	Review of the use of RIPA Powers						X
22	Receive and agree the Annual Governance Statement	X*					
23	<b>Risk Management</b>						
24	Strategic Risk Register Update			X			
25	Emergency Preparedness		X				
26	Deep Risk Dive - subject areas to be confirmed						
27	<b>Audit Committee Effectiveness</b>						
28	Review the Committee's Forward Plan	X	X	X	X	X	X
29	Review the performance of the Committee (self-assessment)						X
30	Chair's Annual Report	X					
31	Training Requirements for Audit Committee Members (as required)						
32	<b>Standards Matters</b>						
33	Standards Report (including gifts & hospitality)	X		X	X		X
34	Annual Standards Report						X
35	Member Complaints & Code of Conduct					X	
36	Review of the Member Development Programme and Members' Expenses (incorporating Review of the Financial and Procedural Rules governing the Mayor's Charity Appeal)						X
37	<b>Committee Development - training sessions to be identified</b>						
38	Member induction & role of Committee	X					
39							
40							
41							
42							
43	* Requires approval by Audit & Standards Committee						

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