



**MINUTES OF THE AUDIT AND STANDARDS ADVISORY COMMITTEE**  
**Held in the Conference Hall, Brent Civic Centre on Thursday 12 October 2023**  
**at 6.00 pm**

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

**Independent Advisor:** Vineeta Manchanda.

Also present: Councillor Tatler (Deputy Leader, Cabinet Member for Finance, Resources & Reform and Cabinet Member for Regeneration, Planning & Growth) and Julie Byrom (Independent Person – attended online).

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

Apologies were received from Stephen Ross (Independent Co-opted Member, Councillor S.Butt and Councillor Smith. Councillor Molloy attended as an alternate for Councillor S.Butt.

**2. Declarations of Interest**

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

**3. Deputations (if any)**

None received.

**4. Statement of Accounts – Audit Findings Report 2022/23 and Annual Auditor's Report**

Ben Ainsworth, Head of Finance introduced a report that provided the Committee with an update on the progress of the Statement of Accounts 2022/23 and the Audit Findings Report. The Committee was advised that the final checks were being made to the Statement of Accounts, with their completion anticipated within the next week. It was highlighted to the Committee that despite the minimal delays, Brent were in the advantageous position of being one of only a few authorities that had completed their accounts for 2022/23. Ciaran McLaughlin, Key Audit Partner, Grant Thornton, went on to highlight key points from the updated Audit Findings Report.

In considering the report the Committee noted the following:

- Previously pending queries in relation to Level 3 Valuations, the Housing Revenue Accounts and the General Fund had been reviewed and signed off.
- Queries relating to infrastructure assets had been satisfied in line with CIPFA guidance.
- Work had been undertaken in relation to PFI provision, some minor differences had been noted, however upon consulting with PFI modelling

experts, auditors were satisfied that the information was materially correct, therefore a control point had been noted, but no amendments were necessary.

- No issues were identified that would impact on the independence of the report.
- The action plan in Appendix B of the Audit Findings Report identified 11 recommendations as a result of issues identified during the course of the audit. Auditors were satisfied with the management responses to these and progress against these issues would be reported during the 23/24 audit.

The Committee raised a number of queries in relation to the information heard, with the following responses provided:

- In response to a Committee query in relation to whether the auditors anticipated any further delays to the completion of the audit, the Committee was advised that no further delays were expected that would impede the signing of the accounts, however the Committee was reminded that a completion certificate could not be used until the outstanding objections had been resolved.
- Following a Committee query in relation to several recommendations identified in the Audit Findings Action Plan regarding the number of employees who had access to specific systems that could lead to enhanced fraud risk; the Committee was advised that officers had responded positively and had already actioned reducing the level of access to the identified systems.
- In relation to the medium risk identified that raised the issue of the high number of journals raised in November 2023, the Committee was advised that although identified as a medium risk, it was unlikely to present as an issue in future audits as it was the result of the Council trialling a different way of working. In future the Council would spread the creation and posting of journals to allow the Oracle system to be able to process and export the information sufficiently.
- Following a Committee query in relation to how the level of security was managed when staff access secure systems with sensitive information, the Committee was advised that controls around user access and permissions were continually reviewed via internal audit processes and relevant updates would be provided to the Committee in the internal audit report.
- In response to a query regarding the level of housing benefit overpayments and how these could be adequately recovered, the Committee was advised that it was a widespread issue for local authorities and due to the recipient's low income it took a very long time to recover overpayments as they had to be made in small instalments over an extended time period.
- The Committee received assurance that the number of recommendations received was not unusual and in recent years had increased across all local authority audits to reflect the level of increased risks faced by local authorities.

The Chair thanked Ciaran McLaughlin for providing the update in relation to the Brent Audit Findings Report and invited Sheena Phillips to update the Committee on the Audit Findings Report for the Brent Pension Fund.

In considering the report the Committee noted the following key points:

- There had been minimal changes made since the report was last shared with the Committee.
- The Committee's attention was drawn to page 103 of the report that highlighted an unadjusted error in relation to Level 3 Investments, it was confirmed that this had no impact upon the accounts.
- Some further recommendations had been made following the hot review of the accounts, the main recommendation was to ensure best practice guidance in relation to currency risk disclosure and that management analysed the currency risk disclosure by currency to provide clarity. Auditors were satisfied with the management response to take this forward to the 23/34 accounts.

The Committee raised a small number of queries in relation to the information heard regarding the Pension Fund Audit Findings Report, with the following responses provided:

- The Committee raised concerns that the Council incurred additional fees due to delays in providing adequate information to the auditors and queried how this could be avoided in the future. In response the Committee was advised that Brent Finance Team would re-affirm their expectations with Fund Managers to ensure that information is produced quickly when requested for audit purposes.
- Following a Committee observation that it may be beneficial to invite the auditors to Pension Sub Committee meetings, officers agreed that this would be considered for the work plan for the next financial year.

As there were no further questions the Chair moved the meeting on to allow discussion on the Annual Audit/Value for Money Report. Ahead of the report being introduced the Chair reminded Members that the report was for the Committee's consideration and comments ahead of going to Full Council for approval, therefore it was paramount that any questions in relation to the report were raised in the meeting as there would be no further opportunities for scrutiny on the item.

Ciaran McLaughlin, Key Audit Partner, introduced the report and highlighted the following key points:

- In line with Section 20 (1)(c) of the Local Audit and Accountability Act 2014, this report provided the auditors commentary relating to the Council's proper arrangements in relation to three areas, Governance, Financial Sustainability and Improving economy, efficiency and effectiveness.
- The Committee was advised that no significant weaknesses had been identified across all three areas and the Council were performing well.
- Some improvement recommendations had been highlighted; however it was noted that they were in the lowest tier of recommendations that could be raised.
- Auditors were satisfied that in terms of financial sustainability, the Council's short and medium term financial planning reflected the Council's strategic priorities.

- Auditors were satisfied that adequate arrangements were in place to effectively manage risk.
- Auditors were content with the management responses to the recommendations raised and felt the report was a positive reflection on Brent.

Councillor Tatler, Deputy Leader, Cabinet Member for Finance, Resources & Reform and Cabinet Member for Regeneration, Planning & Growth, thanked the external auditors for their work with Brent and for the suggested improvement recommendations that would support continued improvement of the financial systems Brent had in place.

The Committee had several questions for officers and the auditors in relation to the information heard on the Annual Auditors/Value for Money report, the following responses were provided:

- The Committee was assured that the recommendations in relation to Financial Sustainability were not suggestive of any major concerns, just a reflection on further ways to strengthen practice.
- Following a Committee query in relation to when it would be appropriate for the Council to start planning how the Dedicated Schools Grant (DSG) deficit would be managed when the statutory override expired in 2025/26, the Committee was advised that this was an issue affecting many Council's and if the government did not extend the override, all Council's would be expected to use general fund reserves to pay it off. The DSG deficit was regularly reviewed and plans that were put in place to reduce the deficit were starting to take effect. The Committee would be updated when information was received from the DfE that would inform how the Council would manage the deficit moving forward.
- The Committee queried what plans were in place to mitigate the forecast £13m overspend and whether it would be necessary to adjust the Council's reserve funds going forward. In response the Committee was assured that plans were in place to make savings across the Council and the budget would continue to be rigorously monitored. The biggest factor in the forecast overspend was in relation to temporary housing costs and the specific plans to mitigate these rising costs were expected to start taking effect from early in 2024.
- Following a Committee query in relation to whether the recommendations made in last year's audit had been delivered, the Committee was assured that the previous recommendations had been positively responded and as such there were no repeat recommendations made.
- The Committee recognised that the Medium Term Financial Strategy (MTFS) would be most affected by the national challenging economic environment, in response to these concerns, officers advised that scenario planning and modelling would thoroughly assess a spectrum of eventualities to ensure the Council's financial preparedness.
- The Committee raised a concern that Climate Risk was not part of the overall risk register, it was noted that this was unusual as it was a corporate issue rather than departmental. Officers advised this would be a consideration as part of the MTFS.

- The Committee required clarity on the constitution of the Brent Assurance Board who were referred to in the report as a second line of defence. Officers advised that the board was chaired by the Chief Executive and attended by the Corporate Director for Finance & Resources, Corporate Director of Governance, the Head of Internal Audit & Investigation, and other officers depending on the agenda for the meeting.
- The Committee raised their concerns that there was a further increase to audit fees from next year, however in the context of the number of public sector auditors available to fulfil audit appointments allocated through the PSAA; the Committee understood the limited options.

As there were no further questions, the Committee **RESOLVED** to recommend that the Audit & Standards Committee -

1. Approve the final statement of accounts 2022-23, subject to no further material changes.
2. Authorise the Chair of the Audit & Standards Committee to sign the final statement of accounts 2022/23, subject to receiving written assurances that there were no further material changes being required by the auditors.
3. Note the findings of the updated Audit Findings Report, including the additional recommendations.
4. Note the findings of the Value for Money report and commend it to Full Council.
5. Note that they are content with the increased level of audit fees as agreed with the PSAA.

## 5. **Any other urgent business**

The Chair extended his thanks to the Brent Council Finance Team and the external auditors for their support in the progress made with the Statement of Accounts 2022-23, as it was noted that Brent was in the top 1% of local authorities in getting their accounts to this stage. The Chair went on to give thanks and recognition to Ciaran McLaughlin, Key Audit Partner, Grant Thornton for his work with Brent as this would be his last meeting as Brent's key audit partner.

The next meeting was scheduled for Wednesday 6 December 2023

The meeting closed at 7:13pm

David Ewart  
Chair