

The Indicative Audit Plan for London Borough of Brent

Year ending 31 March 2025

April 2025



Contents

Section	Page
Key developments impacting our audit approach	3
Introduction and headlines	11
Identified risks	14
Group audit	23
Our approach to materiality	25
Progress against prior year recommendations	28
IT audit strategy	34
Value for money arrangements	36
Logistics	40
Fees and related matters	43
Independence considerations	46
Communication of audit matters with those charged with governance	51
Delivering audit quality	53
Appendices	56

01 Key developments impacting our audit approach

Local government reorganisation (LGR)

English Devolution White Paper

On 16 December 2024, the Secretary of State for Housing, Communities and Local Government, Angela Rayner, presented to Parliament the English Devolution White Paper.

The White Paper sets out the direction of travel for devolution of power across England. Devolution is seen by the government as fundamental in achieving the change the public expect and deserve. Government's aim is for devolution to promote growth, a joined-up delivery of public services, and politics being done with communities, not to them. England is one of the most centralised countries in the developed world, the paper sets out to change that. The goal is universal coverage of strategic authorities in England.

Strategic authorities will be a combination of pre-existing Combined Authorities and Mayoral Strategic Authorities (MSAs). They will be funded through an integrated settlement which can be used by the strategic authority across housing, regeneration, local growth, local transport, retrofit, skills and employment support. This removes the complexity of numerous grants, conditions and reporting requirements, simplifying it into a single mutually agreed outcomes framework monitored over a supply review period. In combination with this Mayors will be given more control over the devolution of transport, skills & employment support, housing and planning, environment and climate change, supporting business and research, reforming and joining up public services.

Government will facilitate a programme of LGR for 2-tier areas across England. It will also facilitate the reorganisation of unitary councils where there is evidence of failure, or where their size and/or boundaries are a hinderance to local decision-making. This will be done in a phased approach and, for most, will mean creating councils serving a population of 500,000 or more. Along with devolution Government wants to reset its relationship with local government, end micro-management and enable local government through multi-year settlements.

The next steps are:

- A widening and deepening of devolution, expanding on the 2 new Mayors and 6 non-mayoral devolutions already noted in the White Paper, with a priority programme for those with plans ready for action;
- An invitation from all remaining 2-tier areas and unitary councils where appropriate, to submit proposals for local reorganisation; and
- Re-committing to the English Devolution Bill by putting the devolution framework into statute and moving to a systematic approach that ensures local leaders have the powers they need.

Update

Jim McMahon, Minister for Local Government and English Devolution, wrote to 2-tier authorities in February 2025 to set out a timetable for reorganisation proposals to be submitted. We expect an interim plan shortly after 21 March 2025 and a full proposal by 28 November 2025.

Local audit reform

Proposals for an overhaul of the local audit system

On 18 December 2024, the Minister of State for Local Government and English Devolution, Jim McMahon OBE, wrote to local authority leaders and local audit firms to announce the launch of a strategy to overhaul the local audit system in England. The proposals were also laid in Parliament via a Written Ministerial Statement.

Government's strategy paper sets out its intention to streamline and simplify the local audit system, bringing as many audit functions as possible into one place and also offering insights drawn from audits. A new Local Audit Office will be established, with responsibilities for:

- Coordinating the system – including leading the local audit system and championing auditors' statutory reporting powers;
- Contract management, procurement, commissioning and appointment of auditors to all eligible bodies;
- Setting the Code of Audit Practice;
- Oversight of the quality regulatory framework (inspection, enforcement and supervision) and professional bodies; and
- Reporting, insights and guidance including the collation of reports made by auditors, national insights of local audit issues and guidance on the eligibility of auditors.

Proposals for an overhaul of the local audit system

The Minister also advised that, building on the recommendations of Redmond, Kingman and others, government will ensure the core underpinnings of the local audit system are fit for purpose. The strategy therefore includes a range of other measures, including:

- Setting out the vision and key principles for the local audit system;
- Committing to a review of the purpose and users of local accounts and audit and ensuring local accounts are fit for purpose, proportionate and relevant to account users;
- Enhancing capacity and capability in the sector;
- Strengthening relationships at all levels between local bodies and auditors to aid early warning system; and
- Increased focus on the support auditors and local bodies need to rebuild assurance following the clearing of the local audit backlog.

Our response

Grant Thornton welcomes the proposals, which we believe are much needed, and are essential to restore trust and credibility to the sector. For our part, we are proud to have signed 83% of our 2022-23 local government audit opinions without having to apply the local authority backstop. This compares with an average of less than 30% sign off for other firms in the market.

We will be keen to work with the MHCLG, with existing sector leaders and with the Local Audit Office as it is established to support a smooth transition to the new arrangements.

Key developments impacting our audit approach (1)

National position – The pandemic along with the cost-of-living crisis has left local governments with economic, social, and health challenges to address:

Staffing: A key challenge facing councils in maintaining service sustainability is the growing difficulties in relation to workforce recruitment and retention. Councils struggle to attract and retain qualified staff, especially younger talent. Many councils have outdated recruitment processes and are heavily reliant on agency staff.

Climate change: As the impacts of climate change become increasingly evident, councils play a pivotal role in mitigating and adapting to these changes. The UK's targets for achieving net zero carbon emissions and local authority pledges must align into cohesive policies with common goals. This includes ongoing local economy investment in renewable energy, promoting sustainable transportation and implementing measures to enhance resilience against extreme weather events.

Housing crisis: The shortage of affordable housing continues to be an issue. There aren't enough social rented homes to meet demand, and it is difficult to find land for new housing developments. New requirements around net zero and other environmental considerations complicate planning permission. Local authorities face the challenge of providing adequate housing whilst balancing environmental sustainability and statutory planning requirements.

Funding: Councils face many challenges in securing funding, including declining grant income, slow tax revenue growth, and rising demand for services. These challenges can make it difficult for councils to balance their budgets, assess their revenue base, enforce taxes, and prevent tax evasion. Social care costs, maintaining aging infrastructure, SEND and homelessness are driving up council spending and cuts to discretionary services impact local communities. Strained budgets are making it challenging to fund essential services, infrastructure projects and the ongoing stream of section 114 notices will not come as a surprise this year.

Digital transformation: The fast pace of technological advancement poses both opportunities and challenges for local government. The adoption of digital tools and platforms is crucial for improving service delivery, enhancing communication and streamlining administrative processes. However, many communities still lack access or ability to navigate essential technology which creates a digital divide. Councils need to ensure inclusivity in digital strategies, addressing disparities and ensuring all residents can benefit from the opportunities technology offers.

Cybersecurity: Councils need to protect against malware and ransomware attacks. They also need to navigate central government policy shifts and constraints. With increased reliance on digital platforms, authorities become more vulnerable to cyber threats. Safeguarding sensitive data and ensuring the integrity of critical systems are paramount and councils must invest in robust cybersecurity measures, employee training and contingency plans to protect themselves.

Our response

Building and maintaining public trust is the cornerstone of effective governance. Local government must prioritise transparency, open communication and meaningful public engagement to foster positivity within communities.

Despite councils' best efforts, financial pressures are affecting the scale, range and quality of services provided to local residents. The clearest evidence of this is that service spending is increasingly focused on adult and children's social care, temporary housing, homelessness, and local community services. Ultimately spending is increasingly concentrated on fewer people, so councils are less able to support local and national agendas on key issues such as housing, economic growth, and climate change.

Sound strategic financial management, collaboration with other levels of government and exploring alternative funding sources are vital for local councils to overcome financial constraints and deliver quality services.

Our VFM work continues to identify significant weaknesses in all criteria of the Code of Audit Practice, showing that councils face increasing pressure to provide services while managing change and reducing costs. We understand that the operating environment is dynamic and challenging. This understanding allows us to have insightful conversations and adapt our approach to delivering our audit work accordingly.

We know the difficulties and challenges faced by our local authority bodies and know there is a focus on improving quality and reducing costs. We will work with you as you strive to deliver these aims.

Key developments impacting our audit approach (2)

Local context

- Like other authorities the London Borough of Brent has felt the impact of high inflation driving up the cost of goods, services and supplies. This puts the Council's budget under greater pressure than ever, and the Council made the difficult decision to increase council tax by 4.99% in 2024-25.
- In 2024-25 quarter 3, the Council's revised general fund revenue budget stood at £387.5 million. There is a forecast overspend of £17.6 million against the revenue budget. The overspend is primarily within the housing service, due to external factors such as rising homelessness and reduced temporary accommodation. There are also additional new pressures which have arisen within the Children & Young People and Community, Health & Wellbeing directorates. The Council identified in-year savings of £8 million across various services to partially offset the overspend, and we await the 2024-25 outturn report for the final position.
- Our 2023-24 Auditor's Annual Report for 2023-24 recognised a significant weakness in securing financial sustainability, in relation to ensuring a realistic budget could be set for 2025-26 without further drawing on reserves. Seven improvement recommendations were made to support strengthening of arrangements for financial sustainability, governance, and economy, efficiency & effectiveness, refer to page 38 for further detail.

Our response

Our value for money work will continue to review and assess the Authority's arrangements for financial sustainability, governance, and economy, efficiency & effectiveness, and follow progress with improvement recommendations.

New accounting standards and reporting developments

- Local authorities will need to implement IFRS 16 Leases from 1 April 2024. The main difference from IAS 17 will be that leases previously assessed as operating leases by lessees will need to be accounted for on balance sheet as a liability and associated right of use asset. More information can be found on the next page.
- The FRC issued revisions to ISA (UK) 600 'Audits of group financial statements (including the work of component auditors)'. The revised standard includes new and revised requirements that better aligns the standard with recently revised standards such as ISQM 1, ISA 220 (Revised) and ISA 315 (Revised 2019). The new and revised requirements strengthen the auditor's responsibilities related to professional scepticism, planning and performing a group audit, two-way communications between the group auditor and component auditor, and documentation. The changes are to keep the standard fit for purpose in a wide range of circumstances and the developing environment.

Our audit work will include a detailed review of the Council's implementation of IFRS 16. More information can be found on the IFRS 16 Leases section later in this report, page 10.

We will carry out enhanced procedures in respect of the group financial statements audit.

Key developments impacting our audit approach (3)

Our commitments

- As a firm, we are absolutely committed to audit quality and financial reporting in local government. Our proposed work and fee, as set out further in this Audit Plan, has been agreed with the Director of Finance and Resources.
 - To ensure close work with audited bodies and an efficient audit process, our preference as a firm is either for our UK-based staff to work on site with you and your staff or to develop a hybrid approach of on-site and remote working.
 - We would like to offer a formal meeting with the Chief Executive twice a year, and with the Director of Finance and Resources quarterly as part of our commitment to keep you fully informed on the progress of the audit.
 - At an appropriate point within the audit, we would also like to meet informally with the Chair of your Audit & Standards Committee, to brief them on the status and progress of the audit work to date.
 - Our Value for Money work will continue to consider the arrangements in place for you to secure economy, efficiency and effectiveness in the use of your resources.
 - We will continue to provide you and your Audit & Standards Committee with sector updates providing our insight on issues from a range of sources via our audit committee sector update reports.
 - We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other clients to support consistent and accurate financial reporting across the sector.
-



IFRS 16 Leases



Summary

IFRS 16 Leases is now mandatory for all local government (LG) 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.

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 all leases to be accounted for 'on balance sheet' by the lessee (subject to the exemptions below), a major change from the requirements of IAS 17 in respect of operating leases. There are however the following exceptions:

- leases of low value assets (optional for LG); and
- short-term leases (less than 12 months).

Lessor accounting is substantially unchanged leading to asymmetry of approach for some leases (operating). However, if a LG body is an intermediary lessor, there is a change in that the judgement, as to whether the lease out is an operating or finance lease, is made with reference to the right of use asset rather than the underlying asset. The principles of IFRS 16 will also apply to the accounting for PFI assets and liabilities.

Systems and processes

We believe that most LG bodies will need to reflect the effect of IFRS 16 changes in the following areas:

- accounting policies and disclosures
- application of judgment and estimation
- related internal controls that will require updating, if not overhauling, to reflect changes in accounting policies and processes
- systems to capture the process and maintain new lease data and for ongoing maintenance
- accounting for what were operating leases
- identification of peppercorn rentals and recognising these as leases under IFRS 16, as appropriate.

Planning enquiries

As part of our planning risk assessment procedures, we are assessing the Council's readiness to implement this new accounting standard. We have made enquiries with management regarding the implementation of this new standard. We would appreciate a prompt response to these enquires in due course.

The Backstop

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 2023 and earlier by 13 December 2024; and
- for years ended 31 March 2024 by 28 February 2025; and
- for years ended 31 March 2025 by 27 February 2026.

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.



02 Introduction and headlines

Introduction and headlines (1)



Purpose

This document provides an overview of the planned scope and timing of the statutory audit of the London Borough of Brent ('the Council') for those charged with governance.

Respective responsibilities

- The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of London Borough of Brent. We draw your attention to these documents below.
- [Terms of Appointment from 2023/24 - PSAA](#)
- [Statement of responsibilities of auditors and audited bodies from 2023/24 audits - PSAA](#)

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council and Group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit & Standards Committee); and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

The audit of the financial statements does not relieve management or the Audit & Standards Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk-based.

Introduction and headlines (2)

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of land and buildings
- Valuation of council dwellings
- Valuation of net pension fund liability
- IFRS 16 Leases implementation
- Risk of fraud in revenue recognition (ISA (UK) 240 presumed – rebutted for all Council revenue streams)
- Risk of fraud in expenditure recognition (rebutted) and other risk of completeness of expenditure

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Group audit

The Council is required to prepare group financial statements that consolidate the financial information of First Wave Housing Ltd, i4B Holdings Ltd, LGA Digital Services, and Barham Park Trust.

Materiality

We determined planning financial statement materiality to be £22.624m (PY £16.1m) for the Group and £22.524m (PY £16.1m) for the Council. This equates to approximately 2% of your prior year gross operating costs for the period.

We are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. Clearly trivial has been set at £1.131m (PY £0.830m) for the Group and £1.126m (PY £0.805m) for the Council.

We determined a specific lower materiality of £20,000 per individual, for senior officers’ remuneration and termination benefits.

Value for Money arrangements

At the time of writing, we have yet to conclude our detailed VFM planning and risk assessment procedures.

We will update the Audit & Standards Committee on the outcome of our planning procedures, our resulting risk assessment and our planned responses to identified risks of significant weaknesses in arrangements at the next Audit & Standards Committee meeting.

Audit logistics

Our planning and risk assessment audit visit took place in April 2025 and our final visit will take place from July to September 2025. Our key deliverables are this Audit Plan, our Audit Findings Report, our Auditor’s Report and Auditor’s Annual Report.

Our proposed fee for the audit is £545,235 (PY £575,759) for the Council, subject to the Council delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council’s Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.




03 Identified risks

Significant risks identified (1)


Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Risk relates to	Audit team’s assessment	Planned audit procedures
Management override of controls	<p>This risk relates to both the Council and Group.</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 Council faces external scrutiny of its spending, and this could place management under undue pressure in performance reporting.</p> <p>We have therefore identified management override of controls, in particular journals, management estimates, and transactions outside the course of business as a significant risk of material misstatement.</p>	<p>Our audit procedures will include, but not be limited to:</p> <ul style="list-style-type: none"> Evaluate the design and implementation effectiveness of management controls over journals. Analyse the journals listing using data analytics tools and determine the criteria for selecting high risk unusual journals. Test unusual journals made during the year and after the draft accounts stage for appropriateness and corroboration. Gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness. Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).



Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management’s assumptions and request evidence to support those assumptions.

Significant risks identified (2)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
Valuation of land and buildings	<p>This risk relates to the Council only.</p> <p>Under ISA 540 (UK) and ISA 315 (UK), auditors are required to determine the assessed risk of material misstatements in relation to accounting estimates. This involves considering the extent to which an accounting estimate is subject to estimation uncertainty, including the degree of complexity, subjectivity, or other inherent risk factors that could affect the susceptibility of the estimate to material misstatement due to fraud or error.</p>	<p>The Council revalues its land and buildings on a rolling programme, such that the intervals between valuations do not exceed five years. This is to ensure that the carrying value of its assets are not materially different from current value at the financial statements date. The Council owns some specialised assets, including schools and leisure centres, which are valued using the depreciated replacement cost valuation basis.</p> <p>In the previous years management engaged their external valuation expert to carry out the valuation as at 1 April. In our 2023-24 Audit Findings Report we recommended that management should engage their valuers to carry out the valuation as at the period end, 31 March.</p> <p>The valuation of land and buildings represents a significant accounting estimate in the Council's financial statements. This is considered significant due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions and market conditions, and overall level of judgement involved.</p> <p>We therefore assessed the valuation of other land and buildings as a significant risk due to the inherent risk of material misstatement arising from error.</p> <p>Specifically, we consider the following areas of pinpointed significant risk:</p> <ul style="list-style-type: none"> • Assets that are material • Assets where the change in valuation is outside of expectation based on market indices and our knowledge of the Council's asset base • Significant changes in key assumptions applied in valuation of assets from the prior year • Other factors considered to increase the risk of material misstatement based on auditor judgement. 	<p>Our audit procedures will include, but not be limited to:</p> <ul style="list-style-type: none"> • Evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation expert and the scope of their work. • Evaluate the competence, capabilities and objectivity of the valuation expert engaged by the Council. • Write to or discuss with the valuation expert engaged by the Council, the basis on which the valuations were carried out. • Challenge the information and assumptions used by the valuers to assess completeness and consistency with our understanding. • Test, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Council's asset register and financial statements. • Evaluate the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.

Significant risks identified (3)

Significant risk	Risk relates to	Audit assessment	Planned audit procedures
Valuation of council dwellings	<p>This risk relates to the Council only.</p> <p>Under ISA 540 (UK) and ISA 315 (UK), auditors are required to determine the assessed risk of material misstatements in relation to accounting estimates. This involves considering the extent to which an accounting estimate is subject to estimation uncertainty, including the degree of complexity, subjectivity, or other inherent risk factors that could affect the susceptibility of the estimate to material misstatement due to fraud or error.</p>	<p>The Council revalues its council dwellings sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but revalues as a minimum every five years. In the intervening years the Council applies an uplift as advised by its valuation expert.</p> <p>Council dwellings are measured at fair value using the existing use value for social housing and re-valued cyclically using the Beacon methodology.</p> <p>In the previous years management engaged their external valuation expert to carry out the valuation as at 1 April. In our 2023-24 Audit Findings Report we recommended that management should engage their valuers to carry out the valuation as at the period end, 31 March.</p> <p>The valuation of council dwellings represents a significant accounting estimate in the Council's financial statements. This is considered significant due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions and market conditions, and overall level of judgement involved.</p> <p>We therefore assessed the valuation of council dwellings as a significant risk due to the inherent risk of material misstatement arising from error.</p> <p>Specifically, we consider the following areas of pinpointed significant risk:</p> <ul style="list-style-type: none"> • Assets where the change in valuation is outside of expectation based on market indices and our knowledge of the Council's asset base • Significant changes in key assumptions applied in valuation of assets from the prior year • Other factors considered to increase the risk of material misstatement based on auditor judgement. 	<p>Our audit procedures will include, but not be limited to:</p> <ul style="list-style-type: none"> • Evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation expert and the scope of their work. • Evaluate the competence, capabilities and objectivity of the valuation expert engaged by the Council. • Write to or discuss with the valuation expert engaged by the Council, the basis on which the valuations were carried out. • Challenge the information and assumptions used by the valuers to assess completeness and consistency with our understanding. • Test a sample of Beacon properties in respect of council dwellings, to consider whether their valuation assumptions are appropriate and representative of other Beacon properties within the Beacon group. • Evaluate the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.

Significant risks identified (4)

Significant risk	Risk relates to	Audit assessment	Planned audit procedures
Valuation of the pension fund net liability	This risk relates to the Council only. Under ISA 540 (UK) and ISA 315 (UK), auditors are required to determine the assessed risk of material misstatements in relation to accounting estimates. This involves considering the extent to which an accounting estimate is subject to estimation uncertainty, including the degree of complexity, subjectivity, or other inherent risk factors that could affect the susceptibility of the estimate to material misstatement due to fraud or error.	<p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The estimation of the pension fund net liability comprises of a number of complex methods and assumption adjustments. Some of the key assumptions include, the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages and mortality rates. A change in either assumption or method applied could result in a significant impact on the determined pension liability estimate, making the estimate susceptible to risk of material misstatement. Management engages Hyman Robertson as the Council's actuarial expert, of whom conduct the pension valuation in accordance with IAS 19.</p> <p>We therefore have assessed the valuation of the pension fund net liability as a significant risk due to the inherent risk of material misstatement arising from error.</p> <p>Specifically, we consider the following areas of pinpointed significant risk:</p> <ul style="list-style-type: none"> • Key assumptions applied by the actuary • Significant changes in assumptions applied from the prior year • Material experience gain or losses recorded in the accounting period • Other factors considered to increase the risk of material misstatement based on auditor judgement. 	<p>Our audit procedures will include, but not be limited to:</p> <ul style="list-style-type: none"> • Update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls. • Evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work. • Assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation. • Assess the accuracy and completeness of the information provided by the Council to the actuary to complete the pension fund valuation. • Test 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. • Undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report. • Obtain assurances from the auditor of Brent Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. • If a pension asset is recorded, ensuring that the asset recorded in the financial statements meets the requirements of IFRIC 14.

Significant risks identified (5)

Significant risk	Risk relates to	Audit assessment	Planned audit procedures
Implementation of IFRS 16: Leases	<p>This risk relates to the Council only. IFRS 16 is implemented by local authorities from 1 April 2024. This 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. The relevant assertions are the completeness of assets, valuation of right of use assets and accuracy of lease liabilities.</p>	<p>This is first year implementation of IFRS 16 which involves management judgement and estimation.</p> <p>The Council had significant lease payments in the prior year accounts for both finance and operating leases, where the Council acted as lessor. Additionally, the Council has PFI assets which were categorised as leases in the prior year which management must now assess under IFRS 16. Furthermore, we identified errors in the lease disclosures in prior year audits (although none noted in 2023-24).</p> <p>These factors collectively heighten the risk of errors with the implementation of the new standard.</p> <p>We therefore identified completeness of leases and the implementation of IFRS16, the valuation of right of use assets and the accuracy of lease liabilities, to be a significant risk for the Council.</p> <p>Specifically, we consider the following areas of pinpointed significant risk:</p> <ul style="list-style-type: none"> • Key assumptions made by management • Completeness of lease records • Material leases • Other factors considered to increase the risk of material misstatement based on auditor judgement. 	<p>Our audit procedures will include, but not be limited to:</p> <ul style="list-style-type: none"> • Obtain an understanding of management's process in place for the identification of leases for the purpose IFRS 16 accounting. • Obtain the Council's lease register, and understand and review management's reasoning for classifying lease contracts as either leases, short-term leases, or low-value leases. • Review a sample of lease contracts and assess the accuracy of the accounting entries made to record those contracts as lease liabilities and right-of-use assets under IFRS 16 in the financial statements. • Review the estimates used by management in recognising lease liabilities for reasonableness, such as the length of lease contracts and the discount rate used to calculate the present value of future lease payments. Also, assess the useful life of recognised right-of-use assets. • Review the disclosure provided in the financial statements for lease liability, including classification of current and non-current liabilities, and disclosure of right-of-use assets, to ensure compliance with the requirements in the CIPFA Code for IFRS 16.

Significant risks identified (6)

Significant risk	Risk relates to	Audit assessment	Planned audit procedures
Risk of fraud in revenue recognition ISA (UK) 240 presumed – (rebutted for all revenue streams)	<p>This risk relates to both the Council and Group.</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>We identified and completed a risk assessment of all material revenue streams for the Council and Group. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all material revenue streams because:</p> <ul style="list-style-type: none"> • 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, including the London Borough of Brent means that all forms of fraud are seen as unacceptable, indicating a satisfactory control environment exists in the Council to mitigate the risks of fraud. <p>We do not consider this to be a significant risk for the Council and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure the judgement remains appropriate.</p>	<p>To gain assurance over Council's revenue we will:</p> <ul style="list-style-type: none"> • Select a sample of revenue items from each material revenue stream and test to supporting information and subsequent receipt of income to gain assurance over accuracy, occurrence and completeness. • Inspect transactions which occurred in the year and ensure they have been included in the current financial year. • Confirm our understanding of the revenue business process and determine if there are any relevant controls.

Other risks identified

Other risks are, in the auditor's judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for another risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Risk relates to	Description	Planned audit procedures
Fraud in expenditure recognition	<p>This risk relates to both the Council and Group.</p> <p>Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result, under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.</p>	<p>We identified and completed a risk assessment of all material expenditure streams for the Council and Group. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all material expenditure streams and concluded that there is not a significant risk. This determination is based on the low fraud risk inherent in the nature of the underlying transactions, as well as the immaterial nature of both individual and collective expenditure streams.</p> <p>Our fraud risk assessment in respect of expenditure considered the following:</p> <ul style="list-style-type: none"> - There is little incentive to manipulate expenditure recognition; - Opportunities to manipulate expenditure recognition are limited; and - The culture and ethical frameworks of local authorities, including that of the London Borough of Brent, mean that all forms of fraud are seen unacceptable. <p>However, despite rebutting the risk of fraud in expenditure recognition, we assessed an increased risk of error in estimation and cut-off processes at year-end in respect of the completeness of expenditure. Such as we have considered the volume of transactions at year-end and the process of estimation involved in manual year-end accruals, in respect of accurately capturing and recognising expenditure within the correct financial period. We do not consider this to be a significant risk for the Council and Group but will keep this consideration under review through the audit to ensure the judgement remains appropriate.</p>	<ul style="list-style-type: none"> • Inspect transactions incurred around the end of the financial year to assess whether they were included in the correct accounting period. • Inspect 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. • Investigate manual journals posted as part of the year-end accounts preparation that reduce expenditure to assess whether there is appropriate supporting evidence for the reduction in expenditure.



"The auditor determines whether there are any risks of material misstatement at the assertion level for which it is not possible to obtain sufficient appropriate audit evidence through substantive procedures alone. The auditor is required, in accordance with ISA (UK) 330 (Revised July 2017), to design and perform tests of controls that address such risks of material misstatement when substantive procedures alone do not provide sufficient appropriate audit evidence at the assertion level. As a result, when such controls exist that address these risks, they are required to be identified and evaluated." (ISA (UK) 315)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements;
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act);
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act; and
 - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

04 Group audit

Group audit scope and risk assessment

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.

Component	Risk of material misstatement to the Group	Planned audit approach and level of response required under ISA (UK) 600 Revised	Response performed by	Risks identified	Auditor
London Borough of Brent	Yes	Audit of the entire financial information of the component	Group auditor	Risks identified have been included in page 15 to 21	Grant Thornton UK
First Wave Housing Ltd	No	Specific audit procedures	Group auditor	None	Grant Thornton UK
I4B Holdings Ltd	No	Specific audit procedures	Group auditor	None	Grant Thornton UK
LGA Digital Services	No	Analytical review	Group auditor	None	N/A
Barham Park Trust	No	Analytical review	Group auditor	None	N/A

No key changes within the Group have been identified as part of our risk assessment procedures.

Fraud and litigation

We have not been made aware of any actual or attempted frauds in the year during our planning procedures performed to date. Should any factors arise in relation to fraud risk or actual or attempted fraud we ask that you inform us of this at the earliest possible opportunity.

Involvement in the work of component auditors

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.

05 Our approach to materiality

Our approach to materiality (1)

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter Description	Planned audit procedures
<p>01 Determination</p> <p>We determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Council and Group, including consideration of factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements.</p>	<p>We determine planning materiality to:</p> <ul style="list-style-type: none"> – establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. – assist in establishing the scope of our audit engagement and audit tests. – determine sample sizes. – assist in evaluating the effect of known and likely misstatements in the financial statements.
<p>02 Other factors</p> <p>An item does not necessarily have to be large to be considered to have a material effect on the financial statements.</p>	<p>An item may be considered to be material by nature when it relates to:</p> <ul style="list-style-type: none"> – instances where greater precision is required.
<p>03 Reassessment of materiality</p> <p>Our assessment of materiality is kept under review throughout the audit process</p>	<p>We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.</p>
<p>04 Matters we will report to the Audit & Standards Committee</p> <p>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit & Standards Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) ‘Communication with those charged with governance’, we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA 260 (UK) defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>	<ul style="list-style-type: none"> • We report to the Audit & Standards Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. • In the context of the Council and Group, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £1.131m (PY £0.830m) for the Group and £1.126m (£0.805m) for the Council. • If management has corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit & Standards Committee to assist it in fulfilling its governance responsibilities.

Our approach to materiality (2)

	Group £	Council £	Qualitative factors considered
Financial statements materiality	22,624,000	22,524,000	<p>We determined the financial statement materiality for the Group and the Council based on a proportion of the prior year gross expenditure of the Group and the Council, respectively. The main users of the financial statements primary interest is in the cost of providing services and how the Council manages its spending. As such, we conclude that the gross expenditure is the most appropriate benchmark to set the materiality level.</p> <p>Materiality for the Group and the Council at the planning stage of our equates to approximately 2% of gross expenditure for the period. The materiality benchmark percentage has gone up from 1.5% in the previous year to 2% in current year. This is in line with the recent update to Grant Thornton guidance for financial statements materiality. We deem this change to be appropriate for the Group and the Council as there were no significant matters coming to our attention suggesting a lower benchmark percentage was appropriate.</p>
Trivial matters	1,131,000	1,126,000	This is 5% of materiality.
Materiality for specific transactions, balances or disclosures – senior officer remuneration and exit packages	20,000	20,000	We identified senior officer remuneration and termination benefits as disclosures where we will apply a lower materiality level, as they are considered sensitive disclosures to the read of the financial statements. An amendment of £20,000 or more would have a quantitatively and qualitatively material impact on the relevant disclosures in the financial statements. Note, this is not a cumulative amount and will be applied to each senior officer.



Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320).

06 Progress against prior year audit recommendations

Progress against prior year audit recommendations (1)

We identified the following issues in our 2023-24 audit of the Council’s financial statements, resulting in 6 audit recommendations reported in our 2023-24 Audit Findings Report. Given the short period of elapsed time since our reporting we set out progress on agreed actions below but note that further follow up will be undertaken during our final audit in July.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
In Progress	<p>1. FTE Changes in circumstances (assessed as medium risk) – 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>Risk – 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>Recommendation – Management should review FTE reports to ensue that the FTE CiCs are updated in a timely and accurate manner.</p>	<p>The council has procured a most sophisticated report to show changes to the assignments, including FTE and change in circumstances. This can be shared for review at interim audit.</p>

Progress against prior year audit recommendations (2)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
In progress	<p>2. Property, plant & equipment (PPE) (assessed as medium risk) – 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>Risk – 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>Recommendation – 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>Brent Council Finance Team has established a specific project to improve the data quality in the fixed asset register. This is overseen by weekly meetings between the Head of Finance for Capital, the Chief Accountant and both Deputy Directors for Finance. An interim senior finance analyst in the capital team is working on this project full time with support from other staff within the Capital and Chief Accountants team.</p>

Progress against prior year audit recommendations (3)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
In progress	<p>3. Bank reconciliation statement (BRS) (assessed as medium risk) – We observed discrepancies between the Council’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>Risk – If the bank reconciliation statements are not correctly prepared it may lead to material issues and unexplained reconciling items.</p> <p>Recommendation – The preparation of the BRS should be reviewed in detail with monthly reconciliations to investigate any reconciling items.</p>	<ul style="list-style-type: none"> • For 2024-25 Cash in Transit balances are presented during monthly bank reconciliation updates with the Deputy Director of Finance and Chief Accountant. • Business partners for corresponding service areas that uses Cash in Transit codes have been asked to provide debtor codes to replace these Cash in Transit codes, which they have supplied. • These codes have now been sent to IT to update the PAY360 system with these new codes, which will avoid the use of Cash in Transit codes. • This in turn will ensure that the correct codes are mapped in Oracle. • This will be continued to be monitored and included in the monthly updates.

Progress against prior year audit recommendations (4)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
In progress	<p>4. Property, plant & equipment – valuation of PPE (assessed as high risk) – 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>Risk – 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>Recommendation – Management must strengthen the PPE valuation process to ensure accuracy of financial reporting. We recommend that:</p> <ol style="list-style-type: none"> 1. Management carries out the PPE valuation as at 31 March (financial year-end) rather than as at 1 April. 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. 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. 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. 	<p>Brent Council Finance Team has established a specific project to improve the data quality in the fixed asset register. This is overseen by weekly meetings between the Head of Finance for Capital, the Chief Accountant and both Deputy Directors for Finance. An interim senior finance analyst in the capital team is working on this project full time with support from other staff within the Capital and Chief Accountants team.</p>

Progress against prior year audit recommendations (4)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
In progress	<p>5. Review of subsidiary accounts and consolidation workings (assessed as medium risk) – The Council 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>Risk – 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>Recommendation – 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>	This is in progress, and the timetable for the subsidiaries to close their accounts has been brought forward in order to permit time for a review of their financial statements prior to consolidation
In Progress	<p>6. Council dwellings (assessed as medium risk) – 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>Risk – 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>Recommendation – 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>	The council has asked its valuer to review the appropriateness of its current Beacons for 24-25.

07 IT audit strategy

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Oracle	Financial reporting – general ledger	<ul style="list-style-type: none">– Detailed ITGC assessment (design and implementation effectiveness only)– Understanding of IT general controls– Understanding of IT environment– ITGC segregation of duties analysis– Cyber security work plan

We have not identified significant changes during the period affecting the IT controls of the Council and therefore no additional audit procedures will be completed.



08 Value for Money arrangements

Value for money arrangements

Approach to Value for Money work for the period ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:



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.



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.

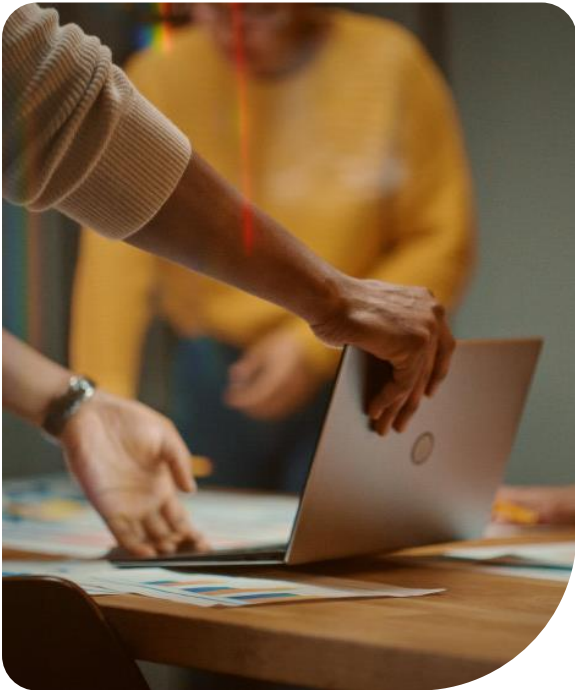


Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed on the table overleaf along with the further procedures we will perform. We will continue to review the body's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements.

Risks of significant weakness in VFM arrangements

Initial risk assessment of the Council's VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this indicative Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2024-25. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2023-24 Auditor judgement on arrangements	2024-25 risk assessment	2024-25 risk-based procedures
Financial sustainability	R A significant weakness was identified in relation to securing financial sustainability, ensuring a realistic budget could be set for 2025-26 without further drawing on reserves. One improvement recommendation made to evidence how revenue investments in services support delivery of the five Borough Plan Priorities. Two prior year improvement recommendations carried forward in relation to setting out options how the Council will address budget shortfall, and to undertake a cumulative Equality Impact Assessment covering the impacts assessed across the full life of the MTFS.	Planning and risk assessment work is not yet complete. As part of our risk assessment, we will review the significant weakness identified in the prior year and assess the progress management has made against implementing the key recommendation. At the time of reporting, we have not identified any new risks of significant weakness.	Given the risk of significant weakness identified in the prior year, we will undertake additional risk-based procedures to assess whether a significant weakness exists. This will focus on arrangements to ensure that the Council is not regularly using reserves to support unplanned expenditure.
Governance	G No significant weaknesses in arrangements identified, but three improvement recommendations made to support the Council in ensuring up to date policies are on its website, updating the Procurement Strategy and strengthening public reporting of gifts and hospitality.	No risks of significant weakness identified.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2023-24.
Improving economy, efficiency and effectiveness	A No significant weaknesses in arrangements identified, but three improvement recommendations made to support the Council in developing its partnership governance arrangements, enhancing transparency around tender waivers and public reporting of operational key performance indicators.	No risks of significant weakness identified.	If we identify significant weaknesses during the course of our work we will communicate these with management and those charged with governance.

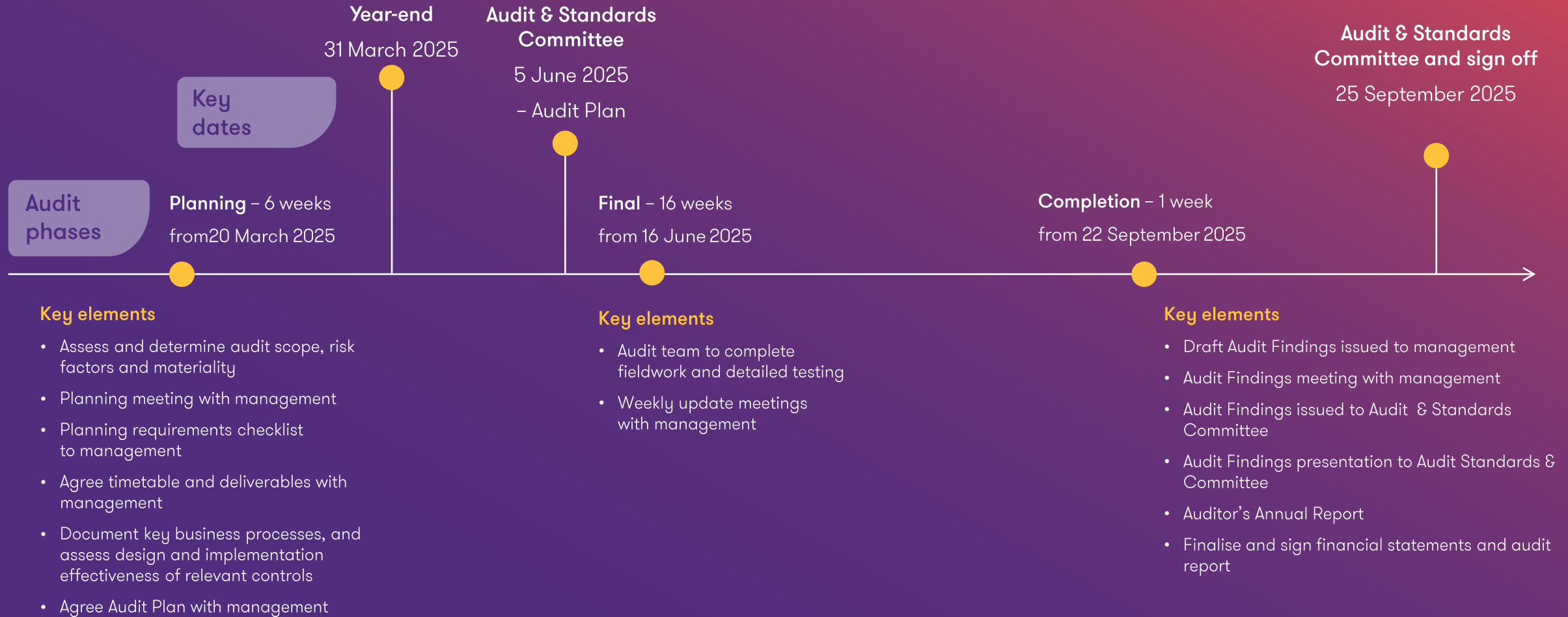
We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our auditor's annual report. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. We report our value for money work in our Auditor's Annual Report. Any significant weaknesses identified once we have completed our work will be reflected in your Auditor's Report and included within our audit opinion.

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

09 Logistics

Logistics

The audit timeline



Our team and communications

Grant Thornton core team

Sophia Brown

Key Audit Partner



- Key contact for senior management and Audit & Standards Committee
- Responsible for overall audit quality

Sheena Phillips

Senior Audit Manager



- Works with your senior finance team members
- Responsible for overall audit management, audit delivery and reporting
- Resource management

Louis Niven

Audit In-charge



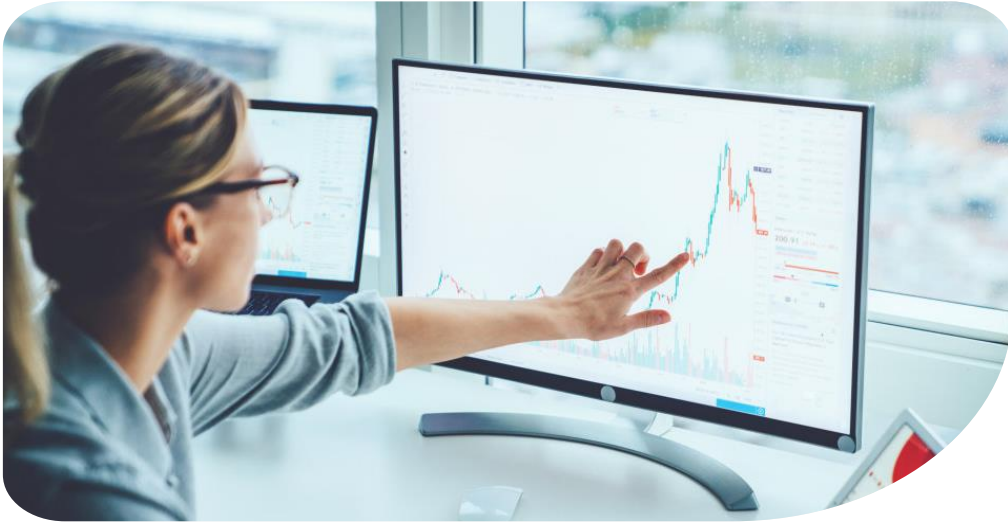
- Day-to-day point of contact
- Leads the audit fieldwork

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none">• Annual client service review	<ul style="list-style-type: none">• Audit Plan• Audit progress report and sector updates• Audit Findings• Auditor’s Annual Report	<ul style="list-style-type: none">• Audit planning meetings• Weekly audit progress update• Communication of issues• Audit clearance meeting	<ul style="list-style-type: none">• Technical updates• Chief accountants’ workshop
Informal communications	<ul style="list-style-type: none">• Open channel for discussion	<ul style="list-style-type: none">• Communication of audit issues as they arise	<ul style="list-style-type: none">• General audit matters	<ul style="list-style-type: none">• Notification of up-coming issues

As part of our overall service delivery we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK-based team. They work as part of the engagement team, reporting directly to Sophia and Sheena and will interact with you in the same way as our UK-based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

10 Fees and related matters

Audit fees



Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local government audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audit for London Borough of Brent to begin with effect from 2023-24. The scale fee set out in the PSAA contract for the 2024-25 audit is £545,235.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous audit year
- Production of the draft audit planning report to audited body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#).

Updated auditing standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Our fee estimate

Our estimate of the audit fees is set out in the table across, along with the fees billed in the prior year

	Audit fee for 2023-24 £	Proposed fee for 2024-25 £
London Borough of Brent audit	£503,089	£545,235
ISA 315*	12,550	
Additional procedures/resources required		
• Delays caused by external valuer and high volume of adjustments to the property, plant & equipment notes. This includes meetings with the valuer, and additional work on further valuations and other PPE related tasks	£7,500	
• Issues related to the errors in the fixed asset register	£15,000	
• Additional work in respect of bank reconciliation statements	£5,000	
• Additional work on various areas including change in circumstances, debtors, and creditors	£5,500	
• Fee for the auditor's expert used for PPE valuation	£9,120	
• Additional work due to poor quality of audit evidence and delays encountered	£13,000	
Total (Exc. VAT)	£575,759	£545,235

* Please note ISA 315 is not built into the PSAA scale fee for 2023-24, but is included in the scale fee for 2024-25, thus this fee reflects the procedures work required under the revised standard.

**We also expect to charge an additional fee for the implementation of IFRS 16. This will be calculated based on the amount of time spent by the audit team and will be reported to the Audit & Standards Committee in our Audit Findings Report.

Our fee estimate

We set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit;
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements;
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements; and
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

Our fee estimate also assumes that you will engage suitably competent experts to assist management in the areas of the valuation of Plant, Property & Equipment and Investment Property, and the valuation of the net pension fund liability.

11 Independence considerations

Independence considerations

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 matters that we are required to report.

FRC Ethical Standard

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. There have been no such breaches to report. We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard.

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

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Group 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 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 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.
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 at planning 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. 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.

Fees and non-audit services (1)

The following table sets out non-audit services charged from the beginning of the financial year to the date of issue of this audit plan, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

The following non-audit services are consistent with the Group’s policy on the allotment of non-audit work to your auditor and have been approved by the Audit & Standards Committee. None of the below services were provided on a contingent fee basis.

For the purposes of our audit, we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to the London Borough of Brent. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees in that the level of the fee for non-audit services not significant in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP’s turnover overall. Further, there is no contingent element to this fee.

Assurance service fees

Audit-related service	Proposed Fees £	Threats identified	Safeguards applied
I4B Holdings Limited 2024-25 financial statements audit	50,600	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work plus variable fees in comparison to the total fee for the audit 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.
First Wave Housing Limited 2024-25 financial statements audit	47,500	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work plus variable fees in comparison to the total fee for the audit 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.

This covers all services provided by us and our network to the Group, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

Fees and non-audit services (2)

Assurance service fees

Audit-related service	Proposed Fees £	Threats identified	Safeguards applied
Brent Pension Fund 2024-25 financial statements audit	105,475	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work plus variable fees in comparison to the total fee for the audit 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.
Housing Benefit (Subsidy) Assurance Process*		Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work plus variable fees in comparison to the total fee for the audit 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.
- Certification 2022-23	27,000*		
- Certification 2023-24	28,550*		
Pooling of housing capital receipts		Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work plus variable fees in comparison to the total fee for the audit 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.
- Certification 2022-23 -	10,000		
- Certification 2023-24	10,000		

*Any variable fees incurred will be charged in addition to the above fixed fee for the service.

This covers all services provided by us and our network to the Group, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

Fees and non-audit services (3)

Assurance service fees

Audit-related service	Fees £	Threats identified	Safeguards applied
Teachers' pensions return		Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work plus variable fees in comparison to the total fee for the audit 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.
- Certification 2022-23	10,000		
- Certification 2023-24	12,500		
Total excluding non-audit fees excluding VAT	£301,625		

This covers all services provided by us and our network to the group/council, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

12 Communication of audit matters with those charged with governance

Communication of audit matters with those charged with governance

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 and Key Audit Matters	●	
Planned use of internal audit	●	
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	●	●

Our communication plan	Audit Plan	Audit Findings
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		●
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		●

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 Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

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.

13 Delivering audit quality

Delivering audit quality

Our quality strategy

We deliver the highest standards of audit quality by focusing our investment on:



Creating the right environment

Our audit practice is built around the markets it faces. Your audit team are focused on the Public Sector audit market and work with clients like you day in, day out. Their specialism brings experience, efficiency and quality.



Building our talent, technology and infrastructure

We've invested in digital tools and methodologies that bring insight and efficiency and invested in senior talent that works directly with clients to deploy bespoke digital audit solutions.



Working with premium clients

We work with great public sector clients that, like you, value audit, value the challenge a robust audit provides, and demonstrate the strongest levels of corporate governance. We're aligned with our clients on what right looks like.

Our objective is to be the best audit firm in the UK for the quality of our work and our client service, because we believe the two are intrinsically linked.

How our strategy differentiates our service

Our investment in a specialist team, and leading tools and methodologies to deliver their work, has set us apart from our competitors in the quality of what we do.

The FRC highlighted the following as areas of particularly good practice in its recent inspections of our work:

- use of specialists, including at planning phases, to enhance our fraud risk assessment
- effective deployment of data analytical tools, particularly in the audit of journals.

The right people at the right time

We are clear that a focus on quality, effectiveness and efficiency is the foundation of great client service. By doing the right audit work, at the right time, with the right people, we maximise the value of your time and ours, while maintaining our second-to-none quality record.

Bringing you the right people means that we bring our specialists to the table early, resolving the key judgements before they impact the timeline of your financial reporting. The audit partner always retains the final call on the critical decisions; we use our experts when forming our opinions, but we don't hide behind them.

Delivering audit quality

Digital differentiation

We are a digital-first audit practice, and our investment in data analytics solutions has given our clients better assurance by focusing our work on transactions that carry the most risk. With digital specialists working directly with your teams, we make the most of the data that powers your business when forming our audit strategy.

Oversight and control

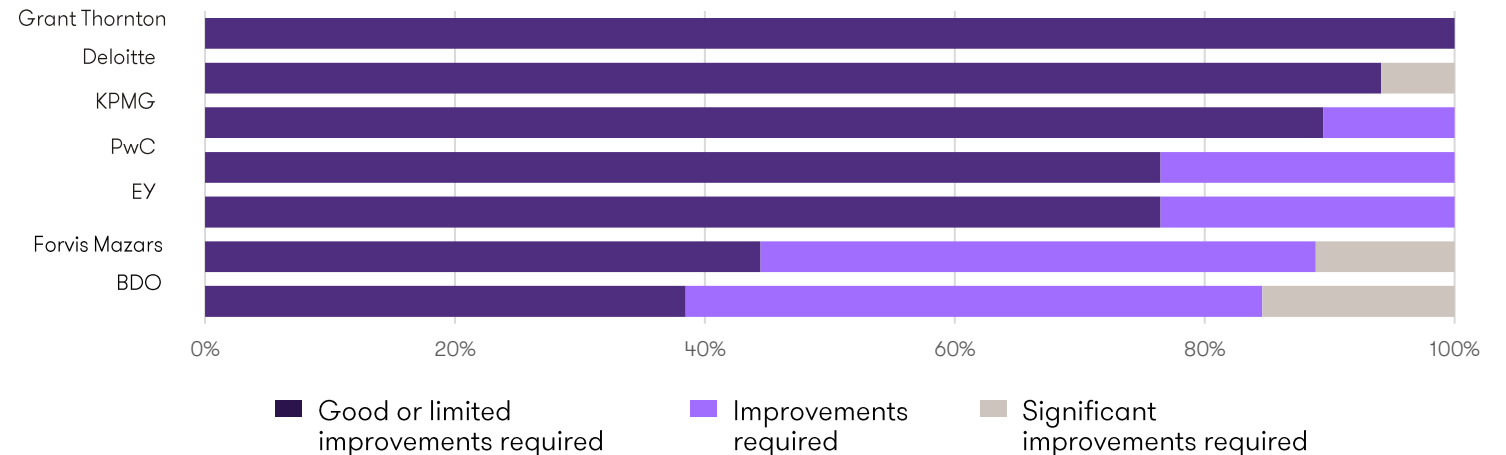
Wherever your audit work is happening, we make sure that its quality meets your exacting requirements, and we emphasise communication to identify and resolve potential challenges early, wherever and however they arise. By getting matters on the table before they become issues, we give our clients the time and space to deal with them effectively.

Quality underpins everything at Grant Thornton, as our FRC inspection results in the chart below attest to. We're growing our practice sustainably, and that means focusing where we know we can excel without compromising our strong track record or our ability to deliver great audits. It's why we will only commit to auditing clients where we're certain we have the time and resource, but, most importantly, capabilities and specialist expertise to deliver. You're in safe hands with the team; they bring the right blend of experience, energy and enthusiasm to work with you and are fully supported by myself and the rest of our firm.

Wendy Russell
Partner, UK Head of Audit



FRC's Audit quality inspection and supervision inspection
(% of files awarded in each grading, in the most recent report for each firm)



14 Appendices

Escalation policy



The Backstop

The Department for Levelling Up, Housing and Communities introduced an audit backstop date on a rolling basis to encourage timelier completion of local government audits.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Authority's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the statutory deadline and respond to audit information requests and queries in a timely manner.

Escalation process

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

Step 1 – Initial communication with the Director of Finance and Resources (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

- We will have a conversation with the Director of Finance and Resources to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

Step 2 – Further reminder (within two weeks of deadline)

- If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

Step 3 – Escalation to Chief Executive (within one month of deadline)

- If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding.

Step 4 – Escalation to the Audit & Standards Committee (at next available Audit & Standards Committee meeting or in writing to Audit & Standards Committee within 6 weeks of deadline)

- If senior management is unable to resolve the delay, we will escalate the issue to the Audit & Standards Committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

Step 5 – Consider use of wider powers (within two months of deadline)

- If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

Aim

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Council's financial statements.

IFRS reporters: New or Revised accounting standards that are in effect

First time adoption of IFRS 16

Lease liability in a sale and leaseback

- IFRS 16 was implemented by LG bodies from 1 April 2024, with early adoption possible from 1 April 2022. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. 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.
- This year will be the first year IFRS 16 is adopted fully within local government.

IAS 1 amendments

Non-current liabilities with covenants

- These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to IAS 7 and IFRS 7

Supplier finance arrangements

- These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

IFRS reporters: Future financial reporting changes

IFRS reporters future financial reporting changes

These changes will apply to local government once adopted by the Code of practice on local authority accounting (the Code).

Amendments to IAS 21 – Lack of exchangeability

IAS 21 has been amended by the IASB to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are expected to be adopted by the Code from **1 April 2025**.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, adds guidance on the SPPI criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the Code **in future years**.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 provides reduced disclosure requirements for eligible subsidiaries. A subsidiary is eligible if it does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is a voluntary standard for eligible subsidiaries and is expected to be adopted by the Code **in future years**.

IFRS 18 Presentation and disclosure in the financial statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the statement of profit or loss as well as introduce specific disclosure requirements. Some of the key changes are:

- Introducing new defined categories for the presentation of income and expenses in the income statement.
- Introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal.
- Disclosure of management defined performance measures.
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 is expected to be adopted by the CIPFA Code **in future years**.

The Grant Thornton digital audit – Inflo

A suite of tools utilised throughout the audit process

01 Collaborate

Information requests are uploaded by the engagement team and directed to the right member of your team, giving a clear place for files and comments to be uploaded and viewed by all parties.

What you'll see

- Individual requests for all information required during the audit
- Details regarding who is responsible, what the deadline is, and a description of what is required
- Graphs and charts to give a clear overview of the status of requests on the engagement



02 Ingest

The general ledger and trial balance are uploaded from the finance system directly into Inflo. This enables samples, analytical procedures, and advance data analytics techniques to be performed on the information directly from your accounting records.

What you'll see

- A step-by-step guide regarding what information to upload
- Tailored instructions to ensure the steps follow your finance system



03 Detect

Journals interrogation software which puts every transaction in the general ledger through a series of automated tests. From this, transactions are selected which display several potential unusual or higher risk characteristics.

What you'll see

- Journals samples selected based on the specific characteristics of your business
- A focussed approach to journals testing, seeking to only test and analyse transactions where there is the potential for risk or misstatement





© 2025 Grant Thornton. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton International Ltd (GTIL) and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.