



MINUTES OF THE AUDIT AND STANDARDS ADVISORY COMMITTEE
Held in the Conference Hall, Brent Civic Centre on Tuesday 25 March 2025 at
6.00 pm

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

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

Also Present: Councillor Milli Patel (Deputy Leader and Cabinet Member for Finance & Resources). Andrew Hudson (Chair – i4B & FWH Ltd Boards) and Sheena Phillips (Grant Thornton).

1. Apologies for absence and clarification of alternate members

Apologies for absence were received from Councillor Jayanti Patel along with Councillor Kansagra as his notified substitute.

David Ewart (as Chair) also took the opportunity to formally welcome Sebastian Evans to his first meeting of the Committee as newly Independent co-opted member (audit focussed) following his appointment by Full Council in February 2025.

2. Declarations of Interest

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

3. Deputations (if any)

There were no deputations considered at the meeting.

4. Minutes of the previous meeting & Action Log

RESOLVED that the minutes of the previous meetings held on Tuesday 4 February 2025 and Monday 24 February 2025 be approved as a correct record.

Members noted the updates provided in relation to the Action Log of issues identified at previous meetings along with the further enhancements proposed to support the efficiency and tracking of future actions identified by the Committee. Specific updates were provided in response to the following matters:

- (a) London Borough of Brent Auditors Annual Report 2023-24 (4 December 24) - Councillor Chan (as Vice Chair) advised of further work he had undertaken to explore the potential opportunities available to support the value for money element of the Council's Procurement Strategy review, which he was keen to ensure were fed into the wider procurement review the Committee had scheduled early in the new Municipal Year.

Recognising concerns raised by Members regarding the level of business on Audit and Standards Advisory Committee agendas the Chair and Vice Chair advised of discussions planned with officers to review the structure of the Committee's work programme and meetings designed to maximise efficiency and provide sufficient time for the consideration of key items on each agenda.

5. Matters arising (if any)

None.

6. Order of Business

The Chair agreed to amend the order of business so that the Review of the Use of Regulation of Investigatory Powers Act 2000 (Agenda Item 7) and Annual Standards and Governance Report for 2024 (including quarterly update on gifts and hospitality) (Agenda Item 8) were considered in advance of a short break in the meeting to enable those members observing Ramadan to break for Iftar. The minutes reflect the order in which the items were considered at the meeting.

7. Review of the Use of Regulation of Investigatory Powers Act 2000

Bianca Robertson (Senior Lawyer for Constitutional and Governance) introduced a report from the Corporate Director Law & Governance, providing an update on the Council's use and conduct of surveillance techniques in accordance with the Regulation of Investigatory Powers Act (RIPA) and in compliance with the annual review obligations within the Council's RIPA policy and procedures.

In considering the report the Committee noted:

- The background to the use of the Regulation of Investigatory Powers Act 2000 (RIPA) which provided the Council with significant powers to investigate serious matters and offences, enabling the Council to use covert surveillance, covert human intelligence sources (CHIS) and the acquisition of service user or subscriber information in relation to communications data in a manner that was compatible with Article 8 of the European Convention on Human Rights (governing an individual's right to respect for their private and family life).
- The outline of criteria which would need to be met prior to the Council being able to use the powers available to undertake covert surveillance, which, included approval of the application by a Magistrate and with covert surveillance techniques including static surveillance (e.g. taking up an observer post to monitor the activities and movements of those suspected of having committed criminal offences); mobile surveillance (e.g. following someone to see where they were going without their knowledge); and using hidden CCTV at a crime hotspot. These techniques were referred to as 'directed surveillance' with RIPA also extended to the use of undercover officers and informants referred to as 'Covert Human Intelligence Sources' (more commonly referred to as CHIS).
- The Council was periodically inspected by the Investigatory Powers Commissioner's Office (IPCO) with Brent's last inspection in March 2020 having concluded with satisfactory findings from the Inspectorate. During 2023, the IPCO had reviewed its inspection methodology for local authorities, ceasing routine inspections and now requiring a written update on compliance,

- followed by an assessment and determination regarding the necessity of remote or in-person inspections.
- Brent had submitted an initial written response in July 2023 addressing matters identified by the Inspector, including internal governance and oversight, policy updates, annual; updates to elected member, training and awareness raising initiatives, and internal compliance procedures. In August 2024, the Inspector had they were satisfied with the assurance provided in relation to the Council's compliance and would not require any further inspection during the current year with the Council expecting the need for a further submission in 2026.
 - The outcome of the annual review of RIPA policy and procedures following the previous review in 2024 which, whilst not identifying the need for any substantive changes, had resulted in a number of proposed minor amendments to reflect changes made in the Council's organisational management structure as detailed within Appendix A of the report.
 - The ongoing decline in use of RIPA over recent years, with zero RIPA Directed Surveillance or Covert Human Intelligence Source (CHIS) authorisations in Brent during 2024-25 and ten requests for Communications Data, as detailed within section 3 of the report.

The Chair thanked Bianca Robertson for the update and invited the Committee to raise any questions on the report, which are summarised below:

- In response to a query seeking further elaboration as to why the RIPA procedure was not utilised more frequently, members were advised that whilst RIPA had seen extensive use when first introduced, national legislation had been introduced to raise RIPA's baseline usage threshold. Following this, RIPA usage had seen a downward trend, in most part due to it now requiring preauthorisation from a magistrate before use and its predominant use of remaining focussed on the enforcement of trading standards controls and in the context of serious fraud investigations.

As there were no further comments raised the Chair thanked Bianaca Robinson for the update and the Committee **RESOLVED**:

- (1) To note the contents of the report.
- (2) To note and approve the changes to the RIPA policies (as detailed in Appendix A of the report) to reflect the Council's organisational changes.

8. **Annual Standards and Governance Report for 2024 (including quarterly update on gifts and hospitality)**

Debra Norman (Corporate Director of Governance and Law) introduced the report updating the Audit and Standards Advisory Committee (ASAC) on Member conduct issues and the work of the Audit and Standards Advisory Committee, the Audit and Standards Committee (ASC) and the Monitoring Officer during 2024, together with the quarterly report on gifts and hospitality registered by Members. The Committee noted the following key points:

- The summary of the work undertaken by the Audit & Standards Advisory Committee during 2024 on standards related issues (as detailed within section 3.2 of the report) which had included regular monitoring updates in relation to members declaration of gifts and hospitality and attendance at mandatory training sessions as well as updates on standards related Ombudsman and other relevant legal cases and the annual review of Member Learning and Development use of RIPA powers and the Annual Governance Statement. Members noted that the Audit & Standards Committee has also met on one occasion during 2024 (in relation to governance and standards issues) to formally approve the Annual Governance Statement.
- Following the appointment of Rhys Jarvis and Stephen Ross as Independent co-opted members (both Standards focussed) on the Advisory Committee, it was noted that Full Council in February 2025 had also approved the appointment of Sebastian Evans as an Independent co-opted member (Audit focussed) and would also be asked to confirm (at the Annual Council meeting in May 2025) the ongoing appointment of the three existing Independent Persons – William Goh, Keir Hopley and Julie Byrom for the 2024-25 Municipal Year.
- During 2024 the Monitoring Officer had received complaints and made determinations regarding six councillors allegedly in breach of the Members Code of Conduct. Of these complaints two were resolved at Initial Assessment Stage; three were resolved at Assessment Criteria Stage; one was still currently under investigation. Of these two were upheld as a breach of the Code; two were subject to review requests, which were not upheld; and one had escalated to formal investigation stage (at the request of the Councillor) with a summary attached as Appendix A of the report.
- The details of Gifts and Hospitality registered by members in the final quarter of 2024-25 (Jan – March 24) as detailed in section 3.11 and Appendix B of the report. Members noted that following a recommendation in the Value for Money Report from the external auditors, a review was also currently being undertaken in respect of aspects of the Council's member's gifts and hospitality relating to declarations classified as exceptional items which would be reported to the committee in due course.
- Three Monitoring Officer Advice Motes had been issued to date during 2024, addressing (as part a focus on the Members Code of Conduct) impartiality and disrepute, registering and declaring interests and the complaints process. Members were advised that one further MOAN was scheduled to be issued during the current year relating to bullying and intimidation with all MOANs available to access via the Members internal SharePoint Portal.
- The update provided in relation to member attendance at mandatory training sessions, with the Committee advised that all mandatory training had now been completed by members for 2024 and the councillor recently elected as a result of the Alperton bye-election noted to have made good progress in completion of their required mandatory training.

The Committee was then invited to raise any comments/issues on the update provided, which are summarised below:

- In welcoming the update provided, assurance was sought that the Independent co-opted members and Independent Persons had been added to

the distribution list for all MOANs, which Debra Norman confirmed had been undertaken.

- In response to a request made at the meeting, Debra Norman advised she would arrange for confirmation to be provided as to where hospitality accepted by the Mayor in their civic role was being recorded on the Council's website, which it was noted was registered separately to standard Gifts & Hospitality received by other members of the Council.

As no further questions were raised the Chair thanked Debra Norman for the update provided and it was **RESOLVED** to note the contents of the report.

At this stage in the meeting, the Chair advised that he intended to allow a short pause in proceedings to enable those members observing Ramadan to break for Iftar. The meeting was therefore paused at 6:15pm for a period of 25 minutes with proceedings recommencing at 6:40pm.

9. **To review performance and governance of i4B Holdings Ltd and First Wave Housing Ltd**

Ahead of the formal introduction of the item, the Chair reminded members of the newly introduced reporting arrangements for i4B Holdings Ltd (i4B) and First Wave Housing Ltd (FWH) with the role of the Audit & Standards Advisory Committee now focussed around assurance relating to the arrangements the Council, as Shareholder (in the case of i4B) and Guarantor (in the case of FWH), had in place to oversee the governance and performance of both companies rather than on their detailed operational management & performance, which would be monitored through the Council's scrutiny function.

The Chair then welcomed Andrew Hudson to the meeting (as Chair of the Boards for both i4B Holdings Ltd and FWH Ltd) who introduced the update report outlining the work being undertaken by both Housing companies to deliver against their respective business plans for 2024-25, which had been agreed by the Council as Shareholder of i4B and Guarantor of FWH along with an update on their 2025-26 Business Plans. In presenting the report, the following issues were highlighted:

- The Committee's attention was drawn to section 3.3 in the Committee report which detailed the governance arrangements in place relating to both companies along with the updates provided in section 3.4 on the key issues covered at the most recent Shareholder meeting between the Council and i4B and Guarantor meeting between the Council and FWH (held in February 2025) relating to operational performance and financial performance as well as progress against each respective Business Plan (on which the full reports had been included as Appendix 1 (i4B) and Appendix 2 (FWH) of the Committee report).
- As a summary of key operational performance issues highlighted, members were advised:
 - of the ongoing challenges identified in relation to the management of voids including delays from third-party freeholders affecting turnaround times. Both i4B and FWH Board had conducted a deep-dive session to identify ways to reduce void times and rent loss, resulting in an action plan which the Boards had reviewed at their February meeting.

- Whilst the most recent tenant satisfaction metrics for both companies had shown an increase in overall satisfaction, levels were still below the London average, and below where the companies want to be with work focussed around the Housing Companies Tenant Services Managers reflected in the improved results with further work underway to consolidate and enhance performance over the coming year.
- In terms of acquisitions, i4B was reported as having exceeded their acquisition target of 25 properties for 2024-25 with the company having successfully purchased 27 street properties and a small block of 9 units within the borough. Whilst noting performance in this respect had been strong members were advised of the challenges in being able to maintain current levels of acquisitions moving into 2025-26 given movements in interest rates and other factors impacting on viability making it harder to acquire properties within the necessary financial criteria. In recognising the importance in continuing to prioritise acquisitions, given the ongoing demand for housing and need to alleviate costs arising from the increased use of temporary accommodation members were advised the Corporate Director of Finance and Resources had asked for a clear acquisition target to be set for the year and confirmed that i4B had the Shareholder's continued support to move forward with further acquisitions. i4B would therefore be continuing to explore a range of possible opportunities, e.g. conversions of non-residential property to residential use, as well as acquisitions. In addition, FWH also continued to remain available to take advantage of any opportunity available to it as a Registered Provider, for example government grants issued via the Greater London Authority.
- While i4B's finances were recognised as tighter than in recent years (due to lower rent collection and related provision for bad debts) members were advised the company was actively addressing these concerns, with i4B set to remain in profit, but at a lower level than planned. Whilst FWH had experienced similar challenges due to bad debts members were advised their income and profit forecast remain broadly in line with the plan.

Having thanked Andrew Hudson for his initial update the Chair then invited the Committee to comment on the updates in relation to both i4B and FWH, with the following issues discussed:

- Further details were sought over the potential impact regarding any reduction in level of acquisitions would have following the challenges identified moving forward into 2025-26. In response, Andrew Hudson advised the Committee that whilst acquisitions were expected to continue, with First Wave set to receive its first new property since being established, this would be at a lower rate (in terms of stock sourced through the property market) than achieved during the current year given movements in interest rates affecting price caps the continued freeze in Local Housing Allowance and general slow-down in the property market. Andrew Hudson (as chair of both the i4B & FWH Boards) advised whilst the i4B Board would, therefore, be setting an acquisitions target for 2025-26 this was expected to reflect the challenges identified with the Committee assured performance in delivery would continue to be subject to robust monitoring.

- Recognising the contribution being made through i4B in terms of saving being delivered through the reduction in Council expenditure relating to Temporary Accommodation, as a result of the alternative housing provision provided through the company members queried how this was reflected in the Council's Statement of Accounts to avoid the role of i4B in this respect being undervalued. In response, Andrew Hudson advised that consideration of the value being delivered would be a matter that needed to be considered as part of the Council's ongoing approach and support towards investment in the company also recognising the wider benefits available including, as an example provided, the potential support being provided to care leavers in terms of their accommodation and other costs mitigated through the acquisition of properties via i4B and First Wave Housing. As an additional contribution, Minesh Patel (Corporate Director Finance and Resources) highlighted the Council's ambition to pursue policy in this direction, noting the importance of different approaches in tackling budgetary issues faced by the Council and the level of cost avoidance which it had been possible to achieve to date with the shareholder keen to ensure the available structures were used to maximise the opportunities available.
- Referring to the lack of balance sheet included as part of the report, further assurance was sought on the cashflow position relating to both companies as a means of assessing the return being achieved through the Council's investment. Whilst i4B's finances were recognised as tighter than in recent years (due to lower rent collection and related provision for bad debts) members were advised the company was actively addressing these concerns, with i4B set to remain in profit, but at a lower level than planned. Whilst FWH had experienced similar challenges due to bad debts members were advised their income and profit forecast remain broadly in line with the plan. As further assurance Amanda Healy (Deputy Director Investment and Infrastructure) advised members that both companies cashflow had been assessed as remaining in a healthy position with cashflow risk not currently having been identified as a significant issue and Andrew Hudson confirming that the company balance sheets were subject to regular review by both Boards.

In response to further concerns identified in relation to progress on health and safety compliance Andrew Hudson advised that apart from a number of outstanding electrical safety certificates (EICRs), both companies had achieved full compliance in all relevant areas. On EICRs, the problem in most cases remained gaining access to the property with the legal process to gain access continuing to be followed for each outstanding certificate. Unlike for gas certificates, it was not possible to force entry to properties that refuses access with the Board continuing to review available options including the potential to combine access for both gas and electricity checks moving forward.

- Clarification was sought on the Council's role and challenges involved in setting the annual budgets for both companies given the variance identified in the forecast position. In response officers advised of the budget monitoring arrangements established across both company Boards with members attention drawn to the financial monitoring forecast provided within the shareholder and guarantor reports provided by both company Boards. These included reference to issues such as insurance, audit fees, professional

services and provision for doubtful debts providing what was felt to be an accurate forecast for operational expenditure moving forward into 2025-26. In addition, members were advised of the work being undertaken to address and correct the position in relation to corporate SLA charges working with service providers to ensure a more accurate forecast for 2024-25 moving into 2025-26

- Further details were sought on the measures being taken to address the performance in relation to voids with Andrew Hudson outlining the plans being introduced to streamline the process. These included work with the Council's performance team to enhance the reporting of void statistics categorised across three stages - Void works; Housing Needs nomination & Tenancy sign-up. It was felt this more detailed breakdown would support the Board in being able to understand delays and target service improvements more effectively with work also underway to strengthen the tracking and monitoring processes involving external partners to ensure that voids were being closely managed. Following a deep dive review in September 2024 a series of additional actions had also been agreed which Andrew Hudson advised were now in the process of being implemented, which included – a review of the Voids Information Form to ensure this was completed at an earlier stage and captured all information required by surveyors and Housing Needs; improved communication through earlier notification to all colleagues of planned purchase dates, works completion dates, nominations required; trial of a reduction in the number of post-works inspections by Brent surveyors designed to reduce times and developed relationship with works contractors and streamlining of the nominations review and approval process, including a review of the requirement for tenancies with voids remaining a priority area of performance.
- Following on from this, in response to a query over the Council's role in setting acquisition targets and the numbers for the current year, Minesh Patel (as Corporate Director Finance & Resources) advised that the targets set were based on a range of factors taking account of issues such as the current property market conditions and available funding and borrowing options given the reduction in range of cheaper borrowing options as interest rates had risen. Taken together it was recognised these factors would make it difficult for i4B to maintain the previous level of acquisitions achieved given the associated impact on viability with i4B therefore exploring different options and funding mechanisms and the Board due to consider the future acquisition programme at their next meeting with the Company remaining committed to seeking out opportunities to add to its stock in support of the Council's bid to reduce homelessness and reliance on temporary accommodation (TA) within the borough.
- In response to a query regarding the way in which service charges were assessed for properties being acquired within blocks (recognising the impact on affordability for tenants) Andrew Hudson advised that this process included an assessment as part of the overall costs involved in acquiring the properties regarding long term affordability and viability with further clarification provided regarding the way in which rental levels were set for different types of tenure including the impact of Local Housing Allowance applications as well as other benchmarks.

- As a final question, details were sought on the level of oversight provided in relation to the operation and performance of both Boards, including from an audit perspective. In response, the Chair reminded members of the newly established arrangements involving the Audit & Standards Advisory Committee focussing around assurance relating to the arrangements the Council, as Shareholder (in the case of i4B) and Guarantor (in the case of WFH), had in place to oversee the governance and performance of both companies rather than on their detailed operational management & performance with the external audit function provided separately through Grant Thornton and the current arrangements felt to provide sufficient opportunities for oversight supported through Internal Audit through an existing Service Level Agreement with both companies and strong channels of communication between the Company Boards & Council.

In response to additional clarification sought on the current position regarding Council representation on the Board of both companies, members were advised that a replacement was currently in the process of being appointed to fill the vacancy created following Peter Gadsdon's retirement (as Corporate Director and one of the Council's appointed Directors on the Boards) with the Council also keen to continue reviewing the way in which i4B & FWH were supported in their roles (including through the SLA) to provide the most flexible approach.

With no further questions, the Chair thanked Andrew Hudson for presenting the report in responding to the Committee queries. The Committee **RESOLVED** to note the update on the work and governance of both i4B Holdings Ltd and First Wave Housing Ltd in terms of delivery against their 2024-25 Business Plan along with the update on development of their 2025-26 Business Plan.

10. **Review of the Member Development Programme and Member Expenses (including financial and procedural rules governing the Mayor's Charity Appeal)**

Amira Nassr (Deputy Director for Democratic Services) introduced a report from the Corporate Director Law & Governance that provided members with a summary of the Member Learning and Development (MLD) Programme since the last report to Committee in March 2024, and information regarding the Members' Expenses Scheme as well as an update on the financial and procedural rules governing the Mayor's Charity Appeal.

In considering the report the Committee noted:

- The role of the Member Learning and Development Steering Group in providing constructive input to shape and evaluate development of the Member Learning & Development programme with an outline of upcoming sessions detailed within Appendix 1 of the report.
- Whilst most Member and Learning Development sessions continued to be delivered online as the preferred method of learning and development identified by members, the benefits and effectiveness of in person face to face training had also been recognised involving a range of delivery times and with the trial of hybrid sessions also continuing, as required.

- The feedback provided on the current Member Learning & Development Programme, as detailed in Appendix 2 of the report, which it was noted would be used to assist shaping development of the future programme of activity.
- The offer of individual Personal Development Plan (PDP) sessions to all members to support identification of individual training needs and assist in shaping future training programmes. Details of the offer provided were set out in section 8 of the report with 31 of 57 members having taken the opportunity for a PDP in 2022 and 12 out of 57 members in 2024. A summary of the key priorities identified as a result were detailed within section 8.2 of the report with the core attributes identified for development focussed around chairing and facilitation skills, public speaking, use of social media, leadership development, IT skills and scrutiny. A further programme of follow up reviews had been scheduled to follow the local borough elections in 2026 with Brent's Councillor Development Charter Plus re-assessment having been completed in February 2025 and the Council successful in retaining its Charter Plus Standard accreditation.
- The update provided in relation to Members Allowances and expense claims, as detailed within section 9 and Appendix C of the report. Members were advised that most expense claims related to training as well as caring duties.
- The update provided in relation to the review of the financial and procedural rules governing the Mayors Charity Appeal, as detailed in section 10 and Appendix 4 of the report. This had in resulted in two proposed changes to the Procedure Rules being recommended for consideration and recommendation to The Audit & Standards Committee for formal approval, designed to further enhance transparency in the Charity Appeal operated:
 - That the Mayor, or immediate Members of their family, must not be a Trustee or Chair (or an equivalent position) at a charity the Mayor is fundraising for; and
 - If a donor decided to donate to the Mayor's charity directly, proof of donation must be shared with the Mayor's Office. This could be a screenshot of a donation made, a receipt from the charity, or some other equivalent proof of donation.

The Chair thanked Amira Nassr for the update and invited the Committee to raise questions on the report, which focused on the areas highlighted below:

- Whilst welcoming the proposed changes recommended in relation to the financial and procedural rules governing the Mayors Charity Appeal as a means of enhancing transparency it was felt further clarification was required on the final wording of the change in relation to donations. In recognising the need to maintain a robust audit trail, members were keen to ensure the final wording incorporated clarification of the process when a donor would like their donation to be counted towards the Mayors total fundraising for the year and formal proof of the donation required with it recommended that the Audit & Standards Committee should be asked to provide delegated authority for the Corporate Director of Finance & Resources to agree the final wording, reflecting the clarification being sought.

As there were no further issues raised, the Chair thanked officers for the update and progress made in delivery of the Member Development Programme and Mayor's charity appeal and the Committee **RESOLVED** to:

- (1) Note the work being undertaken by the MLD Steering Group in continuing the effective training and development of Brent's elected representatives (as detailed within Appendix 1 of the report).
- (2) Note Member feedback on MLD sessions, requests for future training, and Personal Development Plans Along with the Council having achieved reaccreditation in relation to the Councillor Development Charter Plus Standard(as detailed within Appendix 2 of the report).
- (3) Note the expenses claimed by Members in the course of their work in 2024-25 (as detailed within Appendix 3 of the report).
- (4) Note the outcome of the annual review of the financial and procedural rules governing the Mayor's Charity Appeal (as detailed within Appendix 4 of the report) and recommend the proposed changes arising as a result (as detailed within 10.4 of the report) to the Audit & Standards Committee for formal approval and adoption subject to confirmation of final wording being delegated to the Corporate Director Finance & Resources in order to incorporate clarification covering when a donor would like their donation to be counted towards the Mayors total fundraising for the year and formal proof of donation required.

11. Internal Audit Plan 2025-26 and Internal Audit Strategy 2024-27 Year 1 Review

Darren Armstrong (Deputy Director Organisational Assurance and Resilience) introduced a report from the Corporate Director Finance & Resources setting out the Internal Audit Plan 2025-26 along with an assessment of the progress made at the end of Year 1 towards delivery of the objectives outlined within the Internal Audit Strategy 2024-27.

In presenting the report the following key areas were highlighted:

- The adoption of a revised methodology in relation to the Internal Audit Plan during 2024-25 that moved away from the traditional, rigid 'annual plan' approach. Due to its success, this methodology had been retained for 2025-26 aligned with the objectives outlined in the Internal Audit Strategy 2024-2027, which aimed to implement a more agile and enhanced risk-based approach to planning and delivery, while also continuing to provide a robust programme of core assurance.
- The extensive scope of internal audit activity which required the management and balancing of evolving and often conflicting needs and expectations from a broad range of stakeholders. To meet these demands, the Plan detailed the approach towards the management of resources which had been structured to ensure the Internal Audit function remained agile and responsive to new and emerging risks, while also providing robust assurance over the Council's core processes and controls, fulfilling an advisory role and supporting management in relation to areas of emerging risks and opportunities.
- In considering the factors outlined and reflecting the objectives within the Internal Audit Strategy, the Plan (as detailed within Appendix 1 of the report) had been divided into four sections split between core assurance work; a list of audit areas identified under an agile risk based approach designed to

provide enhanced flexibility in order to respond to changing risks and priorities; consultancy & advice work and finally follow up activity with a strategic and inherent risk assurance map also provided covering the three year plan period which also set out how Internal Audit resources would be utilised and deployed, underpinned by the Internal Audit Charter.

- Officers had developed the Internal Audit Plan alongside Global Internal Audit Standards, which set out requirements including the need for the plan to remain dynamic and subject to regular updates with the new approach having been validated by the Council's External Auditors as providing increased flexibility and responsiveness and also receiving positive feedback as part of the Council's recent Corporate Peer Challenge.
- In terms of the work outlined within the Internal Audit Plan to provide assurance over the Council's key systems and controls in accordance with the three-year cyclical plan this included (during 2025-26) 5 audits across the Council's key financial systems and 5 audits of high inherent risk areas and other matters such as school audits and grant certification work. This work was predicted to remain relatively stable throughout the year accounting for approximately 28% of available time and Internal Audit resource. In terms of the agile risk based element of the Plan in seeking to focus audit resources on areas with the greatest assurance needs, members were advised that three audits were currently in progress (which had commenced in 2024-25); eight audits were currently proposed to take place in Quarters 1 and 2 of 2025-26; and a further 15 potential audit areas have been identified for Quarters 3 and 4. It was, however noted, that element of the Plan was not rigid and was designed to provide an indication of potential audit areas for 2025-26, which would be subject to continually update and adjustment. It was anticipated that this element of the Plan would account for up to 46% of available time and Internal Audit resource. In addition, up to 7% of time and resource had also been retained to respond to the more reactive requests for consultancy and advice with up to 19% of time allocated to Follow Up audit activity designed to ensure internal audit actions and recommendations were being tracked through to implementation with members advised of the increased focus on this area of activity.
- The outcome of the assessment undertaken in relation to Year 1 of the Internal Audit Strategy, as detailed within Appendix 2 of the report. Members were reminded that the Strategy had been developed in accordance with the Global Internal Audit Standards to detail the main strategic objectives and priorities of for the Internal Audit function and had been designed to ensure that the work carried out by Internal Audit was aligned with the Council's strategic objectives and assurance needs. Members were advised that no revisions or adjustments had been identified in relation to the current strategy as a result of the Year 1 review.

Having thanked Darren Armstrong for introducing the report the Chair then invited comments from the Committee on the Strategy and Plan which are summarised below:

- In recognising the outcome of the recent Value for Money External Audit assessment further details were sought on the role of Internal Audit in following up on recommendations made by External Audit and the potential to include a review of the way Value for Money was being delivered across the Council as part of the Internal Audit Plan. In response, members were

advised of the Committee's role in following up and monitoring the implementation of recommendations made by External Audit, which was subject to regular and routine update and efforts made by Internal Audit to avoid duplicating this role. In terms of any wider Value for Money audit activity, members were advised of the challenges involved in being able to scope such a wide area of review across various departments. In seeking to assure members, however, confirmation was provided on the way Value for Money considerations and risks were included as part of every Internal Audit review which it would be possible to focus on in more detail within future updates, should the need be identified. In addition, the Chair reminded members of the focus already included within the Audit Plan as part of the core assurance work in relation to contract management which had been designed to provide a rolling programme of assurance as a key area of inherent risk which included the scope to include contract variations as well as social value.

- In commending the update provided for the Committee, members once again highlighted concerns in relation to the weaknesses identified around processes for the valuation of assets and management and control of the Fixed Asset Register given the delays these had had created in being able to complete the 2023-24 audit process on the Statement of Accounts with details sought on how these matters were being addressed, through the Internal Audit Plan. In response, members were advised that the findings and weaknesses identified following the External Audit process had formed part of the risk based approach and assessment of the assurance needs used to inform the Internal Audit Plan. Whilst seeking to avoid duplication with the work of External Audit it was pointed out that Internal Audit continued to provide support and advice regarding the external audit process with the Plan therefore designed to take into account prior audit findings, strategic and directorate risk registers, fraud risks, and work undertaken and reported by External Audit and other assurance providers.
- Clarification was sought on the continued operation and monitoring of the outcomes being delivered through the co-sourced model by Internal Audit given the portion of the plan (approx. 200 days) delivered by the co-sourced partner, PwC. In response, the Committee was advised this work was not provided on a consultancy basis with the role integrated as part of the Internal Audit team structure. The co-sourced model was felt to be operating effectively with the benefits provided including an in-depth understanding of the Council, its strategies and objectives, and its governance, risk management and control processes via the in-house team, increased flexibility and resilience in the resourcing of the function, access to specialist resource such as IT/Cyber specialisms as well as increased benchmarking opportunities with other Council's operating under the same framework arrangement and with the costs quality of work subject to close monitoring in order to ensure there was no discernible difference between outcomes.
- As a further issues, details were sought on the way in which the days and Internal Audit resource allocated to follow up activity were applied as part of the risk based approach used to inform development of the Internal Audit Plan and the scope for this to be reallocated should implementation rates improve as a result of the work being undertaken to address follow up actions with

those responsible for their implementation. In response, members were advised that whilst some scope existed to reduce the time allocated for follow up activity the current preference was to retain this allocation given the issues identified in relation to addressing implementation rates and the detailed work being undertaken designed to enhance performance, recognising the importance and value in addressing the actions outlined. Whilst it was noted that there was currently no follow up activity identified as critical, those actions and risks identified as high-priority would be prioritised with confirmation provided that there were no plans to move towards a process of self-certification at this stage for those actions identified as medium or low risk.

In terms of the work being undertaken to address performance in relation to implementation rates for follow-up audit activity, details were sought on how receptive those officers and teams identified as responsible for individual audit actions were to the feedback provided through the Internal Audit process and what more, if anything, it was felt the Audit and Standards Advisory Committee could do to support this process. Outlining the process taken by Internal Audit to review implementation of recommendations with management, members were advised that where actions were found to remain partially or not implemented at follow-up, revised target dates would be agreed with management with the outstanding actions monitored and reported via departmental 'action trackers' monitored through Departmental Management Teams, CMT and the Brent Assurance Board and the ability for any instances of persistent non-implementation of recommendations to be reported to the Committee. Whilst recognising the balance being sought in seeking to robustly hold management to account for the delivery of audit actions and approach towards delivery of a modern audit function members were also reminded that in cases of specific non engagement in the audit process or where the risk identified in ongoing non implementation of the action was identified as critical, the risk owner/manager could be formally required to attend the Committee.

In considering other measures to improve compliance, members asked whether there was sufficient training for staff to understand their accountabilities. In response details were provided regarding the training and support currently available for risk owners and managers which included measures to remind departments of the importance that needed to be placed at an operational level on the implementation of audit actions based on realistic achievable target dates and enhanced engagement and monitoring at departmental level to ensure issues with non-implementation of actions were highlighted and addressed prior to escalation (should that be identified as required).

In addition, support was expressed for the development of a KPI designed to focus on the implementation of follow up audit actions for the members and enhance ownership of the process in a visible way with action/risk owner and manager(s) required to include details regarding overdue actions along with their reasons and cause for the delay to enable trends to be monitored linked to the Council's strategic and departmental risk management arrangements. Whilst supportive of the basis of the approach outlined the need to ensure this was applied in a balanced way was also recognised to ensure managers were

encouraged to continue engaging and working with Internal Audit in a transparent and open way.

- In response to a query regarding the availability of resources to support the new approach identified, members were advised that the overall level of audit resource remained consistent with officers satisfied that adequate resources were available for the provision of an effective internal audit function focussed around the provision of core assurance. Whilst challenges remained in relation to recruitment and retention of staff across the sector the benefits provided through the co-source arrangements were highlighted in terms of the resilience they provided in maintaining capacity.

As no further issues were raised the Chair once again thanked Darren Armstrong for the report and as a result of their consideration the Committee **RESOLVED:**

- (1) To note and endorse the Internal Audit Plan 2025 -26.
- (2) To note and approve the outcome of the Internal Audit Strategy 2024-2027 Year 1 Review

12. **Strategic Risk Report**

Darren Armstrong (Deputy Director Organisational Assurance & Resilience) introduced a report from the Corporate Director Finance & Resources providing the Committee with an update on the Council's Strategic Risks as of March 2025.

In considering the report the Committee noted:

- The Strategic Risk Register had been prepared in consultation with risk leads, Departmental Management Teams and the Council Management Team in accordance with the key elements of the Council's Risk Management Policy and Strategy. The report summarised the risks that were considered to have an impact and/or likelihood of materialising, and which may have an adverse effect on the achievement of the Council's corporate objectives.
- Since the report was last updated in September 2024, the Council had continued to operate in a heightened risk environment due to various external factors with the Council's overall risk profile therefore continuing to reflect the challenging risk environment the Council was operating within and eight of the fourteen strategic risks currently outside their target risk score.
- The importance of risk management as a core element of the Council's corporate governance framework with the Strategic Risk Register owned collectively by the Council Management Team (CMT) and each risk being assigned a Corporate Director as risk sponsor and the report provided via the 'bottom-up' provision of risks from services and departments, which were deemed to require consideration at the higher level along with direct input via CMT with its purpose to identify, assess, and control risks that could hinder the achievement of Council objectives. The Council's approach, including the Strategic Risk Report, was closely aligned with the Borough Plan priorities and supported decision-making, business planning, and performance management.

- In terms of key themes identified, members were advised specific attention had been focussed on the following risks:
 - Risk A: Lack of Affordable Accommodation – with the Housing Needs Service having seen a 33% increase in demand from families and single people who are either threatened with homelessness, or homeless from 2021/22 to 2023/24;
 - Risk B: Cost of Living Crisis – with this continuing to be one of the Council's highest scoring risks reflecting that demand for support from Brent Hubs remained high in relation to Housing, Council Tax Support and RSF applications, food and fuel aid enquiries, housing and homelessness enquiries, Council Tax, welfare benefits and other presented needs such as, housing benefit, debt and money enquiries, employment, general support and immigration and the overall trend remaining upward.
 - Risk C – Increase in Dedicated School Grants High Needs Block Deficit – with this also continuing to be of the highest scoring risks. The DSG had carried a deficit balance since 2019-20 and the cumulative balance carried forward from 2023/24 being £13.2m. The current in year DSG forecast deficit of £0.4m would increase the overall deficit to £13.6m. Work continued to manage pressures against the High Needs Block of the DSG, with the statutory override now extended until 2025/26. Concerns continued to be raised, however, with the government about the sustainability of the current national SEND system and whilst national reforms were anticipated it was not yet known how they may impact on Brent.
 - Risk H – Financial Resilience and Sustainability – with this risk score having increased since the last update in September following the 2025-26 budget setting process and significant risks, issues and uncertainties with regards to the Council's Medium Term Financial Strategy (MTFS) caused by high levels of inflation and interest rates, low growth in the economy, increased demand for key services, the effects of the cost-of-living crisis and uncertainty in government funding.
- In terms of the main changes since September 2024, 10 of the risks reported were assessed as being on a stable risk trend in terms of scores remaining as previously reported and one risk (Strategic Risk H: Financial Resilience and Sustainability) having shown an upward trend and three risk presenting a downward trend (Risk G: Cyber Attacks, Risk J Recruitment & Retention and Risk L Safeguarding Incident Adults).
- The Committee's attention was drawn to the Strategic Risk Heat Map within the Strategic Risk Report which had shown seven of the strategic risks located within the upper quartile with the highest scoring being the risks related to lack of supply of Affordable Accommodation(A); cost-of-living crisis (B); increase in Dedicated Schools Grant High Needs Block deficit (C); risk to Community Cohesion (D); Climate Emergency (adapting to climate risks and reaching carbon neutrality) (E & F) and Financial Resilience and Sustainability (H).
- Since the update in September 2024 no new risks had been added to the Strategic Risk Report with no risks having been closed or de-escalated to departmental level.
- The new addition to the September 2024 version of the report of an enhanced action plan for each of the fourteen strategic risks. Members were advised that in previous versions risk owners had outlined actions they intended to implement to further address the risk, however, there was previously no

system to follow-up and track these actions and whether they have had a positive impact on managing and mitigating the risk, or not. The enhanced action plan now included a section to follow-up on actions that were previously outlined and assigned an action owner for increased accountability. This change had been made following recommendations from the LGA and of the 81 actions identified in the last update it was reported that 30 had been implemented (37%); 49 (60%) were in progress and 2 had not yet commenced with 22 new actions also having been proposed with the need to maintain a longer term focus on monitoring activity and the outcomes being achieved in relation to the management of each specific risk also highlighted.

- The wider improvements made to the Council's risk management framework, as detailed within section 3.9 of the report with Grant Thornton as the Council's External Auditor having commented in their 2024-24 Annual Report on the Council's sound risk management arrangements and these also having been recognised through the LGA Corporate Peer Challenge. These improvements had included a comprehensive review of the Council's Risk Management Strategy to ensure robustness and alignment with governance processes and the addition of a risk appetite statement along with more detailed strategic risk tracking and further improvements planned, including enhanced risk categorisation and a more integrated assurance plan.
- In providing further details on the review of the Risk Management Strategy members noted this had been designed to support the Council's approach to risk management ensuring a robust and consistent process for managing risks and opportunities. This had included the addition of a risk appetite statement defining the amount and type of risk that the Council as an organisation was willing to take in pursuit of its objectives, which formed a key component of effective risk management. In outlining its development process, members noted that the Council's risk appetite statement had been developed to strike a balance between the Council's responsibility for managing risks against a need to work flexibly in delivering its strategic ambitions with six types of risks included that the Council would seek to avoid at all cost - risks rated red on the risk matrix that were avoidable other than in exceptional circumstances; risks which would result in harm to our residents, staff or any groups or individuals; risks that may cause harm to the environment; risks which would result in breach of laws or regulations; risks which would result in the Council becoming financially unviable and risks that would result in a long-term detrimental impact on our reputation. Due to the significance and importance of the statement, it would be reviewed and refreshed at regular intervals, where necessary and independently to the overall strategy, to reflect changes in the Council's risk profile with it confirmed that no changes had been made to the Council's risk appetite statement during the current review period.

The Chair thanked Darren Armstrong for his report and before moving on to invite comments from the Committee took the opportunity to remind members of the role of Internal Audit in working with risk sponsors and nominated risk leads, in an advisory capacity, to coordinate and update the risk report as opposed to being the owner of specific risks. If, as a result of any issues raised, further detail on specific risks/mitigations were required members were advised these would need to be sought from the relevant risk sponsor outside of the meeting. On this basis, the following comments/issues were raised:

- Further details were sought on the way target dates were determined in relation to specific actions relating to individual risks. In response, members were advised that this included a process involving the individual risk lead and sponsor.
- Referring to the cover report provided for the Committee, concerns were highlighted that the section detailing climate change and environmental considerations had not included any reference to the climate change risks included within the register. In response, members were advised that this would be reviewed as part of the presentation of future reports with positive engagement identified with the risk leads on progress in delivery of the specific mitigating actions identified and these subject to regular review and update as part of the supporting Action Plan.

As a further query details were sought on the assessment of any risks associated with the proposals relating to devolution with officers confirming that at this stage no specific risks had been identified in relation to Brent given the proposed changes were currently focussed outside of London. Should any impacts be identified as the proposals moved forward, however, these would be added to the register.

- In addition to the role undertaken by the Committee in monitoring strategic risk, further clarification was sought on the approach towards managing risks at a departmental/operational level. In noting the Committee's focus around the management of risk at a strategic level across the Council and ability to commission deep dives around specific risks (if required), members were advised that each Council department would also be responsible for maintaining a departmental risk register to ensure that all operational risks were being effectively managed and to ensure that, where required, these were subject to regular and ongoing review to ensure risks could be escalated to the Strategic Risk Report via the Corporate Management Team (CMT) where appropriate.

As a follow up issue, details were sought on the approach taken towards assessing risk on the basis of wider national trends as opposed to specific issues unique to Brent. Whilst highlighting that each authority would have their own specific risk management frameworks, confirmation was provided that risk registers and management frameworks were subject to comparison with other local authorities in order to share best practice and examine trends with many of the risks identified being as consistent across other councils.

- Details were also sought regarding the process for assessing mitigating actions as having been completed with confirmation provided this would involve a self-certification process between the risk owner and risk sponsor and Internal Audit involvement where this was required to be substantiated.
- In response to requests made for further detail on the mitigating measures in place to assess and manage any specific risks identified in relation to the increase in Employer National Insurance contributions and management of the relationship with external providers and partners members were advised these had been included for consideration as part of the strategic risk relating

to the Councils overall Financial Resilience and Sustainability and would remain under close review

- Members welcomed the development of the Risk Appetite Statement as a key part of the wider Risk Management Strategy including the focus on those risks that the Council would seek to avoid. Members also requested that the Strategic Risk Heat Map and approach towards monitoring risks be shared with Scrutiny Chairs as part of their regular meeting with the Audit & Standards Advisory Committee Chair and Vice-Chair to ensure a co-ordinated approach between scrutiny and audit in relation to the monitoring of risks identified.

As no further issues were raised, the Chair thanked Darren Armstrong and his team on behalf of the Committee for their hard work and Committee **RESOLVED** to note the update on the Council's strategic risks as of March 2025.

13. **London Borough of Brent Audit Findings Report 2023-24**

Sheena Phillips (Senior Audit Manager, Grant Thornton) was then invited to introduce the final Audit Findings Report for 2023-24 to the Committee. Members noted that the report had been produced following completion of the audit of the Council's 2023-24 Statement of Accounts, which had been finalised and published in advance of the backstop deadline on 28 February 2025. Members were advised that the Audit Findings Report had been issued with an unqualified audit opinion with work now commencing on preparations for the 2024-25 statement of accounts with the draft audit plans due to be presented to the Committee in June 2025.

No comments or questions were raised in relation to the report and, having once again thanked all involved for their efforts in ensuring the audit was completed in advance of the backstop deadline, the Committee **RESOLVED** to note the report.

14. **London Borough of Brent External Audit Progress & Sector Updates**

The Chair then invited Sheena Phillips (Senior Audit Manager, Grant Thornton) to introduce a report providing an update on progress being made by Grant Thornton in delivering their responsibilities as the Council's External Auditors along with various sector updates. The following key updates were highlighted:

- Having issued the audit opinion for 2023-24 the planning and risk assessment work for the 2024-25 audit of the Statement of Accounts and Value for Money review was now underway with the External Audit Plan due to be presented to the Committee in June 2025. Detailed audit work was due to commence in July 25 and was currently scheduled to be completed by September 2025.
- In terms of sector updates, these had included an update on the process involving the devolution and reorganisation of local government across the country, local audit reform as well as changes being consulted upon in relation to the future of local government financial reporting and accounts and the standards regime.

Having thanked Sheena Phillips for the update the Chair then invited comments from the Committee with the following issues highlighted:

- Referring to reference within the previous report to the establishment of a cross Council working group, reporting to the Corporate Director of Finance and Resources, set up to work collaboratively to address the challenges experienced with the audit of the 2023-24 accounts including accuracy of the Fixed Asset Register and valuation of assets, members were keen to explore how this process could be developed to address wider issues relating to audit activity. In response, members were advised that similar processes had been established previously (where identified as necessary) and achieved positive outcomes, with this process designed to provide early engagement with all relevant departments and senior management to ensure the clear allocation of responsibilities and accuracy of data required in preparation for the 2024-25 accounts as well as the Council's valuers. Feedback and engagement was reported as positive to date with work ongoing to prepare the draft accounts within the required deadline. From an External Audit perspective Sheena Phillips advised no hot reviews were anticipated for the 2025-26 audit process reducing the likelihood of unforeseen delays.
- Recognising the impact which the adoption of IFRS 16 would have on preparation of the 2024-25 financial statements, members sought details on the work also being undertaken to prepare for the implementation of these changes including the data sets that would be required. In response, members were advised that the new standard would require changes for most leases to be recognised on the balance sheet impacting both assets and liabilities. The finance team had therefore been planning (working through the cross council working group) for the change to enable a smooth transition (including completeness of the required data sets) and would be engaging early with the auditors on the updates as part of the 2024-25 audit.
- Members concerns to ensure that the level of external audit fees and any additional charges incurred, or further increase in fees as part of the work due to be undertaken as part of the 2024-25 audit process continued to be kept under review. Whilst recognising the concerns expressed, the Chair felt it was important to recognise that the initial scale of fees had been set through the PSAA as part of the national procurement process with the External Audit contract having been retendered in 2023 leading to Grant Thornton being reappointed as Brent's auditor. Sheena Phillips also highlighted how the scale of fees had been developed to reflect the current basis of costs incurred in resourcing and undertaking the necessary standard of audit work which also reflected the introduction of enhanced accounting and auditing standards and with any variation in fee determined by PSAA in accordance with set procedures. In recognising the concerns expressed Minesh Patel (Corporate Director Finance & Resources) reassured members of the work undertaken with Grant Thornton to support the audit process and minimise any additional work required outside of the scope of the initial audit fee, but in recognising the concerns raised advised that officers would continue to ensure that the level of fees and any additional charges or increases were kept under ongoing review.

As no further issues were raised the Chair thanked Sheena Phillips for the update and the Committee **RESOLVED** to note the report.

15. **Evaluating the Effectiveness of Audit & Standards Advisory Committee 2024-25**

As the final item, the Chair then introduced a report setting out proposals to seek members views on the effectiveness of the Committee during the 2024-25 Municipal Year for inclusion within the Chair's Annual Report.

Officers were thanked for their support in preparing the report, with the approach toward the self-assessment process focussed around the questionnaire developed by the Local Government Association as a guide to evaluate the effectiveness of Audit Committees. This included the opportunity for members to provide views not only on the operation of the Committee over the last year but also opportunities for improvement moving forward.

In order to structure the approach towards feedback, it was proposed that the questionnaire should be circulated to all members of the Committee (including the independent co-opted members) following the meeting for them to complete and return by the start of May 2025. The Governance Team would then be asked to collate the feedback anonymously to share with the Chair and Vice-Chair with the responses then being used to inform the Chair's Annual Report and subject to further consideration by the Committee at the start of the new Municipal Year.

The Committee **RESOLVED** to approve the approach outlined for the self-assessment process, as set out above and detailed within section 3.3 of the report focussed around the LGA questions for Audit Committees.

16. **Audit & Standards Advisory Committee Forward Plan and Work Programme 2025 - 26**

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

- Tuesday 5 June 2025 (subsequently changed in the process of finalising the Council's municipal calendar of meetings for 2024-25 to Monday 16 June 2025)
- Wednesday 23 July 2025
- Tuesday 25 September 2025
- Wednesday 3 December 2025
- Tuesday 3 February 2026
- Tuesday 24 March 2026

Members noted that development of the Committee's ongoing work programme would continue to be kept under close review by the Chair and Vice Chair working with officers to ensure sufficient capacity was maintained to allow for the appropriate consideration of items at each meeting.

17. **Any other urgent business**

Prior to closing the meeting, David Ewart (as Chair) took the opportunity to advise members that Colin Garland (Auditor Manager) would shortly be leaving the Council. In recognising his role in supporting the work of the Committee and

Council's Internal Audit function, members formally thanked Colin for his work and wished him well for the future.

In addition, the Chair also took the opportunity to remind members this would be Debra Norman's final meeting, prior to retiring from her role as Corporate Director Law & Governance and as the Council's Monitoring Officer. In paying personal tribute, he thanked Debra (on behalf of the Committee) for all her guidance in supporting both himself, the wider Committee and all members of the Council and wished her all the best for the future. The Committee also took the opportunity to welcome Marsha Henry (as Director of Law), who they were advised was due to take up the role of Monitoring Officer following Debra's retirement.

The meeting closed at Time Not Specified

David Ewart
Chair