



MINUTES OF THE AUDIT AND STANDARDS ADVISORY COMMITTEE

Held in the Conference Hall, Brent Civic Centre on Monday 16 June 2025 at 6.00 pm

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

Independent Co-opted Members: Rhys Jarvis & Sebastian Evans

Also Present: Councillor Milli Patel (Deputy Leader and Cabinet Member for Finance & Resources), Sophia Brown (Grant Thornton) and Asad Khan (Grant Thornton).

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

Apologies for absence were received from Independent Member Steven Ross.

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 and action log**

RESOLVED that the minutes of the previous meetings held on Tuesday 25 March 2025 be approved as a correct record, subject to the following amendment:

Min 12: Strategic Risk Review – 3rd bullet point page 18 of agenda pack final sentence being amended to read:

“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.”

Members noted the updates provided in relation to the Action Log of issues identified at previous meetings with specific updates provided in response to the following matters:

- (a) Strategic Risk Report (25 March 25) – members were advised that the next meeting between the Committee Chair, Vice Chair and Scrutiny Chair’s had been arranged for June and would include a review of the Strategic Risk Heat map and approach towards monitoring risk.

- (b) Evaluating the effectiveness of the Audit & Standards Advisory Committee 2024-25 (25 March 25) – the outcome of the self-assessment questionnaire would be presented to the Committee in July 2025 for further review.

In considering the Action Log, members identified a need to ensure that the content was subject to ongoing review in order to update progress and (where available) include due dates for actions. In response, the Chair advised he would be willing to undertake a more detailed review of the log with the Vice-Chair and officers in order to ensure the actions listed remained relevant and were as clear as possible in terms of their allocation and progress.

5. Matters arising (if any)

None.

6. Self-Referral to Regulator of Social Housing

The Chair welcomed Thomas Cattermole (Corporate Director Residents and Housing Services) and Spencer Randolph (Director Housing Services) who he advised had been invited to update the Committee on the circumstance surrounding the Council's self-referral to the Regulator of Social Housing for potential breaches in compliance relating to the Quality and Safety Standard and on the measures being taken in response in order to develop a Performance Improvement Plan.

In introducing the report, members were advised of the background to the self-referral as a result of it having been identified that the True Compliance software utilised by the council had been updated incorrectly. This included up to 12,500 fire actions having been identified as wrongly updated to indicate that works had been completed, but which were missing the required supporting evidence. In addition, the council had been unable to reconcile performance data on asbestos management, water safety and detectors for smoke and carbon monoxide. Having identified the issue, advice had immediately been sought on appropriate corrective steps from a building safety specialist who dealt with the management and recovery of regulatory breaches and, in line with the requirements of the Social Housing (Regulations) Act 2023 around transparency, the advice had been to self-refer to the Regulator of Social Housing. Having made the referral, further details had been sought by the Regulator on performance data relating to building safety and stock condition, which the council had been unable to provide in a comprehensive manner. Whilst the council reported it held stock data on 95% of its homes it had subsequently been identified that it did not hold recorded survey information on over 50% of these properties.

As a result of the issues highlighted the Regulator had therefore issued a regulatory judgement with the Council graded C3 (Serious failings identified, and significant improvements needed).

In response to the position identified and judgement issued the council had initiated a number of actions, which the Committee were advised had included:

- appointing advisors that specialised in building safety and assisting landlords in meeting the requirements and outcomes set out in the Social Housing

(Regulations) Act 2023, in particular The Quality and Safety Standard. The specialist advisors were now in the process of undertaking an initial assessment of the council's compliance arrangements, in preparation for an audit to confirm the true position on the 'Big 8' areas of compliance – Fire Safety, Gas Safety, Electrical Safety, Water Safety, Asbestos Management, Mechanical and Engineering (Lifts), damp and mould & Smoke and Carbon Monoxide (CO) detectors. Members were advised that the audit would comprise the first part of three pieces of work required to return the council to a position of compliance.

- The second piece of work would consist of a Root Cause Analysis (RCA) of the working practices and arrangements that had resulted in the breaches.
- The third piece of work, which was due to commence shortly and run alongside the audit and the RCA, was the development of a Compliance Recovery Programme with each element of activity identified contributing towards the establishment of a Performance Improvement Plan, as required by the Regulator. It was noted this would be subject to ongoing review with the Regulator to track progress and provide assurance on the improvements needing to be delivered.

Following the update, the Chair thanked Thomas Cattermole and Spencer Randolph for their report. In welcoming the transparency provided and noting the Committee's role in seeking the necessary assurance on the measures established to address the compliance issues and risks identified, questions and comments were then sought from the Committee, with the highlights of the discussion summarised below:

- Further details were sought on the scale of the data collection issues identified, given the problems highlighted in the way the council had been recording data and reporting actions as complete without the necessary supporting evidence. In response, members were advised that this would form part of the work being undertaken through the compliance audit and subsequent compliance recovery programme, with an initial focus on those case identified as most urgent or with the highest risk. Members were assured that the completion of those actions subject to review had not involved any risks assessed as intolerable with a further assessment on all 33 of the Council's high-rise blocks being undertaken in order to pick up any immediate actions required. In terms of the Fire Risk Assessments, members were advised that the key focus remained on those actions identified as having been completed but for which there was no supporting evidence and whether this was a case of missing data or work not being completed.
- Whilst recognising that the issues identified had been inherited by the current housing management team, members were concerned at the nature of the compliance issues identified given what was perceived to be a lack of specific overview, tenant engagement or scrutiny of housing as one of the most important functions delivered by the Council (especially given the increasing challenges in relation to supply and demand) and whether the lack of dedicated housing scrutiny was felt to be an issue and supported the need for reestablishment of a Housing Scrutiny Committee. Whilst recognised as an option, members were advised that the key issue related to the management

and operational oversight of the way in which data was being recorded along with the use and training available to staff on the True Compliance System, which would all be assessed as part of the wider root cause analysis being conducted as part of the audit process. It was also pointed out that the work being undertaken to address the issues identified was already subject to review by both existing Scrutiny Committees with oversight on delivery of the Improvement Plan being led by the Housing Management Improvement Board.

- As further assurance in relation to the approach adopted by the Council, members were advised that the Regulator had recognised the Council's proactive approach with regards to engagement in respect of the engagement with tenants, members and the wider community. This included the establishment of an engagement team and communications having been issued regarding the self-referral and the subsequent judgement and the media and residents being kept informed as plans were progressed with the next key milestone being the completion of the audit to provide a clear understanding of the full scope of work required. The Committee acknowledged this was a significant journey, requiring sustained commitment from housing services with it highlighted that many other local authorities were facing similar issues and had received similar regulatory gradings under the new regulation framework, reflecting not only the specific issues highlighted but also, on a sector wide basis, challenges in terms of investment in an ageing stock and levels of rent. Officers confirmed that whilst an industry-wide challenge this context did not diminish the Council's commitment to achieving the highest standards.
- In recognising the extent of the issues identified, further details were sought on the potential resource implications arising in seeking to address and implement the Improvement Plan and any additional compliance measures following completion of the audit. In response, officers advised that that whilst the audit was ongoing the full extent of any additional resource requirements remained uncertain. The audit was expected to take 6-8 weeks to complete, and while aware of the current pressures in relation to the Housing Revenue Account (HRA), members were advised that the Regulator would expect a fully costed Action Plan to be provided aimed at achieving compliance within the next 2 -3 years. Confirmation was provided that the costs being incurred as a result of the process to date would need to be managed within the HRA. Clarification was also sought on the potential impact in terms of wider grant funding being made available to support social and affordable housing development schemes until compliance was achieved, with members advised that at this stage officers were not aware of any grant funding being impacted although this had been identified as a potential risk corporately.

In terms of funding, the challenges in relation to management of the HRA were acknowledged given the reliance on rental income and the costs involved in delivering the housing service as a landlord. It was noted any additional funding required would therefore involve a stringent approach focussed on where it would be possible to make savings, achieve better contract management, maximise rental income and payments from leaseholders for works being undertaken, which members were advised had already been identified as actions within the HRA Business Plan, Given the need identified to ensure compliance it was not felt that

decisions could be delayed and it felt that with prudent financial management and a realistic timetable it would be possible to budget for the required action within the existing HRA budget.

Highlighting completion of the audit as the first stage in the process, members were advised that the need to review governance and officer structures, as well as data control and policy frameworks had also been recognised as part of the comprehensive package of improvement activity in relation to housing compliance with a new Strategic Compliance Manager having been recruited as well as an interim Head of Service to support the Compliance Team.

- Following on, details were sought on the timescale to move from a C3 to C2 grading and ambition to achieve C1. In response, confirmation was provided that it was expected take around 12 to 18 months to satisfy the Regulator of Social Housing that Brent had a firm grip on its management of building safety compliance and that until this was done it would not be able to attain a C2 grading with the commitment to then work towards full compliance.
- As additional issues highlighted during the discussion reference was also made to contract management (given concerns over the current housing repairs service) with concerns also raised on the position regarding data held in relation to the Council's housing stock and percentage of fire safety actions that had not been carried out, which it was noted may have dated back as far as 3 years.
- Communication, community management and managing reputational risk were also identified as key issues with officers again highlighting the proactive communication strategy implemented which had been approved by stakeholders and commended by the Regulator including direct engagement through area tenancy managers.

With no further comments or questions raised the Chair thanked Thomas Cattermole and Spencer Randolph for the clear update provided along with members for the comments raised in response. Members advised they would be keen to ensure a further update was provided following completion of the initial audit process and on this basis, it was **RESOLVED**:

- (1) To note the contents of the report.
- (2) To note the Regulator of Social housing had issued a Regulatory Notice requiring the council to address the breaches in compliance with the required outcomes of the Quality and Safety Standard.
- (3) To note the appointment of specialists to assist with the recovery of the compliance breaches identified along with the activity outlined in developing the accompanying Performance Improvement Plan.
- (4) That a further update be provided by the Director of Housing in September 2025 on the outcome of the initial audit and progress in developing and implementing the associated Performance Improvement Plan.

7. Standards Report (including gifts & hospitality)

Bianca Robertson (Principal Lawyer, Constitution Governance and Finance) introduced a report from the Corporate Director Finance and Resources updating the Audit and Standards Advisory Committee on gifts and hospitality registered by Members and a recent standards decision involving King's Lynn and West Norfolk Borough.

In reviewing the content of the report, the following key issues were highlighted:

- During the first quarter of 2025-26 there had been five councillors who had declared gifts and hospitality as detailed in Appendix A of the report. Since the report had been published members were advised that an additional declaration had been made by Councillor Kelcher.
- Updating the Committee on changes to the Members Code of Conduct members were advised of the change made in response to the recommendation included within the External Auditors 2023-24 Value for Money (VFM) report concerning the registration of gifts and hospitality to include more information for “exceptional items” to ensure transparency. Having reviewed the Code and following discussion at the Constitutional Working Group (CWG) it had been agreed to amend the gifts and hospitality provisions of the Code to require members accepting any gift or hospitality valued as £500 or more to provide reasons to the Monitoring Officer as to why they consider it appropriate to accept the gift or hospitality. This agreement had been approved at the Annual Council Meeting in May 2025 with a copy of the amendment to the Members Code of Conduct set out within Appendix B of the report.

Having considered the update, as set out within the report without further comment the Chair thanked Bianca Robertson for the update provided and it was **RESOLVED** to note the contents of the report including the change to the provisions of the Members Code of Conduct concerning gifts and hospitality (G&H).

8. **Internal Audit Annual Report 2024-25 (including Annual Head of Internal Audit Opinion)**

Darren Armstrong (Deputy Director Organisational Assurance and Resilience) introduced a report from the Corporate Director Finance & Resources which outlined the activity undertaken by Internal Audit during 2024-25 (and work undertaken since the previous update in December 2024) and included the Annual Audit opinion provided by the Deputy Director Organisational Assurance and Resilience (as Head of Internal Audit) on the adequacy and effectiveness of the Council's framework for governance, risk management and internal control used to support the Annual Governance Statement.

In considering the Internal Audit Annual Report (as detailed within Appendix 1 of the report) the Committee noted the following key points:

- There had been no actual or perceived threats to the independence and objectivity of the Internal Audit function in relation to the work carried out to deliver the 2024-25 internal audit plan. The Head of Internal Audit and all internal auditors had continued to receive unrestricted access to senior management, officers and all information and records necessary to undertake

their work. This was supported by the internal audit function having also received an External Quality Assessment (EQA) during 2022-23, which identified no concerns regarding to the independence or objectivity of the function.

- The summary relating to delivery of the internal audit plan during 2024-25 contained within section 4 of the Annual Report attached as Appendix A to the report. This had included the conclusion and issuing of 51 separate audit reports which was felt to represent a notable achievement given that the team had operated at approximately 75% capacity for most of the year with the team praised for their dedication and hard work. In terms of outcome, this activity had led to a total of 122 findings being raised, comprising 39 classified as high risk, 56 medium risk, and 21 low risk and with all recommendations being accepted by management.
- Section 5a within the Audit Plan detailed the core assurance work undertaken during 2024-25 focussed around the Council's core systems and controls based on a rolling three-year cyclical plan. This had included the completion of 13 core assurance audits (representing 100% of the planned work for 2024-25). These audits had generated 52 findings, with 14 classified as high risk, 24 as medium risk, and 14 as low risk. The outcomes had included nine opinions of moderate assurance and four opinions of limited assurance with all recommendations having been accepted by management. Section 5b of the Annual Report provided a summary of the outcomes from each core assurance audit, while section 5c provided a headline summary of the key findings.
- Under the agile risk focussed element of the Internal Audit Plan, the team had adopted a more fluid, flexible, and adaptive approach to providing assurance on emerging risks and issues. As part of the agile risk-based work undertaken during 2024-25 10 audits had been completed, with 6 providing moderate assurance and 4 providing limited assurance opinions. This work had generated 50 findings, comprising 17 classified as high risk, 26 as medium risk, and 7 low risk findings. Section 6b of the Annual Report provided a summary of the outcomes from each risk-based audit, while section 6c provided a headline summary of the key findings.
- The summary of consultancy and advisory and School Audit activity delivered by the audit function during 2024-25 as detailed within sections 7 and 8 of the Annual Report.
- The outline of follow up activity undertaken during 2024-25 in relation to previous audit reviews as detailed within section 9a of the Annual Report. The Committee was advised that 150 actions had been followed up during 2024-25 including 42 classified as high risk, 86 as medium risk and 22 as low risk and with the rate of implementation within original timescale having increased from 46% in the previous year to 67% during 2024-25. While this had remained short of the 75% target, it the Committee noted this represented a marked improvement and positive upward trend. The Annual Report also included an outline of actions partially or still to be implemented.

- As detailed within section 10 of the Annual Report, the Head of Internal Audit had been satisfied that the work undertaken by Internal Audit during 2024-25, as well as wider governance arrangements, had enabled a “reasonable assurance” audit opinion to be provided on the Council’s control framework, risk management and governance arrangements. In noting the basis of the opinion provided, which had been primarily supported by internal audit activity undertaken during 2024-25 the Committee were also advised of the limitations identified given it was not possible for the Plan to address all risks facing the Council and represented the deployment of a limited audit resource. In addition, it was recognised that the assurance provided could never be absolute given the difficulty in internal audit being able to identify and address all issues and weaknesses that may exist and the responsibility for maintaining adequate and appropriate systems of control residing with management as opposed to internal audit. In outlining the basis of the opinion, the Committee were also advised of the other sources of assurance which had been considered which included the Corporate Peer Challenge, External Audit Annual Report, Procurement Peer Review, counter fraud activity and assessment of the Council’s framework of governance against the Delivering Good Governance in Local Government guidance.
- In determining the annual opinion, the Head of Internal Audit had considered which key themes from audit work undertaken in 2024-25 could be enhanced in the future to better support the Council’s governance, risk management and internal control frameworks. The areas of improvement identified as a result had been detailed within section 10 of the Annual Report and included:
 - The rate of implementation of audit recommendations/actions within original timescales.
 - The need to continue addressing “second line” gaps in control identified at departmental and operational level including compliance issues identified as a result of the Council’s self-referral to the Regulator for Social Housing.
 - The need to review delivery of the recommendations made by External Audit and through the Corporate Peer Challenge in relation to strengthening the Council’s financial resilience and sustainability.
- The continued compliance of the Internal Audit function with the Public Sector Internal Audit Standards and quality assurance improvement programme along with outline of key performance indicators, as detailed within section 11 of the Annual Report.

The Chair thanked Darren Armstrong for the report along with the internal audit team for their work over the year recognising the level of activity undertaken and outcomes achieved within the resource available before inviting comments on the outline provided of the Internal Audit Annual Report, with the following issues raised by the Committee:

- In seeking assurance regarding independence of the core assurance audit completed on the Council’s insurance arrangements given this function fell within the remit of the Deputy Director Organisational Assurance and Resilience, confirmation was provided that those appropriate procedures had been in place to ensure that the audit was conducted independently. This had involved PWC as the internal audit co-sourced partner undertaking the audit

work with the findings reported directly to the Corporate Director Finance & Resources.

- In noting the range of common audit findings which would have either a direct or indirect impact on the Council's procurement arrangements and wider performance management framework (including policies and procedures and documentation) and may assist in the strategic procurement review currently being undertaken, details were sought on how these could be used to inform the process. In response, Darren Armstrong advised that discussions had already taken place regarding coordination with the procurement review, including how best relevant audit findings could feed into the process and how internal audit could provide assurance over progress moving forward.

Concern was also highlighted at the potential risk in relation to the number of open purchase orders identified as part of the core assurance audit on procurement. In recognising the inherent risk this posed in terms of data accuracy and integrity, as well as increased risks of inappropriate expenditure and fraud members were advised of the recommendation that as best practice, long-standing purchase orders should be closed to prevent prolonged risk of inappropriate or unauthorized expenditure.

- In recognising that a high number of audit findings also related to data management and compliance issues, members felt it may be useful to consider a wider review of data quality culture across the Council, which Darren Armstrong advised could be fed into the improvement activity already identified as part of the Head of Audit Opinion regarding second line controls. In view of the identification of data quality and integrity as a theme across core and risk focussed audit activity in terms of gaps and weaknesses in the Council's second line of defence, members also felt it may be useful to consider the potential scope for a more cross cutting review of the arrangements in place across individual departments to ensure the necessary oversight has been embedded and was being monitored across the Council as a whole.
- Further clarification was sought on the implementation of follow up actions within original target dates. Whilst recognising and welcoming the improvement in performance outlined with the report and action being taken to address actions arising from audits that remained partially or not implemented (particularly in relation to second line gaps in control) further details were sought on how performance in this area could be further enhanced moving forward. In response, members were advised of the measures in place to support and 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 to the Council Management Team, Brent Assurance Board and ultimately (should it be identified as required) utilising the powers available to the Audit & Standards Advisory Committee.

Members also sought further details on benchmarking undertaken in relation to performance on the target for implementation of follow up actions. Whilst noting

that the 75% target had been agreed as part of the Audit Plan it was recognised that some slippage would be inevitable given the capacity of resources available and multiple competing priorities. However, the Council maintained a 100% target for all actions being implemented, with a staged process monitoring actions through original target dates, revised target dates, and then overdue status for those requiring more scrutiny and internal audit continuing to work closely with management to monitor implementation of recommendations and actions arising from individual audit reviews, including thorough follow-up review. In addition to the overall improvement identified, members were also advised that the rate of High risk actions implemented within original target dates has also risen from 48% in 2023-24 to 64% in 2024-25 with clear support provided at a corporate level and work ongoing (as an identified area of improvement) to further increase the rate of implementation, within original target dates, to the target of 75%.

- Highlighting the importance attached to the improvement activity identified in relation to the Council's Financial Sustainability arrangements, further details were sought on the role of internal audit in supporting this process. In response, members were advised that internal audit had recently completed a Financial Resilience and Sustainability Consultancy/Advisory review using subject matter experts from PWC. The main aim was to evaluate the Council's ability to maintain robust financial health in a volatile environment with the review including a self-assessment by the finance team against CIPFA criteria and a workshop to validate and refine the insights provided. The outcome of this process had identified a number of key finding and suggested areas for consideration including best practice from across the local government sector that would be followed up in order to assess how they had been translated into the resulting action plan and could be used as a basis for providing further assurance. Minesh Patel (as Corporate Director of Finance & Resources) advised members that the review had been a useful process in supporting development of the action plan to address the Council's financial resilience as part the wider Medium Term Financial Strategy.
- In response to further details being sought on the findings identified within the core assurance audit on the General Ledger relating to discrepancies in the process for provisioning and revoking staff access to the system members were advised that further details would need to be sought from the relevant department on the specific checks and security arrangements in place. As further assurance, confirmation was provided that all audit findings had been accepted by management with a response due to be provided as part of the next interim update on progress against the Audit Plan for the Committee.

With no further issues raised, the Chaired once again thanked Darren Armstrong and the Internal Audit team for the work undertaken to deliver the Plan whilst also recognising the ongoing challenges and risks identified involving not only core assurance activity but also identified through the more agile risk based approach and Council's Strategic Risk Register, including the ongoing focus on issues relating to the second line of defence and implementation of audit findings.

Having commended and welcomed the update provided the Committee **RESOLVED** to note:

- (1) the outcomes of the internal audit work completed in 2024-25.

- (2) the Annual Internal Audit opinion on the adequacy and effectiveness of the Council's framework for governance, risk management and control.

9. **Annual Counter Fraud Report 2024-25**

Darren Armstrong, Deputy Director Organisational Assurance & Resilience, introduced a report from the Corporate Director Finance & Resources presenting the Council's Annual Counter Fraud Report for 2024-25, which summarised the counter fraud activity undertaken across multiple fraud types (including internal fraud, housing tenancy fraud, external fraud and proactive work) and had been designed to support the Committee in obtaining assurance on the robustness of the Council's counter fraud arrangements. The report also fulfilled the requirements of the Local Government Transparency Code 2015, which required local authorities to publish details of their counter-fraud activity.

In considering the report the following key issues were noted:

- The high priority identified in terms of counter fraud activity given the inherent and significant level of risk posed by fraud to the Council, with the Council having established a well developed approach towards tackling fraud and corruption based on a combination of reactive and proactive prevention and detection activities in line with best practice.
- The Annual Counter Fraud Plan had been designed to ensure that resources were being effectively targeted and deployed to prevent and detect fraud, underpinned by the Council's Anti-Fraud and Bribery & Whistleblowing policies. A summary of all reactive and proactive counter fraud activity undertaken in 2024-25 had been detailed within the Annual Counter Fraud Report attached as Appendix 1 to the report.
- The outline of the Counter Fraud Plan, which had been included as Appendix 2 of the report, which summarised how resources would be deployed and targeted to achieve the aims and objectives within the Council's anti-fraud policies developed based on previous outcomes, stakeholder engagement, known and emerging risks. Members were advised this also included the Fraud Awareness Plan which summarised the activities being undertaken to raise awareness of fraud risks and help ensure that the Council's assets were adequately protected.

The Chair then invited the Committee to raise questions on the report, with the responses summarised as follows:

- Noting the continued level of referrals relating to Blue Badge Fraud, the Committee sought further details on the lobbying being undertaken in support of the introduction of a virtual blue badge scheme which it was felt would make the badges less vulnerable to theft and fraudulent use. In response, members were reminded that the counter fraud activity was focussed on the misuse of blue badges rather than administration of the system which would be a matter for the Healthy Streets and Parking Team to pursue. Whilst aware of work being undertaken in terms of the implementation of a virtual scheme it was noted that any more detailed update would need to be sought from the Healthy Streets and Parking Team.

As no further comments were raised the Chair thanked Darren Armstrong and his team for their hard work in relation to the ongoing delivery of Brent's Counter Fraud Activity and it was **RESOLVED** to note the report.

10. Chair's Annual Report

David Ewart, as Chair, introduced the Annual report produced by the Chairs of both Committee's providing a summary of the work undertaken by the Audit & Standards Advisory Committee and the Audit & Standards Committee during the 2024-25 Municipal Year, in line with the requirements and principles set out within CIPFA's Position Statement regarding Audit Committees.

In noting the report was the third annual report produced under the current requirements David Ewart (as Chair) highlighted the following as key issues identified through the work undertaken across both Committee's during 2024-25 which included a focus on:

- The high and increasing level of risks being faced by the Council and across local government as a whole, given the continuing pressures on local authority finances and need to ensure robust system of governance and financial control were maintained.
- The Council's financial resilience and sustainability. Whilst noting that Brent remained in a relatively good position with regard to financial sustainability, with an adequate level of reserves, it was recognised that the Council had not been able to contain expenditure within budget. In commending the efforts made to ensure Brent had been one of the few authorities to have the external audit of its accounts signed off before the backstop date, the Committee had noted there remained a number of ongoing issues which may lead to future problems in terms of the Council's financial resilience. These included ongoing pressures on demand for Council services (which had been recognised as a key issue by the External Auditors in their annual (Value for Money) report and accompanying recommendation for action) along with level of external debt given the impact of higher interest rates.
- The Council's governance and internal control arrangements. Whilst confirmed as sound within both the External Auditor's Value for Money report for 2023-24 (with the exception of their findings concerning Financial Stability) and Head of Internal Audits report and opinion issued in June 2024 a number of areas had been identified for ongoing review particularly in relation to the continuing need to address the 'second line' of defence (i.e. the monitoring and reporting of information and data, by management, in respect of the effectiveness of the 'first line' of defence); implementation of internal audit recommendations/actions, the need to review procedures where staff reductions may have weakened existing procures or controls and the continuing need to strengthen the oversight of contract and procurement management.
- The continuing need for both Committees to review and improve their own performance, to further improve the Council's risk management. As part of this process, a self-assessment had been completed by members at the end of 2024-25 with the results, it was noted, due to be reported to the July

meeting of the Audit & Standards Advisory Committee for more detailed review and reflection.

In support of the issues identified, Councillor Chan (as Vice Chair and Chair of the Audit & Standards Committee) felt it important to reflect on the nature and wider context of the issues which had been highlighted given the challenging financial position in which local authorities continued to operate and the ongoing level of demand for key services impacting on the financial resilience on many authorities, including Brent. Given the reputational issues identified the need to continue lobbying for reform of local government finance was seen as key which was an issue that would be highlighted when the report was presented to Full Council in July 2025.

The Committee welcomed the report which was felt to provide a good summary of the activity undertaken and in thanking all members and officers involved for their ongoing support in the work across both Committees it was **RESOLVED** to note the contents of the Annual Report ahead of it being presented to Full Council on 7 July 2025.

11. **Annual Governance Statement 2024-25**

Marsha Henry, Director of Law, introduced a report from the Corporate Director finance & Resources that set out the draft Annual Governance Statement (AGS) for 2024-25 as required by the Accounts and Audit Regulations 2015.

In presenting the report the Committee noted:

- The seven core governance principles introduced by CIPFA upon which the review of governance arrangements and production of the AGS had been based, as detailed in section 3.5 of the report.
- That no significant governance issues had been identified relating to 2024-25, however some areas of improvement had been identified, as detailed in section paragraph 5 Table 1 within the Annual Governance Statement. The AGS had also included reference to the outcome of the Corporate Peer Challenge and comprehensive action plan produced in response, the Procurement Review as well as the Council's self-referral to the housing regulator along with work being undertaken to deliver a refreshed People Strategy accompanied by an updated Equity, Diversity & Inclusion (EDI) Strategy and introduction of the "embrace change" programme. Details were also provided in relation to progress made in delivery of the Improvement Plan from 2023-24, as set out in section 3.11 of the report.
- The importance of the AGS in outlining the Council's framework of control in relation to its Governance arrangements and in terms of managing risk, with the review of effectiveness in relation to governance related issues an ongoing process involving officers responsible for key elements of the governance framework as well as members of the Corporate Governance Group, who throughout the year have oversight of governance related issues, supported by the Code of Corporate Governance which had been adopted by the Council and was included as Appendix B to the report.

Having thanked Marsha Henery for presentation of the report, the Chair advised members that they were being invited to comment on the draft AGS in advance of its formal consideration and approval by the Audit and Standards Committee. As a result, the following issues were highlighted:

- In noting the assurance included relating to the role of the Audit & Standards Advisory Committee, the Committee were pleased to note that no significant governance issues had been identified within the AGS although reference was made to the need to ensure paragraph 4.13.3 was updated to reflect the key recommendation and areas for improvements identified as part of the External Audit of the Council's 2024-25 Statement of Accounts (as opposed to 2022-23 currently referenced in the AGS) and improvement actions identified as a result of the annual review of governance.
- Members were also keen to ensure that a review of section 5.4 within the AGS was undertaken in relation to the Council's Self-Referral to the Regulator of Social Housing which it was felt should also include reference to the recorded survey information held in relation to Council Stock. The Committee were reminded that whilst the council had reported it held stock data on 95% of its homes it had subsequently been identified that it did not hold recorded survey information on over 50% of these properties.
- Following reference to the action plan developed in response to the Corporate Peer Challenge and support expressed for the reference included with the AGS to the focus on activity designed to break down the silo culture and enhance collaboration and communication between departments, especially in relation to development of the radical place leadership programme and delivery of the Medium Term Financial Strategy, members requested that they be provided with a copy of the Corporate Peer Challenge Action Plan (presented to Cabinet 7 April 25) & Radical Place Leadership update (presented to Health & Wellbeing Board on 2 April 25) – for reference purposes.

As there were no further comments raised, the Chair thanked officers for the report and it was **RESOLVED** to recommend the Annual Governance Statement to the Audit & Standards Committee for formal approval, subject to:

- (1) review and amendment (as felt necessary) of reference to the key recommendations and improvement actions from External Audit VFM report for 23-24 in section 4.13.3 of the AGS; and
- (2) review of section 5.4 relating to the Council's referral to the Regulator of Social Housing and data held on the Council's stock condition surveys.
- (3) confirmation being provided in paragraph 4.9.1 that the Audit & Standards Advisory Committee had met on 8 rather than 7 occasions during 2024-25.

12. **Update on 24-25 Statement of Accounts**

Ravindar Jassar (Deputy Director Corporate and Financial Planning) introduced a report from the Corporate Director Finance & Resources providing an update on the Statement of Accounts for 2024-25 report.

In presenting the update members were reminded that the Committee had received an update on the preparation of the 2024-25 Statement of Accounts in March 2025 with the following identified as the main significant issues likely to impact on completion of the accounts:

- the implementation of lessons learned from the 2023-24 accounts in relation to the accounting for assets and valuations; and
- the adoption of IFRS 16, where the new standard required changes for most leases to be recognised on the balance sheet impacting both assets and liabilities.

In relation to assets and valuations, members were advised this had been a significant concern for the 2023-24 audit which had caused delay in sign off the accounts. As part of the preparation for the 2024-25 accounts, a number of cross council working groups had therefore been established in order to address the issues raised, ensure services held accurate information on the assets they were responsible for to enable accurate valuations, and ensure the asset register reconciled to these valuations with over 15,000 assets having been identified across property, housing and regeneration. The Committee was advised that whilst resource had been dedicated to support this project, it had also created additional work from a finance and service perspective which had led to some delays in validating all of the data required to ensure accurate valuations. The Committee were advised that whilst significant progress has been made, further refinements and developments were expected to continue beyond year-end as Council-wide processes become more robust and consistently applied creating a risk that some residual issues may arise as part of ongoing efforts to ensure consistent practices and high-quality data across services.

In addition, the adoption of IFRS 16 had also represented a significant change for the 2024-25 financial statements with the key issues noted within the report. As with assets and valuations, a dedicated resource had been provided to support the project, working with legal and relevant service areas to undertake the necessary reviews to support publication of the accounts.

Members were advised that to date, two review meetings had been held between Grant Thornton and the finance team with the External Auditors having expressed satisfaction with the progress being made although the scale and complexity of the work being undertaken had been recognised as creating some delay in validating the data required by valuers and in processing the necessary accounting adjustments to the financial statements, which it was noted remained a substantial undertaking.

As a result of the work and delays identified and in recognising the importance in undertaking a comprehensive review of the accounts before they were published, the Committee was advised that it was proposed to delay publication of the accounts by three weeks, from 30 June 2025 to 18 July 2025.

The Committee was assured that discussions had been undertaken with Grant Thornton in relation to the revised publication date with a plan also in place to audit those sections of the accounts that had been completed and were ready for audit in

order to limit the impact on the overall audit timetable, with a further update to be provided for the Committee at its July 2025 meeting.

In commending the close work between the Council's finance team and External Audit, members noted the amended key dates for the production of the accounts for 2024-25, as set out set out in section 3.11 of the report along with the need identified to publish a notice and inform the Secretary of State outlining the reasons, should the deadline for publication of their accounts be missed. Members were advised that the approach outlined in terms of the delay in publication of the accounts had been endorsed by Grant Thornton with confirmation provided by Sophia Brown of the work already underway in terms of the fieldwork to support the audit process and of the close engagement with the Council's finance team to ensure the necessary quality assurance checks were in place to support the provision of as complete and accurate a statement of accounts as possible.

As final consideration, members were advised that publication of the Annual Governance Statement and Narrative Report would also need to be coordinated alongside publication of the Council's draft unaudited financial statements in order to ensure the requirements in relation to their inspection were complied with.

In support of the approach outlined within the report, the Committee **RESOLVED** to note the delay in publication of the Statement of Accounts for 2024/25.

13. **Draft External Audit Plan (incl Pension Fund) year ending 31 March 2025**

Sophia Brown (Key Audit Partner - Grant Thornton) introduced a report providing the Committee with an update on progress with completion of the initial planning for the 2024-25 audit of the Council's financial statements and Brent Pension Fund.

In presenting the indicative audit plan for the London Borough of Brent report the Committee noted:

- The key developments identified as impacting on the current audit approach which included the proposals for reform of the local audit system, the wider national context in relation to the economic, social and health challenges impacting on local government alongside the local context in relation to the financial position in Brent and impact arising from the new accounting standards and reporting developments including IFRS16.
- The backstop arrangements for the publication of audited financial statements for the year ended 31 March 2025 had been set as 27 February 2026.
- The scope of the audit process and outline of significant risks to be considered which had included management of override controls, valuation of land and buildings as well as council dwellings, IFRS16 leases implementation and risk of fraud in revenue and expenditure recognition.
- The planning financial statement materiality had been determined as £22.624m (PY £16.1m) for the Group and £22.524m (PY£16.1m) for the Council, which equated to approximately 2% of the prior year gross operating costs. In addition, members were advised the External Auditors were required to report uncorrected omissions or misstatements other than those which were

'clearly trivial' to those charged with governance. Clearly trivial had been set at £1.131m (PY £0.830m) for the Group and £1.126m (PY £0.805m) for the Council and with a specific lower materiality of £20,000 per individual, for senior officer remuneration and termination benefits.

- At the time of preparing the report it was reported that Grant Thornton had not concluded the detailed VFM planning and risk assessment procedures with a further update to be provided for the Committee on the outcome of the planning procedures, resulting risk assessment and planned responses to identified risks of significant weaknesses (including those relating to the Council's financial resilience) at the next Audit & Standards Advisory Committee meeting in July 2025. The Committee was advised this would also include consideration of the Council's self-referral to the Regulator of Social Housing as a potential additional significant weakness under the VFM work.
- The update provided on progress against prior year audit recommendations including the management actions identified in response on which a final update would be included as part of the External Audit Annual Report due to be presented to the Committee in September 2025 as well as scope of the IT audit strategy.
- The initial outline of audit logistics and timescales as detailed on page 41 of the report with the initial planning and risk assessment audit visit having taken place in April 2025 and final visits scheduled from July to September 2025.

The Chair thanked Sophie Brown for the update prior to seeking comments from the Committee with the following issues highlighted:

- Further details were sought on the inclusion of the Council's self-referral to the Regulator for Social Housing as an issue for potential consideration under the VFM review and any delays likely to be incurred in the VFM audit process as a result, given the timescale for completion of the compliance audit and establishment of the Performance Improvement Plan. In outlining the reasons for consideration of this as a potential weakness in terms of the wider VFM review, Sophia Brown advised this related to the impact on the arrangements in place across the Council for securing economy, efficiency and effectiveness and to ensure that proper arrangements were in place for the conduct of business in terms of necessary oversight and governance controls around the management of resources and data. At this stage it was not anticipated the inclusion of this work as an additional area of review would impact on the final timescale for completing the Annual External Audit and VFM report by September 2025.
- In response to a query, further clarification was provided on the basis of the determination outlined in relation to materiality and its impact on the audit scope. In noting the audit fees also outlined within the report, confirmation was provided (in relation to ongoing concerns expressed by members on the need to monitor and keep any fee variations under review) that the current fee did not include the additional work that may be required as a result of the change in accounting standards and reporting relating to IFRS16. Whilst recognising that the audit fee was set through PSAA as part of their national

procurement exercise, members remained keen to ensure this was kept under close review.

With no further issues raised the Committee then moved on to consider the indicative plan for the audit of Brent's Pension Fund, which was presented by Asad Khan (Pension Fund Engagement Manager, Grant Thornton).

In presenting the indicative audit plan the Committee noted:

- The key national and local context impacting on the audit approach with the Plan remaining largely consistent with that undertaken in previous years.
- The scope of the audit process and outline of significant risks to be considered which had included management override of control, valuation of Level 3 investments and the revenue cycle including fraudulent transactions – rebutted.
- The determination of planning materiality at £23.9 million (PY £18.6 million) for the Pension Fund, which equated to 1.9% of the gross investment assets as of 31 March 2024. A lower specific planning materiality had been determined for the Fund Account of £6.4 million (PY £5.9 million), which equated to 10% of prior year gross expenditure on the fund account. In addition, members were advised that the External Auditors were obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance which had been set at £1.1 million (PY £930,000).
- The update provided on progress against prior year audit recommendations including the management actions identified in response as well as scope of the IT audit strategy.
- The initial outline of audit logistics and timescales as detailed on page 10 of the report with the initial planning and risk assessment audit visit having taken place in between February & March 2025 and final visits scheduled from July to September 2025.
- The outline of the audit fee, which members were advised would be subject to the Fund delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that required additional time and/or specialist input.

The Chair thanked Asad Khan for the update prior to seeking comments from the Committee with the following issues highlighted:

- Further details were sought in relation to the potential risk identified in relation to the valuation and security of Level 3 investments. In response Asad Khan advised that whilst this was not related to a specific issue the risk identified reflected the nature of Level 3 investment valuations given their lack of observable inputs. The valuations had therefore been assessed as representing a significant accounting estimate by management in the financial statements due to the size of the balance (£122.7 million as of 31 March 2024) and the sensitivity of the estimate to any change in key assumptions hence their identification as a potential significant risk.

With no further questions or comments raised, the Chair concluded the discussion and thanked Sophia Brown and Asad Khan for their update and work in support of

the audit process. The Committee then **RESOLVED** to note the indicative audit plans for the London Borough of Brent and Brent Pension Fund.

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

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

- Wednesday 23 July 2025
- Tuesday 25 September 2025
- Wednesday 3 December 2025
- Tuesday 3 February 2026
- Tuesday 24 March 2026

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

As part of this process, it was **AGREED** that a further update be scheduled on the working programme for September 25 on progress with the audit of the Council's compliance arrangements relating to the self-referral to the Regulator of Social Housing and development of the associated Performance Improvement Plan.

15. **Any other urgent business**

There were no items of urgent business raised for consideration at the meeting.

The meeting closed at 8.04 pm

David Ewart
Independent Chair