

The Audit Plan for the London Borough of Brent

Year ending 31 March 2026

Date of issue: April 2026



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The backstop

The future of the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations require audited financial statements to be published by a specific date. The upcoming backstop dates are as follows:

- for years ended 31 March 2026 by 31 January 2027
- for years ended 31 March 2027 by 30 November 2027; and
- for years ended 31 March 2028 by 30 November 2028.

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

Local audit recovery

The Authority is currently not impacted by the backstop arrangements, with recent years of accounts signed off with unqualified opinions, in advance of backstop dates. The Authority has continued to work towards the audit deadlines and facilitate audit delivery.

Our work

To meet future statutory deadlines, for the 2025-26 financial year we will be working towards an internal deadline of 30 November 2026 to complete all local authority audits, as a dry run for future years.

We wrote to Minesh Patel, Corporate Director Finance and Resources, in March 2026 setting out audit timeframes for 2025-26 and onwards to ensure we continue to deliver the audit of the London Borough of Brent within expected audit timeframes and the statutory deadline.

We set out our proposed timetable for the 2025-26 audit on page 33 of this Audit Plan.

Introduction and headlines (1)



Purpose

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

Respective responsibilities

The National Audit Office (‘the NAO’) has issued the Code of Audit Practice (‘the Code’). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of London Borough of Brent.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Authority’s and Group’s financial

statements that have been prepared by management with the oversight of those charged with governance (the Audit and Standards Authority); and we consider whether there are sufficient arrangements in place at the Authority and Group for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

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

Our audit approach is based on a thorough understanding of the Authority and Group and is risk-based.

Introduction and headlines (2)

Significant risks

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

- Management override of control
- Valuation of other land & buildings
- Valuation of council dwellings
- Valuation of the pension fund net liability
- Risk of fraud in revenue recognition – (ISA (UK) 240 Presumed – rebutted for all revenue streams)
- Risk of fraud in expenditure recognition (rebutted) and other risk of completeness of expenditure

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

Materiality

We determine planning materiality to be £24.4m (PY £22.6m) for the Group and £23.2m (PY £22.5m) for the Authority, which equates to 2% of your prior year gross operating costs for the year.

We are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. As part of our risk assessment, we considered the impact of unadjusted prior period errors. We did not identify any additional risks as a result of this exercise. Clearly trivial is set at £1.22m (PY £1.13m) for the Group and £1.16m (PY £1.12m) for the Authority.

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

Group audit

The Authority is required to prepare group financial statements that consolidate the financial information of:

- First Wave Housing Ltd
- Barham Park Trust
- I4B Holdings Ltd
- LGA Digital Services Ltd

Value for money arrangements

Our risk assessment regarding your arrangements to secure value for money identified the following significant weaknesses which were raised in 2024-25:

- Medium-term financial planning challenges.
- Identification of a pipeline of recurrent savings and income generation schemes.
- Non-compliance of the Authority’s housing stock with the Regulator of Social Housing’s Quality and Safety Standard.

We will continue to monitor and update our risk assessment and responses until we issue our 2025-26 Auditor’s Annual Report.

Introduction and headlines (3)

Audit logistics

We agreed with management that our advance audit work will take place in April, and our final audit visit will take place mid-June to mid-September. Our key deliverables are this Audit Plan, our Audit Findings Report, the audit opinion, and Auditor's Annual Report.

Our proposed fee for the audit is £560,502 (PY: £626,235) for the Authority, subject to the Authority delivering a good set of financial statements and working papers, no significant changes in scope to the Audit, management being responsive to audit requests, and the provision of sufficient appropriate audit evidence when requested.

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

Significant risks identified (1)

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

Significant risk	Audit team's assessment	Planned audit procedures
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p> <p>Risk relates to – Authority and Group</p>	<p>The Authority faces external scrutiny of its spending, and this could potentially place management under undue pressure in its reporting of financial performance.</p> <p>We therefore identify management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<p>Our audit procedures include, but are not limited to:</p> <ul style="list-style-type: none"> • Evaluate the design and implementation effectiveness of management controls over journals. • Analyse the journals listing using data analytics and determine risk-based criteria for selecting high risk unusual journals. • Test identified high risk journal entries made during the year and after the draft accounts stage, for appropriateness and corroborate to supporting evidence. • Gain an understanding of the accounting estimates and critical judgements made by management and consider their reasonableness. • Evaluate the rationale for changes in accounting policies, estimates or significant unusual transactions.



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

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

Significant risks identified (2)

Significant risk	Audit team's assessment	Planned audit procedures
<p data-bbox="112 365 529 401">Valuation of land & buildings</p> <p data-bbox="112 422 529 1093">Under ISA 540 (UK) and ISA 315 (UK), auditors are required to determine the assessed risk of material misstatements in relation to accounting estimates. This involves considering the extent to which an accounting estimate is subject to estimation uncertainty, including the degree of complexity, subjectivity, or other inherent risk factors that could affect the susceptibility of the estimate to material misstatement due to fraud or error.</p> <p data-bbox="112 1136 529 1200">Risk relates to – Authority and Group</p>	<p data-bbox="550 365 1702 622"><u>Land & buildings (2024-25 £976.3m)</u>: Measured at current value using the depreciated replacement cost or existing use value methods. The assets are subject to a rolling five-yearly valuation cycle in accordance with the CIPFA Code. In intervening years, current value is updated using appropriate indexation, unless a desktop valuation is required due to absence of a suitable index. The Authority will adopt this approach for the first time in 2025-26, it is a substantial change to the accounting for non-current assets.</p> <p data-bbox="550 651 1702 836">Management engages external valuation experts (Wilks Head and Eve) to carry out these valuations as at 31 March. The valuation of land & buildings represents a significant estimate in the Authority's financial statements due to the size of the numbers involved, the sensitivity of this estimate to changes in key assumptions and market conditions, and overall level of judgements involved.</p> <p data-bbox="550 865 1702 965">We therefore identify the valuation of land & buildings is a significant risk of material misstatement due to the inherent risk of material misstatement arising from error.</p> <p data-bbox="550 993 1702 1022">Our work will focus in the areas where we consider the risk to be most pertinent:</p> <ul data-bbox="550 1036 1702 1250" style="list-style-type: none"> • Assets where the valuation movement differs significantly to what we would expect based on market indices and our knowledge of the assets. • Assets where we are aware of a significant change in any of the key assumptions from the prior period. • Any other factors which we consider will increase the risk of material misstatement in a particular asset. 	<p data-bbox="1730 365 2453 436">Our audit procedures include, but are not limited to:</p> <ul data-bbox="1730 451 2453 1308" style="list-style-type: none"> • Evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation expert and the scope of their work. • Evaluate the competence, capabilities and objectivity of the valuation expert engaged by management. • Evaluate the consistency of the disclosure with the valuation report. • Evaluate the basis on which the valuations were carried out. Evaluate and challenge the information and assumptions used by the valuer. • Evaluate the reasonableness of the assumptions used to form the estimate. • Review indices used and application to asset classes. • Evaluate the accounting entries for the valuation. • Test, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Authority's asset register and financial statements.

Significant risks identified (3)

Significant risk

Valuation of council dwellings

Under ISA 540 (UK) and ISA 315 (UK), auditors are required to determine the assessed risk of material misstatements in relation to accounting estimates. This involves considering the extent to which an accounting estimate is subject to estimation uncertainty, including the degree of complexity, subjectivity, or other inherent risk factors that could affect the susceptibility of the estimate to material misstatement due to fraud or error.

Risk relates to – Authority

Audit team's assessment

Council dwellings (2024-25 £883.1m): Measured at current value using the existing use value for social housing and re-valued cyclically using the Beacon methodology, on a rolling 5-yearly basis.

Management engages external valuation experts (Wilks, Head and Eve) to carry out these valuations as at 31 March.

The valuation of council dwellings represents a significant estimate in the Authority's financial statements due to the size of the numbers involved, the sensitivity of this estimate to changes in key assumptions and market conditions, and overall level of judgements involved.

We therefore identify the valuation of council dwellings is a significant risk of material misstatement due to the inherent risk of material misstatement arising from error.

Planned audit procedures

Our audit procedures include, but are not limited to:

- Evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation expert and the scope of their work.
- Evaluate the competence, capabilities and objectivity of the valuation expert engaged by management.
- Evaluate the consistency of the disclosure with the valuation report.
- Evaluate the basis on which the valuations were carried out. Evaluate and challenge the information and assumptions used by the valuer.
- Test a sample of Beacon properties in respect of council dwellings, to consider whether their valuation assumptions are appropriate and representative of other Beacon properties within the Beacon group.
- Evaluate the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.

Significant risks identified (4)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of the pension fund net liability</p> <p>Under ISA 540 (UK) and ISA 315 (UK), auditors are required to determine the assessed risk of material misstatements in relation to accounting estimates. This involves considering the extent to which an accounting estimate is subject to estimation uncertainty, including the degree of complexity, subjectivity, or other inherent risk factors that could affect the susceptibility of the estimate to material misstatement due to fraud or error.</p> <p>Risk relates to – Authority and Group</p>	<p>The valuation of the pension fund net liability (2024-25: £216.9m) represents a significant estimate in the financial statements.</p> <p>Management engages Hymans Robertson as the Authority's actuarial expert to conduct the pension valuation in accordance with IAS 19, as at 31 March 2026.</p> <p>The pension fund net liability is a complex series of judgements and calculations involving significant assumptions including the discount rate, projected salary increases, retirement ages and mortality rates. The valuation is sensitive to changes in assumptions, methods or judgements. It is therefore considered a significant estimate, and we identify it as a significant risk for the audit due to the inherent risk of material misstatement arising from error.</p> <p>We pinpointed the significant risk to:</p> <ul style="list-style-type: none"> • Key assumptions applied by the actuary. • Significant changes in assumptions applied from the prior year. • Material experience gain or losses recorded in the accounting period. • Other factors considered to increase the risk of material misstatement based on auditor judgement. 	<p>Our audit procedures include, but are not limited to:</p> <ul style="list-style-type: none"> • Update our understanding of the processes and evaluate the controls put in place by management to ensure the Authority's pension fund net liability is not materially misstated. • Evaluate the instructions issued to the actuarial expert regarding the scope of work. • Assess the competence, capabilities and objectivity of management's expert actuary. • Assess the accuracy and completeness of the information provided by management to the actuary to complete the pension fund valuation. • Test the consistency of the pension fund asset and liability disclosures in the financial statements with the actuarial report. • Undertake procedures to confirm the reasonableness of the actuarial assumptions used to form the estimate. • Obtain assurances from the auditor of Brent Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data; and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. • If a pension asset is recorded, ensure that the asset recorded in the financial statements meets the requirements of IFRIC 14.

Significant risks identified (5)

Significant risk

Risk of fraud in revenue recognition (rebutted for all streams)

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.

This presumption may be rebutted if the auditor concludes there is no risk of material misstatement due to fraud relating to revenue recognition.

Risk relates to – Authority and Group

Audit team's assessment

In our risk assessment of all revenue streams for the Authority and Group, we considered the risk factors set out in ISA 240 and nature of the revenue streams at the Authority and Group. Based on the assessment, we rebut the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams.

This is due to the low fraud risk in the nature of the underlying transactions and the fact that it would require a significant number of transactions to be misstated to cause a material misstatement. We determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- there is little incentive to manipulate revenue recognition;
- opportunities to manipulate revenue recognition are very limited; and
- the culture and ethical frameworks of local authorities means that all forms of fraud are seen as unacceptable, indicating a satisfactory control environment exists in the Authority to mitigate the risks of fraud.

We do not consider this to be a significant risk for the Authority and Group and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure the judgement remains appropriate.

Planned audit procedures

Our audit procedures include, but are not limited to:

- Confirm our understanding of the revenue business process and determine if there are any relevant controls.
- Evaluate the Authority's accounting policy for recognition of income for appropriateness and compliance with the Code.
- Agree, on a sample basis, relevant income and year-end debtors/income accruals to invoices and cash payment or other supporting evidence.
- Carry out testing on sample basis of invoices issued in the period prior to and following 31 March 2026 to determine whether income is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties.

Significant risks identified (6)

Risk	Description	Planned audit procedures
<p data-bbox="112 418 410 486">Fraud in expenditure recognition</p> <p data-bbox="112 532 519 1133">Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result, under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.</p> <p data-bbox="112 1179 479 1243">Risk relates to – Authority and Group</p>	<p data-bbox="550 418 1735 639">We identified and completed a risk assessment of all material expenditure streams for the Authority and Group. We considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all material expenditure streams and concluded that there is not a significant risk. This determination is based on the low fraud risk inherent in the nature of the underlying transactions, as well as the immaterial nature of both individual and collective expenditure streams.</p> <p data-bbox="550 661 1735 858">Our fraud risk assessment in respect of expenditure considered the following:</p> <ul data-bbox="550 704 1735 858" style="list-style-type: none"> - There is little incentive to manipulate expenditure recognition; - Opportunities to manipulate expenditure recognition are limited; and - The culture and ethical frameworks of local authorities, including that of the Authority, mean that all forms of fraud are seen unacceptable. <p data-bbox="550 889 1735 1186">However, despite rebutting the risk of fraud in expenditure recognition, we assessed an increased risk of error in estimation and cut-off processes at year-end in respect of the completeness of expenditure. Such as we considered the volume of transactions at year-end and the process of estimation involved in manual year-end accruals, in respect of accurately capturing and recognising expenditure within the correct financial period. We do not consider this to be a significant risk for the Authority and Group but will keep this consideration under review through the audit to ensure the judgement remains appropriate.</p>	<p data-bbox="1778 418 2440 486">Our audit procedures include, but are not limited to:</p> <ul data-bbox="1778 508 2440 1051" style="list-style-type: none"> • Inspect transactions incurred around the end of the financial year to assess whether they were included in the correct accounting period. • Inspect a sample of accruals made at year-end for expenditure but not yet invoiced to assess whether the valuation of the accrual was consistent with the value billed after the year-end. • Investigate manual journals posted as part of the year-end accounts preparation that reduce expenditure to assess whether there is appropriate supporting evidence for the reduction in expenditure.

Other matters

Other work

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

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

- application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
- issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

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

Our approach to materiality (1)

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

Description

Determination

We determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Authority and Group, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements.

Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements.

Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process.

Planned audit procedures

We determine planning materiality to:

- Establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
- Assist in establishing the scope of our audit engagement and audit tests.
- Determine sample sizes.
- Assist in evaluating the effect of known and likely misstatements in the financial statements.

An item may be considered to be material by nature when it relates to instances where greater precision is required.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Our approach to materiality (2)

Description	Group £	Authority £	Qualitative factors considered
Materiality for the financial statements	24,430,000	23,208,500	<p>We considered materiality from the perspective of the users of the financial statements. The Authority prepares an expenditure-based budget for the financial year with the primary objective being the provision of services to the local community, therefore gross expenditure is deemed the most appropriate benchmark. This benchmark was also used in the prior year.</p> <p>We consider it appropriate to apply 2.0% of the 2024-25 gross expenditure figure. This is in line with the Grant Thornton guidance for financial statements materiality. We deem this to be appropriate for the Group and the Authority as there were no significant matters coming to our attention suggesting a lower benchmark percentage was appropriate.</p>
Trivial matters	1,221,000	1,160,000	This is 5% of materiality.
Materiality for specific transactions, balances or disclosures – Senior officers' remuneration and exit packages	20,000	20,000	We identify senior officer remuneration and termination benefits as disclosures for which we apply a lower materiality. These disclosures are considered sensitive to the public and users of the financial statements. An amendment of £20,000 or more would have a quantitatively and qualitatively material impact on the relevant disclosures in the financial statements.



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

Progress against prior year audit recommendations (1)

We identified the following issues in our 2024-25 audit of the Authority's financial statements, which resulted in 20 recommendations (17 from the financial statements audit and 3 from the IT audit) being reported in our 2024-25 Audit Findings Report. At the time of performing this risk assessment, we have not followed up on management's responses to the prior year recommendations (the 2024-25 recommendation were issued at the end of February 2026). We will follow up on progress as part of our year-end audit work.

Assessment Issue and risk previously communicated

In progress

1. Journal poster and approver

9 out of 20 journals tested were found to be posted by an individual outside of their remit. Furthermore, managers who approved these journals in the system had prepared the journals and instructed the individual to post them, before subsequently approving them in the system. For the 9 journals identified, we confirmed that an additional level of approval was obtained outside the Oracle system.

This creates a significant segregation of duties issue within the journal process and raises concerns about potential management override. We flag this as a significant control deficiency as we cannot confirm whether the additional approval was consistently applied across all cases.

Management response to 2024-25 audit recommendation

Management will review controls for journals and issue a revised Required Financial Practice Note in 2025-26 and provide training to finance staff to ensure that the required controls are understood.

Progress against prior year audit recommendations (2)

Assessment Issue and risk previously communicated

In progress

2. IFRS16 – Leases

Our testing of lessee arrangements identified several minor errors that indicate management's processes for preparing the lease note require improvement. Although individually immaterial, these issues resulted in significant additional audit work and highlight weaknesses in oversight, exacerbated by staff turnover, which increases risk of material errors in future years. The following issues were identified:

- Leases incorrectly included in both lessor and lessee schedules; and incomplete listings provided.
- Lease note required significant revision to ensure accuracy and compliance.
- Multiple conflicting versions of the lessor note shared with audit.
- Leases were marked 'unspecified' where contracts could not be located and no payments were made.
- Overstatement of rent expense led to an incorrect minimum revenue provision charge.
- Incorrect or incomplete application of PWLB rates; and use of implicit interest rates instead of PWLB rates.
- Incorrect assumption that all new leases commenced on 1 April.

Management response to 2024-25 audit recommendation

Management will undertake a comprehensive review of the lease accounting processes to ensure they are robust and clearly documented. This documentation will include detailed guidance for key stakeholders on their responsibilities for record-keeping and the correct application of interest rates.

To strengthen oversight and accuracy, all lease working papers will undergo a formal review and approval by the Head of Finance prior to submission. In addition, an enhanced business process will be implemented to prevent duplication of leases across lessor and lessee schedules, ensuring data integrity and consistency.

To build capability and reduce the risk of future errors, targeted training will be delivered to relevant staff to reinforce compliance with IFRS 16 requirements and internal procedures.

Progress against prior year audit recommendations (3)

Assessment	Issue and risk previously communicated	Management response to 2024-25 audit recommendation
In progress	<p data-bbox="321 368 1128 396">3. Inconsistencies throughout the statement of accounts</p> <p data-bbox="321 418 1442 525">We identified variances between the prior year signed financial statements and the prior year comparatives included in the 2024-25 draft financial statements. There were also inconsistencies between related notes that should align.</p> <p data-bbox="321 546 1442 682">Management attributed these differences to rounding; however, variances ranged from £0.3m to £0.5m (typically, we only consider rounding differences of approximately £0.1m). Such inconsistencies may cause confusion for readers of the financial statements.</p>	<p data-bbox="1488 368 2372 475">Management is in process of reviewing working papers and ensuring figures are cross-referenced correctly for current and prior years.</p>
In progress	<p data-bbox="321 711 631 739">4. Journal user listing</p> <p data-bbox="321 761 1442 903">The journal user listing was inaccurate, with incorrect start and termination dates. Some users marked as terminated were still active. This issue also aligns with IT Audit's findings, which highlighted the risk that management does not currently monitor who is logging into the Oracle system.</p>	<p data-bbox="1488 711 2372 968">The report for Journal Users has now been updated to only include active workers and exclude pending workers (which was the case in the audit finding). Management can report at any time who has logged into Oracle and at present we monitor this on a quarterly basis to check those users who have not logged in over 90 days that their access is made inactive after contacting their managers to check if they may be on long-term absence.</p>
In progress	<p data-bbox="321 1011 861 1039">5. Capital grants received in advance</p> <p data-bbox="321 1061 1442 1239">Due to time pressures, management did not complete work on capital grants received in advance and it was not included within the draft financial statements. The capital grants received in advance figure is immaterial. We have performed additional work to gain assurance that the omission does not cause material misstatement of the accounts.</p>	<p data-bbox="1488 1011 2372 1082">Management will review the timetable to ensure this is included for 2025-26.</p>

Progress against prior year audit recommendations (4)

Assessment	Issue and risk previously communicated	Management response to 2024-25 audit recommendation
In progress	<p>6. Capital accruals</p> <p>In our creditors and expenditure completeness testing, 3 errors were identified arising from management not completing their year-end review of capital accruals.</p> <p>The absence of these reviews results in incorrect recording of expenditure and increases the risk of material misstatement in the financial statements.</p>	<p>Management acknowledges the audit finding and agrees with the recommendation. A formal review of capital accruals will be incorporated into the year-end timetable to ensure completeness and accuracy of financial reporting including:</p> <ul style="list-style-type: none"> • Adding a mandatory review and sign-off step for all capital accruals within the year-end process. • Aligning the review process with the finance team's year-end close schedule to ensure timely completion. • Communicating the revised procedure and training with Finance and service teams ahead of the 2025-26 year-end close.
In progress	<p>7. Reconciliation between OVR310 and HB subsidy workbook</p> <p>We noted one customer and client receipts key sample with the difference of £48,607 between the OVR310 report and the NEC final HB workbook. Management explained that this discrepancy is due to timing differences between the subsidy year closing and the financial year-end, which are not perfectly aligned. The OVR310 report is run based on the financial year.</p>	<p>The OVR310 report and HB subsidy workbook will be reconciled at the year-end.</p>
In progress	<p>8. Intangible assets not amortised</p> <p>Management identified that five assets with finite useful lives were not amortised during the year due to the incorrect useful life set up in the system. We re-performed management's workings to confirm this finding and did not identify other instances.</p> <p>These assets currently have a net book value of £1.1m which is a trivial overstatement of the balance sheet for 2024-25. While the impact is immaterial for the current year, if not addressed by management, there is a risk that this issue could become material in future periods.</p>	<p>Management will review assets with missing useful lives and ensure that these are updated in 2025-26 accounts.</p>

Progress against prior year audit recommendations (5)

Assessment	Issue and risk previously communicated	Management response to 2024-25 audit recommendation
In progress	<p data-bbox="321 344 1085 369">9. 'Last revalued' record omitted from Asset Manager</p> <p data-bbox="321 391 1493 458">In our PPE valuations work we are required to assess the level of uncertainty within the assets not revalued during the year.</p> <p data-bbox="321 479 1493 618">Asset Manager does not have a dedicated 'Last revalued' date functionality, which makes this exercise difficult. A 'Last effective' date column exists which can be used as a proxy for when an asset is last revalued, but it is not 100% accurate – the date may be updated or changed for reasons not as a result of a revaluation.</p> <p data-bbox="321 639 1493 743">We gained assurance that the assets not revalued in 2024-25 are materially correct, however in order to arrive at this assessment, additional audit work was required.</p>	<p data-bbox="1531 344 2262 369">"Last revalued" is a field available in Asset Manager.</p> <p data-bbox="1531 391 2410 522">Management will consider using this functionality for all assets revalued in 2025-26 going forwards, however given how many assets the Authority has, it is not practical to retroactively add last revalued dates to all assets.</p>
In progress	<p data-bbox="321 772 652 798">10. Depreciation policy</p> <p data-bbox="321 819 1493 1001">In testing asset disposals we identified a trivial error of £0.245m relating to an IT system disposed during the year but is still in use. This issue arose due to the Authority's depreciation policy, which fully depreciates assets even when they remain in use. This issue could extend to other assets that have been fully depreciated but remain operational.</p>	<p data-bbox="1531 772 2410 951">The asset project will work with the Shared Technology service to establish a process for maintaining an inventory of all the assets (both hardware and software) they own to provide their service to the Authority. This will also include a requirement for them to provide an updated useful life each year.</p>
In progress	<p data-bbox="321 1036 736 1062">11. Rent review memorandum</p> <p data-bbox="321 1083 1493 1265">In testing lessor leases, we noted that rent uplifts were applied but management was unable to provide rent review memorandums or other written confirmation evidencing review and authorisation. In our view this is a control deficiency in the documentation and retention of rent reviews, increasing the risk of unauthorised or incorrect rent changes.</p>	<p data-bbox="1531 1036 2410 1293">Property has a current process for 'market based' rent reviews that is supported by valuation reports and delegated authority approvals. Property plans to address this recommendation by expanding this process to also cover indexation rent reviews. Management will implement an internal delegated authority-style sign-off for CPI/RPI indexation cases as well. This would evidence verification of the CPI data and calculation.</p>

Progress against prior year audit recommendations (6)

Assessment	Issue and risk previously communicated	Management response to 2024-25 audit recommendation
In progress	<p>12. Delayed responses to legal inquiries</p> <p>When we requested responses from law firms regarding litigations and claims involving the Authority, we encountered significant delays. Several firms were unwilling to answer audit-related questions. Additionally, response times were very slow, which caused delays to the audit process and required extensive follow up from the audit team.</p>	Management accepts the recommendation.
In progress	<p>13. Schools' expenditure reconciliation</p> <p>In testing schools' expenditure, we identified a trivial difference of £0.551m between the accounts and the transaction listing. This variance was due to an omission from the listing relating to a school that converted to academy status in September 2024. There is no formal reconciliation between the between listings provided for audit and the accounts.</p>	Reconciliations between listings provided for audit and the accounts will be formally completed as part of the year-end close process to ensure completeness and to identify and resolve any variances on a timely basis. In addition, management will implement a review of all schools converting to academy status during the year to confirm they are appropriately accounted for at year-end.
In progress	<p>14. Misclassification of action reason for work hour changes</p> <p>The changes in circumstances reports include entries under the 'Action reason' column marked as 'Change in work hours'. However, entries do not always reflect an actual change in total weekly working hours or FTE.</p> <p>Management confirmed that managers often select the incorrect action reason when submitting changes, or errors occur when payroll staff record and process these changes. Management clarified that the report is used solely for audit purposes and does not impact the accounts.</p>	<p>Management is introducing Oracle Guided Learning (OGL) for the Oracle Change of Contract process. This will prompt managers to use the correct Action Types and Action Reasons when submitting a request. This will work across all change of contract types and hope to have this implemented by 31 January 2026.</p> <p>The new report (mentioned in action plan issue 8 above) will show all change of contract transactions for a given period with the status of each and will also show each level of approver on completed changes. Will look to have this implemented by 28 February 2026.</p>

Progress against prior year audit recommendations (7)

Assessment Issue and risk previously communicated

In progress

15. Journals checklist

Management's journal processes require a journals checklist to be included as part of supporting journal evidence. We identified instances where the checklist was not included.

In discussion with management, we understood that the quality control process is intended to include a review of journal entries and their supporting documentation, including the checklist. Where evidence is insufficient, the journal poster will be held accountable.

Management confirmed that this control is not currently being performed. We reviewed the contents of the journal checklist and consider it an important element of the Authority's internal processes. However, we do not believe its absence significantly increases the risk of fraud or material misstatement in the financial Statements.

Management response to 2024-25 audit recommendation

Management will review the controls for journals and issue a revised Required Financial Practice Note in 2025-26 and provide training to finance staff to ensure that the required controls are understood.

Progress against prior year audit recommendations (8)

Assessment Issue and risk previously communicated

In progress 16. Completeness of change in circumstances reports / retrospective payroll change reporting

In sampling from the payroll changes in circumstances (CICs) listings, we noted that the 2024-25 reports have CICs with effective start dates dating back to 2021, hence showing changes occurring in previous financial years. Management informs that managers often submit payroll requests for changes retrospectively, contributing to incomplete listings for each financial year.

We challenged management, who confirmed that the report is only used for audit purposes and therefore does not impact the accounts.

Management response to 2024-25 audit recommendation

A change request has been raised with Version 1 to see if a report can be developed which captures all the details on the current 'Transactions Manager: Transactions' screen, as well being able to put in parameters of the date range of when requests may have been submitted, and also include on the report fields to show who the current approval is sitting with or waiting for and from what date it has been with that particular approver. Management awaits a proposal for what may be possible before starting development and implementation.

Management can currently report on basic details of transactions that are that have been submitted together with their current status who all the approvers in the workflow are, who it has been submitted by and date it was submitted, with details of who the current approval is with being able to be drilled down on the system for each transaction.

Progress against prior year audit recommendations (9)

Assessment Issue and risk previously communicated

In progress

17. Appropriate recognition of exit packages

IAS 19 requires recognition of exit packages at the earlier of:

- The employee accepting the offer; and
- The date the offer was made.

In testing of the current year exit package listings, we detected individuals that were incorrectly included in Note 31 as their offers of redundancy were made (date of redundancy letter) after the 2024-25 financial year. This issue caused significant delays on the completion of the remuneration disclosure testing due to:

- a) The listings not containing the relevant information to determine appropriate classification; and
- b) Redundancy letter.

Management response to 2024-25 audit recommendation

Management confirmed they will incorporate this and communicate with HR to ensure they have the relevant redundancy letters readily available to improve the efficiency in the 2025-26 audit.

Progress against prior year audit recommendations – IT audit (1)

Assessment IT audit issue and risk previously communicated

Management response to 2024-25 audit recommendation

In progress

1. Excessive system administrative permissions assigned to business users

During IT Audit's review of Oracle Fusion, it was noted that certain business users, primarily from the HR and Payroll teams, were assigned system roles that included permissions for 'Manage menu customisations' and 'Functional setup manager'.

Management was unable to confirm whether the users required all of the assigned permissions for their job responsibilities, as these permissions appear to include system administrative access and may provide elevated privileges beyond what is necessary for their business functions.

The risk here is where system administrative permissions are assigned to business users without clear justification, there is a risk of unauthorised or unintended changes being made to system configurations. This may compromise system integrity, weaken segregation of duties, and increase the likelihood of errors or misuse of privileged access.

Version 1 was supplied with a scoping document for supporting management with work related to identifying any risks with excessive administration access as well ensuring appropriate privileges are aligned with business needs.

Management awaits a proposal from Version 1 on what may be possible together with a timeline.

In progress

2. Unnecessary system permissions not revoked promptly following user position change

During IT Audit's review, it was identified that a user who had transitioned from a financial to a non-financial role retained certain financial system permissions beyond the effective date of the role change. Management clarified that although some financial system roles were not removed, the permissions could not be used to make changes to system data without other roles that had already been revoked.

Where system access is not promptly updated following a change in user role, there is a risk that individuals may retain inappropriate access, potentially enabling unauthorised or erroneous transactions. Additionally, such accounts could be exploited by other users to bypass internal controls.

There is a currently a process for checking position changes on a daily basis, where unnecessary roles will be removed. The example identified was a manual check that was missed. Additional training has been completed and process notes have been reviewed to ensure that the process is followed consistently going forward.

Progress against prior year audit recommendations – IT audit (2)

Assessment IT audit issue and risk previously communicated

In progress

3. Limited user access logging and monitoring

During IT Audit's review, it was noted that system logging for user access and activity was limited. Specifically, the logs to capture user login history and record significant actions performed within the system were not enabled. Furthermore, there was no formal process in place for the routine monitoring of user activities, particularly for high-risk users. This hinders the timely identification of suspicious behaviour or unauthorised access and delayed appropriate remedial action.

Without formal and regular reviews of system access and activity logs, inappropriate or anomalous user behaviour may go undetected. This increases the risk of unauthorised changes to configurations or data, particularly by privileged users, and may delay investigation and corrective action in the event of a security incident.

Management response to 2024-25 audit recommendation

Reports are available showing user login history and these are reviewed regularly to ensure users with administrative roles are only accessing the system in line with their job roles.

A change request has been raised with Version 1 to review current audit logging in Oracle Cloud as well as the feasibility of reporting on key modifications in the system, we are awaiting confirmation before taking this further, as audit logging work for specific financially critical areas has been previously completed.

IT audit strategy

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

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

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

Group audit scope and risk assessment

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

Component	Risk of material misstatement to the Group	Planned audit approach and level of response required under ISA (UK) 600 Revised	Response performed by	Risks identified	Auditor
London Borough of Brent	Yes	Audit of the entire financial information of the component	Group auditor	Refer to pages 7 to 12 of this Audit Plan	Grant Thornton UK
First Wave Housing Ltd	No	Specific audit procedures	Group auditor	None	Grant Thornton UK
I4B Holdings Ltd	No	Specific audit procedures	Group auditor	None	Grant Thornton UK
LGA Digital Services	No	Analytical procedures	Group auditor	None	N/A
Barham Park Trust	No	Analytical procedures	Group auditor	None	N/A

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

Fraud and litigation

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

Involvement in the work of component auditors

We will not involve or rely on the work of component auditors, given the limited area in subsidiaries requiring testing. Instead, we will conduct testing for significant accounts and transactions at the Group-level.

Interim audit

Detail of planned work

The backstop date is moving earlier in the year, as a result and to ensure that all work can be completed by the end of September, we are conducting an interim visit (March-April) as a key part of the audit approach. Interim visits should be treated with the same importance as final accounts and include regular catch-ups between management and the audit team to facilitate this work. A plan of the areas to be covered is set out below and is agreed with management.

Description	Work commentary
Review of prior year recommendations	Review of progress against audit recommendations we raised in the prior year.
Payroll	<ul style="list-style-type: none"> • Select and test a sample of starters, leavers and changes in circumstance • Review monthly payroll reports to month 11
Advance testing areas	Select and test samples of: <ul style="list-style-type: none"> – fees and charges income – operating expenditure
Significant changes in policy	We will inquire/perform a review of the Authority's approach to PPE valuations and implementation of indexation within the revaluation cycle.

Value for money arrangements

Approach to value for money work for the period ended 31 March 2026

The National Audit Office updated its Code of Audit Practice in November 2024. The Code expects auditors to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report a commentary each year under the specific reporting criteria and where significant weaknesses in arrangements are identified. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement was introduced from November 2025. The three specified reporting criteria are set out below:

Financial sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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



We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our AAR. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. Any significant weaknesses identified will be reflected in our AAR and included within our audit opinion.

Risks of significant weakness in VFM arrangements (1)

Risk assessment of the Authority's VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2025-26. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2024-25 Assessment of arrangements	2025-26 Risk assessment	2025-26 Risk-based procedures planned
<p>Financial sustainability</p>	<p>R</p> <p>Identified two significant weaknesses in relation to: medium-term financial planning (MTFP); and the identification of a pipeline of recurrent savings and income generation schemes. Two improvement recommendations raised on effective implementation of the property strategy, and for the DSG deficit recovery strategy and strengthened HRA financial planning to be reflected in the MTFS.</p>	<p>Risks of significant weakness in arrangements for MTFP and identification of a pipeline of recurrent savings and income generation schemes.</p> <p>At the time of planning, we assume the prior year findings continue as risk areas, pending further work. We note that:</p> <ul style="list-style-type: none"> The MTFP continued to assume £30m gap, although £10.4m of proposal was developed, awaiting approval to close the 2026-27 gap in full. We will update our risk assessment for changes since 2024-25 and the impact of the Fair Funding Review 2.0. At 2025-26 Q2 the Authority appeared to be on track to deliver 91% of its savings target for 2025-26. 	<p>Given the risks of significant weakness identified, we will undertake additional risk-based procedures focusing on arrangements for the MTFP and identification of a pipeline of recurrent savings and income generation schemes.</p> <p>We will consider how the Authority is progressing against all aspects of the prior year key and improvement recommendations.</p>

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Risks of significant weakness in VFM arrangements (2)

Criteria	2024-25 Assessment of arrangements	2025-26 Risk assessment	2025-26 Risk-based procedures planned
Governance	<p>A</p> <p>No risks of significant weakness reported and one improvement recommendations made regarding arrangements for producing statutory financial statements.</p>	<p>No risks of significant weakness identified.</p>	<p>As no risk of significant weakness is identified, no additional risk-based procedures are specified at this stage.</p> <p>We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up the improvement recommendation made in 2024-25.</p>
Improving economy, efficiency and effectiveness	<p>R</p> <p>One significant weakness identified as the Regulator of Social Housing (RSH) reported in May 2025, that the Authority did not comply with the Quality and Safety Standard.</p>	<p>Risk of significant weakness identified in relation to the non-compliance with the RSH Quality and Safety Standard reported following the Authority’s self-referral in 2025.</p> <p>At the time of planning, we assume the prior year finding continues as a risk, pending further work to confirm.</p>	<p>Given the risk of significant weakness identified, we will undertake additional risk-based procedures focusing on arrangements for the compliance with the Quality and Safety Standard.</p> <p>We will assess management’s response to the judgement, pending re-inspection, from enquiries of officers, obtain informal communication with the RSH, and detailed reporting on progress to the Authority’s committees.</p>

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Risks of significant VFM weaknesses

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

Potential types of recommendations



Statutory recommendation

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



Key recommendation

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



Improvement recommendation

Auditors may also include areas for improvement or to keep in view even if they do not identify any underlying significant weaknesses in arrangements. These recommendations set out actions for consideration which are not a result of identifying significant weaknesses in arrangements, but which if not addressed could increase the risk of a significant weakness in future periods.

Logistics

The audit timeline



Our team and communications

Grant Thornton core team

Sophia Brown
Key Audit Partner

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

Sheena Phillips
Senior Audit Manager

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

Louis Niven
Audit In-charge

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

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

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

Our fee estimate (1)

Our fee estimate

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

- prepare good quality sets of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant estimates made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.
- Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:
 - valuation of other land & buildings, council dwellings and valuation of pension fund net liability.

Entity	Audit fee for 2024-25 £	Proposed fee for 2025-26 £
Brent Council audit	626,235	560,500
I4B Holdings Ltd audit	52,600	52,400
First Wave Housing Ltd audit	49,500	49,200
Brent Pension Fund audit	97,946	104,507
Total (Exc. VAT)	826,281	766,607

Previous year

In 2024-25 the Authority's scale fee set by PSAA was £545,235. The actual fee charged for the audit, excluding audit of subsidiary companies and the pension fund was £626,235.

Our fee estimate (2)

Relevant professional standards

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

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audits for the Authority to begin with effect from 2023-24. The scale fee set out in the PSAA contract for the 2025-26 audit is £560,502.

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

- Production of the final auditor's annual report for the previous audit year or opinion issued (but not before 1 December 2025)
- Production of the draft audit planning report to audited body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

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

Updated auditing standards

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

Independence considerations (1)

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers, and network firms). In this context, we disclose the following to you.

Matter	Threats	Safeguards	Conclusion
<p>For 2025-26 Sophia Brown, key audit partner for Brent Council, is in her sixth year of engagement with the Authority (this includes time prior to Sophia becoming the Brent Council engagement lead from 2023-24).</p> <p>We disclosed Sophia's period of engagement with PSAA and the firm's Ethics function. Sophia's appointment has been extended for a further two years (covering the 2025-26 and 2026-27 audit cycles).</p> <p>As well as obtaining PSAA and firm Ethics approval for the 2-year extension, the safeguards described here will be applied and are considered sufficient to mitigate any familiarity threat arising from Sophia's association with the Authority.</p>	Familiarity	<ul style="list-style-type: none"> • Involvement of an Engagement Quality Control Reviewer for 2025-26 and 2026-27. • Involvement of GT Quality Support Review (QST) in the planning and audit fieldwork processes to provide independent review. <p>Both safeguards are to be applied to give oversight and independent review to mitigate the threat of familiarity.</p>	We conclude that our independence is not compromised due to the safeguards applied.

Independence considerations (2)

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

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

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

Fees and non-audit services (1)

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

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

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

Assurance service fees

Service	Fees £	Threats Identified	Safeguards applied
I4B Holdings Limited 2025-26 financial statements audit	52,400	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work plus variable fees in comparison to the total fee for the audit of £560,502 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
First Wave Housing Limited 2025-26 financial statements audit	49,200	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work plus variable fees in comparison to the total fee for the audit of £560,502 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

Table continues overleaf

Fees and non-audit services (2)

Assurance service fees

Service	Fees £	Threats Identified	Safeguards applied
Brent Pension Fund 2025-26 financial statements audit	104,507	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work plus variable fees in comparison to the total fee for the audit of £560,502 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification 2025-26 Pooling Capital Receipts	10,000	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the total fee for the audit of £560,500 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification 2025-26 Teachers' Pension Return	12,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £12,500 in comparison to the total fee for the audit of £560,500 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification 2024-25 Housing Benefit Subsidy	29,220	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £29,220 in comparison to the total fee for the audit of £560,500 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

Fees and non-audit services (3)

Assurance service fees

Service	Fees £	Threats Identified	Safeguards applied
Certification 2024-25 Teachers' Pension Return	12,500	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £12,500 in comparison to the total fee for the audit of £560,500 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification 2023-24 Housing Benefit Subsidy	28,550	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £28,550 in comparison to the total fee for the audit of £560,500 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification 2023-24 Teachers' Pension Return	12,500	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £12,500 in comparison to the total fee for the audit of £560,500 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification 2022-23 Teachers' Pension Return	10,000	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the total fee for the audit of £560,500 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Total	321,377		

Communication of audit matters with those charged with governance (1)

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence.	●	●
Significant matters in relation to going concern	●	●
Matters in relation to the Group audit, including: Scope of work on components, involvement of Group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the Group audit, fraud or suspected fraud.	●	●

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

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

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

Communication of audit matters with those charged with governance (2)

Respective responsibilities

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

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

Our communication plan	Audit Plan	Audit Findings
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

Escalation policy

The backstop

The Ministry of Housing, Communities and Local Government has introduced an audit backstop date on a rolling basis to encourage timelier completion of local government audits.

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

Escalation process

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

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

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

Step 2 - Further Reminder (within two weeks of deadline)

- If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the

deadline for responding, and the consequences of not responding by the deadline.

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

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

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

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

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

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

Aim

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

Financial reporting changes

Changes to the CIPFA Code of practice on local authority accounting for 2025-26

The main change is a revaluation expedient for property, plant and equipment. From 1 April 2025, revaluations are required once every five years or on a five-year rolling basis with indexation in intervening years. This is a substantial change to the accounting for non-current asset, that may require engagement with valuers, changes to underlying systems, asset records and accounting treatment.

New or revised accounting standards that are expected to be adopted by the CIPFA Code in future years.

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help users of the accounts understand their impact on an entity's financial performance and cash flows. The amendments are expected to be adopted by the CIPFA Code for [2026-27](#).

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

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for [2026-27](#).

IFRS 18 Presentation and disclosure in the financial statements

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

The new standard will impact the structure and presentation of the comprehensive income and expenditure statement as well as introduce specific disclosure requirements. Some of the key changes are:

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

IFRS 18 will be effective in the UK from 1 January 2027 and so could impact the CIPFA Code from [2027-28](#).



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