



MINUTES OF THE AUDIT AND STANDARDS ADVISORY COMMITTEE

Held in the Conference Hall, Brent Civic Centre on Tuesday 16 June 2026 at 6.00 pm

PRESENT: David Ewart (Independent Chair), Councillor Choudry (Vice-Chair) and Councillors Bajwa, Donnelly-Jackson, Georgiou, Ibrahim and Mitchell.

Independent Co-opted Members: Sebastian Evans and Stephen Ross.

Also Present: Councillor Grahl (Deputy Leader & Cabinet Member for Finance and Resources), Councillor Jayanti Patel, Sophia Brown (Key Audit Partner, Grant Thornton), Matt Dean (Key Audit Partner – Pension Fund, Grant Thornton) and Sheena Phillips (Senior Audit Manager, Grant Thornton).

1. Apologies for absence and clarification of alternate members

Apologies for absence were received from Councillors Blackman, Brown and Kansagra, and from Rhys Jarvis (Independent co-opted member).

Members noted that Councillor Ibrahim was attending as a substitute for Councillor Brown with Councillor Ibrahim attending as a substitute for Councillor Blackman.

In addition, it was reported that Councillor Jayanti Patel was attending in an informal capacity to represent Councillor Kansagra.

2. Declarations of Interest

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

Councillor Donnelly-Jackson declared a personal interest in relation to item 3 - Minutes of the Previous Meeting & Action Log, given that she was in the process of being appointed as a Council representative to the boards of the Council owned subsidiary companies i4B Holdings Ltd and First Wave Housing Ltd.

No other declarations of interest were made by members during the meeting.

3. Deputations (if any)

There were no deputations considered at the meeting.

4. Minutes of the previous meeting and action log

7. In reviewing the minutes from the 24 March 2026, two corrections were identified in relation to Min 7: External Audit Update Report, which were as follows:

- Under the 3rd bullet point reference to the statutory deadline for signing off the 2025–26 accounts should have been recorded as the 31st January (rather than 21st) and Grant Thornton's internal target being to have signed all local authority audits by the end of November (rather than the 20th November).

Subject to the above corrections, it was **RESOLVED** that the minutes of the previous meeting of the Committee held on Tuesday 24th March 2026 be approved as a correct record.

Members noted the update provided in relation to the Action Log of issues identified at previous meetings, which it was noted would remain subject to ongoing review by the Chair and Vice-Chair. The Chair advised that he had received a number of queries regarding three outstanding items. One, relating to environmental risk, which was noted as having been responded to, and two other queries relating to council procurement and fire safety/gas safety logs for i4B. These actions were being progressed, with officers confirming they would be followed up with responses to be provided for the Committee in advance of the next meeting.

5. **Matters arising (if any)**

None.

6. **Annual Standards Report for 2025 (including Standards Quarter Two and Three updates on gifts and hospitality 2025/26)**

Bianca Robinson (Principal Lawyer, Constitution, Governance and Finance) introduced a report from the Corporate Director Finance & Resources presenting the Monitoring Officer's Annual 2025 which provided an update on Member conduct issues and the work of the Monitoring Officer during 2025 together with the Q2 & Q3 quarterly reports on gifts and hospitality registered by Members and status of Member training following the May 2026 elections. In presenting the report, the following key points were highlighted:

- The summary of the Committee's work on standards-related issues during 2025, including monitoring of member declarations of gifts and hospitality, attendance at mandatory training, standards-related case law, use of RIPA powers, the Annual Governance Statement, and the consultation on changes to the national standards regime undertaken during 2025, as detailed within sections 3.2 and 3.3 of the report.
- The summary of gifts and hospitality declared by members during Q3 & 4 2025–26, as detailed within Appendix B of the report.
- The summary of complaints (totalling ten) which had been received by the Monitoring Officer during 2025 alleging breaches of the Members' Code of Conduct. Of these complaints, members were advised three had not progressed beyond the Initial Assessment Stage; six had not progressed beyond the Assessment Criteria Stage and one had not progressed beyond the Review Stage with a summary of each complaint and outcome detailed within Appendix A of the report.

Having reviewed the experience in dealing with the complaints received, members were advised of the time consuming nature in their investigation and assessment with the disposal of complaints even at relatively early stages of the process often identified as requiring the need for engagement and consultation with an Independent Person. Whilst the current Code of Conduct Complaints Procedure required the Monitoring Officer to carry out an initial assessment of complaints within 10 working days officers were now of the view (based on the number and nature of complaints being received) that a more realistic timescale was required in order to better manage expectations and reflect the time required for assessment, with it therefore recommended to the Audit and Standards Committee that the normal timeframe for carrying out initial assessments be increased from 10 to 15 working days.

- One Monitoring Officer advice note had been issued during 2025 providing practical guidance on the behaviours that would and would not constitute bullying (under paragraph 8 of the Code) and intimidation (under paragraph 9 of the Code).
- All mandatory member training had been completed during 2025. Following the May 2026 local borough elections, a new mandatory member programme was underway, on which updates would continue to be provided for the Committee.

Having thanked Bianca Robinson for the report, the Chair invited questions and comments from the Committee, with the following issues raised:

- Whilst supportive of the recommended extension of the timescale for initial assessment of complaints by the Monitoring Officer under the Code of Conduct procedure, members were keen to ensure this was subject to ongoing review to ensure the extended period improved the quality of assessments, rather than simply extending processing time with assurance sought regarding how performance and compliance in this respect would continue to be monitored against the new deadline. In response, members were advised that the date each complaint was received and responded to was already tracked with future reports to include an assessment of compliance against the 15-day target.
- The need identified to ensure members were reminded about the importance of timeliness in relation to the declaring of gifts and hospitality, with members having noted the delay in certain gifts being declared in the latest monitoring update within Appendix B of the report. In addition, it was noted that the name of the person donating the gift registered under Item 6 within Appendix B required correction, which officers advised would be amended.
- In response to a query regarding the application of sanctions under the Members Code of Conduct Complaints Procedure identified within case 7 in Appendix A of the report, members requested that further details were provided for the Committee (outside of the meeting) on the way in which sanctions were applied when assessing the outcome of different types of complaint, which officers advised would be arranged.

With no further questions raised, it was **RESOLVED**:

- (1) To note the contents of the Annual Standards Report for 2025; and
- (2) To approve the recommendation to the Audit and Standards Committee that the normal deadline for carrying out an initial assessment under the Members' Code of Conduct Complaints Procedure be extended to 15 working days.

7. Internal Audit Annual Report 2025-26 (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 2025-26 (and work undertaken since the previous update in December 2025) 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.

Members were advised that the report provided a consolidated overview of Internal Audit activity during 2025-26 including delivery of the Internal Audit Plan, key findings arising from audit work, and the extent to which agreed management actions had been implemented. The Chair advised that questions on the Annual Report would be taken first, followed by separate consideration of the Head of Internal Audit Opinion.

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

- The ongoing scale and complexity of the Council's operations with Internal Audit continuing to deliver its work through a risk-based and flexible approach enabling the function to balance the need to provide assurance over core systems and controls while responding to emerging risks, organisational priorities and management requests. As in previous years the 2025-26 Internal Audit Plan (approved by the Committee in March 2025) had been structured across four components: Core assurance- providing assurance over key financial systems and fundamental controls; Agile risk-based work – enabling responsive coverage of emerging and priority risk areas; Consultancy and advisory work – supporting management in strengthening control design and governance and Follow-up activity – confirming that agreed audit actions had been implemented and embedded. Members were reminded that the approach outlined had been designed to reflect Internal Audit's move towards a more agile and risk-focused model, ensuring that assurance activity remained aligned to the Council's evolving risk profile while maintaining appropriate coverage of core systems.
- In terms of the approach outlined, members were advised that the Internal Audit Plan had therefore been designed to address key risk areas identified with the potential to impact on delivery of the Council's objectives, drawing on the Strategic Risk Register, prior audit findings, sector intelligence and consultation with senior management with delivery of the Plan providing assurance across a broad range of areas, including - key financial systems;

high inherent risk areas; ICT and cyber controls; major programmes and operational services as well as cross-cutting corporate functions such as procurement and contract management. At the same time, the plan had also retained flexibility to respond to emerging risks and priorities which had enabled Internal Audit to undertake additional work, including advisory reviews and management-requested assurance, where this has been identified as beneficial, with the Internal Audit structure including the ability to utilise external specialist expertise through the ongoing co-sourced provider arrangements providing a structure able to cover the full breadth of council risk.

Taken together the programme of work had been used to inform the Head of Internal Audit's opinion, alongside insights from follow-up activity and other sources of assurance across the Council with further details on the outcomes delivered, including individual audit findings and assurance opinions, set out within the Annual Report in Appendix 1 of the report.

- In terms of the programme of work delivered during 2025–26, members were advised that a total of 53 reviews had been completed during the year comprising 11 core assurance reviews; 12 reviews of key inherent and emerging risk areas; 4 school audits; 5 consultancy and advisory engagements and 21 follow-up reviews, which it was felt had provided a robust and comprehensive evidence base to support the Head of Internal Audit's annual opinion. The reviews had resulted in a mix of assurance opinions being provided, with the majority concluding moderate or limited assurance reflecting the focus of audit work on higher-risk and more complex areas, where control environments were typically less mature or subject to ongoing change. This work had also resulted in a significant number of improvement actions being identified, including high and medium risk findings requiring management attention with members advised that 100% of audit recommendations raised had been accepted by management, which it was felt had also demonstrated a strong commitment to addressing identified issues.
- In terms of Follow-up work, this continued to remain a key component of Internal Audit activity. During 2025–26 this had involved 90 actions being followed up. Whilst this had resulted in an overall improvement in implementation rates to 79% within original timescales, members were assured that performance (with a focus on high-risk actions) continued to be closely monitored with a small number of actions still identified as overdue. Whilst these were not considered significant in aggregate to the overall control environment, it was felt they demonstrated the importance of sustained management focus to ensure timely implementation of agreed improvements and need for ongoing monitoring by the Committee to ensure any control weaknesses identified, particularly in relation to higher-risk, complex or cross-cutting areas, were addressed.

Whilst noting that the Annual Report had identified the Council as having a sound framework of governance, risk management and internal control, it was recognised that areas for improvement remained. Whilst seeking to address these through management action and improvement programmes it was noted that Internal Audit would also continue to monitor progress in addressing

identified issues in order to provide ongoing assurance, advice and insight to support and further strengthen the Council's governance and control environment.

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:

- Members raised queries on the overdue health and safety compliance actions identified within Section 9c of the Annual Report; with officers explaining the delay had related to a cross-cutting review of the Council's corporate health and safety arrangements and management capacity, with progress now being made and updates to follow.
- Moving to the subject of the four findings relating to children's safeguarding as part of the core assurance activity undertaken during 2025-29 (as detailed in section 5c of the Annual Report, officers were asked to explain why each had been rated medium rather than high risk. In response, officers explained that risk ratings were determined according to a defined methodology considering factors such as the presence of mitigating or compensating controls, management's response, and other sources of assurance (including Ofsted's more detailed, targeted review of this area) as a result of the issue raised officers agreed to provide further clarification as part of next Internal Audit Plan update around the basis on which the summary of findings from the Core Assurance (inherent risk) audit work undertaken in relation to Children's Safeguarding had been classified as Medium Risk and on the associated assurance process.
- Further clarification was provided on the meaning of the assurance ratings used (substantial, moderate, limited and no assurance) and on the follow-up process associated with each. Officers explained that limited assurance ratings, typically driven by a higher number of high-risk findings, resulted in prioritised follow-up of those high-risk actions together with a fuller end-to-end review of the area to address underlying root causes, whereas moderate assurance findings were followed up on a more piecemeal basis specific to the issue identified. Officers also clarified that the summary of follow up actions detailed within section 9b of the Annual Report for each audit completed in 2024–25, set out the number of actions agreed with management and the number subsequently implemented at follow-up.
- Follow up questions were asked about the significant weaknesses concerning financial sustainability and the self-referral to the Regulator of Social Housing referenced within the basis of the Head of Internal Audit Opinion. Officers confirmed these had previously been reported to the Committee by External Audit (Grant Thornton) and had subsequently been referenced within the Annual Report as part of the evidence base for the Head of Internal Audit opinion rather than as new matters. In noting that the areas identified had been subject to regular monitoring by the Committee, members were assured that progress in addressing the weaknesses identified would continue to be

monitored as part of the Committee's work programme and through the Annual Governance Statement.

- In highlighting the increase in high-risk findings raised within individual audit reviews, details were sought on any longer-term trends identified with officers responding that year-on-year comparison was difficult given that different areas were audited each year, and that the increase was not considered a cause for concern in itself, since this reflected the risk-based focus of the audit plan. Having acknowledged the concerns identified, however, officers advised they would review the future presentation of trends in relation to the issuing of Limited Assurance opinions and High Risk findings as part of the Interim update on the Audit Plan in order to provide further clarification against the context relating to the risk based nature of the internal audit approach and their relationship to the Council's overall governance arrangements and system of internal control.
- In response to clarification being sought on the Limited Assurance and progress in addressing High and Medium Risk findings as an outcome of the risk-based audit activity relating to Deputyship/Appointees, officers confirmed that a comprehensive improvement plan was in place on which a further update would be included as part of next Internal Audit Plan update.
- Members noted the summary of consultancy and advisory and School Audit activity delivered by the audit function during 2025-26 as detailed within sections 7 and 8 of the Annual Report with members advised that the selection of schools for audit remained a collaborative process with in Children's Services based primarily on Internal Audit's own risk assessment (operating on a semi-cyclical basis), informed by factors such as time since the last audit, changes in headteacher or business manager, and recent Ofsted outcomes.
- The structure of the Internal Audit function was also outlined as comprising a small in-house team (the Head of Internal Audit, a Deputy Head of Assurance and three principal auditors acting as in-house subject matter experts for the Council) supplemented by a co-sourced provider for specialist areas such as cyber security and financial management which it was considered represented the most effective structure for covering the full breadth of council risk.

The Chair then moved on to the Head of Internal Audit Opinion, noting the importance of assurance to the Council. In presenting the opinion, the Committee noted:

- 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 2025-26, 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, which had been consistent with the opinion issued in prior years.

In noting the basis of the opinion provided, which had been primarily supported by internal audit activity undertaken during 2025-26 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 2025-26 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 need to ensure a complete and accurate asset register was maintained to ensure robust financial reporting, effective asset management and compliance with CIPFA requirements given the substantial and diverse property portfolio held by the Council which underpinned service delivery, regeneration activity and income generation and significant weaknesses previously identified in the governance and control environment supporting the Council's two key registers: the Finance-led Fixed Asset Register (FAR) and the Property-led Property Asset Register (PAR).
 - The ongoing work being undertaken to strengthen the governance and assurance of the Council's housing compliance responsibilities following the self-referral to the Regulator of Social Housing.
 - The need to ensure (given the scale and cross-cutting nature of the improvements identified as required) consistent implementation of the Procurement Improvement Programme across Directorates to achieve the intended benefits.
 - The need to maintain a focus on cross-council ownership, collaboration and control integration in order to strengthen cross-council collaboration, clarify single-point accountability for shared risks, and embed second-line oversight more fully into service-level processes as operational complexity and delivery pressures continued to increase.
- The Head of Internal Audit's opinion had concluded that the Council's governance, risk management and control arrangements were generally adequate and effective, with some improvement required with the opinion forming a key source of assurance supporting the Council's Annual Governance Statement.

Having once again thanked Darren Armstrong for presenting the Head of Internal Audit Annual Opinion, the chair then invited comments, with the following issue raised:

- Details were sought on the level of strategic oversight in terms of breaking down departmental silos and improving cross-council collaboration. Darren

Armstrong confirmed this remained an area of ongoing focus, with work already underway across the Council (including through the Local Government Association Peer Review) to improve collective ownership and address gaps, and that Internal Audit would continue to report where target dates were missed for this reason. It was asked whether these cross-cutting findings influenced the following year's audit plan with officers confirming that the degree of collective ownership of an area was now one of the risk factors considered as part of Internal Audit's ongoing risk assessment when allocating resources.

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, 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 2025-26.
- (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 2025-26**

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 2025-26, 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 2025-26 had been detailed within the Annual Counter Fraud Report attached as Appendix 1 to the report.

- The broad programme of counter fraud activity undertaken during 2025–26 which had included reactive investigations as well as proactive preventative work across all major fraud risk areas involving 34 internal fraud referrals which members were advised had involved 31 cases concluded; 152 housing fraud cases, with 133 cases closed and 40 external fraud referrals, with 61 cases concluded.
- Across these areas, fraud and/or irregularity had been identified in a number of cases, with outcomes ranging from recovery of assets and prevention of financial loss through to strengthening of controls and referral for further action. Members were advised that tenancy and housing fraud remained one of the Council's highest priority fraud risks due to its direct financial impact and the importance of ensuring that social housing continued to be allocated fairly and to those in genuine need. During 2025–26, the Counter Fraud and Investigation activity had delivered strong outcomes in this area, including the conclusion of 22 fraudulent housing cases, resulting in the recovery or protection of properties and a notional financial benefit of approximately £1.45 million. This work had included the recovery of properties where tenants were no longer in occupation, prevention of fraudulent succession claims and identification of unauthorised occupants. In response to emerging risks, members were advised the service had also strengthened preventative controls, including introduction of enhanced verification for Right to Buy applications, implementation of a structured verification process for tenancy succession applications and increased use of data and intelligence tools to identify anomalies and improve assurance with the approach not only felt to support the recovery of properties but also strengthen the integrity of the housing allocation processes, reducing the risk of future fraud.
- Whilst referrals in relation to external fraud activity had reduced, following a change in process and redirection of resource in relation to the investigation of blue badge fraud, members were advised that work in this area included a broad range of risks affecting the Council including council tax and business rates fraud, grant fraud, direct payments, insurance, and other financial irregularities focussed on both investigation of suspected fraud and strengthening preventative controls across services.
- The service had also maintained a strong focus on proactive and preventative activity which during 2025-26 had included delivery of the National Fraud Initiative (NFI) data matching exercise, identifying financial savings and strengthening data integrity; participation in the London FraudHub, enabling real-time cross-authority data matching and fraud detection; targeted reviews, including housing allocation analysis and fleet asset verification and enhanced fraud awareness and support provided to high-risk service areas.

Members were advised that the NFI exercise had delivered measurable outcomes. This had included significant notional savings through the cancellation of fraudulent or invalid Blue Badges; identification of council tax reduction overpayments and undeclared income; and improvements in data accuracy across key systems with the proactive activity demonstrating the shift towards a more intelligence-led and preventative model, enabling the Council to identify risks earlier, improve control environments and reduce exposure to fraud.

Overall, the counter fraud activity undertaken during 2025–26 was felt to highlight a number of key themes (identified as follows) demonstrating a function that was continuing to develop and enhance its approach, with increasing emphasis on prevention, intelligence and integration with wider governance and assurance frameworks:

- Housing fraud remaining the area of greatest financial impact, with strong outcomes achieved through both investigation and prevention.
- Proactive activity becoming increasingly important, with data-led approaches improving early detection and reducing reliance on reactive investigations.
- Internal fraud, while lower in volume, continuing to present higher complexity and governance risk, requiring robust investigation and follow-up.
- Improvement in cross-service collaboration, particularly in housing, resident support and verification processes, strengthening overall assurance arrangements.

Having noted the update provided, the Chair then invited the Committee to raise questions on the report, with the responses summarised as follows:

- Further clarification was sought on the basis of the reduction in new external fraud referrals, which it was confirmed had related to the change in approach towards the investigation of blue badge fraud (which had previously accounted for a significant proportion of direct referrals) with a majority of these now being picked up directly through the Council's Healthy Streets and Parking Service following the upskilling of officers in that area with a resulting reduction in referrals from 300 (2023-24) to 204 during 2024-25.

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 (including the less visible proactive work undertaken to prevent and detect fraud) and it was **RESOLVED** to note the outcomes of the activity undertaken during 2025-26

9. Chair's Annual Report 2025-26

David Ewart, as Chair, introduced the Annual report produced as Chair of the Audit & Standards Advisory Committee which covered the work of both the Advisory and Audit & Standards Committee during the 2025-26 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 fourth 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 2025-26:

- Thanks were recorded to members of the previous committee for their work during the year, and to the independent members for their continued support.

- 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 (albeit reducing) level of reserves, it was recognised that the Council had not been able to contain expenditure within budget during 2024-25. 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 recommendations 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 2024-25 (with the exception of their findings concerning Financial Sustainability and the improvements in the Housing service) and Head of Internal Audits report and opinion issued in June 2025 a number of areas had been identified for ongoing review particularly in relation to the continuing need (whilst recognising the improvements made) 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) and implementation of internal audit recommendations/actions and need to address the management of Housing Compliance, following the Council's self-referral to the Housing Regulator. In addition, the Committee had also noted the recommendations made by the Corporate Peer Challenge focussed around strengthening the Council's financial management in relation to development of the Medium-Term Financial Strategy (MTFS), use and restoring of General Fund and Housing Revenue Account (HRA) reserves to sustainable levels and financial processes to improve income generation, productivity, and efficiency.
- The focus on delivery of the Internal Audit Plan and move towards a more agile and risk-focused model, ensuring that assurance activity remained aligned to the Council's evolving risk profile while maintaining appropriate coverage of core systems.
- The available resource within the Internal Audit function for 2025-26 which it was noted comprised an estimated 700 days spread across delivery of the Internal Audit Plan with the function continuing to operate a co-sourced model, with a portion of the plan (approx. 200 days) delivered through these arrangements and recognised as providing a number of benefits, including an in-depth understanding of the Council, its strategies and objectives, and its governance, risk management and control processes via the in-house team; increased flexibility and resilience in the resourcing of the function; access to

specialist resource, such as IT/Cyber specialisms as well as increased benchmarking opportunities with other Councils who call off the same framework.

- 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 2025-26 with had identified the implementation gap, the capacity of Internal Audit and the lateness and scale of reports as ongoing areas of concern, together with proposals for improvement, including widening engagement beyond the Corporate Director of Finance and Resources and closing follow-up loops more effectively. Members were advised that these areas would be subject to ongoing discussion and reflection as part of the longer-term development of the Committee.

Comments were then invited from the Committee, with the following issues raised:

- Recognising the importance in being able to maintain the level of audit resource, details were sought on any benchmarking undertaken with other London boroughs. Officers confirmed that informal benchmarking placed Brent in the lower-middle range in terms of audit resource compared with other London authorities. Given the ongoing scale and complexity of the Council's operations members were reminded that the focus of the Internal Audit Plan had therefore been adjusted to provide a more agile risk-based and flexible approach enabling the function to balance the need to provide assurance over core systems and controls while responding to emerging risks, organisational priorities and management requests within available resources.
- Reflecting on the outcome of the self-assessment and comments regarding the need to develop a wider focus beyond Finance & Resources members advised they were keen to explore how this approach could be developed. In response, the Chair felt it important to recognise the activity already undertaken in this respect, which had included undertaking a range of deep dive reviews enabling engagement on specific issues and with a wider range of officers with specific examples provided in relation to housing compliance, AI and the Procurement Strategy, which it was hoped to be able to continue moving forward.

With no further comments raised, 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 6 July 2026.

10. **Annual Governance Statement 2025-26**

Darren Armstrong (Deputy Director Organisational Assurance & Resilience) introduced a report from the Corporate Director finance & Resources that set out the draft Annual Governance Statement (AGS) for 2025-26 as required by the Accounts and Audit Regulations 2015.

In presenting the report the Committee noted that the Annual Governance Statement (AGS) was a statutory requirement bringing together the outcome of the annual review of the Council's governance framework and system of internal control with the statement having been developed collaboratively between Organisational Assurance, Legal, Finance and senior management across the Council, ensuring it reflected a full council perspective and a balanced body of evidence. Members were advised that the format had changed significantly this year, aligning to the CIPFA/SOLACE "Delivering Good Governance" framework and its 2024 addendum to improve clarity and strengthen the link between governance principles, evidence and outcomes for residents.

Pameel Crowther Newman (Head of Litigation and Dispute Resolution & Acting Monitoring Officer) then presented the statement in detail, with the following key points noted:

- The AGS evidence compliance with the Accounts and Audit Regulations in providing a structured evaluation of how the Council's governance arrangements, including internal control, risk management and organisational structure, supported delivery of its priorities. The statement was noted to have been prepared with reference to the seven core principles of the CIPFA/SOLACE "Delivering Good Governance in Local Government" framework.
- In developing the 2025–26 AGS, particular emphasis had been placed on moving away from a standardised, compliance-based approach towards a more organisation-specific and reflective narrative. The aim had been for the Statement to present a clear and transparent account of how governance arrangements had operated in practice over the course of the year. Accordingly, the AGS had been positioned not only as a statement of compliance, but as a narrative of assurance, improvement, and accountability including a clear, comprehensive and transparent account of how the Council's governance arrangements had operated, how their effectiveness has been reviewed and how the Council intended to strengthen them further moving forward.
- The Council was reported to have continued to operate in a challenging financial, economic and regulatory environment, with sustained demand-led pressures (particularly in temporary accommodation and social care) and increased regulatory expectations relating to housing safety compliance and financial reporting. Despite this, the Council had maintained a robust and mature governance framework, supported by strong statutory officer leadership, effective member oversight and well-established assurance arrangements. The Significant governance issues identified had been identified in Section 6 of the AGS, which members noted had related to housing compliance (including the Council's self-referral to the Regulator of Social Housing), the Procurement Improvement Plan (following the procurement peer review), and the asset register and valuation process with an Improvement Action Plan having been developed to address the main issues and key actions identified as a result, as detailed within Appendix 1 of the AGS.

- Details were also provided in relation to progress made in delivery of the Improvement Plan from 2024-25, as set out in Section 5 of the AGS. This had included action to strengthen housing compliance (fire safety, water safety and asbestos management) in collaboration with the Regulator of Social Housing, continued development of the corporate performance framework incorporating Corporate Peer Challenge recommendations, delivery of the Procurement Improvement Programme, and the launch of the new People Strategy. The AGS had also focussed on key governance achievements during 2025–26 which were noted to have included the Embrace Change portfolio, the Digital Transformation Roadmap, improvements to AI governance and the Housing and Tenant Satisfaction Improvement Programme alongside continued delivery of the Youth and People Strategy Member Induction and Senior Leadership development and progress in procurement practice, performance management and financial resilience.
- Looking forward the Section 7 of the AGS included a focus on activity during 2026-27 which had been focussed on strengthening the governance foundations set out in the 205-26 assessment and ensuring that improvements identified through the review process were fully embedded across the organisation. This included a continued emphasis on enhancing transparency, refining the Council's assurance mechanisms, and developing the capacity and capability needed to meet emerging strategic, financial and regulatory challenges based on an approach designed to ensure decision-making arrangements remained resilient, responsive and aligned with long-term organisational priorities.

Having thanked Darren Armstrong and Pameel Crowther Newman 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 beginning the discussion, two significant areas of progress were highlighted: the Procurement Improvement Programme, which had improved oversight of the procurement process and value for money for residents, and the Council's work with the Regulator of Social Housing, noting the Committee was now in a more robust position in respect of the self-referral. Officers were asked how the Committee would monitor progress against improvement actions identified in the statement during 2026–27 which it was confirmed, in response, would be achieved through the ongoing and planned work of Internal Audit and the Committee continuing to maintain overview of progress in monitoring delivery of key actions 2026-27 identified within the Significant Governance Issues Improvement Action Plan (as set out within Appendix 1 of AGS).
- In response to a query, it was confirmed that reference to 3 week delay in completion of 2024-25 external audit and Statemen of Accounts as a result of work required to complete reconciliation process in relation to PPE Assets and Valuation referenced at paragraphs 142 and 148 within the AGS would be checked and updated (as required) prior to final sign off.
- Regarding the Council's self-referral to the Housing Regulator, members queried how the Regulator of Social Housing would continue to engage with

the Council following the C3 judgement in May 2025, and how this would align with the Committee's wider governance oversight. In response, it was agreed to request that details of ongoing engagement between the Council and Regulator of Social Housing as part of ongoing delivery of Housing Compliance Improvement Plan be included as part of the next progress update on the issue scheduled for Committee.

- Following on from this, it was queried how a proposed new Housing Scrutiny Committee would interact with this Committee's role, given the crossover on housing-related issues such as the self-referral. The Chair confirmed that a clear distinction was maintained between scrutiny of operational activity and the Committee's independent oversight of governance arrangements, with regular meetings held between the Committee Chair and Vice Chair and Scrutiny Committee Chairs to clarify boundaries and avoid duplication of resources, with the Vice-chair also highlighting a need to update reference to scrutiny within the AGS to the proposed Housing Scrutiny Committee. Officers confirmed that consultation was underway with the Group Leaders on establishment of the proposed Housing Scrutiny Committee, with a report expected to Full Council in July 2026 clarifying its remit and seeking approval to its establishment.

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 the comments detailed above and clarification regarding the delay in completion of 2024-25 external audit and Statemen of Accounts as a result of work required to complete reconciliation process in relation to PPE Assets and Valuation referenced at paragraphs 142 and 148.

11. **Draft External Audit Plan (including the Pension Fund) year ending 31 March 2026**

Sophia Brown (Key Audit Partner, Grant Thornton) introduced the External Audit Progress update for the Council including the External Audit Plan for both the Council and Pension Fund for year ending 31 March 2026. In presenting the report the following key points were highlighted:

- The significant risks identified for the 2025–26 audit were standard risks for local authorities, with no Brent-specific risks this year; the fraud risk relating to income recognition had been fully rebutted, with audit work focused on the risk relating to cut-off of non-pay expenditure.
- A change to the accounting code meant land and buildings would, in intervening years between five-yearly valuations, be revalued using an appropriate index (or desktop valuation where no suitable index existed) for the first time in 2025–26 as a change applying to all local authorities with the audit team working closely with finance officers on the processes and controls supporting this and the fixed asset register.
- Regarding the audit fee, which was set via Public Sector Audit Appointments (PSAA), this was noted to be £560,502. Planning materiality for the Council

had been set at £23.2 million (subject to revision once gross expenditure for the year was confirmed), with a “clearly trivial” threshold of £1.16 million and a specific, lower materiality of £20,000 applied to senior officer remuneration and termination benefits, given the public sensitivity of this information.

- Two significant weaknesses had been raised in relation to 2024–25: one concerning financial sustainability (medium-term financial planning and the development of a pipeline of recurrent savings and income generation) and one on the “economy, efficiency and effectiveness” area, relating to the Council's self-referral to the Regulator of Social Housing. Improvement recommendations had also been raised regarding the property strategy, reflecting the Dedicated Schools Grant deficit and Housing Revenue Account planning within the Medium-Term Financial Plan, and strengthening capacity and capability within the finance team to meet statutory reporting deadlines.
- As an update on progress, the draft 2025–26 financial statements were confirmed to have been received from the finance team, representing welcome progress. Whilst the statutory deadline for completing the 2025–26 audit remained the end of January 2027, Grant Thornton were aiming to have substantially complete their work by mid-September 2026 with the findings reported to the Committee in September, a considerably shorter timeframe than in recent years, supported by early interim audit work already undertaken.
- An independence consideration was noted: Sophia Brown had previously been part of the audit team prior to becoming Key Audit Partner for the Council, representing a potential familiarity threat; a two-year extension to the standard five-year engagement period had been approved by Grant Thornton's ethics function and by PSAA, with agreed safeguards set out in the plan.

Having thanked Sophia Brown for the plan, the Chair invited questions, with the following issues raised:

- In seeking further clarification relating to the independence disclosures, officers assured members that the specific point regarding the standard cap on non-audit work did not apply to housing benefits work, which formed the majority of the other work identified, and confirmed the point being raised related specifically to the continuity safeguard described above.
- Moving on, members inquired over the specific risks associated with using an index, rather than a full valuation, for land and buildings in intervening years. Officers explained that this would prompt new lines of audit enquiry, including whether the most appropriate index had been used and whether alternative indices might have been more suitable, with these questions being discussed with the valuer in advance. Officers were asked whether the implementation of IFRS16 presented issues unique to Brent. Officers confirmed this had been implemented for the first time across all local authorities in the 2024–25 financial statements, representing a significant risk at the time, and noted that NHS bodies had implemented the standard slightly earlier, providing a useful point of comparison. The Chair clarified, for the avoidance of doubt, that the draft financial statements referred to were not yet complete or final, with the

majority of single entity accounts provided so far; the statements would be published once finalised, and final approval resting with the Audit and Standards Committee.

Matt Dean (Key Audit Partner – Pension Fund) was then invited to present the indicative audit plan for the Pension Fund, noting the following key points:

- The principal significant risk related to the valuation of Level 3 investments (those valued by fund managers or other experts, in the absence of an observable market price, such as private equity holdings), reflecting the greater estimation uncertainty involved.
- A triennial actuarial valuation of the Fund's assets and liabilities had been completed during the year, as required of all Local Government Pension Scheme funds every three years, the results of which would be reflected in the 2025–26 accounts and would set employer contribution levels from 2026–27 onwards; this had required additional audit testing of the data used by the actuary and an associated additional fee, applicable to all LGPS funds nationally.
- Materiality for the Fund had been revised this year. This had involved planning materiality of £23.9 million for the Fund Account, with separate, lower materialities for contributions (£8 million) and benefits payable (£5.9 million), based on 10% of prior year values (a change from the blanket 5% approach applied last year), and a “clearly trivial” threshold of £1.1 million.
- Recommendations raised in the prior year's audit remained in progress and would be revisited as part of the year-end audit. A standard PSAA fee uplift applied, together with a standard additional charge applied nationally to all clients in relation to testing of the triennial valuation.

Having thanked Matt Dean for the update the Chair the invited questions, with the following issues raised:

- As clarification, Members were advised that whilst the Pension Fund was managed through a separate Sub Committee oversight of the Fund's external audit and accounts currently remained with the Audit and Standards Advisory Committee pending the implementation of a wider programme of “Fit for the Future” reform which would include separation of oversight for the Pension Fund and Council Statement of Accounts. Members asked whether issues arising from the Pension Fund audit would ever feed into the Council's Value for Money conclusion with officers confirming that whilst the Pension Fund was not subject to its own VFM opinion, a formal link existed enabling any significant Pension Fund issue to be included as part of the Council's VFM work.

Sheena Phillips (Senior Audit Manager) then presented the External Audit Progress and Sector Update report, noting the following key points:

- Planning work on the audit of the Council's Statement of Accounts had been completed in April 2026, with interim testing now underway and the requested evidence having been provided, subject to accruals and housing benefits

evidence still being outstanding. The External Audit team at Grant Thornton was aiming to substantially complete the 2025–26 audit in September 2026, with Value for Money work running alongside the financial statements audit.

- Key deliverables remained the Audit Findings Report in September 2026 and Auditor's Annual Report covering Value for Money in November 2026.
- In relation to grants work, the 2024–25 Housing Benefit subsidy claim audit remained under review by the engagement lead with the 2025–26 grants audit work having not yet started and audit of Teachers' Pensions returns for 2022–23 and 2024–25 remained ongoing.

With no further questions or comments raised, the Chair concluded the discussion and thanked Sophia Brown, Matt Dean and Sheena Phillips 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 for the year ending 31 March 2026 and the External Audit Progress and Sector Update report.

12. **Audit & Standards Advisory Committee Forward Plan & Work Programme for 2026-27**

It was **RESOLVED** to note the Committee's Forward Plan and Work Programme for the 2026-27 Municipal Year with the dates for further meetings noted as:

- Wednesday 27 July 2026
- Wednesday 23 September 2026
- Monday 30 November 2026
- Tuesday 2 February 2027
- Wednesday 24 March 2027

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 balance capacity was maintained to allow for the appropriate consideration of each item at future meetings and members invited to raise any additional items they considered should be included, as part of the ongoing review of the Committee's effectiveness.

15. **Any other urgent business**

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

The meeting closed at 7.45 pm

David Ewart
Independent Chair