	Audit & Standards Committee 23 September 2026
	Report from the Corporate Director of Finance & Resources
	Lead Member – Deputy Leader & Cabinet Member for Finance & Resources (Councillor Gwen Grahl)

Statement of Accounts 2025/26

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	Six: Appendix A: LB Brent Draft Audit Findings Report Appendix B: LB Brent Pension Fund Draft Audit Findings Report Appendix C: LB Brent Draft Letter of Representation Appendix D: LB Brent Pension Fund Draft Letter of Representation Appendix E: LB Brent Pension Fund Draft Audit Opinion Appendix F: Auditor Annual Report
Background Papers:	N/A
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Corporate Director of Finance & Resources Tel: 020 8937 6528 Email: Minesh.Patel@brent.gov.uk

1.0 Purpose of the Report

1.1 This report provides an update on the statement of accounts for the Council and Pension Fund for 2025/26

2.0 Recommendation(s)

Audit & Standards Committee, having considered any comments referred by the preceding Audit & Standards Advisory Committee, is asked to:

2.1 Delegate approval of the draft letters of representation to Grant Thornton for the Council and Pension Fund to the Corporate Director of Finance & Resources, as set out in Appendices C and D.

2.2 Authorise the chair of the Audit & Standards Committee to sign the final statement of accounts for 2025/26, subject to a written assurance being provided that all outstanding matters and adjustments contained in the Audit Findings report had been made. If there were any material adjustments required as a result of the final Audit Findings report being issued, these would be reported back to the Audit and Standards Committee and also notified to all members of the Audit & Standards Advisory Committee.

2.3 Agree the audit fees for 2025/26, as set out in section 3.2.12 of this report.

3.0 Background

3.1 Contribution to Borough Plan Priorities and Strategic Context

3.1.1 The statement of accounts is the formal audited accounts of the Council. The purpose of the statement of accounts is to give clear information on the Council's overall finances and demonstrate stewardship of public money for the year. Being able to independently demonstrate that the Council's financial affairs are sound, will ensure the Council can achieve its Borough Plan priorities and objectives.

3.2 Detail

3.2.1 The Council published its draft Statement of Accounts and Annual Governance Statement (AGS) for 2025/26 by the statutory deadline of 30 June 2026. The draft accounts and AGS were made available for public inspection in accordance with statutory requirements and were subsequently submitted to the Council's external auditors to commence the audit of the financial statements and governance arrangements. Copies of these documents are available on the Council's website (Annual statement of accounts | Brent Council) and can also be provided to members upon request.

3.2.2 The Audit Committee has responsibility for considering issues raised by the external auditors as part of the process of approving the annual statement of accounts. The basis for this consideration is the "report to those charged with governance" also referred to as the ISA260 (Audit Findings Report). The Council's external auditors, Grant Thornton, produce the report following completion of the audit of accounts. The report is intended to identify any changes to the accounts, unadjusted misstatements or material weaknesses in controls identified during the audit work.

3.2.3 At the time of despatch of this report, Grant Thornton are in the process of finalising the audit of the 2025/26 accounts and their ISA260 (Audit Findings Report). The draft Audit Findings Report for the Council and Pension Fund are attached as appendices A and B respectively.

3.2.4 At the time of writing, most of the key audit areas have been reviewed by Grant Thornton, with some awaiting review by their senior management. The main outstanding areas are Property, Plant & Equipment, Financial Instruments and Group Accounts. Changes to the Code requiring the Council to adopt indexation has meant that Property, Plant & Equipment remains an area of extensive audit focus, not only in terms of the accounting but also in terms of disclosure compliance. The Financial Instruments notes have been prepared using a new process introduced in 2025/26. The associated audit work has taken longer to complete due to the additional testing and assurance required over the revised approach.

3.2.5 The council has been working on an improvement plan to address the shortcomings of its records of assets since the completion of the audit of the 2024/25 Statement of Accounts. The delays in audit completion experienced over the past two years highlighted the need for significant improvements to the Council's asset records and underlying processes. In response, the Council implemented a comprehensive improvement plan to strengthen asset management arrangements, improve data quality and enhance record keeping across the organisation.

3.2.6 Since the audit of the 2024/25 Statement of Accounts, this programme has delivered substantial progress. Work has focused on the Council's most material asset classes, particularly Property, Plant and Equipment, where improvements to records, processes and controls have already led to greater accuracy, completeness and confidence in the Fixed Asset Register.

3.2.7 The work undertaken to date has established a much stronger foundation for financial reporting and asset management. While further work remains to fully embed these improvements and address the remaining areas identified within the programme, the Council is now seeing the benefits of the actions taken and remains committed to continuous improvement.

3.2.8 The Group Accounts also need to be audited once the other audit items are complete. At this point, the underlying single entity accounts will have been audited, so the audit of the Group Accounts focuses on whether the single entity accounts have been combined correctly. It is not anticipated that this will identify any material issues.

3.2.9 A post balance sheet event has been identified relating to a proposed commercial agreement that is expected to result in a change to the value of certain Plant, Property and Equipment assets. While the agreement had not been formally agreed or executed by the date the accounts were authorised for issue, sufficient information is available to indicate that the revised value is likely to be recognised. The change in value is considered material; however, as it is a Plant, Property and Equipment transaction it does not impact the Council's overall financial position, financial sustainability, or level of usable reserves. It is anticipated that this will be concluded by mid-October.

3.2.10 A series of 'backstop' dates were introduced by the government in 2024 as part of its plans to clear local authority audit backlogs. If the audit of the accounts cannot be completed before the backstop date then the auditor can issue a modified or disclaimed audit opinion. A disclaimer of opinion is issued where the auditor is unable to obtain sufficient appropriate audit evidence and, therefore, does not express an opinion on the financial statements or specific elements of them. The Council has not received a disclaimer of opinion in the last two years, having published its Statement of Accounts either on or shortly before the statutory backstop date. For 2025/26, the Council remains on track to publish its accounts by the end of September 2026, significantly ahead of the current backstop date of 31 January 2027. The final accounts and final Audit Findings Report will be sent to the committee as soon as practically possible.

3.2.11 As part of the accounts sign off process, Brent are required to issue a letter to the auditors that sets out the responsibilities and representations made by Brent to the auditor to confirm that certain matters have been undertaken and confirm the responsibilities of Brent to ensure there is no misunderstanding. The draft letters for the Council and Pension Fund are set out in Appendices C and D. The draft audit opinion for the Council can be found on pages 64 to 74 of Appendix A. The draft audit opinion for the Pension Fund is set out in Appendix E.

3.2.12 Details of audit fees are set out in the Audit Findings Report. The fees as per the original audit plan are £560,500. Further fees of £20,000 have been incurred to reflect extra audit work required in relation to property valuation indexation, financial instruments, debtors and creditors, cash reconciliations, and a prior period adjustment. These issues were not included within the original audit fee assumptions and resulted in additional audit procedures being necessary. Officers have worked closely with the auditors throughout the process to resolve issues promptly and minimise the level of additional audit work and associated fees wherever possible. As part of the accounts sign off process, members are asked to agree the additional audit fees.

3.2.13 The Auditor's Annual Report is attached as Appendix F and is broadly positive regarding the Council's arrangements for securing value for money. Grant Thornton found that governance arrangements remain strong and that significant progress has been made in stabilising the Council's financial position and improving financial reporting. However, the auditor has retained two key recommendations relating to the delivery of savings required to achieve medium-term financial sustainability and the continued improvement of housing compliance following the Regulator of Social Housing's C3 judgement. No statutory recommendations were issued and the auditor anticipates issuing an unmodified opinion on the 2025/26 Statement of Accounts.

4.0 Stakeholder and ward member consultation and engagement

4.1 There are no direct considerations arising out of this report.

5.0 Financial Consideration

5.1 There are no financial implications arising as result of this report.

6.0 Legal Considerations

6.1 There are no legal implications arising as result of this report.

7.0 Equality, Diversity & Inclusion (EDI) Considerations

7.1 Not applicable.

8.0 Climate Change and Environmental Considerations

8.1 Not applicable.

9.0 Human Resources/Property Considerations

9.1 Not applicable.

10.0 Communication Considerations

10.1 Not applicable

Report sign off:

Minesh Patel
Corporate Director of Finance and Resources