



**Audit and Standards Advisory
Committee**

26 September 2019

Report from the Director of Finance

First Wave Housing and i4B Audit Progress

Wards Affected:	All
Key or Non-Key Decision:	Non-key
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:	2 - I4B and FWH Audit Finding Reports
Background Papers:	None.
Contact Officer(s): (Name, Title, Contact Details)	Allen Fountoukos, Senior Finance Analyst 0208 937 3518, Allen.Fountoukos@brent.gov.uk

1.0 Purpose of the Report

- 1.1 This report provides an update to the audit committee on the progress of First Wave Housing (FWH) and i4B company audits.
- 1.2 To make the Committee aware of the proposed new tender and schedule for next year's audit.

2.0 Recommendations

- 2.1 That the Committee note the progress of First Wave Housing and i4B company audits.
- 2.2 That the Committee agree to the proposed new schedule.

3.0 Summary

- 3.1 The deadline for FWH for filing audited accounts is 30 September 2019 (six months from the accounting reference date of 31 March 2019). FWH is expected to have filed audited accounts by this deadline.

- 3.2 The deadline for i4B for filing audited accounts is 31 December 2019 (nine months from the accounting reference date of 31 March 2019).
- 3.3 Both company audits have progressed well to date, and have so far provided the required level of assurance for the auditors to provide an unqualified audit opinion. The i4B and FWH boards are responsible for signing off the respective audits for the companies.
- 3.4 Both companies have corrected prior year accounts and detailed these in a prior year adjustment note. The adjustments have been agreed with the auditors and are detailed in the auditor's report.
- 3.5 For the current financial statements (2018/19), a further audit adjustment has been made to the accounts for FWH. This has been agreed with the auditors and Council officers and detailed in the auditor's report.
- 3.6 The auditors report details these adjustments including the nature of the adjustments.
- 3.7 As of writing, there is nothing to suggest that either company will have further audit adjustments.
- 3.8 As of writing, both audits have so far provided the required level of assurance for the auditors to provide an unqualified audit opinion.
- 3.9 The proposed audit plan for next year (2019/20) accounts is to complete the audit of both companies by the 30th June. This will provide enough time for financial statements of the companies to be consolidated with the Council's financial statements for group accounting purposes within the Council's statutory deadline.

4.0 Detail – First Wave Housing

- 4.1 As a result of the audit, two audit adjustments have been made to the First Wave Housing Accounts, one for current year and the other resulting in a prior year adjustment with restated balances. These adjustments result in a movement in reserves from the revenue reserve to the revaluation reserve. For the prior year adjustment, net assets remain unchanged. These adjustments have been agreed by Council officers with Grant Thornton.

The adjustments are shown in section 7 of the auditor's draft report *The Audit Findings for First Wave Housing Limited*.

- 4.2 There are no other significant issues that have been raised by the auditors at the time of writing. The auditors have begun closing procedures and have some remaining tasks to complete, after which a final draft will be produced with audit amendments for sign off.
- 4.3 The auditors (Grant Thornton) will provide a report on the progress and expected result of the FWH audit.

5.0 Detail - i4B

- 5.1 No significant issues that have been raised by the auditors at the time of writing relating to the i4B accounts. The auditors have begun closing procedures, with

some remaining tasks to complete, after which a final draft will be produced with audit amendments for audit sign off.

- 5.2 The auditors (Grant Thornton) will provide a report on the progress and expected result of the i4B audit.

6.0 Financial Implications

- 6.1 Financial implications are discussed in the body of this report.

7.0 Proposal for change of audit schedule for 2019/20 financial year

- 7.1 The Council proposes to complete the audit of both subsidiaries by the 30th June 2020.
- 7.2 To achieve this, the companies will produce draft financial statements by 1 May 2019. The audit will then commence immediately, with the aim of completing audit by 30 June, allowing two months for audit. This falls in line with current expected timeframe for this year's audit (beginning of August to end of September).
- 7.3 The Council will tender for the audit of the companies to be completed in this timeframe. This allows for some contingency going into July. The Council will then consolidate the subsidiary accounts for the group financial statements in line with Council's aim of faster closure and within the statutory deadline.

8.0 Legal Implications

- 8.1 No specific implications.

9.0 Equality Implications

- 9.1 No specific implications.

10.0 Consultation with Ward Members and Stakeholders

- 10.1 Not applicable.

11.0 Human Resources

- 11.1 Not applicable

Report sign off:

Minesh Patel, (Director of Finance)