

## AUDIT COMMITTEE

MINUTES of a meeting of the Audit Committee held at Committee Room, County Hall, Lewes on 18 November 2022.

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PRESENT Councillors Colin Swansborough (Chair), Matthew Beaver, Nuala Geary, Stephen Holt, Matthew Milligan and Georgia Taylor

LEAD MEMBERS Councillor Nick Bennett

ALSO PRESENT Ros Parker, Chief Operating Officer  
Ian Gutsell, Chief Finance Officer  
Russell Banks, Chief Internal Auditor  
Nigel Chilcott, Audit Manager  
Mark Winton, Audit Manager – Delivery  
Simon White – Audit Manager – Counter Fraud  
  
Andy Conlan, Grant Thornton UK LLP

### 23. MINUTES OF THE PREVIOUS MEETING

23.1 The Committee RESOLVED to agree the minutes as a correct record of the meeting held on 23 September 2022.

### 24. APOLOGIES FOR ABSENCE

24.1 Apologies for absence were received from Councillor Fox

24.2 It was noted that Councillor di Cara was in attendance as a substitute for Councillor Fox.

### 25. DISCLOSURES OF INTERESTS

25.1 There were none.

### 26. URGENT ITEMS

26.1 There were none.

### 27. REPORTS

27.1 Reports referred to in the minutes below are contained in the minute book.

### 28. REVIEW OF ANNUAL GOVERNANCE REPORT & 2021/22 STATEMENT OF ACCOUNTS

28.1 The Committee considered a report by the Chief Finance Officer and received a presentation from the external auditors, Grant Thornton UK LLP of their draft Audit Findings Report.

28.2 The Committee discussed the issues that Grant Thornton (GT) encountered regarding engagement with the professional valuer which delayed the draft audit opinion being reported to Audit Committee.

28.3 The Committee noted the national issue around the valuation and accounting for infrastructure assets which is causing the sign off delay for all Council audits in the country.

28.4 The Committee noted that GT is awaiting the outcome of consultation for a statutory override from CIPFA regarding Infrastructure Asset valuation before GT can sign off the audit and accounts. GT advised the Committee it is unlikely that there will be significant changes to the draft statement of accounts or draft audit opinion following the statutory override which is likely to occur around Christmas 2022.

28.5 The Committee discussed the impact of remote and hybrid working on the time that it has taken for GT to complete their audit activities to produce the annual governance report.

28.6 The Committee noted that GT will be issuing a Value for Money Audit Letter to East Sussex County Council as a requirement from the National Audit Office and this will be completed before the next meeting of the Audit Committee in March 2023.

28.7 The Committee RESOLVED to:

1) note the report and its appendices;

2) confirm that there were no concerns arising from the draft Independent Auditor's (GT) report or the management response to it, that need to be brought to the attention of the Governance Committee; and

3) delegate review of the final Independent Auditor's (GT) report to the Chair and Vice Chair of the Audit Committee so long as there are no significant changes to the draft report.

## 29. REVIEW OF ANNUAL PENSION FUND GOVERNANCE REPORT AND 2021/22 STATEMENT OF ACCOUNTS

29.1 The Committee considered a report by the Chief Finance Officer and received a presentation by the external auditors, Grant Thornton (GT) of their draft Audit Findings Report which went to the Pension Board on 15 November 2022 and will be considered by the Pension Committee on 30 November 2022.

29.2 The Committee discussed issues around Pension Working Papers and the further engagement that will occur between GT, the Pension Team and the Finance Team to ensure that the Pension Working Papers meet requirements for inspection by the external auditors.

29.3 The Committee noted the delay of the final report due to GT being unable to sign off the final audit opinion until a statutory override for Infrastructure Asset valuation has been issued by CIPFA.

29.4 The Committee RESOLVED to:

1) note the report and appendix; and

2) delegate review of the final Independent Auditor's (GT) report to the Chair and Vice Chair of the Audit Committee so long as there are no significant changes to the draft report.

## 30. TREASURY MANAGEMENT - STEWARDSHIP REPORT 2021/22

30.1 The Committee considered a report by the Chief Finance Officer, which presented a review of the Council's performance on Treasury Management for the year 2021/22 and mid-year review for 2022/23. The Chief Finance Officer highlighted the investment gains achieved

being above the benchmark, repayment of the last remaining LOBO loan and achievement of prudential indicators.

30.2 The Committee RESOLVED to note the Treasury Management performance in 2021/22, incorporating the Mid-Year Review for the first half of 2022/23.

31. INTERNAL AUDIT PROGRESS REPORT - QUARTER 2 2022/23 (01.07.22 - 30.09.22)

31.1 The Committee considered a report by the Chief Operating Officer which set out the Internal Audit team's work during Quarter 2.

31.2 The Committee noted one audit completed was given 'partial assurance' regarding Procurement Data Analytics and two formal follow up reviews on previous 'partial assurance' audits have improved their assurance level receiving 'reasonable assurance'.

31.3 The Chief Operating Officer commented on the progress of the MBOS programme and noted that the MBOS Sub-Group of the Audit Committee will be meeting on 22 November 2022 to discuss the programme in more detail.

31.4 The Committee discussed the Department for Levelling Up, Housing and Communities (DLUHC) Deep Dive and what is required from East Sussex County Council in terms of information for the Deep Dive to be submitted to Essex County Council as the host authority. The Committee noted that the final report will go through the LEP Accountability Board but may not be shared with all LEP Local Authorities. The Chief Finance officer will inform the Committee when more information is known regarding the Deep Dive report.

31.5 The Committee RESOLVED to note the report.

32. ANNUAL UPDATE ON PROPERTY INVESTMENT STRATEGY

32.1 The Committee considered a report by the Chief Operating officer which set out an update on key Property work activities.

32.2 The Chief Operating officer highlighted the ongoing work to review the use of corporate estate through the Workstyles programme and carbon reduction measures noting the recent 40% property reduction achieved through the relocation of corporate teams from Ocean House, Hastings.

32.3 The Committee RESOLVED to note the contents of the report.

33. WORK PROGRAMME

33.1 They Committee considered its current work programme of forthcoming items.

33.2 The Committee RESOLVED to note the programme.

The meeting ended at 11.20 am.

Councillor Colin Swansborough (Chair)