

AUDIT COMMITTEE

MINUTES of a meeting of the Audit Committee held at Council Chamber, County Hall, Lewes on 29 September 2023.

PRESENT Councillors Colin Swansborough (Chair), Gerard Fox (Vice Chair), Matthew Beaver, Nuala Geary Stephen Holt and Wendy Maples

LEAD MEMBERS Councillor Nick Bennett

ALSO PRESENT Ros Parker, Chief Operating Officer
Ian Gutsell, Chief Finance Officer
Thomas Alty, Deputy Chief Finance Officer
Russell Banks, Chief Internal Auditor
Nigel Chilcott, Audit Manager
Paul Fielding, IT Audit Manager
Simon White, Audit Manager – Counter Fraud
Darren Wells, Grant Thornton UK LLP

15. MINUTES OF THE PREVIOUS MEETING

15.1 The Committee RESOLVED to agree the minutes of the meeting held on 7 July 2023 as a correct record.

16. APOLOGIES FOR ABSENCE

16.1 Apologies for absence were received from Councillors Matthew Milligan and Georgia Taylor.

16.2 It was noted that Councillor Wendy Maples was in attendance as a substitute for Councillor Georgia Taylor.

17. DISCLOSURES OF INTERESTS

17.1 There were none.

18. URGENT ITEMS

18.1 There were none.

19. REPORTS

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

20. INTERNAL AUDIT PROGRESS REPORT - QUARTER 1 (01/04/23 - 30/06/23)

20.1 The Committee considered a report by the Chief Operating Officer which set out the internal audit and counter fraud activity completed during quarter 1.

20.2 The Committee discussed the Pension Fund Investments and Accounting audit and noted that the audit concluded that the ACCESS pool achieves the benefits of economies of scale.

20.3 The Committee RESOLVED to note the report.

21. EXTERNAL AUDIT - PROGRESS REPORT

21.1 The Committee considered a report by the Chief Finance Officer which provided an update on progress with the audit of the East Sussex County Council and East Sussex Pension Fund statement of accounts for 2021/22 and 2022/23.

21.2 Darren Wells from Grant Thornton UK LLP (GT) gave an update to the Committee with emphasis on the challenges regarding land and building valuations, from Property Services and the Council's external Valuer and the national backlog of Local Government audits.

21.3 The Committee noted that auditors make their "true and fair" view of the statement of accounts at a certain point in time, any delays in completing audits will mean that the accuracy and availability of data for estimates within the accounts will potentially change and thereby require further testing and review to take place. This will create further delay to the completion of the audit.

21.4 The Committee noted that external audit work on Value for Money has started for 2022/23 and it is anticipated that the Audit Findings Report will be considered by the Committee at the next committee meeting in November 2023.

21.5 The Committee discussed the national issue regarding Special Educational Needs and Disability (SEND) deficits and the "safety value" mechanism that enable Councils to manage the overspends via their balance sheets. The Committee noted that East Sussex County Council's SEND budget is not in deficit.

21.6 The Committee discussed sustainability reporting in the public sector and the approach recommended from CIPFA that aligns sustainability reporting with wider practice of financial reporting. The Committee noted that this is a developing field with no clear timeline and that GT is looking at their capacity and expertise to respond to the recommended approach.

21.7 The Committee RESOLVED to:

1) note the progress update provided by Grant Thornton;

2) request that further reports outlining national and sector challenges, specify which challenges are applicable to East Sussex County Council; and

3) note the 2022/23 Audit Risk Assessment, as part of the information provided to Grant Thornton to support their audit work.

22. CIPFA FINANCIAL MANAGEMENT CODE

22.1 The Committee considered a report by the Chief Finance Officer which provided the annual overview of Financial Management Code compliance.

22.2 The Committee discussed the challenges of financial modelling and the benefits of learning from neighbouring authorities through the collaboration group between senior finance officers.

22.3 The Committee noted that it would be beneficial to understand how East Sussex compares to neighbouring authorities regarding the annual overview of Financial Management Code compliance.

22.4 The Committee RESOLVED to note the annual overview of Financial Management Code compliance.

23. STRATEGIC RISK MONITORING - QUARTER 1 2023/24

23.1 The Committee considered a report by the Chief Operating Officer which presented current strategic risks faced by the Council, their status and risk controls and responses together with the current Risk Management process.

23.2 The Committee highlighted strategic risk 12 – Cyber Attack and welcomed the ongoing risk controls in place to ensure the Council’s cyber security and resilience.

23.3 The Committee RESOLVED to:

1) Note the process of strategic risk management; and

2) Note the current strategic risks and the risk controls / responses being proposed and implemented by Chief Officers.

24. WORK PROGRAMME

24.1 The Committee considered its current work programme of forthcoming items.

24.2 The Committee noted that updates on Modernising Back Office Systems (MBOS) were being provided to the MBOS) Sub-Group in the form of monthly written updates and a further meeting of the Sub-Group can be convened if requested.

24.3 The Committee RESOLVED to note the programme.

The meeting ended at 11.08 am.

Chair