

AUDIT COMMITTEE

MINUTES of a meeting of the Audit Committee held at Council Chamber, County Hall, Lewes on 28 March 2024.

PRESENT Councillors Colin Swansborough (Chair), Gerard Fox (Vice Chair), Matthew Beaver, Nuala Geary, 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
Paul Fielding, IT Audit Manager

Andy Conlan, Grant Thornton UK LLP
Darren Wells, Grant Thornton UK LLP
Parris Williams, Grant Thornton UK LLP

41. MINUTES OF THE PREVIOUS MEETING

41.1 The Committee RESOLVED to agree the minutes of the meeting held on 24 November 2023 as a correct record.

42. APOLOGIES FOR ABSENCE

42.1 Apologies for absence were received from Councillor Stephen Holt.

43. DISCLOSURES OF INTERESTS

43.1 There were none.

44. URGENT ITEMS

44.1 There were none.

45. REPORTS

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

46. INTERNAL AUDIT PROGRESS REPORT - QUARTER 3 (01/10/23 - 31/12/23)

46.1 The Committee considered a report by the Chief Operating Officer which set out the internal audit and counter fraud activity completed during quarter 3.

46.2 The Committee discussed the supplier failure audit, which had a partial assurance opinion, and noted that the agreed action plan addresses the issues regarding guidance awareness for contract managers.

46.3 The Committee RESOLVED to note the report.

47. INTERNAL AUDIT STRATEGY AND 2024/25 ANNUAL AUDIT PLAN

47.1 The Committee considered a report by the Chief Operating Officer which presented the Internal Audit Strategy and detailed the Internal Audit Plan for 2024/25, together with the Internal Audit Charter.

47.2 The Committee discussed the need for local authorities to be prepared to take more risk in response to the national position for local government and noted that Internal Audit Strategy and 2024/25 Annual Audit Plan takes into consideration the likelihood of the Council adjusting its risk appetite and risk exposure.

47.3 The Committee RESOLVED to:

- 1) Endorse the Council's Internal Audit Strategy and 2024/25 Annual Audit Plan; and
- 2) Endorse the Internal Audit Charter.

48. EXTERNAL AUDIT - 2021/22 AND 2022/23 AUDIT UPDATE

48.1 The Committee considered a report by the Chief Finance Officer which provided an update regarding the progress on the delivery of Grant Thornton's responsibilities as the Council's external auditor for the 2021/22 and 2022/23 statement of accounts.

48.2 Andy Conlan from Grant Thornton UK LLP (GT) confirmed that the 2021/22 audit was signed-off at the end of 2023 and it is anticipated that the 2022/23 audit is nearing completion with sign-off anticipated in April 2024.

48.3 The Committee noted that the sign-off of the 2022/23 audit in April 2024 following the closure of audit queries and receipt of an adjusted statement of accounts will bring the external audit programme up to date several months before the national backstop of the end of September 2024.

48.4 The Committee were informed of the great collaboration between GT and the finance team and the Committee thanked Darren Wells of GT who will be moving on after being the engagement lead for East Sussex County Council for 5 years.

48.5 The Committee RESOLVED to:

- 1) Note the conclusion to the audit of the 2021/22 Statement of Accounts; and
- 2) Note the latest position regarding the audit of the 2022/23 Statement of Accounts.

49. EXTERNAL AUDIT PLAN 2023/24

49.1 The Committee considered a report by the Chief Finance Officer which presented the plan proposed by the external auditors (Grant Thornton) in connection with the County Council's 2023/24 accounts together with supplementary information informing the audit risk assessment for East Sussex County Council 2023/24.

49.2 Andy Conlan from Grant Thornton UK LLP presented the plan to the Committee and highlighted the future work around IT and technical infrastructure and the timeline for completion of all field work anticipated between June and September 2024.

49.3 The Committee discussed the fee increase for the 2023/24 audit and that external audit fees have seen an average increase of 150% across local government. The increase is largely reflective of the recruitment challenges faced by the audit firms, together with increased

regulatory requirements of audits, particularly regarding valuations of Property, Plant and Equipment (PPE) and Pension Funds. The draft statement of accounts will be published by 31 May 2024, in line with the guidance.

49.4 The Committee discussed the audit risk assessment regarding consideration of climate change as a risk to fixed assets and noted that there is no specific requirement for the valuer to take into account longer term climate implications.

49.5 The Committee noted the work that will be undertaken to review the accessibility of the Council's published accounts.

49.6 The Committee RESOLVED to note the content of the External Audit Plan for 2023/24.

50. EXTERNAL AUDIT PLAN FOR THE EAST SUSSEX PENSION FUND 2023/24

50.1 The Committee considered a report by the Chief Finance Officer which presented the plan proposed by the external auditors (Grant Thornton) in connection with the 2023/24 accounts of the East Sussex Pension Fund (ESPF).

50.2 Parris Williams from Grant Thornton UK LLP presented the audit plan to the Committee and highlighted the focus of the plan being contributions and investments and the timeline for completion of all field work anticipated between June and September 2024.

50.3 The Committee noted the fee increase for the 2023/24 East Sussex Pension Fund audit.

50.4 The Committee RESOLVED to note the content of the external audit plan for the East Sussex Pension Fund for 2023/24.

51. STRATEGIC RISK MONITORING - QUARTER 3 2023/24

51.1 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.

51.2 The Committee discussed Risk 9 – Workforce and noted the work being undertaken to mitigate the risk through both recruitment and retention.

51.3 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.

52. AUDIT COMMITTEE SELF-ASSESSMENT

52.1 The Committee considered a report by the Chief Finance Officer which presented the outcome of the Audit Committee self-assessment and actions arising.

52.2 The Committee noted that the gaps in skills for the Audit Committee were mainly around accountancy, audit and legal qualifications and experience and that these areas will be the focus for recruitment of the two co-opted members to the Audit Committee.

52.3 The Committee were informed that the Terms of Reference for the Audit Committee will be reviewed, an annual report of the Audit Committee introduced, and a tailored training

programme will be developed for the Committee were the main actions arising from the self-assessment exercise.

52.4 The Committee RESOLVED to note the outcome of the self-assessment exercise and the actions arising.

53. WORK PROGRAMME

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

53.2 The Committee RESOLVED to note the programme and agree that an annual report of the Audit Committee be added to the Work Programme for July 2024.

The meeting ended at 11.16 am.

Chair