

AUDIT COMMITTEE

MINUTES of a meeting of the Audit Committee held at Council Chamber, County Hall, Lewes on 5 July 2024.

PRESENT Councillors Colin Swansborough (Chair), Gerard Fox (Vice Chair), Matthew Beaver, Philip Lunn and Georgia Taylor

LEAD MEMBERS Councillor Nick Bennett

ALSO PRESENT Philip Baker, Assistant Chief Executive
Ros Parker, Chief Operating Officer
Thomas Alty, Deputy Chief Finance Officer
Russell Banks, Chief Internal Auditor
Nigel Chilcott, Audit Manager
Mark Winton, IT Audit Manager
Simon White, Audit Manager (Counter Fraud)

Andy Conlan, Grant Thornton UK LLP

1. MINUTES OF THE PREVIOUS MEETING

1.1 The Committee RESOLVED to agree the minutes of the meeting held on 28 March 2024 as a correct record.

1.2 The Committee noted the outstanding conclusion to audit of the 2022/23 Statement of Accounts mentioned at minute 48 was signed-off on 31 May 2024.

2. APOLOGIES FOR ABSENCE

2.1 Apologies for absence were received from Councillor Milligan.

2.2 It was noted that Councillor Beaver sent apologies for the beginning of the meeting and was present from 10:04 at item 5.

3. DISCLOSURES OF INTERESTS

3.1 There were none.

4. URGENT ITEMS

4.1 There were none.

5. REPORTS

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

6. ASSESSMENT OF THE CORPORATE GOVERNANCE FRAMEWORK AND ANNUAL GOVERNANCE STATEMENT FOR 2023/24

6.1 The Committee considered a report by the Assistant Chief Executive which presented the Council's Annual Governance Statement (AGS), and the assessment of compliance with the Corporate Governance Framework, before they are presented to the Governance Committee.

6.2 The Assistant Chief Executive informed the Committee that the report concluded that there are no significant weaknesses in the Council's governance arrangements, and that the Council has in place satisfactory governance arrangements including a satisfactory system of internal control, which operate effectively.

6.3 The Committee RESOLVED to confirm that there were no changes to the Annual Governance Statement that they wished to recommend to the Governance Committee.

7. INTERNAL AUDIT ANNUAL REPORT AND OPINION 2023/24

7.1 The Committee considered a report by the Chief Operating Officer which set out the opinion on the County Council's control environment for the year from 1 April 2023 to 31 March 2024.

7.2 The Committee discussed the 2023/24 reasonable assurance audit opinion and how East Sussex County Council's internal audit opinion compared to other local authorities in the south east.

7.3 The Committee discussed the small increase of partial assurance audit opinions given in 2023/24 exploring possible reasons behind the increase and noting that internal audit has not identified a pattern regarding partial assurance opinions and that assurance opinions are based on a number of different factors relating to the level of risk for the audit area.

7.4 The Committee noted that internal audit identified that the induction process for managers could be strengthened to increase awareness of council policy and manager expectations to apply certain controls.

7.5 The Committee discussed the importance of having a high audit assurance opinion for key financial systems such as the general ledger and treasury management which were given substantial assurance and noted the value of internal audit during the implementation of Oracle as a new financial system.

7.6 The Committee RESOLVED to:

- 1) note the Internal Audit Service's opinion on the Council's control environment; and
- 2) confirm that the Council's system for internal audit has proved effective during 2023/24.

8. COUNTER FRAUD ANNUAL REPORT 2023/24

8.1 The Committee considered a report by the Chief Operating Officer which set out irregularity investigations and proactive county fraud work undertaken by Internal Audit between 1 April 2023 and 31 March 2024.

8.2 The Committee discussed the impact and potential impact of fraud on the council and requested that future reporting includes information that provides scale according to the budget size for the department where the fraud took place.

8.3 The Committee noted the resource allocated to counter fraud work and the close working relationship with internal audit.

8.4 The Committee RESOLVED to note the irregularity investigations and proactive counter fraud work undertaken by Internal Audit between 1 April 2023 and 31 March 2024.

9. STRATEGIC RISK MONITORING - QUARTER 4 2023/24

9.1 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.

9.2 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.

10. AUDIT COMMITTEE: ANNUAL REPORT 2023/24

10.1 The Committee considered a report by the Chief Finance Officer which presents the draft Audit Committee: Annual Report 2023/24 to the Committee for review and comment.

10.2 The Committee RESOLVED to agree and endorse the Audit Committee: Annual Report 2023/24.

11. AUDIT COMMITTEE ORACLE SUBGROUP UPDATE

11.1 The Committee considered a report by the Chief Operating Officer setting out a summary of the discussion at the recent meetings of the Committee's Oracle Implementation (previously MBOS) Subgroup along with a progress update regarding the Oracle Implementation Programme.

11.2 The Committee discussed the phased approach to the programme and the positive impact this will have in terms of organisational change and confidence in Oracle and the benefits of the renegotiated terms with the supplier for delivery of the implementation.

11.3 The Committee discussed the impact of Oracle in terms of behavioural change management surrounding the proposed change to current processes in line with the Oracle product and budget pressure for the implementation programme noting that the budget for the phased approach programme is spread across more than one financial year.

11.4 The Committee RESOLVED to note that the Committee's Oracle Implementation Subgroup has regularly reviewed the Council's Oracle Implementation programme.

12. WORK PROGRAMME

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

12.2 The Committee RESOLVED to note the programme.

The meeting ended at 11.04 am.

Chair