

AUDIT COMMITTEE

MINUTES of a meeting of the Audit Committee held at Council Chamber, County Hall, Lewes on 28 March 2025.

PRESENT Councillors Colin Swansborough (Chair), Gerard Fox (Vice Chair), Matthew Beaver and Philip Lunn, Wendy Maples and Paul Redstone

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

Andy Conlan, Grant Thornton UK LLP
Joanne Brown, Grant Thornton UK LLP

39. MINUTES OF THE PREVIOUS MEETING

39.1 The Committee RESOLVED to agree the minutes of the meeting held on 22 November 2024 as a correct record.

40. APOLOGIES FOR ABSENCE

40.1 Apologies for absence were received from Councillors Milligan and Taylor.

40.2 It was noted that Councillor Redstone was in attendance as a substitute for Councillor Milligan and Councillor Maples was in attendance as a substitute for Councillor Taylor.

41. DISCLOSURES OF INTERESTS

41.1 Councillor Redstone declared a personal as the Co-Opted Governor for The Genesis Federation (Beckley and Peasmarsh primary schools). He did not consider this to be prejudicial.

41.2 Councillor Maples declared a personal interest as a Member of Lewes District Council and Lewes Town Council. She did not consider this to be prejudicial.

42. URGENT ITEMS

42.1 There were none.

43. REPORTS

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

44. INTERNAL AUDIT PROGRESS REPORT - QUARTER 3 (01/10/24 - 31/12/24)

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

44.2 The Committee discussed the outstanding high-risk action relating to resource planning for the Oracle Implementation Programme and noted that the risk has been mitigated to the fullest extent possible meaning that there is sufficient resource available to go-live.

44.3 The Committee RESOLVED to note the report.

45. 2025/26 INTERNAL AUDIT STRATEGY AND ANNUAL AUDIT PLAN

45.1 The Committee considered a report by the Chief Operating Officer which presented the Council's 2025/26 Internal Audit Strategy and Annual Audit Plan, together with the Internal Audit Charter.

45.2 The Committee discussed partnership working within the Internal Audit team and the resource within the partnership available to deliver audit work in 2025/26 in relation to emerging risks regarding devolution and local government reorganisation.

45.3 The Committee noted that the Chief Internal Auditor continues to meet with heads of audit nationally to discuss best practice and key risks in relation to devolution and local government reorganisation.

45.4 The Committee were given assurance that there is sufficient contingency within the Internal Audit plan to respond to emerging risks while auditing of key financial systems and counter fraud activity will continue in 2025/26 similar to previous years.

45.6 The Committee discussed the Sussex Safer Roads Partnership which is listed in the 'Other Potential Auditable Areas' within the Internal Audit report at Annexe A of the report and highlighted the risk around the effectiveness of the partnership achieving its aims following the departure of Sussex Police from the partnership.

45.7 The Committee RESOLVED to:

1) Review and endorse the Council's 2025/26 Internal Audit Strategy and Annual Audit Plan; and

2) Review and endorse the Internal Audit Charter.

46. AUDIT COMMITTEE ORACLE SUBGROUP UPDATE

46.1 The Committee considered a report by the Chief Operating Officer which provided an update to the Audit Committee of the Oracle Subgroup's most recent activity.

46.2 The Committee discussed the programme's progress to go-live with Phase 2 on 17 April 2025, the increased frequency of the subgroup's oversight as the proposed go-live date approaches and the risks associated with go-live.

46.3 The Committee discussed Oracle in the context of local government reorganisation and its ability to perform as an effective financial system for a larger unitary authority.

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

47. EXTERNAL AUDIT PLAN 2024/25

47.1 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 2024/25 accounts together with supplementary information informing the audit risk assessment for East Sussex County Council 2024/25.

47.2 The Committee discussed external audit resource and were reassured by Grant Thornton that there is sufficient resource to complete the audits by the expected timeframes set out in the plan.

47.3 The Committee noted the risks that require audit consideration as they could potentially cause a material error in the financial statements as listed in the report. The plan shows that the main audit will take place between October and December 2024, this is later than previous years, although helpful given the resource requirements of Oracle implementation. The 2024/25 Statement of Accounts will be published for public inspection by 30 June 2025, in line with national reporting guidelines.

47.4 The Committee RESOLVED to:

- 1) Note the content of the External Audit Plan for 2024/25; and
- 2) Note the Informing the Risk Assessment Questionnaire.

48. EXTERNAL AUDIT PLAN FOR THE EAST SUSSEX PENSION FUND 2024/25

48.1 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 2024/25 accounts of the East Sussex Pension Fund (ESPF).

48.2 The Committee discussed the ongoing risk regarding valuations of level 2 and level 3 investments and noted that these risks are seen across the sector and the difference between the estimates considered as part of the audit and actual figures is nearly always not material.

48.3 The Committee noted the earlier timeframe for completion of the ESPF audit and that this aligns better with the Pension Committee's annual report.

48.4 The Committee RESOLVED to:

- 1) Note the content of the external audit plan for the East Sussex Pension Fund for 2024/25; and
- 2) Note the Informing the Risk Assessment Questionnaire.

49. EAST SUSSEX COUNTY COUNCIL AND EAST SUSSEX PENSION FUND: IT SYSTEMS AUDIT FINDINGS REPORT

49.1 The Committee considered a report by the Chief Finance Officer which provided information regarding the content of the Grant Thornton IT Audit Findings Report for East Sussex County Council (ESCC) and East Sussex Pension Fund (ESPF).

49.2 The Committee noted the IT team's responses and that Grant Thornton consider the responses appropriate for mitigation of the identified risks.

49.3 The Committee RESOLVED to note the content of the ESCC and ESPF: IT Systems Audit Findings Report.

50. STRATEGIC RISK MONITORING - QUARTER 3 2024/25

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

50.2 The Committee discussed the strategic risks regarding workforce in the context of local government reorganisation and cyberattack in regard to being one of the highest rated strategic risks.

50.3 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.

51. WORK PROGRAMME

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

51.2 The Committee noted that a report setting out how the East Sussex Internal Audit Service complies with the new Global Internal Audit Standards based on a completed self-assessment and a proposed updated Internal Audit Charter in compliance with the new standards will be presented to the Audit Committee in 2025.

51.3 The Committee RESOLVED to note the programme and agree that a report as detailed in 51.2 above is included on the Committee's Work Programme.

The meeting ended at 11.25 am.

Chair