

Report to: **Governance Committee**

Date: **16 July 2019**

By: **Chief Finance Officer**

Title of report: **Independent Auditor's, Grant Thornton (GT), Report to those charged with governance and Statement of Accounts for 2018/19.**

Purpose of report: **To present the GT report to those charged with governance, and to report an anticipated unqualified audit opinion on the 2018/19 Statement of Accounts.**

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**RECOMMENDATIONS – The Governance Committee is recommended to:**

- (i) note the Independent Auditor's (GT) Report to those charged with governance on ESCC Accounts and the Value for Money conclusion report;**
  - (ii) authorise the Chief Finance Officer to sign the formal Letter of Representation to GT UK LLP; and**
  - (iii) approve the 2018/19 Statement of Accounts for publication.**
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**1. Background**

1.1 This report summarises the key findings arising from GT's audit work in relation to the Council's 2018/19 financial statements, and on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion').

**2. Supporting Information**

2.1 GT UK LLP is obliged to produce a report to those charged with governance on the East Sussex County Council accounts (Appendix A), which formally reports on the outcome of the audit of the Council's statement of accounts.

2.2 GT report requires publication of more detailed points, which in the past were treated as routine technical matters between officers and auditors. As it happens on this occasion there are few such points.

**3. Changes to ESCC Statement of Accounts**

3.1 The Chief Finance Officer (CFO) on 31 May 2019 formally approved the draft Statement of Accounts, in line with the Accounts and Audit 2015 Regulations. Since then the audit has been carried out by GT, and the Regulations require the CFO to report on changes to the accounts before they can be published.

3.2 Subject to any issues being identified by GT between the issue of this report and the meeting, the CFO is able to report that the auditors propose to issue an unqualified "true and fair" audit opinion.

3.3 A small number of presentational adjustments arising from normal audit work have been noted, discussed, and resolved as stated in the reports to those charged with governance, and

GT has made recommendations, which have been discussed and responses included on page 21 of the GT report.

3.4 2 areas considered for improvement were –

- *Access to client maintenance functionalities*: it was identified that 13 users had firefighter ID's within SAP, which in effect gave access all areas, including information, data and configuration functionalities. GT recommended that this function should be reserved for use within an emergency and the number of firefighter type ID should be monitored with access being regularly reviewed. Since this was highlighted, a review has been undertaken and as at June 2019, there were 7 users with firefighter ID, which will be monitored.
- *Journals with no descriptions*: it was identified that some journal entries on being prepared and actioned with no descriptions, thereby increasing the potential for erroneous or fraudulent postings. In response, we will remind staff of the requirement to complete all lines of a journal and monitor during the year.

3.5 GT also carried out the review of the arrangements made by the Council to secure economy, efficiency and effectiveness in the use of resources (Value for Money - VFM) and did not identify any significant VFM risks in 2018/19. GT are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2019, based upon the criteria of informed decision making, sustainable resource deployment and working with partners and third parties. GT did not feel it necessary to report on any particular points on value for money issues.

3.6 The revised set of accounts is attached at Appendix B.

#### **4. Publication of Statement of Accounts**

4.1 The legal deadline for publishing the 2018/19 accounts is the end of July 2019. Once GT has completed their work, a Letter of Representation (Appendix C) needs to be signed by the Chief Finance Officer prior to GT issuing an unqualified opinion. This will enable the 2018/19 Statement of Accounts to be published on the Council's website, which fulfils the legal requirement.

#### **5. Conclusion and reasons for recommendations**

5.1 The Committee to note the Independent Auditor's report to those charged with governance on the ESCC Accounts, the Value for Money conclusion report and to authorize the Chief Finance Officer to sign the Letter of Representation to GT UK LLP.

##### **IAN GUTSELL**

##### **Chief Finance Officer**

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Local Member(s): All

##### Appendices

Appendix A Independent Auditor's (GT) report to those charged with governance on the East Sussex County Council Accounts and Value for Money conclusion

Appendix B ESCC 2018/19 Statement of Accounts

Appendix C Letter of Representation