

Report to: **Audit Committee**

Date: **12 July 2019**

By: **Chief Finance Officer**

Title of report: **Review of the Grant Thornton (GT) report to those charged with governance and Statement of Accounts for 2018-19**

Purpose of report: **For the Committee to review the Independent Auditor's (GT) report to those charged with governance prior to its submission to the Governance Committee on 16 July 2019.**

RECOMMENDATIONS: The Committee is asked to:

- (i) note the report and its appendices; and**
- (ii) identify any concerns arising from the Independent Auditor's (GT) report or the management response to it, that need to be brought to the attention of the Governance Committee.**

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 Under its terms of reference, it is the role of this Committee to "Review the annual statement of accounts and the external auditor's report to those charged with governance."

2.2 It is the role of the Governance Committee to approve the County Council Statement of Accounts having considered whether appropriate accounting policies have been followed and any issues raised by GT from the audit of the accounts.

2.3 The GT reports to those charged with governance and the Council's Statement of Accounts for 2018/19, along with the covering report under which they will be taken to the Governance Committee for approval on 16 July 2019 are attached at Appendix 1.

2.4 The first audit of the 2018/19 Statement of Accounts by GT has now been completed, and I am pleased to be able to report that GT will be issuing an unqualified "true and fair" audit opinion.

2.5 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.

2.6 The two areas considered for improvement were:

- *Access to client maintenance functionalities:* it was identified that 13 users had firefighter ID's within SAP (the finance management system), 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.

2.7 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. Conclusion and reasons for recommendations

3.1 In carrying out their responsibility for review, Members should consider:

- The findings made by the external auditors as a result of final audit of the 2018/19 accounts;
- Whether there is any issue arising that Members might wish to bring to the attention of the Governance Committee when it meets to approve the Statement of Accounts for 2018/19 on 16 July 2019.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Ian Gutsell, Chief Finance Officer
Tel. No. 01273 481399
Email: ian.gutsell@eastsussex.gov.uk

Local Member(s): All

Appendices

Appendix 1 Governance Committee report for approval on 16 July 2019