

**Report to:** Audit Committee

**Date of meeting:** 22 November 2019

**By:** Chief Finance Officer

**Title:** Annual Audit Letter – 2018/19

**Purpose:** To inform the Committee of the Annual Audit Letter and fee outturn for 2018/19

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**RECOMMENDATION: The Audit Committee is recommended to note the Annual Audit Letter and the fee update for 2018/19**

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**1. Supporting Information**

- 1.1 The Grant Thornton Annual Audit Letter (AAL), attached at Appendix A, summaries the work undertaken by Grant Thornton (GT) and the key issues raised as part of the external audit of the 2018/19 Statement of Accounts. The report raises no new issues or findings and reflects the recommendations that were reported to Audit Committee and Governance Committee within the “Independent Auditor’s Report to those charged with Governance and Statement of Accounts 2018/19” report.
- 1.2 GT issued an unqualified opinion on the Council’s financial statements on 20 September 2019. This was later than the deadline of 31 July 2019, due to the late requirement to adjust the accounts to reflect a revised assessment of future pension liabilities. GT attended the Audit Committee on 13 September 2019 to report back on the reason for this change.
- 1.3 The AAL will be circulated to all Councillors and published on the Council’s website. This report is being presented to the Audit Committee en route to Cabinet on 10 December 2019.

**2. External Audit Fees**

- 2.1 The external audit fee for 2018/19, as advised by Public Sector Audit Appointments (PSAA), was £84,837 (County Council of £64,350 and East Sussex Pension Fund of £20,487). The AAL sets out on pages 12-13, proposed additional fees totalling £21,000 (County Council of £16,000 and East Sussex Pension Fund of £5,000), which represents an increase of 24.8% on the original fees.
- 2.2 There are a number of reasons put forward to support the additional fees, from a national requirement for increased assurance from the Financial Reporting Council, to extra work required as this was the first year for GT auditing the authority. These additional fees are being challenged back to GT, and via the PSAA, and have not been paid.

**3. Conclusion and Recommendation**

- 3.1 The report and AAL summarise the key findings from the external audit of the 2018/19 Statement of Accounts for the Council and the East Sussex Pension Fund, together with the 2018/19 Value for Money conclusion and recommendations to management.

3.2 The Audit Committee is asked to note the report and the update regarding the 2018/19 audit fees.

**IAN GUTSELL**

**Chief Finance Officer**

Contact Officer: Ian Gutsell, Chief Finance Officer

Tel. No: 01273 481399

Email: [ian.gutsell@eastsussex.gov.uk](mailto:ian.gutsell@eastsussex.gov.uk)