

Report to: **Governance Committee**

Date: **30 September 2021**

By: **Chief Finance Officer**

Title of report: **Independent Auditor's, Grant Thornton (GT), Report to those charged with governance and Statement of Accounts for 2020/21.**

Purpose of report: **To present the GT report to those charged with governance, and to report an anticipated unqualified audit opinion on the 2020/21 Statement of Accounts.**

RECOMMENDATIONS - to:

- (i) Note the Independent Auditor's (GT) Report to those charged with governance on ESCC Accounts.**
 - (ii) Authorise the Chief Finance Officer to sign the formal Letter of Representation to GT UK LLP.**
 - (iii) Approve the 2020/21 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 2019/20 financial statements. In previous years this report would have included an assessment on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion'), under new National Audit Office, Code of Audit Practice requirements the VFM conclusion will be reported separately, later in the year.

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.

3. Changes to ESCC Statement of Accounts

3.1 The Chief Finance Officer (CFO) on 23 July 2021 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 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 report to those charged with governance. The report confirms that prior year recommendations have been actioned, and at this stage no specific management actions arising from the 2020/21 audit have been notified.

- 3.4 In 2019/20 the authority's professional valuer of land and buildings, Montagu Evans, declared material uncertainties relating to the full balance of land and buildings. For 2020/21, the authority's new valuer, Bruton Knowles, has stated that a material uncertainty is not relevant except for leisure and hospitality assets, as the impact of the pandemic continues. As the authority has only in the region of £15m specific leisure type assets and £2.5m non-specific leisure type assets, GT are satisfied that this uncertainty does not breach the performance materiality of the audit and, therefore, does not need to be disclosed within the statement of accounts.
- 3.5 The revised set of accounts is attached at Appendix B.

4. Publication of Statement of Accounts

- 4.1 The legal deadline for publishing the 2020/21 accounts is 30 September 2021. Once GT has completed their work, a Letter of Representation needs to be signed by the Chief Finance Officer prior to GT issuing an unqualified opinion. This will enable the 2020/21 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 is recommended to note the Independent Auditor's report to those charged with governance on the ESCC Accounts 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 Statement of Accounts
Appendix B ESCC 2020/21 Statement of Accounts