

Report to: **Audit Committee**

Date: **18 November 2022**

By: **Chief Finance Officer**

Title of report: **Review of the Grant Thornton (GT) report to those charged with governance and Statement of Accounts for 2021/22**

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 (at a date to be confirmed).**

RECOMMENDATIONS: The Committee is recommended to:

(i) note the report and its appendices; and 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 2021/22 financial statements. There have been challenges this year in progressing the production of the accounts and delivery of the audit, particularly with regard to the valuation of Property, Plant and Equipment (PPE). Bruton Knowles, as the authority's valuer, has struggled to resource the 2021/22 valuation, such that agreed deadlines have been missed and the provision of responses to audit questions has not been delivered within the timescale of the audit plan. This work continues. The audit report included at Appendix A references, on Page 5, work that has still to be completed before the accounts can be presented to the Governance Committee.

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 interim GT report to those charged with governance is attached at Appendix A, with the Council's Statement of Accounts for 2021/22 at Appendix B.

2.4 I am pleased to be able to report that GT are anticipating being able to issue an unqualified audit opinion for the 2021/22 Statement of Accounts.

2.5 The report (Appendix A) on pages 27 to 30 sets out the Audit Adjustments identified. 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. There were also items for which the decision was made not to adjust, as either not material or an extrapolated misstatement for which adjustment was not appropriate. Any decision to adjust the accounts takes

account of whether the adjustment improves the reader's understanding of the accounts. At this stage, no specific management actions arising from the 2021/22 audit have been notified.

2.6 The Statement of Accounts will not be able to be presented to the Governance Committee until the audit, especially PPE, is largely completed. GT has confirmed that they will also not be able to issue the final audit opinion until the national issue around the valuation and accounting for infrastructure assets, which is subject to a national consultation seeking a statutory override to the issued, is resolved. This issue is set out on page 14 (Appendix A) of the audit report.

3. Conclusion and reasons for recommendations

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

- The findings made by the external auditors as a result of final audit of the 2021/22 accounts;
- Whether there is any issue arising that the Committee might wish to bring to the attention of the Governance Committee when it meets to approve the Statement of Accounts for 2021/22 at a date to be confirmed.

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