

**Report to:** Governance Committee

**Date:** 28 November 2023

**By:** Chief Finance Officer

**Title of report:** Independent Auditor's, Grant Thornton (GT), Report to those charged with governance and Statement of Accounts for 2022/23.

**Purpose of report:** To present the GT report to those charged with governance, and to report an anticipated unqualified audit opinion on the 2022/23 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.**
  - (ii) Authorise the Chief Finance Officer to sign the formal Letter of Representation to GT UK LLP.**
  - (iii) Approve the 2022/23 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 2022/23 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'), whilst a summary is included, under the National Audit Office Code of Audit Practice, a detailed VFM report will be reported separately.

### **2. Supporting Information**

- 2.1 GT UK LLP is required to produce a report to those charged with governance on the East Sussex County Council accounts (Appendix 1), 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 31 May 2023 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 whilst a number of actions remain outstanding, the CFO is able to report that the auditors propose to issue an unqualified audit opinion.
- 3.2 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, at this stage, has raised two specific management actions:

Issue and Risk	Recommendation	Management Response
<p><b>Assets not revalued by the professional valuer.</b></p> <p>Assets not subject to professional valuer valuation in 2022/23 where reviewed against available indices. A material difference of £28m was identified and the accounts adjusted accordingly. The finance team are not experts in valuation, therefore there is greater estimation uncertainty in the valuation methodology.</p>	<p>Council, having assessed that assets not revalued could be materially misstated should have, in our opinion, engaged with their valuer to endorse the approach taken to apply a valuation to such assets, rather than apply a method by financial accountants</p>	<p>Whilst we accept that applying indexation is not as accurate as individual valuations carried out by a valuer, we believe the approach taken was reasonable in the circumstances and resulted in a more accurate representation of our asset values than if they had not been left unadjusted.</p>
<p><b>Related Parties Form completeness check.</b></p> <p>It was identified that one related parties form had not been submitted. The forms are key to ensuring that complete and accurate disclosures are made in the accounts.</p>	<p>Council should ensure that a process is in place to remind/chase members who have not submitted these return forms, to ensure a full set is received.</p>	<p>There was only one Related Party form for 2022/23 that we were unable to obtain and we have no reason to believe that this would present any risk to the associated disclosure within the accounts.</p>

3.3 The revised set of accounts is attached at Appendix 2.

#### 4. Publication of Statement of Accounts

4.1 The legal deadline for publishing the 2022/23 accounts was 31 May 2023. 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 2022/23 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 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 1 Independent Auditor's (GT) report to those charged with governance on the East Sussex County Council Statement of Accounts

Appendix 2 ESCC 2022/23 Statement of Accounts