

## AUDIT COMMITTEE

MINUTES of a meeting of the Audit Committee held at Council Chamber, County Hall, Lewes on 24 November 2023.

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PRESENT Councillors Colin Swansborough (Chair), Gerard Fox (Vice Chair), Matthew Beaver, Stephen Holt, Matthew Milligan, Georgia Taylor and Ian Hollidge

LEAD MEMBERS Councillor Nick Bennett

ALSO PRESENT Ros Parker, Chief Operating Officer  
Ian Gutsell, Chief Finance Officer  
Thomas Alty, Deputy Chief Finance Officer  
Russell Banks, Chief Internal Auditor  
Nigel Chilcott, Audit Manager  
Mark Winton, Audit Manager – Delivery  
Paul Fielding, IT Audit Manager  
Simon White, Audit Manager – Counter Fraud  
Nigel Brown, Assistant Director – Property  
  
Andy Conlan, Grant Thornton UK LLP  
Darren Wells, Grant Thornton UK LLP

### 25. MINUTES OF THE PREVIOUS MEETING

25.1 The Committee RESOLVED to agree the minutes of the meeting held on 29 September 2023 as a correct record.

### 26. APOLOGIES FOR ABSENCE

26.1 Apologies for absence were received from Councillor Nuala Geary.

26.2 It was noted that Councillor Ian Hollidge was in attendance as a substitute for Councillor Nuala Geary.

### 27. DISCLOSURES OF INTERESTS

27.1 Councillor Beaver declared an interest in items 12 and 16 as a member of Hastings Borough Council Planning Board. He did not consider this to be prejudicial.

### 28. URGENT ITEMS

28.1 There were none.

### 29. REPORTS

29.1 Reports referred to in the minutes below are contained in the minute book.

### 30. MBOS UPDATE

30.1 The Committee considered a report by the Chief Operating Officer which gave an update of the Modernising Back Office Systems (MBOS) programme and a summary of the discussion at a meeting of the Committee's MBOS Subgroup.

30.2 The Committee discussed the importance having confidence that the payroll aspect of the programme can produce a near perfect quality solution and noted the steps taken to review and slow down the process in order to achieve quality targets.

30.3 The Committee noted the programme budget implications for the programme to be delivered over a longer period of time.

30.4 The Committee RESOLVED to:

1) Note the current status of the MBOS programme and delivery approach;

2) Note that the Audit Committee MBOS Subgroup reviewed the MBOS programme at its meeting on 21 November 2023;

3) Agree that the MBOS Subgroup will meet regularly following the conclusion of the longer review of the MBOS programme.

### 31. INTERNAL AUDIT PROGRESS REPORT QUARTER 2, 2023/24

31.1 The Committee considered a report by the Chief Operating Officer which set out the internal audit and counter fraud activity completed during quarter 2.

31.2 The Committee discussed the contract management audit and noted the benefits of having a robust framework in place so that contracts are managed effectively.

31.3 The Committee discussed the importance of the relationship between procurement and contract management and noted that this relationship could be looked at within future procurement related internal audits.

31.4 The Committee RESOLVED to note the report.

### 32. EXTERNAL AUDIT - AUDIT PROGRESS REPORT AND SECTOR UPDATE

32.1 The Committee considered a report by the Chief Finance Officer which provided an update on Grant Thornton's audit and a sector update.

32.2 Andy Conlan from Grant Thornton UK LLP (GT) gave an update to the Committee highlighting the positive progress since the last meeting of the Audit Committee.

32.3 The Committee discussed the reasons for delays to Local Government Audits and noted that now that the Property Plant and Equipment (PPE) valuation work has been completed, it is expected that the 2021/22 Financial Statements Audit can be signed off before Christmas 2023.

32.4 The Committee RESOLVED to note the progress update provided by Grant Thornton.

### 33. REVIEW OF ANNUAL GOVERNANCE REPORT & 2022/23 STATEMENT OF ACCOUNTS

33.1 The Committee considered a report by the Chief Finance Officer which provided an update on the external auditor's audit findings report.

33.2 Andy Conlan from Grant Thornton UK LLP (GT) gave an update to the Committee highlighting that an unqualified opinion for the 2022/23 Statement of Accounts is anticipated before Christmas 2023; and the main delays for the completion of the Audit including land and building, valuer delays and obtaining information on IT controls.

33.3 The Committee were informed about the recommendations regarding revaluation of property assets and that there could be a potential adjustment following conclusion from a professional valuer.

33.4 The Committee RESOLVED to:

1) note the report and its appendices; and

2) note that there are no 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.

#### 34. REVIEW OF ANNUAL PENSION FUND GOVERNANCE REPORT & 2022/23 STATEMENT OF ACCOUNTS

34.1 The Committee considered a report by the Chief Finance Officer which provided an update of the external auditor's draft audit findings report which was approved by the Pension Committee on 16 November 2023.

34.2 The Committee RESOLVED to note the draft Independent Auditor's report to those charged with governance on the East Sussex Pension Fund Accounts 2022/23.

#### 35. AUDITOR'S ANNUAL (VFM) REPORT ON EAST SUSSEX COUNTY COUNCIL 2022/23

35.1 The Committee considered a report by the Chief Finance Officer which presented the External Auditor's report on the County Council's Value for Money arrangements.

35.2 Darren Wells from Grant Thornton UK LLP (GT) highlighted financial sustainability as a key area of focus for the Council and noted that although the Council have a strong financial framework, work will need to be undertaken to address the funding gap forecasted for the medium term.

35.3 The Committee noted that the financial sustainability criterion within the value for money arrangements had moved from green in 2021/22 to amber for 2022/23 which reflects the financial challenges and pressures that the Council is facing.

35.4 The Committee RESOLVED to note the report.

#### 36. TREASURY MANAGEMENT ANNUAL REPORT & MID-YEAR REPORT 2023

36.1 The Committee considered a report by the Chief Finance Officer which presented a review of the Council's performance on Treasury Management for the year 2022/23 and mid-year review for 2023/24.

36.2 The Committee RESOLVED to note the Treasury Management performance in 2022/23, incorporating the Mid-Year Review for the first half of 2023/24.

### 37. ANNUAL UPDATE ON PROPERTY INVESTMENT STRATEGY AND KEY SITES 6 MONTHLY UPDATE

37.1 The Committee considered a report by the Chief Operating Officer which set out an annual update on the Property Investment Strategy and a 6-monthly update on Key Sites together with exempt information contained in a later agenda item.

37.2 The Committee were informed about the work undertaken to assess assets and their uses and the strategy followed for disposing of assets identified as being surplus to Council requirements.

37.3 The Committee received a summary of key sites that were disposed of in the current financial year and the effect of those disposals on biodiversity and the Council's target to reduce carbon emissions.

37.4 The Committee noted that work is ongoing in terms of corporate estate and monitoring best use of Council property assets.

37.5 The Committee were updated about the issues Local Authorities are facing regarding the use of Reinforced Autoclaved Aerated Concrete (RAAC) in school properties and were assured that following additional surveys, there are no properties containing RAAC in the Council's school or corporate building portfolio.

37.6 The Committee discussed how the Council's property portfolio can support key workers and the wider community in East Sussex.

37.7 The Committee RESOLVED to:

1) Note the update on key disposals work undertaken to date, and next steps for disposals in 2023/2024 and 2024/2025; and

2) Note the annual update on Property Investment Strategy.

### 38. WORK PROGRAMME

38.1 The Committee considered its current work programme of forthcoming items.

38.2 The Committee noted that a planning session will be scheduled for the Audit Committee in January 2024 to ensure that the Internal Audit Strategy and Plan for 2024/25 considers suggestions from the Committee and to provide training regarding the role of Internal Audit.

38.3 The Committee noted that the planning session in January 2024 will also be used to look at the Audit Committee's self-assessment of effectiveness which will help identify any areas in terms of skills and expertise which would help to steer the recruitment of two co-opted independent Members to the Audit Committee.

38.4 The Committee RESOLVED to agree that a planning session to include Internal Audit training, suggestions for the 2024/25 Internal Audit Plan and self-assessment of effectiveness be included on the Committee's Work Programme.

### 39. EXCLUSION OF THE PUBLIC AND PRESS

39.1 It was RESOLVED to exclude the public and press for the remaining agenda items on the grounds that if the public and press were present there would be disclosure to them of exempt information as specified in paragraph 3 of Part 1 of the Local Government Act 1972 (as

amended), namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

40. ANNUAL UPDATE ON PROPERTY INVESTMENT STRATEGY AND KEY SITES 6 MONTHLY UPDATE - EXEMPT INFORMATION

40.1 The Committee considered a report by the Chief Operating Officer which provided exempt information in support of an earlier agenda item.

40.2 The Committee RESOLVED to note the information.

The meeting ended at 1.01 pm.

Chair