

Report to: Audit Committee

Date of meeting: 28 March 2024

By: Chief Finance Officer

Title: External Audit – 2021/22 and 2022/23 Audit Update

Purpose: To update the Audit Committee on progress on the delivery of Grant Thornton’s responsibilities as the Council’s external auditor for the 2021/22 and 2022/23 statement of accounts.

RECOMMENDATIONS: The Audit Committee is recommended to:

- 1) Note the conclusion to the audit of the 2021/22 Statement of Accounts; and
 - 2) Note the latest position regarding the audit of the 2022/23 Statement of Accounts
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1. Background

1.1 The East Sussex County Council Statement of Accounts for 2021/22 and 2022/23 have been subject to ongoing external audit work and updates, relating primarily the estimate of Pensions and Property, Plant and Equipment (PPE). The Audit Committee has received frequent reports, with Grant Thornton (external auditors) in attendance, to update on the progress of the audits; with this report providing a further update.

2. Statement of Accounts 2021/22.

2.1 Grant Thornton (GT) reported the audit findings for the 2021/22 statement of accounts to the [Audit Committee on 18 November 2022](#). At that time further work was required to provide final sign off. The conclusion of the audit was impacted by outstanding valuation queries with the PPE valuer and by a technical accounting issue at a national level relating to the valuation of Plant, Property and Equipment Infrastructure assets. CIPFA issued a temporary solution in response to the infrastructure asset issue in January 2023, however, the length of time this took to resolve added delay and the requirement for further sign off. A further consequence of the extended delay was the need to reflect the outcome of the 2022 triennial valuation of the East Sussex Pension Fund, the outcome of which had become available in the intervening period. A revised IAS 19 statement was requested and an adjustment was required to the statement of accounts reflecting the pension adjustment.

2.2 The audit of the 2021/22 statement of accounts has now been concluded and Grant Thornton have provided their final report, at Appendix A. The report confirms an unqualified audit opinion.

2.3 The audit of the East Sussex Pension Fund, included within the 2021/22 statement of accounts, has now been concluded and Grant Thornton have provided their final report, at Appendix B. The report confirms an unqualified audit opinion.

3. Statement of Accounts 2022/23

3.1 Grant Thornton reported the audit findings for the 2022/23 statement of accounts to the [Audit Committee on 24 November 2023](#). At the time further work was required to conclude the audit and provide final sign off. Since the meeting in November, there has been a requirement to update the statement of accounts for the impact of pension valuation changes. During 2022/23 there was a material change to the valuation of the Local Government Pension Scheme (LGPS) pension fund which resulted in a net pension asset being reported rather than a liability. This was an unprecedented situation for many Local Authorities

and CIPFA was required to issue guidance on how to treat this in the accounts. As the IAS 19 reports had already been produced, the Actuary needed to reissue the IAS 19 report to include an asset ceiling calculation under IFRIC 14 which effectively limited the amount of the surplus that could be recognised within the accounts. The statement of accounts has been updated to reflect this.

3.2 The audit of 2022/23 statement of accounts is nearing completion, with GT providing their latest update at Appendix C. The report confirms a draft unqualified audit opinion remains, whilst identifying matters to be concluded:

- Closing a small number of audit queries still outstanding;
- GT Senior Management quality review of the completed audit sections to confirm all matters are closed;
- Receipt of signed management representation letters; and
- Review of final set of financial statements and confirmation that all changes have been made.

3.3 It is anticipated that the certificate of audit completion will be provided in early or mid-April 2024.

4. Conclusion and Recommendation

4.1 The Audit Committee is recommended to note the conclusion of the 2021/22 audit and progress towards completion of the audit of the 2022/23 statement of accounts. An update will be taken to the Governance Committee at the conclusion of the 2022/23 audit.

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Local Member(s): All
Background Documents
None