



East Sussex County Council  
Audit Committee

Annual Report of the work of the  
Audit Committee 2023-2024



**Contents**

[Chair’s Introduction](#) ..... 3

[Role of the Audit Committee](#) ..... 4

[Membership of the Audit Committee](#) ..... 5

[Key Audit Committee Activities](#) ..... 6

[Training 2023/24](#) ..... ..9

## **Chair's Introduction**

I am very pleased to be able to present the Annual Report for the Audit Committee, which sets out the role of the Audit Committee and the work that we have undertaken during 2023/24.

The Committee operates in accordance with the good practice guidance set out in the CIPFA 2022 Position Statement, proving an independent resource which supports good governance and strong public financial management.

The Committee is well supported by officers, providing high-quality reports and presentations. I would like to thank Finance, Internal Audit, External Audit (Grant Thornton) and Legal Services teams for their input and support.

I would also thank Councillor Gerard Fox, as Vice Chair of the Committee, and all Committee members for their contributions to the working of this Committee, in such a thoughtful and constructive manner through the last year.

Councillor Colin Swansborough

**Chair - Audit Committee**

## Role of the Audit Committee

The purpose of the Audit Committee is to act as the principal non-executive, advisory function supporting those charged with governance by exercising the Audit Committee functions as follows:

- 1) To review and provide independent scrutiny in relation to all internal and external audit matters.
- 2) To consider the effectiveness of the Council's risk management processes, internal control environment and corporate governance arrangements and to recommend any changes to Governance Committee or Cabinet as appropriate.
- 3) To consider the external auditor's annual letter and the Chief Internal Auditor's annual report and opinion and the level of assurance they can give over the Council's risk management processes, internal control environment and corporate governance arrangements.
- 4) To review and scrutinise the effectiveness of management arrangements to ensure probity and legal and regulatory compliance, including, but not limited to contract procedure rules, financial regulations, codes of conduct , anti-fraud and corruption arrangements and whistle-blowing policies.
- 5) To consider the major findings of internal and external audit and inspection reports, and Directors' responses, and any matters the Chief Internal Auditor or External Auditor may wish to discuss (in the absence of Directors, if necessary).
- 6) To review the Council's assurance statements, including the Annual Governance Statement, ensuring that they properly reflect the risk environment, and any actions required to improve it.
- 7). To review the internal audit strategy and annual plan and the external auditor's annual audit and inspection plan and to monitor performance of both internal and external audit.
- 8) To review the annual statement of accounts and the external auditor's report to those charged with governance.
- 9) To review and monitor treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice.
- 10) To review and monitor the Property Asset Disposal and Investment Strategy.

The terms of reference of this Committee can be found in the Council's [Constitution](#).

## Membership of the Audit Committee

The membership of the Audit Committee, together with meeting attendance is set out below:

✓ = present    A = apologies    ASR = apologies, sent representative

<b>Audit Committee Members:</b>	<b>7 Jul 2023</b>	<b>29 Sep 2023</b>	<b>24 Nov 2023</b>	<b>28 Mar 2024</b>
Cllr Colin Swansborough (Chair)	✓	✓	✓	✓
Cllr Gerard Fox (Vice Chair)	✓	✓	✓	✓
Cllr Matthew Beaver	ASR	✓	✓	✓
Cllr Nuala Geary	✓	✓	ASR	✓
Cllr Stephen Holt	✓	✓	✓	A
Cllr Matthew Milligan	✓	A	✓	✓
Cllr Georgia Taylor	✓	ASR	✓	✓
Substitutes:	Cllr Paul Redstone	Cllr Wendy Maples	Cllr Ian Hollidge	-

Officers who attended the Audit Committee included the Assistant Chief Executive, Chief Finance Officer, Director of Communities, Economy and Transport, Chief Operating Officer, Chief Internal Auditor, Internal Audit Team Members, Grant Thornton (as the Council's external auditors).

## Key Audit Committee Activities

Key Reports to the Audit Committee:	7 Jul 2023	29 Sep 2023	24 Nov 2023	28 Mar 2024
<b>Financial Reporting:</b>				
CIPFA Financial Management Code		Yes		
Review of Annual Governance Report and 2022/23 Statement of Accounts			Yes	
Review of Annual Pension Fund Governance Report and 2022/23 Statement of Accounts			Yes	
Treasury Management Annual Report and Mid-Year Report 2023			Yes	
<b>Internal Audit:</b>				
Internal Audit Services Annual Report and Opinion 2022/23	Yes			
Internal Audit Report: Follow up report from Director of Communities, Economy and Transport	Yes			
Internal Audit Progress Report		Yes	Yes	Yes
Internal Audit Strategy and 2024/25 Annual Audit Plan				Yes
<b>Counter Fraud:</b>				
Counter Fraud Annual Report 2022/23	Yes			
<b>External Audit (Grant Thornton):</b>				
External Audit Plan 2022/23 and 2023/24 for East Sussex County Council	Yes			Yes
External Audit Plan 2022/23 and 2023/24 for East Sussex Pension Fund	Yes			Yes
External Audit Progress Update		Yes	Yes	Yes
Auditor's Annual (VFM) Report on East Sussex County Council 2022/23			Yes	
<b>Governance and Risk Management:</b>				
Assessment of the Corporate Governance Framework and Annual Governance Statement 2022/23	Yes			
Appointment of Independent Members to the Audit Committee	Yes			
Strategic Risk Monitoring	Yes	Yes		Yes
Managing Back Office Systems Update			Yes	
Annual Update on Property Investment Strategy and Key Sites 6 Monthly Update			Yes	
Audit Committee Self-Assessment				Yes

## **2023/24 Key Activities:**

### **Financial Reporting**

The Committee has the responsibility to provide independent scrutiny and review of the statement of accounts and the reporting information contained within, for example, the Narrative Report.

The draft statement of accounts for 2022/23 were prepared and published, for public inspection, in line with the 31 May 2023 deadline. The external auditors undertook their audit and value for money assessment over the summer and reported back to the Committee in November 2023. Whilst the audit was not complete, the Committee was able to ask questions and be assured around:

- The valuation and estimates included within the statement of accounts for Property, Plant and Equipment.
- The valuation basis for the IAS19 pensions assets and liabilities statement.
- Approach Grant Thornton were taking to the impact of climate change on medium to longer term asset valuations.

The backlog in external audit activity was also discussed. The Committee were kept up to date through the year on the progress together with the final sign off of the 2021/22 statement of accounts and audit opinion. The Committee was informed in March 2024 that the audit of the 2021/22 statement of accounts had been concluded in December 2023.

The Committee received the Council's self-assessment against the CIPFA Financial Management Code in September, which provided members with the assurance as to the core financial management activity undertaken by the Council.

The Treasury Management Annual Report and Mid-Year Report 2023 was presented to the Committee in November. Before the start of the meeting refresher training was provided to update Members on Treasury Management.

### **Internal Audit**

The Audit Committee in July 2023, received the Internal Audit Service's Annual Report and Opinion for 2022/23. The report provided reasonable assurance on the effectiveness of risk management, governance and control processes within the Council.

The Committee received and reviewed the Internal Audit Strategy and Annual Audit Plan for 2024/25. The Committee were able, through a separate workshop, to feed in suggestions of areas of Internal Audit work.

Through the year, the Committee received quarterly progress reports, on which Members were able to ask questions and seek assurance. In order to gain further understanding and assurance, the Director of Communities, Economy and Transport was invited to attend a Committee meeting to provide further information and assurance regarding the use of vehicles and cultural compliance within the Highways Service.

## **External Audit**

Grant Thornton, have been the Council's external auditors for 2023/24. They have attended every Audit Committee, either in person or remotely via Microsoft Teams.

Given the backlog in providing final audit opinions, Grant Thornton provided progress updates and took questions from Members.

During this financial year, the 2021/22 audit was concluded, with an unqualified audit opinion. The draft 2022/23 audit report has been received, presented and reviewed by the Committee. Whilst having an unqualified audit opinion, the final sign off is not expected until May 2024.

## **Governance and Risk Management**

The Audit Committee has a responsibility for monitoring the effectiveness of the Council's systems of controls and governance that form the basis of the Council's operations and functions.

In July 2023, the Committee received and reviewed the Council's Assessment of the Corporate Governance Framework and Annual Governance Statement 2022/23.

In July 2023, in response to the *CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022*, the Committee received a report that proposed the expansion of the Audit Committee to include at least 2 Independent Co-Opted Members. The Committee supported the proposal, which was later approved by the Governance Committee and Full Council.

Reports are regularly received on the Strategic Risk Register, providing the Committee the opportunity to challenge and seek assurance on responses and mitigation to identified risks.

## **Managing Back Office Systems (MBOS) Subgroup**

The Council is implementing the change from SAP systems to Oracle Fusion (Finance, HR and Procurement). The Audit Committee has set up a subgroup, comprising Councillors Swansborough, Fox and Beaver, to provide Member oversight and assurance. The sub-group reports back to the Audit Committee.



**Training 2023/24:**

The table below sets out training undertaken by Audit Committee Members in 2023/24:

<b>Training</b>	<b>Date</b>	<b>Audit Committee Member Attendance</b>
Fiduciary Duty	28/04/23	<ul style="list-style-type: none"> <li>• Cllr Gerard Fox</li> <li>• Cllr Georgia Taylor</li> </ul>
Questioning Skills	02/10/23	<ul style="list-style-type: none"> <li>• Cllr Nuala Geary</li> </ul>
Treasury Management	24/11/23	<ul style="list-style-type: none"> <li>• Cllr Matthew Beaver</li> <li>• Cllr Gerard Fox</li> <li>• Cllr Matthew Milligan</li> <li>• Cllr Colin Swansborough</li> <li>• Cllr Georgia Taylor</li> </ul>
Internal Audit Training and Planning	19/01/24	<ul style="list-style-type: none"> <li>• Cllr Matthew Beaver</li> <li>• Cllr Gerard Fox</li> <li>• Cllr Colin Swansborough</li> </ul>