

Report to: Audit Committee

Date of meeting: 20 September 2024

By: Chief Finance Officer

Title: External Audit – Interim Audit Findings Report and Sector Update

Purpose: To update the Audit Committee on progress on the delivery of Grant Thornton’s responsibilities as the Council’s external auditor.

RECOMMENDATION:

The Audit Committee is recommended to:

- 1) note the Interim Audit Findings Report provided by Grant Thornton; and
 - 2) note the sector update and the letter from the Minister for Housing Communities and Local Government.
-

1. East Sussex External Audit Progress Update

- 1.1 The East Sussex County Council Statement of Accounts for 2023/24 was published by 31 May 2024 deadline ([Statement of Accounts | East Sussex County Council](#)). Grant Thornton (GT), as the Council’s external auditors, are nearing completion of their audit. GT are providing an Interim Audit Findings Report communicating the progress and findings of the audit to date at Appendix A.
- 1.2 I am pleased to be able to report that GT are anticipating being able to issue an unqualified audit opinion for the 2023/24 Statement of Accounts.
- 1.3 On page 27 of the report at Appendix A, GT have raised a control recommendation related to record keeping around the properties for valuation. The service will provide a management response outlining actions that will be put into place to address this issue.
- 1.4 The report at Appendix A on pages 30 to 31 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 was also one item for which the decision was made not to adjust, as it was not considered material. Any decision to adjust the accounts takes account of whether the adjustment improves the reader’s understanding of the accounts.
- 1.5 The work to reach a conclusion on the Council’s arrangements to secure Value for Money (VFM) is ongoing and the work is not expected to be completed until October 2024. The National Audit Office has recently updated its guidance such that auditors are no longer able to issue their Auditor’s Annual Report on VFM up to 3 months after the signing of the audit opinion on the financial statements, as exception reporting is no longer permitted. Auditors must now satisfy themselves as to whether there is a significant weakness in the body’s arrangements at the time they issue their opinion.
- 1.6 In practice, this means that GT will not be able to sign the opinion on the financial statements until the VFM work is substantially completed to conclude on whether there are any significant weaknesses in arrangements and any wording around key recommendations for these weaknesses has been arranged. As such, while the audit work is expected to be finished at the end of September, GT will not sign the audit opinion until the VFM work is substantially completed.

1.7 A Final Audit Findings Report 2023/24 will be brought to the 22 November 2024 Committee meeting along with the VFM Auditor's Annual Report.

2. Update on Sector

2.1 On 30 July 2024, the Minister of State for Housing Communities and Local Government wrote to local authorities notifying of action intended to tackle the local audit backlog in England. This includes updated dates for completion of annual audits relating to financial years up to and including 2027/28. The letter is set out in Appendix B.

2.2 For financial years 2024/25 to 2027/28, the date by which Category 1 bodies should publish 'draft' (unaudited) accounts will change from 31 May to 30 June following the financial year to which they relate. East Sussex County Council will continue to aim to publish its draft accounts by 31 May each year.

3. Conclusion and Recommendation

3.1 The Audit Committee is recommended to note the Interim Audit Findings Report provided by GT and the audit sector update.

IAN GUTSELL

Chief Finance Officer

Contact Officer: Ian Gutsell, Chief Finance Officer
Tel. No: 01273 481399
Email: ian.gutsell@eastsussex.gov.uk

Background Documents

None