

Report to: **Audit Committee**

Date: **22 November 2024**

By: **Chief Financial Officer**

Title of report: **Independent Auditor's Report to those charged with governance and Annual Report 2023/24**

Purpose of report: **To present the Independent Auditor's report on the 2023/24 East Sussex Pension Fund Accounts**

RECOMMENDATION

The Audit Committee is recommended to note the draft Independent Auditor's (Grant Thornton - GT) report to those charged with governance of the East Sussex Pension Fund Accounts 2023/24.

1. Background

1.1 This report summarises the draft key findings arising from GT's audit work in relation to the East Sussex Pension Fund (ESPF), in compliance with the requirement for administering authorities to deliver an audit of the pension fund separate from the Council's accounts. The audit of the Fund is substantially complete with no outstanding matters for modification of the audit opinion at the time of writing this report.

1.2 The accounts for the Pension Fund are incorporated within the East Sussex County Council's Statement of Accounts, included elsewhere on the agenda.

2. Supporting Information

2.1 Accounting Requirements - The Pension Fund financial statements should be prepared in accordance with proper accounting practices set out in the CIPFA Code of Practice on Local Authority Accounting in the UK (the Code). The Code requires authorities to account for pension funds in accordance with IAS26 Retirement Benefit plans. IAS26 provides guidance on the form and content of the financial statements to be prepared by pension funds. It complements IAS19 Employee Benefits, which deals with the determination of the costs of retirement benefits in the financial statement of employers.

2.2 Under its terms of reference, it is the role of Audit Committee to "Review the annual statement of accounts and the external auditor's report to those charged with governance."

2.3 It is the role of the Pension Committee to approve the Pension Fund annual accounts and report having considered whether appropriate accounting policies have been followed and any issues raised by GT from the audit. The Pension Committee are receiving the accounts and annual report at its meeting on 21 November 2024.

2.4 The GT report to those charged with governance is attached at Appendix 1. There are no specific management actions identified within this report and it is anticipated that an unqualified audit opinion will be issued.

2.5 Appendix 2 provides the Financial Statements: Information Technology report, as part of the overall audit. This has identified an issue with SAP, the main accounting system for ESPF, relating to segregation of duties. Some members of the SAP technical support team have access permissions which would allow them to both develop changes and then import those changes in the production environment, as there are only limited segregation of duties in the Team structure. This issue was identified and reported in the 2022/23 financial year audit and has been revisited as part of the 2023/24 IT Audit Review. There is a SAP IT General Controls report that is in draft, which will be concluded once management responses have been received.

2.6 The 2023/24 Final Fee for the audit is £97,867, this will be reviewed and confirmed by the Public Sector Audit Appointments Ltd.

3. Conclusion and reasons for recommendation

3.1 The Audit Committee is recommended to note the 2023/24 Audit Findings Report for the East Sussex Pension Fund.

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