AUDIT COMMITTEE

MINUTES of a meeting of the Audit Committee held at Council Chamber, County Hall, Lewes on 4 July 2025.

PRESENT Councillors Colin Swansborough (Chair), Gerard Fox (Vice Chair), Matthew Beaver, Philip Lunn and Georgia Taylor

LEAD MEMBERS Councillor Nick Bennett

ALSO PRESENT Philip Baker, Deputy Chief Executive
Ros Parker, Chief Operating Officer
Ian Gutsell, Chief Finance Officer
Russell Banks, Chief Internal Auditor
Nigel Chilcott, Audit Manager
Mark Winton, Audit Manager
Simon White, Audit Manager (Counter Fraud)
Sophie Webb, Governance and Democracy Manager

1. MINUTES OF THE PREVIOUS MEETING

1.1 The Committee RESOLVED to agree the minutes of the meeting held on 28 March 2025 as a correct record.

2. APOLOGIES FOR ABSENCE

2.1 It was noted that Councillor Beaver sent apologies for the beginning of the meeting and was present from 10:25 at item 5 (minute 6).

3. DISCLOSURES OF INTERESTS

3.1 There were no disclosures of interest.

4. URGENT ITEMS

4.1 There were none.

5. REPORTS

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

6. ASSESSMENT OF THE CORPORATE GOVERNANCE FRAMEWORK AND ANNUAL GOVERNANCE STATEMENT FOR 2024/25

6.1 The Committee considered a report by the Deputy Chief Executive which presented the Council’s Annual Governance Statement (AGS), and the assessment of compliance with the Corporate Governance Framework, before they are presented to the Governance Committee.

6.2 The Deputy Chief Executive informed the Committee that the report concluded that there are no significant weaknesses in the Council's governance arrangements, and that the Council has in place satisfactory governance arrangements including a satisfactory system of internal control, which operate effectively.

6.3 The Deputy Chief Executive updated the Committee on the outcome of the Government's consultation on introducing powers for local authority members to apply for a dispensation to attend formal meetings remotely, and on potential implementation of proxy voting provisions.

6.4 The Committee discussed the following points in relation to the AGS:

1) The Chairman's responsibilities to uphold respect in the Chamber during meetings of the Council.
2) Alternative routes for whistleblowing.
3) Best practice recommendations for opposition chairs of scrutiny committees.
4) The governance framework following the dissolution of the South East Local Enterprise Partnership (SELEP).
5) Audit Committee's role in risk oversight and scrutiny in relation to Local Government Reorganisation and Devolution.
6) Expectations of Members regarding equality, diversity and inclusion.
7) Governance in relation to updates to the Council's Constitution.
8) The layout of the AGS in terms of headings, subheadings and diagrams to facilitate readability.

6.5 The Committee RESOLVED to exclude the public and press from the meeting for part of the discussion on the grounds that if the public and press were present there would be disclosure to them of exempt information as specified under paragraph 3 of Part 1 of Schedule 12A to the Local Government Act (namely, information relating to the financial or business affairs of any particular person) and paragraph 5 (which relates to information to which a claim of legal professional privilege could be maintained) would be disclosed to them, and that the public interest in withholding the exempt information outweighed the public interest in disclosing it.

6.6 The meeting resumed public session following discussion.

6.7 The Committee RESOLVED to recommend to the Governance Committee that the Annual Governance Statement includes more subheadings, a diagram to illustrate the governance structure of the health organisations across Sussex, a statement in relation to expectations of Members regarding equality, diversity and inclusion and a paragraph summarising the governance arrangements in place following the dissolution of SELEP.

7. INTERNAL AUDIT ANNUAL REPORT AND OPINION 2024/25

7.1 The Committee considered a report by the Chief Operating Officer which set out the opinion on the County Council's control environment for the year from 1 April 2024 to 31 March 2025 together with a summary of the internal audit and counter fraud activity completed during quarter 4.

7.2 The Chief Internal Auditor highlighted that an overall opinion of substantial assurance that East Sussex County Council has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2024 to 31 March 2025 was provided.

7.3 The Committee noted that there were no internal audit opinions of minimal assurance and only two opinions of partial assurance provided throughout the financial year.

7.4 The Committee discussed the follow up audit which provided an unchanged opinion of partial assurance in relation to vehicle use and noted that work is ongoing operationally to improve compliance with the governance arrangements and noted that a further follow up audit is scheduled.

7.5 The Committee RESOLVED to:

1) note the Internal Audit Service's opinion on the Council's control environment; and

2) confirm that the Council's arrangements for internal audit have proved effective during 2024/25.

8. COUNTER FRAUD ANNUAL REPORT 2024/25

8.1 The Committee considered a report by the Chief Operating Officer which set out irregularity investigations and proactive counter fraud work undertaken by Internal Audit between 1 April 2024 and 31 March 2025.

8.2 The Committee discussed the quantity of counter fraud work completed in 2024/25 compared to previous years and the extent to which the Council endeavours to recover funds lost through fraudulent activity.

8.3 The Committee RESOLVED to note the contents of the report.

9. AUDIT COMMITTEE ORACLE SUBGROUP UPDATE

9.1 The Committee considered a report by the Chief Operating Officer which provided an update to the Audit Committee of the Oracle Subgroup's most recent activity.

9.2 The Committee discussed the 'adopt not adapt' approach of the Oracle system and the positives and challenges encountered upon implementation of Phase 2 of the Oracle Implementation Programme.

9.3 The Committee RESOLVED to note that the Committee's Oracle Subgroup has regularly reviewed the Council's Oracle Implementation programme.

10. STRATEGIC RISK MONITORING - QUARTER 4 2024/25

10.1 The Committee considered a report by the Chief Operating Officer which presented current strategic risks faced by the Council, their status and risk controls and responses together with the current Risk Management process.

10.2 The Committee requested that the RAG rating system is formatted so that it is clearer which risks were rated higher or lower within the same RAG rating.

10.3 The Committee RESOVLED to:

1) Note the process of strategic risk management; and

2) Note the current strategic risks and the risk controls and responses being proposed and implemented by Chief Officers.

11. AUDIT COMMITTEE: ANNUAL REPORT 2024/25

11.1 The Committee considered a report by the Chief Finance Officer which presented the draft Audit Committee: Annual Report 2024/25 to the Committee for review and comment.

11.2 The Committee discussed the challenges of recruiting Independent Co-opted Members to the Audit Committee.

11.3 The Committee RESOLVED to agree and endorse the Audit Committee: Annual Report 2024/25.

12. WORK PROGRAMME

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

12.2 The Committee RESOLVED to note the programme.

The meeting ended at 11.19 am.

Chair