

Report to: Audit Committee

Date: 13 February 2026

By: Chief Finance Officer

Title of report: Review of the Grant Thornton (GT) report to those charged with governance and Statement of Accounts for 2024/25

Purpose of report: For the Committee to review the Independent Auditor's (GT) report to those charged with governance prior to its submission to the Governance Committee.

RECOMMENDATIONS: The Audit Committee is recommended to:

- (1) note the report and its appendices; and**
- (2) identify any concerns arising from the Independent Auditor's (GT) report or the management response to it, that need to be brought to the attention of the Governance Committee.**

1. Background

1.1 This report summarises the key findings arising from GT's audit work in relation to the Council's 2024/25 financial statements. The audit report, at Appendix 1, references that whilst final audit files review remains to be completed, together with a review of the final set of financial statements, there is no suggestion that this will identify issues that require the audit opinion or statement of accounts to change.

2. Supporting Information

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

2.2 It is the role of the Governance Committee to approve the County Council Statement of Accounts having considered whether appropriate accounting policies have been followed and any issues raised by GT from the audit of the accounts.

2.3 The Grant Thornton Audit Findings Report to those charged with governance is attached at Appendix 1, with the Council's Statement of Accounts for 2024/25 at Appendix 2.

2.4 I am pleased to be able to report that GT are anticipating being able to issue an unqualified audit opinion for the 2024/25 Statement of Accounts.

2.5 The Audit Findings Report, pages 45 to 51, sets out the Audit Adjustments identified. A small number of presentational adjustments arising from normal audit work have been noted, discussed, and resolved. There were also items for which the decision was made not to adjust, as either not material or an extrapolated misstatement for which adjustment was not appropriate. Any decision to adjust the accounts considers whether the adjustment improves the reader's understanding of the accounts.

2.6 The Audit Findings Report, pages 52 to 56, identifies 3 new management recommendations, for which there are management responses:

Issue and Risk	Recommendation	Management Response
<p>PFI Schools Calculation</p> <p>The schools PFI liability has been calculated using a high-level indexation approach. This has overstated the liability compared to the detailed IFRS16 recalculation used by Grant Thornton.</p> <p>At £1.7m the variation, whilst above trivial, has been reported as an unadjusted error.</p>	<p>The Council uses the detailed PFI model calculations in the future to better conform with IFRS16 and ensure a more accurate calculation of the year-on-year changes.</p>	<p>Management agreed this point and the revised approach will be applied in the 2025/26 year and following years. This change will be implemented in time for the production of the 2025/26 statement of accounts.</p>
<p>Formal access reviews for journal posters</p> <p>In reviewing journal entry controls, it was noted that a large number of users have the ability to post journals. While understanding that the size of the Council team requires that a large number of people have access, and the overall role assignment controls appear appropriate given the size of the Council, we identified that there is no formal process for periodic access reviews to remove or amend rights.</p>	<p>The Council implement a more formal documented process for periodic access review.</p>	<p>As part of the move to Oracle the Finance Users have been thoroughly reviewed and access granting the ability to post journals within the General Ledger has been provided on a more restricted basis.</p>
<p>GIA and Land Area Records</p> <p>There were instances identified where the Council was unable or struggled to obtain backing for their gross internal areas (GIA) and Land Areas.</p>	<p>This issue still persists, having raised in 2023/24, with the Council stating there is an ongoing project to remeasure GIAs.</p>	<p>Management have stated that they will continue the ongoing process to review and update documentation and obtain updated support where necessary.</p>

2.7 The Audit Findings Report, page 65, sets out total audit fees of £284,000. The fee will be subject to Public Sector Audit Appointments (PSAA) review and confirmation in due course.

3. Conclusion and reasons for recommendations

3.1 In carrying out their responsibility for review, Members of the Audit Committee should consider:

- The findings made by the external auditors as a result of final audit of the 2024/25

- accounts; and
- Whether there are any issues arising that Members might wish to bring to the attention of the Governance Committee when it meets to approve the Statement of Accounts for 2024/25.

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