

Report to: Governance Committee

Date: 24 February 2026

By: Chief Finance Officer

Title of report: Independent Auditor’s, Grant Thornton, report to those charged with governance and Statement of Accounts for 2024/25.

Purpose of report: To present the Grant Thornton report to those charged with governance, and to report an anticipated unqualified audit opinion on the 2024/25 Statement of Accounts.

RECOMMENDATIONS:

Governance Committee is recommended to:

- 1) **Note the Independent Auditor’s (Grant Thornton) Report to those charged with governance on East Sussex County Council Accounts.**
- 2) **Authorise the Chief Finance Officer to sign the formal Letter of Representation to Grant Thornton UK LLP.**
- 3) **Approve the 2024/25 Statement of Accounts for publication.**

1. Background

1.1 Grant Thornton UK LLP (GT), the Council’s external auditor, is required to produce a report to those charged with governance on the East Sussex County Council (ESCC) accounts (Appendix 1), which formally reports on the outcome of the audit of the Council’s statement of accounts.

2. Changes to ESCC Statement of Accounts

2.1 The Chief Finance Officer (CFO) on 30 June 2025 formally approved the draft Statement of Accounts, in line with the Accounts and Audit 2015 Regulations. Since then, the audit has been carried out by GT, and whilst a small number of actions remain outstanding, the CFO is able to report that the auditors propose to issue an unqualified audit opinion.

2.2 A small number of presentational adjustments arising from normal audit work have been noted, discussed, and resolved as stated in the report to those charged with governance. The report has raised three specific management actions:

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 GT.</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>

2.3 The revised set of accounts is attached at Appendix 2.

3. Publication of Statement of Accounts

3.1 The legal deadline for publishing the 2024/25 accounts was 30 June 2025. Once GT has completed their work, a Letter of Representation needs to be signed by the Chief Finance Officer prior to GT issuing an unqualified opinion. This will enable the final 2024/25 Statement of Accounts to be published on the Council's website, which fulfils the legal requirement prior to the national backstop date of 27 February 2026.

4. Conclusion and reasons for recommendations

4.1 The Committee is recommended to note the External Auditor's report to those charged with governance on the ESCC Accounts, to authorise the Chief Finance Officer to sign the Letter of Representation to GT UK LLP and approve the 2024/25 Statement of Accounts for publication.

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APPENDICES

Appendix 1 - Independent Auditor's (GT) report to those charged with governance on the East Sussex County Council Statement of Accounts

Appendix 2- ESCC 2024/25 Statement of Accounts