

Report to: Cabinet

Date of meeting: 20 April 2021

By: Chief Operating Officer

Title: Annual Audit Letter – 2019/20

Purpose: To inform Cabinet of the Annual Audit Letter and fee outturn for 2019/20

RECOMMENDATION:

Cabinet is recommended to note the Annual Audit Letter and the fee update for 2019/20

1. Supporting Information

- 1.1 The Grant Thornton Annual Audit Letter (AAL), attached at Appendix 1, summaries the work undertaken by Grant Thornton (GT) and the key issues raised as part of the external audit of the 2019/20 Statement of Accounts. The report raises no new issues or findings and reflects the recommendations that were reported to Audit Committee and Governance Committee within the “Independent Auditor’s Report to those charged with Governance and Statement of Accounts 2019/20” report.
- 1.2 GT issued an unqualified opinion on the Council’s financial statements on 31 January 2021. This was later than the deadline of 30 November 2020 due issues internal to GT, which impacted on their ability to review and sign off the audit working papers to their required standards. The delay was no reflection on East Sussex and no further audit evidence was sought.
- 1.3 The AAL will be circulated to all Councillors and published on the Council’s website.

2. External Audit Fees

- 2.1 The external audit fee for 2019/20, as advised by Public Sector Audit Appointments (PSAA), was £107,837 (County Council of £80,350 and East Sussex Pension Fund of £27,487). The AAL sets out, on pages 17-18, proposed additional fees of £16,176 (County Council of £12,053 and East Sussex Pension Fund of £4,123), which represent an increase of 15% on the original fees.
- 2.2 The increase has been put down to the complexities of COVID-19 which required additional work to be undertaken regarding management assumptions and estimates within the accounts, particularly for pensions, investments and property valuations, together with further work to provide financial resilience assurance. Remote working brought challenges to the audit work, together with the need to revisit planning assumptions, including the assessment of risk and materiality. There was no additional charge for the period between November 2020 and January 2021. The PSAA will assess these additional charges, which will not be paid until confirmation from the PSAA is received.

3. Conclusion and Recommendation

- 3.1 The report and AAL summarise the key findings from the external audit of the 2019/20 Statement of Accounts for the Council and the East Sussex Pension Fund, together with the 2019/20 Value for Money conclusion and recommendations to management.
- 3.2 The Cabinet is asked to note the report and the update regarding the 2019/20 audit fees.

PHIL HALL
Chief Operating Officer

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