

# **Audit Findings (ISA 260) Report for Swindon Borough Council**

Year ended 31 March 2025

21 January 2026



Swindon Borough Council  
Civic Offices  
Euclid Street  
Swindon, SN2 9TU

21 January 2026

Dear Members of the Audit Committee

### **Audit Findings for Swindon Borough Council for the 31 March 2025**

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2024-.pdf \(grantthornton.co.uk\)](https://grantthornton.co.uk/transparency-report-2024-.pdf).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Peter Barber

Director  
For Grant Thornton UK LLP

**Chartered Accountants**

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# Contents

Section	Page
Headlines and status of the audit	5
Group audit	11
Materiality	13
Overview of significant and other risks identified	16
Other findings	26
Communication requirements and other responsibilities	37
Audit adjustments	41
Value for money	62
Independence considerations	64
Appendices	70

# 01 Headlines and status of the audit

# Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of Swindon Borough Council (the 'Authority') and the preparation of the group and Authority's financial statements for the year ended 31 March 2025 for the attention of those charged with governance.

## Financial statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to report whether, in our opinion:

- the group and Authority's financial statements give a true and fair view of the financial position of the group and Authority and the group and Authority's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

We commenced our post-statements audit in October 2025 and have completed the audit in January 2026. Our findings are summarised on pages 16 to 61. We have identified one material error in the draft financial statements presented for audit which resulted in an upward adjustment to the carrying value of your Council Dwellings by £16.6m, this has now been corrected in the final version of the statements. Further detail is provided on pages 21 to 22.

In addition, we identified a number of non-material errors including an overstatement of assets under construction totalling £5.5m and the incorrect inclusion of £2.9m of Section 106 contributions and Community Infrastructure Levy receipts within receipts in advance and capital grants unapplied account.

We have recommended a number of other audit adjustments to improve the presentation of the financial statements and record misclassification and disclosure changes as detailed in pages 42 to 48. No adjustments have been identified that would impact on the Council's reported outturn position for the year. We have also raised recommendations for management as a result of our audit work in pages 49 to 57. Our follow up of recommendations from the prior year's audit are detailed in pages 58 and 61.

We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of your organisation and with the financial statements we have audited.

We have issued a modified opinion with a limitation of scope due to the net pension liability opening balance comparative figure. We signed the audit on 21 January 2026.

# Headlines

## Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance.

We have completed our VFM work and our detailed commentary is set out in the separate Interim Auditor's Annual Report, which was presented to the Audit Committee on 25 November 2025. The final version of this document was issued alongside our audit opinion and final audit findings report.

We identified significant weaknesses in the Authority's arrangements in the areas of financial sustainability and improving economy, efficiency and effectiveness. On this basis we are not satisfied that the Authority has made proper arrangements to secure value for money. We issued two key recommendations for financial sustainability and further two key recommendations for improving economy, efficiency, and effectiveness.

Our findings are set out in the value for money arrangements section of this report (page 63).

# Headlines

## Statutory duties

The Local Audit and Accountability Act 2014 (the 'Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed the majority of work required under the Code. However, we cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until the National Audit Office (NAO) had concluded their work in respect of WGA for the year ended 31 March 2025.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

## Significant matters

The draft financial statements were submitted for audit in line with the agreed national timetable and were supported, in the main, by good quality working papers. We have received good cooperation from finance officers at the Council.

For the large majority of the audit, we did not encounter any significant difficulties or identify any significant matters arising. We did, however, experience significant delays and incur additional time in completing our testing on Council dwelling valuations. The additional time taken to complete this element of the audit is reflected in the final proposed fee, subject to PSAA approval.

# Headlines

## National context – audit backlog

### Government proposals around the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

Swindon Borough Council have not been subject to any backstop measures and all prior year audits have been signed before the deadlines. However, the committee should familiarise themselves with the dates as above and ensure that the draft accounts continue to be delivered on time to facilitate timely and efficient audits.

We are pleased to confirm that we have concluded your audit in advance of the backstop date.

# Headlines

## Implementation of IFRS 16

Implementation of IFRS 16 Leases became effective for local government bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Local government accounts webinars were provided for our local government audit entities during March, covering the accounting requirements of IFRS 16. Additionally, CIPFA has published specific guidance for local authority practitioners to support the transition and implementation on IFRS 16.

### Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.”

In the public sector the definition of a lease is expanded to include arrangements with nil consideration. This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires the right of use asset and lease liability to be recognised on the balance sheet by the lessee, except where:

- leases of low value assets
- short-term leases (less than 12 months).

This is a change from the previous requirements under IAS 17 where operating leases were charged to expenditure.

The principles of IFRS 16 also apply to the accounting for PFI liabilities.

The changes for lessor accounting are less significant, with leases still categorised as operating or finance leases, but some changes when an authority is an intermediate lessor, or where assets are leased out for little or no consideration.

### Impact on the Authority

IFRS 16 has mainly impacted on the Council’s financial statements in respect of adjustments relating to its Private Finance Initiative (PFI) liability remeasurement and Right of use assets brought into use on the balance sheet.

The Council has adopted appropriate accounting policies and disclosures including:

- application of judgment and estimation;
- related internal controls that required updating, if not overhauling, to reflect changes in accounting policies and processes;
- systems to capture the process and maintain new lease data and for ongoing maintenance;
- accounting for what were operating leases; and
- identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate

Our findings and assessment of the IFRS 16 adoption is set out in page 25.

## 02 Group audit

# Group audit

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

The table below summarises our final group scoping, as well as the status of work on each component.

Component	Risk of material misstatement to the group	Scope – planning	Scope – final	Auditor	Status	Comments
Swindon Borough Council	Yes			Grant Thornton UK	●	Full scope audit performed by Grant Thornton UK LLP. Findings are set out on pages 16 to 61.
Swindon Housing Development Company Ltd.	No			Sumer Auditco Limited	●	Our work on analytical procedures at group level has not identified any issues.
Common Farm Community Interest Company	No			Sumer Auditco Limited	●	Our work on analytical procedures at group level has not identified any issues.
Swindon Chapel Farm Solar	No			Sumer Auditco Limited	●	Our work on analytical procedures at group level has not identified any issues.
Wichelstowe LLP	No			UHY Hacker Young LLP	●	Our work on analytical procedures at group level has not identified any issues.

## Key

Scope 1	Audit of entire financial information of the component, either by the group audit team or by component auditors (full-scope)
Scope 2	Specific audit procedures designed by the group auditor (specific scope)
Scope 3	Specific audit procedures designed by a component auditor (specific scope)
Out of scope	Out of scope components are subject to analytical procedures performed by the Group audit team to group materiality.
●	Planned procedures are substantially complete with no significant issues outstanding.
○	Planned procedures are ongoing/subject to review with no known significant issues.
●	Planned procedures are incomplete and/or significant issues have been identified that require resolution.

# 03 Materiality

# Our approach to materiality

As communicated in our Audit Plan dated 17 April 2025, we determined materiality at the planning stage as £11.8m for the Group and £11.2m for the Council based on 2% of prior year gross expenditure of the Group and Council's financial statements, respectively. At year-end, we have reconsidered planning materiality based on the draft Group and Council's financial statements. Materiality remains the same as the movement between the prior year and draft gross expenditure is not significant.

A recap of our approach to determining materiality is set out below.

## Basis for our determination of materiality

- We have determined materiality at £11.8m and £11.2m for Group and Authority, respectively, based on professional judgement in the context of our knowledge of the Authority, including consideration of factors such as control environment, economic environment, concentration of ownership, etc.
- We have used 2% of gross expenditure as the basis for determining materiality.
- We have used gross operating expenditure as the materiality benchmark. This is consistent with our approach in 2023/24.

## Performance materiality

- We have determined performance materiality at £8.4m. This is based on 75% of headline materiality.

## Specific materiality

- A separate lower materiality of £15,000 was adopted for senior officers' remuneration. This reflects heightened public interest in this area of the accounts.

## Reporting threshold

- We will report to you all misstatements identified in excess of £0.56m, in addition to any matters considered to be qualitatively material.

# Our approach to materiality

A summary of our approach to determining materiality is set out below.

	<b>Group (£)</b>	<b>Authority (£)</b>	<b>Qualitative factors considered</b>
Materiality for the financial statements	£11,800,000	£11,200,000	Materiality has been based on 2% of gross operating expenditure. We have considered factors such as control environment, economic environment, concentration of ownership, etc.
Performance materiality	£8,850,000	£8,400,000	This is set at 75% of headline materiality. We have considered factor such as level of deficiencies and errors identified in prior year audits.
Specific materiality for Senior Officer Remuneration Disclosure	Not applicable	£15,000	Set at lower level due to enhanced public interest.
Reporting threshold	£590,000	£560,000	Based on 5% of headline materiality.

## 04 Overview of significant and other risks identified

# Overview of audit risks

The below table summarises the significant and other risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Other risks are, in the auditor's judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Low	●
The revenue cycle includes fraudulent transactions	Rebutted	↔	✗	Low	●
The expenditure cycle includes fraudulent transactions	Rebutted	↔	✗	Low	●
Valuation of land and buildings including council dwellings and surplus assets	Significant	↔	✗	High	●
Valuation of pension fund net liability	Significant	↔	✗	High	●
The implementation of IFRS 16	Other	↔	✗	Medium	●

- ↑ Assessed risk increase since Audit Plan
- ↔ Assessed risk consistent with Audit Plan
- ↓ Assessed risk decrease since Audit Plan

- Not likely to result in material adjustment or change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Likely to result in material adjustment or significant change to disclosures within the financial statements

# Significant risks

Risk identified	Audit procedures performed	Key observations
<p><b>Management override of controls</b></p> <p>Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>evaluated the design and implementation of management controls over journals;</li> <li>analysed the journals listing and determined the criteria for selecting high risk unusual journals;</li> <li>identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration;</li> <li>gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness; and</li> <li>reviewed and tested transfers between the General Fund and HRA and intragroup journals, if there's any.</li> </ul>	<p><b><u>Journals</u></b></p> <p>We have identified as part of our work that users are able to self authorise their own journals. While we noted some mitigating controls of approvals outside the system to reduce the likelihood of inappropriate journal entries, the risk of self-authorisation remains. Further details are set out on page 50.</p> <p>We have considered journals that are posted and approved by the same individual as part of our testing. No issues were identified as part of our testing. Our audit work has not identified any issues in respect of management override of controls. For all journals reviewed, we concluded that they were appropriate and no instances of management override of controls were noted.</p> <p><b><u>Estimates and Judgements</u></b></p> <p>We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.</p> <p>Having assessed management judgements and estimates individually and in aggregate we are satisfied that there is no material misstatement arising from management bias across the financial statements.</p>

# Significant risks

## Risk identified

### Presumed risk of fraud in revenue recognition

Under ISA (UK) 240, there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud related to revenue recognition.

## Key observations

Our risk assessment was reviewed throughout the audit and our assessment at planning remains consistent. Our testing of income cut off has not identified any issues to bring to your attention. We do not consider this to be a significant risk for the Authority and standard audit procedures were carried out. We consider our rebuttal of revenue recognition to remain appropriate.

### Presumed risk of fraud in expenditure recognition

Practice note 10: Audit of financial statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies.

Our risk assessment was reviewed throughout the audit and our assessment at planning remains consistent. Our testing of expenditure cut off has not identified any issues to bring to your attention. We do not consider this to be a significant risk for the Authority and standard audit procedures were carried out. We consider our rebuttal of expenditure recognition to remain appropriate.

# Significant risks

Risk identified	Audit procedures performed	Key observations
<p><b>Valuation of land and buildings including surplus assets*</b></p> <p>The Authority revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and sensitivity of this estimate to changes in key assumptions, Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date. We therefore identified valuation of land and buildings including council dwellings and surplus assets as a significant risk.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;</li> <li>evaluated the competence, capabilities, and objectivity of the Council's valuation expert;</li> <li>written to the valuer to confirm the basis on which the valuation was carried out;</li> <li>challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding;</li> <li>tested revaluations made during the year to see if they had been input correctly into the Authority's asset register;</li> <li>evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value (fair value for surplus assets) at year-end; and</li> <li>engaged our auditor's expert to support our response to the valuation of land and buildings including council dwellings and surplus assets.</li> </ul>	<p>The Council has formally valued a proportion of the land and buildings as at 31 December 2024. Since valuation date differs from the financial year-end, the Valuer conducts a review of material corrected of the land and buildings by references to indices (via a desktop exercise) as at 31 March 2025. The valuer has not identified a material adjustment as a result of the indices applied. We have reviewed the valuer's assessment and used independent indices to form our expectations. We concur with the judgment made by the valuer that there is no material movement between the valuation date at 31 December 2024 and financial year-end at 31 March 2025.</p> <p>Our test of the data and assumptions have not identified material errors. However, we raised a control recommendation in relation to provision of evidence relating to site and floor plans and age of the asset. We have performed alternative procedures and have not identified material variance from the assumptions used by the valuer. Refer to page 52 for further detail.</p> <p>We have gained assurance over the material accuracy of valuation of land and building including surplus asset as at 31 March 2025.</p>

\*Note that in the Audit Plan, valuation of council dwellings is considered together with land and buildings, however, due to the issues identified in our audit, we have separately reported this. The risk and the procedures performed remained the same.

# Significant risks

Risk identified	Audit procedures performed	Key observations
<p><b>Valuation of council dwellings</b></p> <p>The Authority revalues its council dwellings on an annual basis (i.e., every 31 December) by adopting beacon valuation method and applying indices to those dwellings that are not formally valued.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and sensitivity of this estimate to changes in key assumptions, Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value at the financial statements date. We therefore identified valuation of council dwellings as a significant risk.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;</li> <li>evaluated the competence, capabilities, and objectivity of the Council's valuation expert;</li> <li>written to the valuer to confirm the basis on which the valuation was carried out;</li> <li>challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding;</li> <li>tested revaluations made during the year to see if they had been input correctly into the Authority's asset register;</li> <li>evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value (fair value for surplus assets) at year-end; and</li> <li>engaged our auditor's expert to support our response to the valuation of land and buildings including council dwellings and surplus assets.</li> </ul>	<p>The Council has revalued its council dwelling as at 31 December 2024 using the beacon valuation method in line with <i>Stock Valuation for Resource Accounting: Guidance for valuers (2016)</i>. This approach involves selecting representative beacon properties, determining their market value, and applying these valuations across the wider portfolio.</p> <p>The Council identified 662 beacons across its housing stock, which represents different housing characteristics joined up together to identify a beacon that would represent a number of dwellings with similar type and size.</p> <p>CIPFA Code requires all beacons to be formally valued at least once every 5 years, and further guidance prescribes different way to ensure that this requirement is being met. However, based on our discussion with management and its internal valuers, we identified that they only 'formally value' beacons when there are evidence from recent completion of right to buy sales and open market evidence taken from website such as Land Registry and Net House Prices. In the absence of specific evidence, uniform indices based on dwelling types are applied.</p> <p>Continued overleaf</p>

# Significant risks

## Key observations (Continued)

For 2024/25, the Council's internal valuer 'formally valued' 87 beacons. This represents 13% of the total beacons. Given the number of beacons the Council have and those containing most dwellings most likely to have recent market data, the current approach does not ensure all beacons are 'formally valued' in a five-year period. This represents a departure from the requirements of the Code and the relevant guidance.

In addition, the beacon valuation methodology required by the Code involves a series of key stages including a physical inspection of each selected beacon property which is used in turn to determine adjustments made to the residual beacon population. Our review has determined that the current approach adopted by the internal valuer does not always incorporate a physical inspection. Currently, there is no designated beacon property per beacon type.

We have raised an audit recommendation in relation to these findings for management and its internal valuer to revisit its current approach and ensure that they comply with the requirements of the Code and the stock valuation guidance. Refer to page 49.

We performed audit procedures to gain assurance over the carrying value of council dwellings as at 31 March 2025.

Our audit procedure includes developing a sampling strategy to select and test 25 items from the 662 identified beacon properties. Typically, we also perform testing on non-beacon dwellings to obtain assurance that they have been correctly assigned to an appropriate beacon category. However, since there is no clear distinction between beacon and non-beacon properties, we are unable to perform this procedure.

Our initial testing of 25 samples identified valuations that fell outside the expected range based on independent search for market value. Following management's review and consultation with internal valuers, it was identified that incorrect valuation figures had been applied to each beacon. This error has been rectified by management, resulting in an adjustment of £16.6 million, which increased the reported value of council dwellings as at 31 March 2025. This adjustment is detailed in page 43.

Based on the adjusted values, we have not identified any sample that fell outside our expectations. We also revisited our testing strategy and confirmed that there are no additional beacons to test.

Whilst we identified issues with the valuation approach, we were able to perform procedure to gain assurance over the carrying value of council dwelling as at 31 March 2025.

Further, since the valuation date differs from the financial year end, the Valuer conducts a review of material correctness of the council dwelling balances, by reference to indices (via desktop exercise) as at 31 March 2025. The valuer concluded that the indices applied did not result in material adjustment. We have reviewed this exercise and the indices used and we confirm this to be reasonable.

Following adjustments processed, we have gained assurance over the material accuracy of the council dwelling valuation as at 31 March 2025.

# Significant risks

Risk identified	Audit procedures performed	Key observations
<b>Valuation of net pension liability</b>	<p>We have:</p> <ul style="list-style-type: none"> <li>updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluated the design effectiveness of the associated controls;</li> <li>evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;</li> <li>assessed the competence, capabilities, and objectivity of the actuary who carried out the Council's pension fund valuation;</li> <li>assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate its liability;</li> <li>tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;</li> <li>undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performed any additional procedures as suggested within the report; and</li> </ul>	<p>Our work on this area is substantially complete. We have an outstanding query in relation to the figures reported in the IAS 19 report and the figures we have inspected from the monthly submission to the Fund.</p> <p>We have confirmed that the impact of IFRIC 14 was appropriately considered and reflected in the net pensions liability figure.</p> <p>In 2022/23, no letter of assurance was received from auditors of Wiltshire Pension Fund. Therefore, we had no assurance as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the 2022/23 pension fund financial statements. Therefore, we anticipate a modified opinion for the year ended 31 March 2025 to reflect the absence of assurance over the opening balance of the comparative figures.</p>

# Significant risks

Risk identified	Audit procedures performed	Key observations
<b>Valuation of net pension liability</b>	<ul style="list-style-type: none"> <li>obtained assurances from the auditor of Wiltshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.</li> </ul>	<p>For 2024/25, we have received assurance from the auditors of pension fund. We have reviewed this and noted material difference between the benefits reported in the IAS 19 and the figures submitted by the Fund to the Actuary. This is currently being queried with the Pension Fund.</p>

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rates, where our consulting actuary has indicated that a 0.1% change in these two assumptions would have approximately 1.5% effect on the liability/asset. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in the calculation. With regards to these assumptions, we have therefore identified valuation of the Authority's net pension liability/asset as a significant risk.

# Other risks

Risk identified	Audit procedures performed	Key observations
<b>IFRS 16 - Valuation of right-of-use assets and lease liability</b>	<p>We have:</p> <ul style="list-style-type: none"> <li>assessed the accounting policies and adequacy of disclosures;</li> <li>examined the method by which management finds and categorises leases and ensure all leases are captured;</li> <li>examined if the discount rate used by management to determine the present value of lease payments is reasonable;</li> <li>checked that the lease term and other lease-related circumstances that could affect the lease's contractual length have been appropriately set by management;</li> <li>verified that the computations are based on the appropriate lease payments and discount rates by assessing the accuracy of the initial recognition of right-of-use assets and lease liabilities; and</li> <li>assessed identification of peppercorn rent.</li> </ul>	<p>Our detailed review of the Council's arrangements for identifying all right of use assets that may be subject to IFRS 16 has provided sufficient assurance over the completeness assertion.</p>

# 05 Other findings

# Other findings – significant matters

Issue	Commentary
Significant events or transactions that occurred during the year	No matters to communicate
Business conditions affecting the group and business plans and strategies that may affect the risks of material misstatement	No matters to communicate
Concerns about management's consultations with other accountants on accounting or auditing matters	No matters to communicate
Discussions or correspondence with management in connection with the initial or recurring appointment of the auditor regarding accounting practices, the application of auditing standards, or fees for audit or other services	No matters to communicate
Significant matters on which there was disagreement with management, except for initial differences of opinion because of incomplete facts or preliminary information that are later resolved by the auditor obtaining additional relevant facts or information	No matters to communicate
Other matters that are significant to the oversight of the financial reporting process	No matters to communicate
Prior year adjustments identified	The Authority restated comprehensive income and expenditure statement to reflect the change in classification due to internal realignment of services within reported directorates. This is disclosed under Note 15 of the updated draft accounts. We are satisfied that the restatement is appropriate and accurate.

# Other findings – accounting policies

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	The revenue recognition policies included within the financial statements are appropriate and in accordance with the Code.	No matters to report.	● Green
Expenditure recognition	The expenditure recognition policies included within the financial statements are appropriate and in accordance with the Code.	No matters to report.	● Green
Valuation methods	Valuation methods are appropriate and in accordance with the Code.	No matters to report.	● Green
Other critical policies	All accounting policies are appropriate and in accordance with the Code.	No matters to report.	● Green

## Assessment:

- Red = Marginal accounting policy which could potentially be open to challenge by regulators
- Amber = Accounting policy appropriate but scope for improved disclosure
- Green = Accounting policy appropriate and disclosures sufficient

# Other findings – key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

## Assessment:

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
<b>Valuation of land and buildings</b> <b>£409.0m at 31 March 2025</b>	<p>Other land and buildings comprises £248.7m of specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£160.3m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Authority has engaged its internal valuers and Whiteland Strategies Limited (external valuer) to complete the valuation of properties as at 31 December 2024 on a five yearly cyclical basis. 70% of total assets were revalued during 2024/25.</p> <p>Summarise how has management have considered alternative estimates and addressed estimation uncertainty and the disclosure made in that respect.</p> <p>Continued overleaf</p>	<p>We have carried out the following work in relation to this estimate:</p> <ul style="list-style-type: none"> <li>• assessed management's expert to ensure they are suitably qualified and independent;</li> <li>• assessed the consistency of the estimate against national indices as verified to supporting data;</li> <li>• agreed, on a sample basis, the underlying data used by valuer to supporting evidence e.g. build costs and rental leases;</li> <li>• assessed the adequacy of the disclosure of the estimate in the financial statements; and</li> <li>• engaged an auditor expert to review the terms of engagements with the valuer and the valuation report issued.</li> </ul>	<span style="color: green;">● Green</span> We consider management's process is appropriate and key assumptions are neither optimistic or cautious.

# Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of land and buildings	<p>Management and its expert have considered the year end value of non-valued properties and the potential valuation change in the assets revalued at 31 December 2024.</p> <p>Management's assessment of assets not revalued has identified no material change to the properties value.</p> <p>Our review of this assessment is currently in progress.</p> <p>The total year end valuation of land and buildings was £409.0m, a net decrease of £34.6m from 2023/24 (££443.6m).</p>	<p>Our audit work had not identified any significant issues with regards to this accounting estimate.</p>	<span data-bbox="2222 414 2263 437" style="color: green;">●</span> <b>Green</b> We consider management's process is appropriate and key assumptions are neither optimistic or cautious.

# Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of surplus assets £34.2m at 31 March 2025	<p>Surplus assets are required to be valued at fair value at year-end reflecting the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority has engaged its internal valuer to complete the valuation of its properties as at 31 December 2024. 59.7% of total assets were revalued during 2024/25.</p> <p>The year end valuation of surplus assets was £34.2m, a net increase of £5.3m from 2023/24 (£28.9m).</p>	<p>Refer to commentary set out in Page 29. Our testing covers both land and building and surplus assets.</p> <p>Our audit work had not identified any significant issues with regards to this accounting estimate.</p>	 <b>Green</b> We consider management's process is appropriate and key assumptions are neither optimistic or cautious.

# Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
<b>Valuation of council dwellings</b> £585.9m at 31 March 2025	<p>The Authority owns 10,389 dwellings and revalues these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance stipulates that either the use of beacon methodology or discounted cash flow can be used to value council dwelling properties.</p> <p>However, we have identified some issues with the application of the beacon valuation method of the internal valuer and made some audit recommendations to revisit this in the future period. Further details are set out in pages 21 to 22.</p> <p>The Authority has engaged its internal valuers to complete the valuation of these properties. The year end valuation of council dwellings was £585.9m, a net increase £15.7m of from 2023/24 (£570.1m).</p>	<p>We have carried out the following work in relation to this estimate:</p> <ul style="list-style-type: none"> <li>assessed management's expert to ensure they are suitably qualified and independent;</li> <li>tested, on sample basis, the valuation against publicly available market information of similar dwellings;</li> <li>tested, on sample basis, the appropriateness of allocation of beacons to non-beacon properties;</li> <li>for material correctness at year-end, assessed the consistency of the estimate against national indices as verified to supporting data; and</li> <li>assessed the adequacy of the disclosure of the estimate in the financial statements.</li> </ul> <p>Our audit testing identified that a number of sample is outside our expectations based on market evidence. It was reviewed by the Authority and identified that they have input the incorrect valuation to the beacons. This resulted to a total adjustment of £16.6m in the gross valuation of the council dwellings.</p> <p>Whilst we are able to gain assurance over the carrying value of council dwellings as at 31 March 2025, we have identified issues with the valuation method that could have impact to the estimation process. Refer to page 21 to 22 for further details in relation to this issue.</p>	 Grey Following the adjustments of £16.6m, we consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious

# Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
<b>Valuation of net pension liability</b> £54.5m at 31 March 2025	<p>The Authority's net pension liability at 31 March 2025 is £54.5m (PY £57.4m) comprising the Wiltshire Pension Fund Local Government Scheme and unfunded defined benefit pension scheme obligations. The Authority uses Barnett Waddingham to provide actuarial valuations of the Authority's assets and liabilities derived from these schemes. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2022/23 financial year. Given the significant value of the net pension fund liability (asset), small changes in assumptions can result in significant valuation movements. There has been a £2.9m net actuarial gain during 2024/25.</p>	<p>We have carried out the following work in relation to this estimate:</p> <ul style="list-style-type: none"> <li>assessed management's expert, Barnett Waddingham, to be competent, capable and objective;</li> <li>performed additional tests in relation to the actuary on contribution figures, benefits paid and investment returns to gain assurance over the 31 March 2022 roll forward calculation carried out by the actuary and have no issues to note;</li> <li>gained assurance over the reasonableness of the Council's share of Wiltshire Pension Fund's pension assets;</li> <li>reviewed the adequacy of disclosure of the estimate in the draft financial statements;</li> <li>assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;</li> <li>reviewed the reasonableness and appropriateness of the pension asset ceiling calculation;</li> <li>sought assurances from the auditors of Wiltshire Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements; and</li> <li>assessed the adequacy of disclosure of estimate in the financial statements.</li> </ul> <p>(continued overleaf)</p>	 <b>Green</b> We consider management's process is appropriate and key assumptions are neither optimistic or cautious.

# Other findings – key judgements and estimates

## Key judgement or estimate

## Auditor commentary

Valuation of net pension liability/asset  
£54.5m at 31 March 2025

We have used PwC as an auditor's expert to assess the actuary and assumptions made by actuary as set out in the table below.

Assumption	Actuary value	PwC range	Assessment
Discount rate	5.75%	5.6% to 5.95%	Reasonable
Pension increase rate	2.90%	2.85% to 2.95%	Reasonable
Salary growth	3.40%	0.5% to 2.5% p.a. above CPI inflation (i.e., 3.35% to 5.45%)	Reasonable
Life expectancy – Males currently aged 45/65	21.0/21.7	19.2-21.8 20.6-23.1	Reasonable
Life expectancy – Females currently aged 45/65	24.0/25.2	22.7-24.3 24.1-25.7	Reasonable

Our audit work had not identified any significant issues with regards to this accounting estimate.

# Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
PFI Liability £43.3m in 2024/25	<p>The Council's PFI liability as at 31 March 2025 is £43.3m. The Council entered into a PFI contract with Equion plc in 2004/05 to provide seven schools in the northern sector of Swindon. The Council is deemed to control the services provided under the agreement for school provision, and also to control the residual value of the buildings at the end of the agreement.</p> <p>As part of adoption of IFRS 16 during the year the PFI has been remeasured and an adjustment of £9.7m was reflected in the PFI balance.</p>	<p>We have carried out the following work in relation to this estimate:</p> <ul style="list-style-type: none"> <li>engaged our internal PFI modelling team to review the PFI models and reviewed their findings;</li> <li>reviewed the source data input to the models, where applicable and agree them to supporting evidence; and</li> <li>assessed the adequacy of the disclosure of the estimate in the financial statements.</li> </ul> <p>No issues were identified as part of the review made by the GT PFI model team.</p> <p>Our audit work has not identified issues in relation to this accounting estimate.</p>	 <b>Green</b> We consider management's process is appropriate and key assumptions are neither optimistic or cautious

# Other findings – Information Technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Oracle EBS	Detailed ITGC assessment (design effectiveness)	● Green	● Green	● Green	● Green	Management override of controls
Northgate	Detailed ITGC assessment (design effectiveness)	● Amber	● Amber	● Green	● Green	N/A
Civica	Detailed ITGC assessment (design effectiveness)	● Amber	● Amber	● Green	● Green	N/A

## Assessment:

- [Red] Significant deficiencies identified in IT controls relevant to the audit of financial statements
- [Amber] Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- [Green] IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- [Black] Not in scope for assessment

# 06 Communication requirements and other responsibilities

# Other communication requirements

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any incidents in the period, and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	We are not aware of any significant incidences of non-compliance with laws and regulations.
Written representations	Representations were requested and received from management in respect of the significant assumptions used in making accounting estimates for the defined benefit pension liability and land and buildings valuations. We draw your attention to the draft Letter of Representation (included as a separate agenda item).
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Council's banking and treasury partners. This permission was granted, and the requests were sent. All were returned with positive confirmation.
Disclosures	Our review found no material omissions in the financial statements. Minor changes and additional disclosures were made in the updated accounts to ensure it is compliant with the requirements of the Code.
Audit evidence and explanations	All information and explanations requested from management was provided.
Significant difficulties	No significant challenges were experienced during the audit.
Other matters	There are no other matters we wish to bring to your attention.

# Other responsibilities

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> <li>• The use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities</li> <li>• For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report.</li> </ul> <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> <li>• the nature of the Authority and the environment in which it operates;</li> <li>• the Authority's financial reporting framework;</li> <li>• the Authority's system of internal control for identifying events or conditions relevant to going concern; and</li> <li>• management's going concern assessment including consideration of the wider group.</li> </ul>

# Other responsibilities

Issue	Commentary
Going concern	<p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> <li>• a material uncertainty related to going concern has not been identified; and</li> <li>• management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate</li> </ul> <p>We also considered the wider group and given the size and financial health of the components, we do not think this presents a risk to the adoption of going concern assumption.</p>
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> <li>• if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit,</li> <li>• if we have applied any of our statutory powers or duties.</li> <li>• where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es.</li> </ul> <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Note that work is not required as the Authority does not exceed the threshold.</p>
Certification of the closure of the audit	<p>We intend to delay the certification of the closure of the 2024/25 audit of Swindon Borough Council in the audit report, due to pending confirmation from the National Audit Office that no further work is required in respect of the Whole of Government Accounts.</p>

# 07 Audit adjustments

# Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted misstatements

All adjusted misstatements are set out in detail below, along with the impact on the key statements.

Detail	Comprehensive Income and Expenditure Statement	Balance Sheet	Impact on total net expenditure	Impact on general fund
	£'000		£'000	£'000
Our testing of AUC identified a total of £2,226k development costs of an internally generated IT system. This should be classified as Intangible asset under IAS 38 rather than assets under construction in PPE. Note that this is reclassification only within balance sheet.	Nil	Nil	Nil	Nil
Our review of investments identified that £3,149k represents loans provided to subsidiaries for cash flow purposes. These amounts are recorded as borrowings in the subsidiaries' financial statements. Accordingly, they should be classified as debtors rather than investments. Note that this is reclassification only within balance sheet.	Nil	Nil	Nil	Nil
Our testing identified that one (1) sample relates to cash receipts before YE that has been incorrectly recorded against creditor rather than deduction of debtor. Note that this is reclassification only within balance sheet.	Nil	Nil	Nil	Nil

Continued overleaf

# Audit adjustments

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Our testing of assets under construction identified a total of £5,999k in AuC that is already operational at YE hence, should not be AuC. £5,504k of this adjustment is subsequently disposed to a parish council. A £10.5k depreciation was recorded in relation to these assets that became operational during the year.	£5,515	(£5,515)	£5,515	Nil
Our testing of council dwelling valuations identified that incorrect beacon figures have been input in the fixed asset register which resulted to understatement in the valuation at YE. This resulted to material adjustment of £16.6m increase in the balance of council dwellings.	(£17,332)	£16,631	£701	Nil
Our agreement of the CIES Re-measurements on pension assets / liabilities to IAS 19 report identified that the interest on impact on asset ceiling amounting to £3.6m has been erroneously included. Upon further review of management, this should be included in the net interest cost under Financing and Investment Income and Expenditure.	(£3,601)	Nil	£3,601	Nil

Continued overleaf

# Audit adjustments

Detail	Comprehensive Income and Expenditure Statement	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
	£'000		£'000	£'000
Our testing in capital grants receipts in advance and debtor identified that there were Section 106 contributions and Community Infrastructure Levy receipts that were not received but recorded as receipts in advance and received but recorded as debtor. We identified that this related to the new system wherein it recorded transactions in the incorrect account. Management reviewed the transactions and identified the following adjustments.	£2,893	(£2,893)	£2,893	Nil
Our testing of AHFS and revaluation reserve identified that there is a gain in revaluation reserve for £845k. As per the CIPFA Code, recognition of any revaluation gains that take place over this amount is deferred until they are realised in sale. Therefore, this movement in year has been reversed to remove the gain recognised.	£845	(£845)	Nil	Nil
<b>Overall impact</b>	<b>(£11,680)</b>	<b>£7,378</b>	<b>£12,710</b>	<b>Nil</b>

# Audit adjustments

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Narrative Report	In the narrative report review, we noticed an inconsistency between the figure of GF balance in annual report and notes to FS, which updated to £9.2m. This has been amended by management for consistency.	✓
Narrative Report	Our review identified that there is an outdated reference in relation to unfunded teacher's pension. Management agreed to update the disclosure from £9m to £2.6m.	✓
Accounting Policies	Our work identified that the Council has not disclosed accounting policies for the school. The client proposed to add an accounting policy to enhance the understanding of the reader.	✓
Accounting Policies	Our review of the depreciation accounting policy indicated that the depreciation policy relating to surplus assets was not disclosed. This has been added in the updated accounts.	✓
Accounting Policies	The depreciation policy for Vehicles, Plant and Equipment, has been updated to include the EUL for specialist assets. The revised policy reads as follows:  Vehicles, plant, furniture and equipment - generally straight-line over five years (dependent on the assessed expected useful life) with specialist assets having eight to fifteen year lives (such as recycling vehicles).	✓
Note 2 Subjective Analysis of Service Expenditure	Our review identified that Section 106 contributions were recorded under 'Fees, Charges and Other Service Income' rather than under 'Government Grants and Contributions,' as required by the Code. This classification has now been corrected within the note.	✓
Note 7 Tax and Grant Income	As per CIPFA Code Guidance para 2.3.4.1, the Council should disclose the grant income based on its nature rather than the funding body. The management has updated this in the final accounts.	✓
Note 7 Tax and Grant Income	Various adjustments processed following adjustments in the primary financial statements.	✓
Note 10 Exit Packages	The note omitted disclosure of the total costs of exit payments, which is not in compliance with the requirements of paragraph 3.4.4.1 (6) of CIPFA Code. This has been added in the updated accounts.	✓

# Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Note 16 Property, Plant and Equipment	<p>Note 16 Property, Plant and Equipment: The value of assets revalued table had been updated to ensure that it reflects the asset valued during the year and also following adjustment in council dwelling valuation. The assets held for sale revalued just before reclassification in line with the requirements of the Code was initially included in the table. This has been removed to reflect that only PPE asset is included.</p> <p>Various other adjustments processed following adjustments in the primary financial statements.</p>	✓
Note 17 Assets Held for Sale	A disclosure note had been added to show the movements within assets held for sale balance.	✓
Note 20 Capital Commitment	During the review of the Capital Commitments disclosure in accounts and agreeing it to outturn report, we have noted a variance in the Accounts disclosure where the remaining budget as at 31 March 2025 should be £481m and not £484m. The management updated this in the accounts.	✓
Note 21 Capital Expenditure and Capital Financing	Following draft accounts, the balance of capital expenditure finance from borrowing had been updated from £20,178k to £14,438k.	✓
Note 26 Capital Adjustment Account	Various adjustments processed following adjustments in the primary financial statements.	✓
Note 27 Revaluation Reserve	Various adjustments processed following adjustments in the primary financial statements.	✓
Note 31 Private Finance Initiatives and Similar Contracts	In accordance with the CIPFA Code, para 4.3.4.2, the Authority should disclose in the PFI Note the value of assets held under service concession arrangements at each Balance Sheet date, and an analysis of the movement in those values. Therefore, in Note 30, management added in the disclosure note indicating that the asset value increased by £9m which was subsequently disposed of, but there is no asset value at the balance sheet date as all PFI schools are academies.	✓
Note 33 Defined Benefit Pensions Schemes	In the published draft accounts, we noted that the tables for IAS19 Summary Disclosures Through CIES and average future life expectancies at 65 still presented the 2023/24 figures, resulting to differences and inconsistencies to IAS19 report. This has been amended in the updated accounts to include the correct figures for 2024/25.	✓

# Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Note 33 Defined Benefit Pensions Schemes	An additional disclosure in relation to Virgin Media Case had been added to ensure transparency in terms of the said ongoing court case that could impact pensions liability in the future.	✓
Note 34 Financial Instruments	As per CIPFA Code Guidance, the Council should disclose table for 'Income, Expense, Gains and Losses' within the Financial Statements Note. The management added this in the accounts.	✓
Note 36 Cash Flow Statement – Operating Activities	Various adjustments processed following adjustments in the primary financial statements.	✓
Note 41 Assumptions Made About the Future & Other Major Sources of Estimation Uncertainty	In our review of the critical judgments and estimation uncertainty disclosure, we have identified that the disclosure for the PPE note is not in line with the requirements as per IAS 1. As per the standard, the entity should also include in the note their carrying amount as at the end of the reporting period. This has been communicated and agreed by the management to add a disclosure in the final accounts.	✓
Note 49 Housing Stock	We identified variance in the housing stock as part of our testing. The total housing stock should be 10, 381 rather than 10,389.	✓
Note 50 Vacant Possession Valuation	The figure for 31 March 2025 had been updated to £1,680,937k in line with the adjustments processed for council dwelling valuation.	✓
Throughout	Following review of accounts by engagement lead and manager and also consistency check carried out, we have noted minor errors and wording amendments. Management has agreed to update the financial statements to reflect these changes	✓

# Audit adjustments

## Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement	Balance Sheet	Impact on total net expenditure		Impact on general fund
	£'000	£'000	£'000	£'000	£'000
No unadjusted misstatement identified.					
<b>Overall impact of current year unadjusted misstatements</b>					

# Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<span data-bbox="207 414 245 436">●</span> <b>Medium</b>	<p>As part of our council dwelling valuations testing, we identified that the Authority is not compliant with the requirements of CIPFA Code and Stock valuation for resource accounting 2016: guidance for valuers. The beacons identified are not valued once every five years as required by CIPFA Code.</p> <p>Further information is detailed in Pages 21 to 22.</p> <p>Non-compliance with the Code creates a risk that council dwelling is material misstated.</p> <p>Note that we are able to perform alternative procedure to gain assurance over the carrying value of council dwelling.</p>	<p>We recommend that the Authority and its internal valuers revisit their approach and ensure that it is compliant with the Code and relevant guidance.</p> <p><b>Management response</b></p> <p>The process for revaluation of the HRA dwellings will be reviewed, however, timelines to allow for review and implementation are unlikely to impact until 2026/27 statements.</p>
<span data-bbox="207 846 245 868">●</span> <b>Medium</b>	<p>Our assets under construction (AUC) testing identified schemes that have been completed and operational during the year. This should be reclassified to appropriate PPE category once operational, and depreciation (where applicable) is charged accordingly.</p>	<p>We recommend that management should ensure timely review of the AUC schemes and ensure that any operational assets are reclassified out of AUC.</p> <p><b>Management response</b></p> <p>The process for AUC identification will be consolidated to the Head of Finance, Technical, rather than split across different Finance staff, to enable an overarching consistency on project review.</p>

## Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

# Action plan

Assessment	Issue and risk	Recommendations
<span style="color: yellow;">●</span> <b>Medium</b>	<p>Within the Capital Commitments disclosure, the Council have reported their capital programme rather than contractual commitments within the Note. Upon challenge, the Council does not specifically track the contractually committed balances by project and are likely unable to pull this note together.</p> <p>The audit team assessed that this is a departure from the Code although no material misstatement was noted as a result of the finding.</p>	<p>We recommended that management review their processes for monitoring capital commitments and seek to quantify this balance.</p> <p><b>Management response</b></p> <p>The capital commitment disclosure has never reported more than the agreed capital budget remaining due to time and resource impact and states that it is a departure from the Code.</p>
<span style="color: yellow;">●</span> <b>Medium</b>	<p>As part of the review of Declarations of Interest for Members we identified 1 member and 5 officers for whom declarations had not been obtained by management as at 31/03/2025. As such, we went back to request the missing disclosure or perform alternative procedures to gain assurance that the related parties note disclosure is complete.</p>	<p>We recommended that management obtain all Declarations of Interest for Members on a timely basis.</p> <p><b>Management response</b></p> <p>Responses are the individual responsibility of relevant Members and Officers with the majority provided in a timely manner, but new ways of obtaining responses will be considered.</p>
<span style="color: yellow;">●</span> <b>Medium</b>	<p>We have identified as a part of our work that users are able to self authorise their own journals. We have raised a deficiency, and we have considered journals posted/approved by the same person as part of our testing.</p>	<p>We recommended that management review the journal entry controls in place. We have not identified a material misstatement as a result of the deficiency identified.</p> <p><b>Management response</b></p> <p>The policy in place since 2017, which only allows for self-posting in adjusting periods to enable the timely closure of the accounts at year-end and which has routine monitoring of journal process actions, is routinely reminded to staff.</p>

# Action plan

Assessment	Issue and risk	Recommendations
<span data-bbox="215 289 250 311">●</span> <b>Medium</b>	<p>Our review of future minimum leases payments for operating leases as a lessor identified that some of the annual rents are not updated following rent review. This resulted to an error in the disclosure which management updated. Not regularly updating the lease register could lead to material misstatement within the disclosure.</p>	<p>We recommend that management ensure regular review of the lease register to reflect current lease payment and ensure material accuracy of the disclosure.</p> <p><b>Management response</b></p> <p>The timing of a rent review being agreed is later than the date that a rent review is due / triggered, so as an active document there is a time delay between the due date and the agreed date, and only then will an update be made.</p>
<span data-bbox="215 635 250 656">●</span> <b>Medium</b>	<p>The Council currently maintains its Fixed Asset Register (FAR) in Microsoft Excel, which may lack robust data recovery and integrity controls. This could pose a risk to the accuracy and completeness of asset records. Inability to recover any loss of data may result to material misstatement within the financial statement.</p>	<p>Where possible, we recommend that management automate its fixed asset register to maintain asset information and value. Alternatively, we recommend that management ensures regular backups of the FAR to a secure location (i.e., cloud storage) and restrict editing rights to authorised personnel and consider using password protection.</p> <p><b>Management response</b></p> <p>Standard IT recovery processes will take routine back-ups of files on the network and will be accessible / recoverable to a prior version. Individual file security will be added but a new file is created each year so multiple historic copies are held.</p>
<span data-bbox="215 1059 250 1081">●</span> <b>Medium</b>	<p>Our testing identified that management has not accrued for VAT element of the invoice. Management represented that this was not known of at the time of accrual. Whilst reasonable, we deemed that management should accrue for VAT when they are already aware of the VAT element during close down process as this could have material impact in the creditor balance.</p>	<p>We recommend management that they should review their creditor balance and ensure that they have accrued for VAT element to ensure that creditors reflect total consideration payable in line with CIPFA code requirements.</p> <p><b>Management response</b></p> <p>VAT accruing will be reviewed as part of the 2025/26 year-end processes.</p>

# Action plan

Assessment	Issue and risk	Recommendations
<span data-bbox="215 282 250 303">●</span> <b>Medium</b>	<p>For our sampled asset in land and building valuation testing, the valuer was unable to provide documented evidence for site and floor plans. In addition, a number of assets doesn't have any supporting information in relation to the age of the asset. The valuer either used the historic data or information based on their judgment. We have performed alternative procedures to gain assurance over these data and assumptions.</p>	<p>We recommend that management or valuer should maintain the supporting documentation/evidence for all assumptions adopted for the revaluation of the OLB assets.</p>
<span data-bbox="215 786 250 807">●</span> <b>Low</b>	<p>While obtaining an understanding of Liberata (the service organisation that provides the Council with services for the Council Tax and NNDR functions) it was identified from our inquiries that the service auditor report is not readily available. The lack of service auditor's report is a control deficiency regarding whether management have appropriate assurance that the systems and controls that the service organisation have put in place are effective.</p>	<p>We recommended that management request a service auditor report from Liberata where available. We have not identified a material misstatement as a result of the deficiency identified.</p>

# Action plan

Assessment	Issue and risk	Recommendations
<span data-bbox="215 296 250 318">●</span> <span data-bbox="199 339 266 361">Low</span>	<p>Our review of journals identified that IT provided an Oracle user ID to the wrong individual due to a duplicate name and role. This oversight only affected the individual's ability to view her journals, rather than creating a post-employment access issue for the other individual with the same name who had left.</p>	<p>We recommend that the Council's IT team implement a review process prior to granting access, ensuring that the correct user ID and roles are properly assigned.</p>
<span data-bbox="215 570 250 591">●</span> <span data-bbox="199 613 266 635">Low</span>	<p>Our auditor's expert review of the terms of engagement and valuation certificate lack certain elements that are required to be included as best practice in line with the guidance.</p>	<p>We recommend that the Council engaged with their valuer and ensure that these elements are sufficiently covered within terms of engagement and valuation certificate.</p>
<span data-bbox="215 858 250 879">●</span> <span data-bbox="199 901 266 923">Low</span>	<p>Our review of heritage assets identified that the Council's approach of valuation hasn't changed since 23/24 and placed reliance on the insurance certificate to determine the value at year end.</p>	<p>We recommend that management carry out the valuation with sufficient frequency as best practice to ensure that it reflects the current value at year-end.</p>

# Action plan – IT general control findings

Assessment	Issue and risk	Recommendations
<span data-bbox="207 256 245 277">●</span> <b>Medium</b>	<p><b>Segregation of duties within Civica HR Payroll</b></p> <p>During the review, GT identified two users from the HR and Payroll systems team who have privileged access to undertake user administration procedures. The combination of HR Payroll responsibilities with the ability to administer end-user security is considered a segregation of duties conflict.</p> <p>GT noted that these users were first identified in FY2023 when the Civica system was implemented. At that time, we understood that the users needed privileged access to work on the Civica system implementation project. However, their privileged access is still active within Civica despite the system now operating as business-as-usual.</p> <p>GT performed additional procedures to review the audit logs for the identified users. While we identified that these users had only performed HR job responsibilities in the year, there is a continued risk that they could make changes to users or data within Civica without appropriate review or control</p> <p><b>Risk</b></p> <p>A combination of administration and HR Payroll privileges creates a risk that system-enforced internal controls can be bypassed. This could lead to</p> <ul style="list-style-type: none"> <li>- unauthorised changes being made to system parameters</li> <li>- creation of unauthorised accounts,</li> <li>- unauthorised updates to their own account privileges</li> <li>- deletion of audit logs or disabling logging mechanisms.</li> </ul>	<p>Access should be based on the principle of least privilege and commensurate with job responsibilities. The Council should define segregation of duty policies and processes and ensure that there is an understanding of roles, privileges assigned to those roles and where incompatible duties exist. It may be helpful to create matrices to provide an overview of the privileges assigned to roles.</p> <p>The Council should adopt a risk-based approach to reassess the segregation of duty matrices on a periodic basis. This should consider whether the matrices continue to be appropriate or required updating to reflect changes within the business.</p>

# Action plan – IT general control findings

Assessment	Issue and risk	Recommendations
<span data-bbox="207 256 245 277">●</span> <b>Medium</b>	<p><b>Inadequate monitoring of third-party service providers (Northgate)</b></p> <p>During the review, GT understood that administrator access to the Northgate database is assigned to NEC, a third-party support provider. NEC has access to the development environment for changes within the Northgate application and provides support to the Council regarding these changes.</p> <p>Although this privileged access is restricted to the third party, there is no process in place to review the activities performed by NEC or verify that access to the database remains appropriately restricted.</p> <p><b>Risk</b></p> <p>Without adequate oversight over the third-parties' control environment, there is an increased risk that Council will be unable to identify and address any weaknesses in its their control environment</p>	<p>The Council should incorporate a review process for third-party administrator access and activity, retaining evidence of the review. Additionally, the Council should obtain independent service organization assurance reports to understand whether there are any concerns with the effectiveness of the third-party control environment. Furthermore, the Council should formalise the process to request and approve third party access to the Northgate system.</p> <p><b>Management response</b></p> <p>The Council will ask NEC to provide details of the access that their staff have to the Council's Revenues &amp; Benefits System.</p> <p>The Council will request details of whether any independent reviews of the access NEC staff have to Revenues &amp; Benefits systems they host for a number of Councils have been undertaken and ask for a copy of any such report.</p> <p>NEC will be asked to maintain a log of access for their staff into the Council's Revenues &amp; Benefits Systems and note the reasons why.</p>

# Action plan – IT general control findings

Assessment	Issue and risk	Recommendations
<span data-bbox="207 256 245 277">●</span> <b>Medium</b>	<p><b>Insufficient evidence to assess the appropriateness of access to the Northgate database</b></p> <p>During the review, GT understood that administrator access to the Northgate database is restricted to NEC, a third-party support provider.</p> <p>GT was unable to obtain the sufficient evidence to test the Northgate database administrators and therefore, could not verify the appropriateness of access to the Northgate database.</p> <p><b>Risk</b></p> <p>Without adequate oversight over the third-parties' control environment, there is an increased risk that Council will be unable to identify and address any weaknesses in its their control environment.</p>	<p>The Council should incorporate a review process for third-party administrator access and activity, retaining evidence of the review.</p> <p><b>Management response</b></p> <p>The Council will ask NEC to provide details of the access that their staff have to the Council's Revenues &amp; Benefits System and document this</p> <p>The Council will request details of whether any independent reviews of the access NEC staff have to Revenues &amp; Benefits systems they host for a number of Councils have been undertaken and ask for a copy of any such report.</p> <p>NEC will be asked to maintain a log of access for their staff into the Council's Revenues &amp; Benefits Systems and note the reasons why.</p>

# Action plan – IT general control findings

Assessment	Issue and risk	Recommendations
<span data-bbox="215 256 245 275" style="color: green;">●</span> <b>Low</b>	<p><b>Lack of security events monitoring in the Civica database</b></p> <p>During the review, GT noted that the information security event logs, which captures the activities performed by the privileged user accounts 'SBCINTRAL\devteam' are not maintained within Civica.</p> <p><b>Risk</b></p> <p>Without enabling security event logging and then proactively monitoring them increases the risk that anomalous security activity such as failed login attempts, may not be identified and / or addressed in a timely manner.</p>	<p>It is recommended that the Council should maintain the logs for the account and proactively review the security event logs for users to detect any suspicious activities such as multiple failed login attempts. These reviews should be performed by one or more knowledgeable individuals, who are independent of the day-to-day use or administration of these systems and formally evidenced.</p> <p><b>Management response</b></p> <p>SBC Business systems team will work with SBC APPs team to set up a regular review of this account activity.</p> <p>In the first instance we will look at what the Civica system can offer in terms of login and activity reports and test this against system performance. We have found In the past switching on these system driven logs can have a detrimental effect of system wide performance.</p> <p>If this does not work we will look to create our own log reports that monitor activity of this account and set up a process where the correct member of staff can review activity and sign off or highlight suspicious activity for review.</p> <p>I would also like to note that this account is no longer an admin account as advised from previous audits. I am not sure if this has any bearing on the recommendation.</p>

# Follow up of prior year recommendations

We identified the following issues in the audit of the Authority's 2023/24 financial statements, which resulted in 11 recommendations being reported in our 2023/24 Audit Findings Report. We are pleased to report that management actioned 6 of our recommendations. We continue to recommend the rest and has been included in our Action Plan – pages 49 to 53.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p>We have identified as a part of our work that users are able to self authorise their own journals. We have raised a deficiency, and we have considered journals posted/approved by the same person as part of our testing.</p> <p>We recommended that management review the journal entry controls in place. We have not identified a material misstatement as a result of the deficiency identified.</p>	<p>This remains as an issue identified in our testing. This has been again included as part of our audit recommendation in 24/25.</p>
✓	<p>As part of our Land and Buildings testing, we identified a discrepancy in the monitoring of the Revaluation Reserve balance for three assets, following reclassification from Surplus Assets to Land and Buildings assets. The monitoring issues did not result in any adjustment in 2023/24 financial statements, but it was noted that it may cause potential errors in the accounting treatment of any revaluation loss in the future.</p> <p>We recommended that the Council ensures consistency in the transfer of each revaluation reserve balance within the Fixed Asset Register. This was a new issue identified in respect of Land and Buildings in 2023/24.</p>	<p>We have not identified similar issue as part of our testing of the valuations of land and building and surplus asset. Therefore, we consider this matter addressed.</p>

## Assessment

- ✓ Action completed
- ✗ Not yet addressed

# Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>During the course of our Payroll testing, we identified one leaver who had an incorrect system removal date which was one day after their actual leaving date. This had not been identified by the Payroll or Finance team. The Payroll team have carried out an audit to ensure the incident was isolated. Our testing was therefore extended to reflect the potential error. No further issues have been identified as a result of the error. Further, we have considered, as part of our Journal testing, whether the error resulted in any financial entries being made on the date in question. No issues were identified.</p> <p>We recommended that management review the cut-off policy for system access for all leavers and carry out periodic checks to ensure the controls are operating effectively. We have not identified a material misstatement as a result of the deficiency identified.</p>	<p>We have not identified similar issue as part of our payroll testing. Therefore, we consider this matter addressed.</p>
✗	<p>While obtaining an understanding of Liberata (the service organisation that provides the Council with services for the Council Tax and NNDR functions) it was identified from our inquiries that the service auditor report is not readily available. The lack of service auditor's report is a control deficiency regarding whether management have appropriate assurance that the systems and controls that the service organisation have put in place are effective.</p> <p>We recommended that management request a service auditor report from Liberata where available. We have not identified a material misstatement as a result of the deficiency identified.</p>	<p>This remains as an issue identified in our risk assessment procedure. This has been again included as part of our audit recommendation in 24/25.</p>
✗	<p>As part of the IT Audit work performed, we identified that one control deficiency had not been resolved from the prior year (2022/23).</p> <p>We identified users with administrative privileges at application level. The use of generic or shared accounts with high-level privileges increases the risk of unauthorised or inappropriate changes to the application or database. Where unauthorised activities are performed, they will not be traceable to an individual.</p> <p>We recommended that management consider the IT Audit report findings and look to implement safeguards where possible.</p>	<p>This remains as an issue identified in by our IT auditors. This has been again included as part of our audit recommendation in 24/25.</p>

# Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p>Within the Capital Commitments disclosure, the Council have reported their capital programme rather than contractual commitments within the Note. Upon challenge, the Council does not specifically track the contractually committed balances by project and are likely unable to pull this note together. The audit team assessed that this is a departure from the Code although no material misstatement was noted as a result of the finding.</p> <p>We recommended that management review their processes for monitoring capital commitments and seek to quantify this balance.</p>	<p>This remains as an issue identified in our testing. This has been again included as part of our audit recommendation in 24/25.</p>
X	<p>As part of the review of Declarations of Interest for Members we identified 1 member for whom declarations had not been obtained by management as at 31/03/2024. As such, we are unable to gain assurance that these members have been considered as appropriate, when forming the related parties note. We requested the Register of Interest as part of our testing to confirm that no interests were in existence which should be disclosed and confirmed that none were identified. Therefore, we have raised an audit recommendation in respect of this finding.</p> <p>We recommended that management obtain all Declarations of Interest for Members on a timely basis.</p>	<p>This remains as an issue identified in our testing. This has been again included as part of our audit recommendation in 24/25.</p>
✓	<p>As part of our planning inquiries with the Chair of the Audit Committee, the Chair identified that there is an opportunity to strengthen the Audit Committee's understanding of fraud risk, by including increased coverage of fraud risk within the Council's risk register and therefore this has been raised as a recommendation within the Audit Findings Report.</p> <p>We recommended that management include increased coverage of fraud risk within the Council's risk register.</p>	<p>We have not identified similar issue as part of our review of risk register. Therefore, we consider this matter addressed.</p>

# Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>During our asset disposal testing, we have noted that 3 assets are valued as £1 but with significant value in the prior year - we included this in our sample and noted these assets are already transferred to Academy status and included as part of the disposal list.</p> <p>Though there is no significant effect on the accounts, we would still recommend a proper review of the disposals and that the Council fully derecognise disposed assets.</p>	<p>We have not identified similar issue as part of our disposal testing. The accounting treatment for assets disposed due to change to 'Academy' status is deemed appropriate. Therefore, we consider this matter addressed.</p>
✓	<p>We have no IFRIC14 opening balance assurance due to lack of information. However, as the IAS19 balance is subject to limitation of scope for 2022/23 as a result of the IAS19 assurance letter issue as set out on prior year AFR, no further work has been actioned by the audit team as no assurance can be gained over opening balances for 2023/24.</p> <p>Though there is no significant effect on the accounts, we recommended that the Council continue to obtain a full IFRIC14 annually going forward, as has been obtained for 2023/24.</p>	<p>We have not identified a similar issue as part of our pension liabilities testing. IFRIC 14 assessment has been obtained and considered in determining the pensions liabilities at YE. Therefore, we consider this matter addressed.</p>
✓	<p>During the course of our Housing Benefit Expenditure testing in 2023/24, we identified a reconciliation difference between Northgate (the system used to record such expenditure) and the Trial Balance. The difference was £533k. The difference arose as the values shown within the financial ledger are net of any overpayment recovery from ongoing benefit. Further, the split between rent rebate payments and rent allowance payments is not exact as both types of payments are coded to "rent allowance payments" regardless of type.</p> <p>We recommended that the Council should set up a distinct account code or cost centre for Housing Benefit Expenditure types for easier reconciliation with the Northgate system.</p>	<p>We have not identified a similar issue as part of our housing benefit expenditure testing. Therefore, we consider this matter addressed.</p>

# 08 Value for Money arrangements

# Value for Money arrangements

## Approach to Value for Money work for the year ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30<sup>th</sup> November each year from 2024-25.

We have completed our VFM work and our detailed commentary is set out in the separate Interim Auditor's Annual Report dated the 14 November 2025, which was presented to the November meeting of the Audit Committee. A final version of this document will be issued alongside our audit opinion.

In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.



### Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



### Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



### Governance

How the body ensures that it makes informed decisions and properly manages its risks.

In undertaking this work we have identified significant weaknesses in arrangements.

We have raised two key recommendations with respect to financial sustainability, specifically, financial planning and control and the need for detailed Medium Term Financial Strategy and realistic and deliverable DSG management plan. We also raise two key recommendations with respect to improving economy, efficiency and effectiveness. These relate to actioning the requirements of Ofsted inspection including regularly monitoring of progress and implementing its Housing Improvement Plan once agreed and regularly reporting to the Cabinet.

# 09 Independence considerations

# Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, there are no independence matters that we would like to report to you.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. No such breaches have been identified.

- We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard
- Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

# Independence considerations

As part of our assessment of our independence we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Authority or group that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Authority or group or investments in the group held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Authority or group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Authority or group.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Authority or group, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

# Fees and non-audit services

The following tables set out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The non-audit services detailed on the next page are consistent with the group's policy on the allotment of non-audit work to your auditor.

None of the non-audit services were provided on a contingent fee basis.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Swindon Borough Council. The table on the next page summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees.

\* All additional fees are subject to PSAA approval.

<b>Audit fees</b>	<b>Indicative fees at planning £</b>	<b>Final proposed fees £</b>
Scale fee	£386,004	£386,004
Auditor's Expert (PPE Valuation)	3,000	3,000*
Additional work in relation to ISA 600 (revised)	5,000	5,000*
IFRS 16	10,000	10,000*
<b>Fee per the audit plan</b>	<b>£404,004</b>	<b>£404,004</b>
Additional work in respect of:		
Additional procedures performed in relation to Council Dwelling Valuations		3,500*
<b>Total final proposed fees</b>		<b>£407,504</b>

# Fees and non-audit services

## Audit-related non-audit services

Service	Fees £	Threats Identified	Safeguards applied
Certification of Teacher's Pension -2021/22 £7,500 in progress -2022/23 £10,000 in progress -2023/24 terms to be agreed -2024/25 terms to be agreed	£17,500	Self-interest (because this is a recurring fee) Self-review (because GT provides audit services) Management (as GT report to the grant paying body)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the most recent agree fee (2023/24) for this work is £17,500 in comparison to the total anticipated fee for the audit of £407,504 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self-review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants. The factual accuracy of our report, including representations from management, will be agreed with informed management.
Certification of Housing Benefit -2023/24 £34,250 complete -2024/25 £45,000 agreed, in progress	£45,000	Self-interest (because this is a recurring fee) Self-review (because GT provides audit services) Management (as GT report to the grant paying body)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the estimated fee for 2024/25 for this work is £45,000 in comparison to the total anticipated fee for the audit of £407,504 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self-review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants. The factual accuracy of our report, including representations from management, will be agreed with informed management.
Certification of Pooling of Housing Capital Receipts -2023/24 £7,500 complete -2024/25 £10,000 agreed, in progress	£10,000	Self-interest (because this is a recurring fee) Self-review (because GT provides audit services) Management (as GT report to the grant paying body)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the most recent agree fee (2023/24) for this work is £10,000 in comparison to the total anticipated fee for the audit of £407,504 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self-review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants. The factual accuracy of our report, including representations from management, will be agreed with informed management.
Total	£72,500		

# Fees and non-audit services

## Total audit and non-audit fee

(Audit fee) £407,504

(Non-audit fee) £72,500

The above fees are exclusive of VAT and out of pocket expenses.

The audit fees per audit plan reconcile to the financial statements. The proposed additional fees at the post-statement stage of £3,500 will be subject to PSAA approval. Therefore, these are not included in the financial statements disclosure.

This covers all services provided by us and our network to the group/Authority, its directors and senior management and its affiliates, that may reasonably be thought to bear on our integrity, objectivity or independence.

# 10 Appendices

# A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures	●	
Significant findings from the audit	●	
Significant matters and issue arising during the audit and written representations that have been sought	●	
Significant difficulties encountered during the audit	●	
Significant deficiencies in internal control identified during the audit	●	
Significant matters arising in connection with related parties	●	

# A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

## Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

## Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

## D. Management letter of representation

This was presented as a separate agenda item.

## E. Audit opinion

This is included separately in the supplement pack for this agenda item.



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