

The Annual Audit Letter for Swindon Borough Council

Year ended 31 March 2014

20 October 2014

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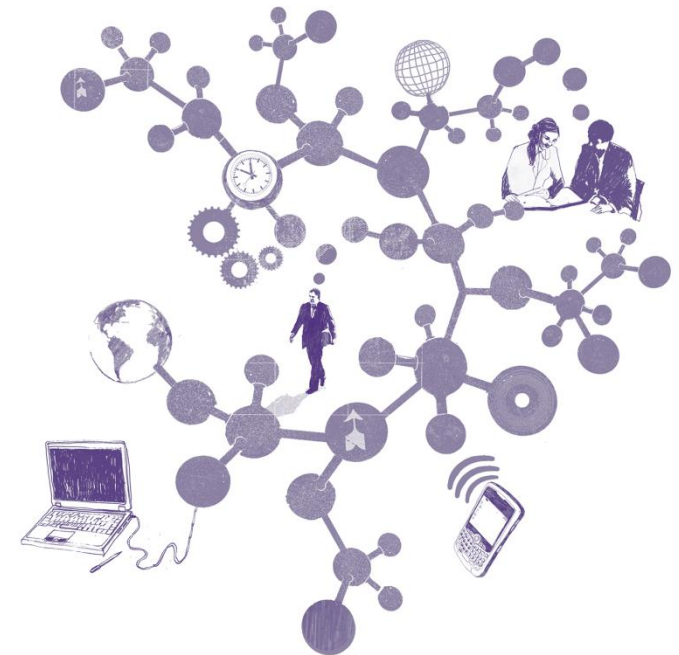
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Contents

Section	Page
1. Key messages	3
Appendices	
A Key issues and recommendations	5
B Reports issued and fees	6

Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Swindon Borough Council ('the Council') for the year ended 31 March 2014.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued on 15th April 2014 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

Financial statements audit (including audit opinion)

We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 16th September to the Audit Committee. The key messages reported were:

- We did not identify any material adjustments to the accounts affecting the Council's reported financial position.
- We agreed a number of amendments to the presentation of the accounts particularly with regard to the disclosure of capital expenditure, property plant and equipment.
- Following our recommendations last year, the Council reviewed its balance relating to the Wichelstowe development. This balance was previously held within assets under construction. This year £55m was transferred to infrastructure assets and £14m was eliminated from the balance sheet.

We issued an unqualified opinion on the Council's 2013/14 financial statements on 19th September 2014, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.

Key messages

<p>Value for Money (VfM) conclusion</p>	<p>We issued an unqualified VfM conclusion for 2013/14 on 19th September 2014.</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014. In completing our work we considered:</p> <ul style="list-style-type: none"> - Financial resilience, we concluded that the Council has satisfactory arrangements for planning and controlling its finances. There remain inherent risks to the Council's medium term financial resilience arising from the unprecedented pressure on local authority budgets. Identification and delivery of sufficient savings to balance the budget from 2016-17 onwards remains a significant challenge. - Service transformation, we completed a high level review of progress on the Council's five transformational projects. Overall we found the programme is progressing well in most areas, that it has delivered significant savings to date and will continue to be a substantial contributor of savings over the next two years. There is scope to evaluate progress in some areas such as economic growth. - Project management arrangements, we focused on arrangements for taking forward the Wichelstowe development. This is a complex and challenging scheme, at the time of our review (June 2014) we found the Council had established suitable governance arrangements. <p>We made three recommendations included in appendix A.</p>
<p>Whole of Government Accounts</p>	<p>We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts. We reported that the Council's pack was consistent with the audited financial statements.</p>
<p>Certification of grant claims and returns</p>	<p>Our review of your grant claims and returns is on-going at October 2014 and is due to be completed by December. The findings will be reported in our annual certification report to be issued early in 2015.</p>
<p>Audit fee</p>	<p>Our fee for 2013/14 was £171,170, excluding VAT, which was an increase of £1,070 over the fee reported in our audit plan. This increase was in respect of work on material business rates balances. The work was previously carried out as part of our certification work for the national non domestic rates (NDR) return and the fee was included in the certification fee in previous years. We were not required to certify the NDR return this year. Further detail is included within appendix B.</p>

Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2013/14 audit.

No.	Issue and recommendation	Management response/ responsible office/ due date
1.	<p>Financial resilience The Council has a strong track record of containing its expenditure within budget. Nevertheless the local government sector faces unprecedented financial challenges over the next 3 years. Swindon's financial plans reflect the complexity of the Council and include a wide range of risks for example from the performance of partners, or grouped companies.</p> <p>Recommendation: Members need to continue to show strong leadership in decision making to ensure the Council remains financially resilient.</p>	<p>Officers will continue to work with Members through the robust financial planning process.</p>
2.	<p>Wichelstowe The Council is going through a complex tendering process to appoint a private sector partner to work with in developing Wichelstowe. The site will be developed over a number of years and the Council will need to ensure that it has sufficient capacity on the proposed joint venture board to ensure the Council's interests continue to be protected.</p> <p>Recommendation: The Council should ensure it has sufficient representation on the joint venture board.</p>	<p>Agreed</p> <p>Due date: Will be reviewed in line with the development of the joint venture board.</p>
3.	<p>Service transformation We conducted a high level review of the progress achieved with the five transformational projects in order to assess the extent to which they are on course to deliver required savings. We found the original planned contribution from the economic growth project will not be achieved.</p> <p>Recommendation: The Council should review its plans for economic growth to ensure that assumptions remain valid.</p>	<p>Agreed</p> <p>Due date: April 2015</p>

Appendix B: Reports issued and fees

We confirm below the fee charged for the audit and the provision of non-audit services.

Fees

	Per Audit plan £	Actual fees £
Audit Fee	170,100	*171,170
Grant certification fee	16,700	** 16,700
Total fees	186,800	187,870

***Fee variations – business rates.** There is an additional fee of £1,070 in respect of work on material business rates balances. This additional work was necessary as auditors are no longer required to carry out work to certify NDR returns. The additional fee is 50% of the average fee previously charged for NDR certification work at unitary councils.

**** Our certification work is on-going.** The final fee will be reported to the Audit Committee early in 2015 as part of our annual certification report.

Fees for other services

Service	Fees £
Independent business review of wholly owned subsidiary of the Council	20,000

Reports issued

Report	Date issued
Audit Plan	15 th April
Audit Findings Report	16 th September
Certification report	January 2015
Annual Audit Letter	20 th October 2015



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