

# The Annual Audit Letter for Swindon Borough Council

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**Year ended 31 March 2015**

19<sup>th</sup> October 2015

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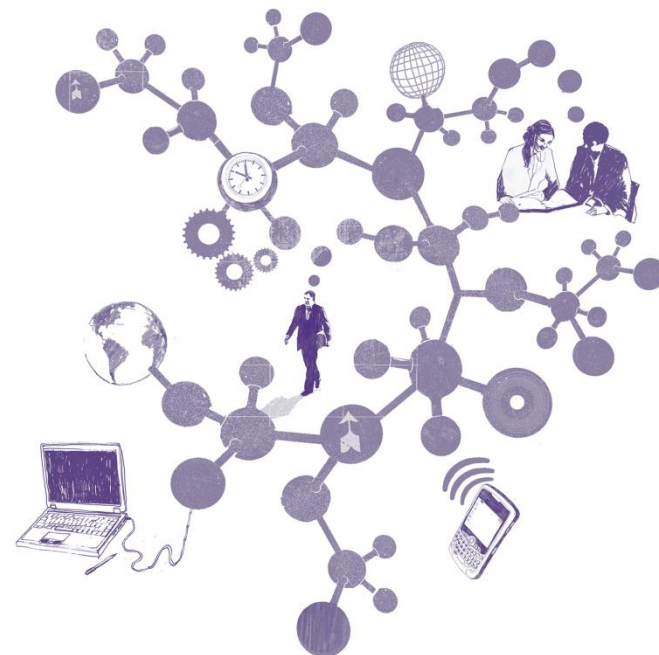
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# Key messages

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 2015.

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 June 4<sup>th</sup> 2015 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 and Public Sector Audit Appointments Limited.

## **Financial statements audit (including audit opinion)**

We reported our findings arising from the audit of the financial statements in our Audit Findings Report on September 29<sup>th</sup> to the Audit Committee. The key messages reported were:

- The accounts materially provided a true and fair view of the financial position of Swindon Borough Council and the Group companies owned by the Council. Before finalising the accounts adjustments were made to:
  - the valuation of a school to reflect the valuation determined by the Council's Valuer
  - include a liability in the accounts of Thamesdown Transport Limited to explicitly reflect on-going payments made by the Company to the Council in respect of pension liabilities
  - adjust debtor and creditor balances to comply with the guidance in the local authority accounts Code.
- At the time of giving our opinion on September 30<sup>th</sup> there was a delay in the auditors of the Council subsidiary, Public Power Solutions(PPS) issuing their opinion on that Company's accounts. The auditors were questioning the inclusion of income of £3.7m. This was the only matter outstanding on the audit. Once the audit of PPS is finished there may be an inconsistency on the accounts of the Swindon BC Group of £3.7m. We were satisfied that the impact on the Council's accounts overall was not material and additional disclosure of the situation was included.

We issued an unqualified opinion on the Council's 2014/15 financial statements on September 30<sup>th</sup> 2015, 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. We raised a number of IT control issues which have yet to be implemented fully by the new IT team. These are part of the on-going agenda to modernise systems and improve controls.

# Key messages continued

<p><b>Value for Money (VfM) conclusion</b></p>	<p>We issued an unqualified VfM conclusion for 2014/15 on September 30<sup>th</sup> 2015.</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 2015.</p> <p>We reported our detailed findings to the Audit Committee on September 29<sup>th</sup>. Overall our work highlighted the Council has a lot of initiatives in place to develop its services and identify efficiencies and has a strong record of controlling its spending within budget. In common with many other councils Swindon continues to be faced with considerable challenges, including:</p> <ul style="list-style-type: none"> <li>• Financial resilience. Our work highlighted that the Council continues to face significant financial pressures in the medium term, with a funding gap of £20m in 2016/17 and similar gaps in the following three years. Swindon needs to find on-going savings to ensure it can continue to balance its budget.</li> <li>• Managing the service transformation programme which has been established to support the identification of efficiencies.</li> <li>• Children's services. The Council has struggled to recruit social workers which has impacted the efficiency of the service. Changes have been made to the leadership of the service which has started to see an improvement in recruitment and retention.</li> </ul>
<p><b>Whole of Government Accounts</b></p>	<p>We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts. A number of amendments were made to the consolidation pack following which we were able to report that the Council's pack was consistent with the audited financial statements.</p>
<p><b>Certification of housing benefit grant claim</b></p>	<p>Our work on this Claim is on-going to meet the Government deadline of November 30<sup>th</sup>.</p>
<p><b>Audit fee</b></p>	<p>Our fee for the Council audit for 2014/15 was £171,170, excluding VAT which was in line with our planned fee for the year and was the same fee as charged in the previous year. Further detail is included within appendix A.</p>

# Appendix A: Reports issued and fees

We confirm below the fees charged for the audit and non-audit services. The fees for audit services are subject to final confirmation by Public Sector Audit Appointments.

## Fees for audit services

	Per Audit plan £	Actual fees £
Council audit	171,170	171,170
Housing benefit grant certification fee	18,000	18,000
<b>Total audit fees</b>	<b>189,170</b>	<b>189,170</b>

## Reports issued

Report	Date issued
Audit Plan	4 <sup>th</sup> June 2015
Audit Findings Report	29 <sup>th</sup> September 2015
Certification Report	To be issued following completion of work in November 2015
Annual Audit Letter	19 <sup>th</sup> October 2015

## Fees for other services

Service	Fees £
<b>Audit related services</b>	
Teachers pension return	3,000
<b>Non audit related services</b>	
Place analytics data service	7,800
<b>Review of PFI contract</b>	20,000
Review of PFI contract and financial model to identify possible savings for the Council (work in progress)	



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