The Audit Findings (ISA260) Report for Swindon Borough Council

Year ended 31 March 2024

29 January 2025

Private and Confidential

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Audit Findings for Swindon Borough Council for the 31 March 2024

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.

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 drive audit quality by reference to the Audit Quality Framework. 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-2023.pdf (grantthornton.co.uk).

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 A Barber

Director
For Grant Thornton UK LLP

Contents

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. 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.

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Swindon Borough Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2024 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 Council's financial statements give a true and fair view of the financial position of the group and Council and the group and Council'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), 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 late August 2024 and our work is now complete. Our findings are summarised on pages 5 to 29.

Our work to date has not identified any material adjustments to the financial statements or other adjustments impacting on the provision of services in the Council's Comprehensive Income and Expenditure Statement. Whilst the audit has resulted in a large number of adjustments to the financial statements, these are, in the main, minor in nature.

We have recommended a number of other audit adjustments to improve the presentation of the financial statements as detailed in Appendix D. We have also raised recommendations for management as a result of our audit work in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix C.

The draft financial statements were submitted for audit in line with the agreed national timetable and were supported by good quality working papers. We have received good cooperation from finance officers at the Council and we would like to put on record our appreciation for this support throughout the audit process.

Our work is complete and there are no matters of which we are aware that would require modification of our audit opinion [Appendix G] or material changes to the financial statements.

We issued a qualified audit opinion on 29 January 2025 following the Audit Committee meeting on 28 January 2025. The opinion was qualified due to the inability to gain assurances over the pension fund IAS19 disclosure in the prior year.

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.

Our financial statements audit report opinion has been modified with a limitation of scope due to the Pension Liability opening balance.

Our work on the Council's Value for Money (VFM) arrangements is now complete. The outcome of our VFM work was reported in our commentary on the Council's arrangements in our Auditor's Annual Report (AAR) that was presented alongside the Interim Audit Findings report at the 26 November 2024 meeting of the Audit Committee. A final version of this report was issued on the 29 January 2025, the date of our audit opinion.

1. 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 Council 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 Council'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 Council's arrangements under the following specified criteria: • Improving economy, efficiency and effectiveness; • Financial sustainability; and • Governance	Our work on the Council's value for money (VFM) arrangements was reported in our commentary on the Council's arrangements in our Auditor's Annual Report (AAR), presented to Audit Committee on 26 November 2024. We have not been able to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. A further explanation of the significant weaknesses we have identified in the Council's arrangements is detailed on page 31 of this report. A final version of this report was issued on the 29 January 2025, the date of our audit opinion.
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 under the Code and will delay the completion certificate of the audit due to outstanding work on the Whole of Government Accounts. This is a national issue impacting on all 2023/24 financial statements audits.
Significant matters	We did not encounter any significant difficulties or identify any significant matters arising during our audit.

1. Headlines

National context – audit backlog

Government proposals around the backstop

On 30 July 2024, the Minister of State for Local Government and English Devolution, Jim McMahon, provided the following written statement to Parliament Written statements - Written questions, answers and statements - UK Parliament This confirm the government's intention to introduce a backstop date for English local authority audits up to 2022/23 of 13 December 2024.

The government has set out its intention that from 2023/24, auditors should work with local authorities to begin the process of recovery. A backstop date for 2023/24 has been proposed of 28 February 2025, and a date for 2024/25 audits of 27 February 2026.

We are pleased to confirm that we anticipate concluding your 2023/24 audit in advance of the backstop date.

New National Audit Office Code

As part of ongoing reforms to local audit, the National Audit Office has also laid a new Code before Parliament. One of the objectives is the new Code is to ensure more timely reporting of audit work, including Value for Money. The Code requires that from 2025, auditors will issue their Annual Auditor's Report by November each year. We have already put resource plans in place to ensure we achieve this deadline across all audited bodies.

National context – level of borrowing

All Councils continue to operate in an increasingly challenging financial context. With inflationary pressures placing increasing demands on Council budgets, there are concerns as Councils look to alternative ways to generate income. We have seen an increasing number of councils look to ways of utilising investment property portfolios as sources of recurrent income. Whilst there have been some successful ventures and some prudently funded by councils' existing resources, we have also seen some councils take excessive risks by borrowing sums in excess of their revenue budgets to finance these investment schemes. Additionally, we have also seen some authorities lending money to their subsidiary companies, which may not be in a position to repay those loans.

The impact of these huge debts on Councils, the risk of potential bad debt write offs and the implications of the poor governance behind some of these decisions are all issues which now have to be considered by auditors across local authority audits.

The Council has a very small investment property portfolio.

2. Financial Statements

Overview of the scope of our audit

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

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, 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.

Audit approach

Our audit approach was based on a thorough understanding of the group's business and is risk based, and in particular included:

- An evaluation of the group's internal controls environment, including its IT systems and controls;
- An evaluation of the components of the group based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of the component and to determine the planned audit response. From this evaluation we determined that no subsidiaries were individually significant and an analytical review would be carried out. No reliance on component auditors.
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

We have had to alter our audit plan, as communicated to you on 30 May 2024 to reflect updated materiality on receipt of draft accounts.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff. During the course of the audit both your finance team and our audit team faced audit challenges again this year, such as remote access working arrangements including remote accessing financial systems, video calling, physical verification of assets, and verifying the completeness and accuracy of information provided remotely produced by the entity

Conclusion

We have completed our audit of your financial statements and issued a modified audit opinion following the Audit Committee meeting on 28 January 2025.

2. Financial Statements

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

We have revised the performance materiality due to the actual gross expenditure changing significantly from that anticipated at the planning stage resulting in a review of the appropriateness of the materiality figure.

We set out in this table our determination of materiality for Swindon Borough Council and group.

	Group Amount (£)	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	8,870,000	8,420,000	Materiality has been based on 1.5% of Gross Operating Expenditure.
Performance materiality	6,650,000	6,315,000	Calculated as 75% of materiality.
Trivial matters	440,000	421,000	Based on 5% of materiality.
Materiality for specific transactions, balances or disclosures [senior officer remuneration]	12,000	12,000	We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as these are considered sensitive disclosures. We have set a materiality of £12k.

2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary	Relevant to Council and/or Group
Management over-ride of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most assessed risks of material misstatement.	We have performed the following testing: • evaluated the design and implementation of management controls over journals • analysed the journals listing and determined the criteria for selecting high risk unusual journals • identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements applied by management and considering their reasonableness • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions • reviewed and tested transfers between the General Fund and HRA. We have identified as 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. Further details are set out on page 37. 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.	Council and Group

2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary	Relevant to Council and/or Group
The revenue cycle includes fraudulent transactions (ISA240) (Rebutted) Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated 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 relating to revenue recognition. Having considered the risk factors set out in ISA240, at the planning stage we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Swindon Borough Council, mean that all forms of fraud are seen as unacceptable. No changes to our assessment reported in the audit plan were made during the course of our audit. We consider our rebuttal of revenue recognition to remain appropriate.	Council and Group

2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary	Relevant to Council and/or Group
The expenditure cycle includes fraudulent transactions (Rebutted) In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).	This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to expenditure recognition. At the planning stage we have determined that the risk of material fraud arising from expenditure recognition can be rebutted because, per Practice Note 10, misstatements may arise where the audited body is under pressure to meet externally set targets. This environment does not exist at the Council. We do not consider this to be a significant risk for Swindon Borough Council and group. No changes to our assessment reported in the audit plan were made during the course of our audit. We consider our rebuttal of expenditure recognition to remain appropriate.	Council and Group

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary	Relevant to Council and/or Group
Valuation of Land and Buildings including Council Dwellings The group revalues its land and buildings and Council Dwellings 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 the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority and group financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used. We therefore identified valuation of land and buildings and council dwellings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.	We have performed the following testing: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • updated our understanding of the processes and controls put in place by management to ensure that the authority's valuation of Land and Buildings, including Council Dwellings, is not materially misstated and evaluate the design of the associated controls • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluated the competence, capabilities and objectivity of the valuation expert • written to the valuer to confirm the basis on which the valuation was carried out • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding • engaged our own valuer to assess the instruction to the authority's valuer, the authority's valuer's report and the assumptions that underpin the valuation • tested revaluations made during the year to see if they have been input correctly into the group's asset register • 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 at year end. The Council has formally revalued a proportion of the Land and Buildings, and all the Council Dwellings, as at 31 December 2023. Since the valuation date differs from the financial year end, the Valuer conducts a review of material correctness of the Land and Buildings, and Council Dwellings balances, by reference to indices (via a desktop exercise) as at 31 March 2024. The Valuer has not identified a material adjustment as a result of the indices applied and we concur with that judgement. For Land and Buildings not valued at 31 December 2023, the Valuer has deemed that no adjustment is required for material correctness, and we consider this judgement reasonable. For Council Dwellings, the valuer has assessed that no adjustment is required between the valuation date of 31 December and 31 March 2024 and we concur with that judgement.	

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary (continued)	Relevant to Council and/or Group
Valuation of Land and Buildings including Council Dwellings	We have identified a number of misstatements and disclosure changes as a result of our testing, and these are detailed below: • As part of the reconciliation between the Fixed Asset Register and the Valuer's Report and Note 16 to the Statement of Accounts, we identified that a number of assets had been reclassified in the Valuer's Report but this was not reflected within the Statement of Accounts. An adjustment of £376k has been identified and management have made this adjustment within the final set of financial statements. We have made a recommendation that management implement a review process for all working papers to the Valuer's Report to ensure accuracy. This recommendation has been raised in previous years. • We identified a Solar Farm asset, which was carried at historic cost, but due to a change in the asset reference was valued at de minimis. Therefore, the management agreed to make an adjustment amounting to £3,466k to correct the amount over-stated in the draft accounts. . A similar issue was identified in previous years and therefore as above, we recommend that management implement a review process for all working papers to the Valuer's Report to ensure accuracy. • We further identified a trivial adjustment due to an error in the writeback of depreciation totalling £133k. While this is trivial, management have decided to make the adjustment for completeness. We therefore report the adjustment within the Audit Findings Report. • For a number of assets (five in total), the valuers were not able to provide documented evidence and have informed us that these assumptions are based on judgement or roll-forward from the prior year valuation. We recommend that management to maintain documentation for all assumptions used as far as possible. This recommendation has been raised in previous years. • We identified one asset which was Held for Sale in the year which still has a useful economic life (UEL) detailed within the FAR (however no depreciation has been charged). A recommendation has been raised in previous years to ensure that UELs of assets are appropriate based on their updated asset category on transfer (in/out). We therefore raise the same recommendation this year. • Two Vehicle, Plant and Equipment assets should have had a UEL of 5 years applied per the Council's policy, but the Council is currently using a UEL of 8 years. We raise a recommendation for the Council to ensure that UELs of assets are appropriate based on the UEL policy. • Site Area Variances – During the team's testing of Land & Building revaluations, we identified that the valuers have used older site areas for the valuation of one asset within our sample. The net impact during the year was £1,398 and hence not material. However, we report within the Audit Findings Report as a recommendation that management ensure up-to-date site areas are used during the valuation process. This recommendation has been raised in previous years.	Council and Group

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary (continued)	Relevant to Council and/or Group
Valuation of Land and Buildings including Council Dwellings	• 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 issue did not result in any adjustment in the 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. We recommend 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. The recommendations arising from the above have been set out within Appendix B and Appendix C. Whilst there are a significant number of issues set out above, the issues identified are minor and we are comfortable that this is not indicative of any wider control issue over the ability of the Council to materially and accurately record its Land and Building and Council Dwellings. The council has updated its financial statements to reflect our audit findings. Our work has not identified any issues materially impacting on the valuation of land and buildings.	Council and Group

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary	Relevant to Council and/or Group
Valuation of pension fund net liability The Council's pension fund net liability as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£57.4m in the Council's balance sheet) and the sensitivity of the estimate to changes in key assumptions. The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation. 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. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the Council's pension fund net liability as a significant risk.	We have: • updated our understanding of the processes and controls put in place by management to ensure that the authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • assessed the competence, capabilities and objectivity of the actuary who carried out the authority's pension fund valuation • assessed the accuracy and completeness of the information provided by the authority to the actuary to estimate the liability • 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 • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report We are awaiting, from the auditor of the pension fund, the following information and therefore we will: • seek assurances from the auditor of the 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. On receipt of the draft accounts we identified a minor transposition error within Note 32b and the Council has made the correction. This was subsequently updated and has been reflected as an adjustment within Appendix D. In this context we report that the Council has made an asset ceiling adjustment in relation to IFRIC14. This asset ceiling adjustment of £74.2m reduces the net asset (initially £16.8m) to the net liability of £(57.4)m on the balance sheet for 2023/24. Our work on the asset ceiling adjustment identified that further disclosure was required and the Council has updated Note 40 as a result; this adjustment has been reflected within Appendix D. We identified that an IFRIC14 report was required for 2022/23 and the Council requested the report from the actuary. Weare satisfied that the calculation of the asset ceiling adjustment is unlikely to be materially misstated for 2023/24; however, as there is a limitation of scope (as below) we are unable to conclude on the valuation of the pension fund net liability, or the asset ceiling calculation for 2022/23. In the prior year, no letter of assurance was provided by the auditor 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 have modified our 2023/24 audit opinion, to reflect this absence of assurance, first reported in 2022/23. With the exception of the prior year issue we have not identified any issues with the pension fund disclosures.	Group

2. Financial Statements: new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Commentary
IFRS 16 implementation • Following consultation and agreement by FRAB, the Code will provide for authorities to opt to apply IFRS 16 in advance of the revised implementation date of 1 April 2024. In advance of this standard coming into effect, we would expect audited bodies to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases, along with the estimated impact of IFRS 16 on the accounts	Note 38 to the accounts sets out an appropriate disclosure in respect of the nature of this standard. The Council has disclosed that the implementation of IFRS 16 is unlikely to have any material impact on the 2024/25 statement of accounts.

2. Financial Statements: Key findings arising from the group audit

Component	Individually Significant?	Findings	Group audit impact
Swindon Borough Council	Yes	See significant risks identified on Pages 9 to 16.	Full scope audit performed by Grant Thornton UK LLP
Swindon Housing Development Company Ltd	No	No significant risks identified.	Analytical review performed by Grant Thornton UK LLP. No issues arising from work performed to date, subject to finalisation of our audit work.
Common Farm Community Interest Company	No	No significant risks identified.	Analytical review performed by Grant Thornton UK LLP. No issues arising from work performed to date, subject to finalisation of our audit work.
Swindon Chapel Farm Solar	No	No significant risks identified.	Analytical review performed by Grant Thornton UK LLP. No issues arising from work performed to date, subject to finalisation of our audit work.
Public Power Solutions Ltd	No	No significant risks identified.	Analytical review performed by Grant Thornton UK LLP. No issues arising from work performed to date, subject to finalisation of our audit work.
Wichelstowe LLP	No	No significant risks identified.	Analytical review performed by Grant Thornton UK LLP. No issues arising from work performed to date, subject to finalisation of our audit work.

2. Financial Statements: new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Commentary	Auditor view
Recognition and Presentation of Grant Income • The Council receives a number of grants and contributions and is required to follow the requirements set out in sections 2.3 and 2.6 of the Code. The main considerations are to determine whether the Council is acting as principal/ agent, and if there are any conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income. The Council also needs to assess whether grants are specific, and hence credited to service revenue accounts, or of a general or capital nature in which case they are credited to taxation and non-specific grant income	As part of our work, we have considered: • whether the Council is acting as the principal or agent which would determine whether the authority recognises the grant at all • the completeness and accuracy of the underlying information used to determine whether there are conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income • the impact of grants received, whether the grant is specific or non-specific grant (or whether it is a capital grant) – which impacts on where the grant is presented in the Comprehensive Income and Expenditure Statement (CIES) • the adequacy of disclosure of judgements in the financial statements. We reviewed the Council's assessment of whether it was acting as a principal or agent in order to conclude that their assessment and judgements were reasonable.	We reviewed the Council's assessment of whether it was acting as a principal or agent and concluded that their assessment and judgements were reasonable. We did not identify any material misstatements as a result of our testing of Grant Income.
IT Control deficiencies • Provide an overview of results from our assessment of the relevant Information Technology (IT) systems and controls operating over them which was performed as part of obtaining an understanding of the information systems relevant to financial reporting.	We identified one control deficiency as part of our IT General Controls review. This was in relation to generic user accounts within the Northgate application.	This finding was first identified in 2020/21 and is reported within Appendix C. We did not identify any misstatements as a result of the control deficiency.

2. Financial Statements: key judgements and estimates

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

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £452.1m	Other land and buildings is comprised 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 are not specialised in nature and are required to be valued at existing use value (EUV) at year end. The Council has engaged their internal valuer to complete the valuation of properties as at 31 December 2023 on a five yearly cyclical basis. Management have considered the year end value of non-valued properties and the potential valuation change in the assets revalued at 31 December 2023 applying indices to determine whether there has been a material change in the total value of these properties. We consider whether Management's assessment of assets not revalued has identified any material change to the property value.. The total year end valuation of land and buildings was £452.1m, a net decrease of £36.2m from 2021/22 (£488.3m).	As set out on page 12, the Valuer has deemed that no adjustment is required for material correctness, and we agree with this assessment.	Green

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

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Council Dwellings Valuation - £570.0m	The Council owns 10,401 (2022/23: 10,319) dwellings and is required to revalue these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties. The Council has engaged an internal valuer to complete the valuation of these properties. The year end valuation of Council Housing was £570.0m, a net increase of £20.4m (2022/23: £549.6m).	We have carried out the following work in relation to this estimate: • assessed management's expert to ensure suitably qualified and independent • assessed the completeness and accuracy of the underlying information used to determine the estimate • confirmed there were no changes to valuation method • engaged our own valuer's expert to review the Council's instructions, the valuers' terms of reference and the valuers' report • assessed the consistency of estimate using the Gerald Eve report • assessed the adequacy of the disclosure of estimate in the financial statements. As set out on page 12, we have not identified a material adjustment as a result of the work performed. We have identified a number of adjustments in respect of Land and Buildings, and Council Dwellings, and these are set out on page 12 and 13 in detail.	Green
PFI - £37.4m	The Council's PFI liability as at 31 March 2024 is £37.4m. The Council entered into a PFI contract with Equion plc in 2004/5 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.	As part of our testing, we identified an error within the indexation values for PFI, resulting in £584k understatement of Unitary Charges. Management have corrected the error within the final Statement of Accounts to £12,266k.	Green

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

2. Financial Statements: key judgements and estimates

Significant judgement or estimate

Net pension liability – £57.4m

IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of onerous funding commitments.

IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Summary of management's approach

The Council's net pension liability at 31 March 2024 is £57.4m (PY £25.9m) comprising the Wiltshire Pension Fund Local Government and unfunded defined benefit pension scheme obligations.

The Council uses Hymans Robertson to provide actuarial valuations of the Council's assets and liabilities derived from these schemes. A full actuarial valuation is required every three years.

The latest full actuarial valuation was completed in 2022. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.

Audit Comments

- We identified the controls put in place by management to ensure that the pension fund liability is not materially misstated. We also assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement. This included gaining assurance over the data provided to the actuary to ensure it was robust and consistent with our understanding. No issues were identified from our review of the controls in place.
- We have used PwC as auditor expert to assess actuary and assumptions made by actuary. The table below summarises where Swindon Borough Council fall in the acceptable ranges set by PwC:

Assumption	Actuary Value	PwC range	Assessment
Discount rate	4.85%	4.80 to 4.85%	●
Pension increase rate	2.75%	2.75 to 2.80%	●
Salary growth	3.25%	3.25 to 5.75% (0.5 to 2.5% above CPI, where Swindon Borough Council's CPI is at 2.75%)	●
Life expectancy – Males currently aged 45/65	22.0/21.0	PwC have not provided a range for the mortality assumptions for Hymans Robertson (the Council's Actuary). We have undertaken alternative procedures and are satisfied that the assumptions used are reasonable.	●
Life expectancy – Females currently aged 45/65	25.5/24.0		●

- We also evaluated the competence, expertise and objectivity of the actuary who carried out pension fund valuations and gained an understanding of the basis on which the valuations were carried out.
- We checked the consistency of the pension fund asset and liability disclosures in notes to the financial statements with the actuarial reports.
- Gained assurance over the reasonableness of the Council's share of the LGPS pension assets; and
- Reviewed the adequacy of the disclosure of estimate in the financial statements.

Please see detail on page 25 pertaining to limitation of scope proposed and significant matter which links to the valuation of the LGPS net liability.

Assessment

Green

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas. For further detail of the IT audit scope and findings please see separate 'IT Audit Findings' report.

			ITGC control area rating				
IT application	Level of assessment performed	Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	Related significant risks/other risks	Additional procedures carried out to address risks arising from our findings
Northgate	Detailed ITGC Assessment (Design effectiveness)	●	●	●	●	N/a	We have considered whether any journal entries have been posted by the identified Generic User Accounts. No such postings were identified as part of our testing. We have not assessed a material misstatement as a result of the deficiency identified.
Oracle EBS	Detailed ITGC Assessment (Design effectiveness)	●	●	●	●	N/a	N/a
Civica	Detailed ITGC Assessment (Design effectiveness)	●	●	●	●	N/a	N/a

Assessment

- ● Significant deficiencies identified in IT controls relevant to the audit of financial statements
- ● Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- ● IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- ● Not in scope for testing

2. Financial Statements: Digital Audit

We have invested significantly in our digital tools and our audit approach is underpinned by a suite of tools, enabling us to capture and analyse the detailed data contained within the general ledger. This supports more efficient and effective testing, with a focus on higher risk areas and unusual transactions. The ability to obtain full ledger data quickly and effectively is key to the progress of audit work, as is documentation of the Group's methodology for mapping code structures to the financial statements and use of off-ledger adjustments. Difficulties and delays in obtaining data adversely impact on the scheduling and delivery of the audit and it is important that management engage with the audit teams to understand the requirements for data transfer, providing a clearly documented understanding of how financial statement entries are produced from underlying ledger and a timetable for doing so.

We requested several reports/documents from the Council to aid with this and these are summarised in the table below along with comments on delivery.

Document requested	Date requested	Date received	Comments
Opening and closing trial balance for 2023-24 and mapping between the trial balance and the financial statements for 2023-24	19 August 2024	19 August 2024	The Council delivered the trial balance as requested. We experienced a number of issues when reconciling the trial balance to the financial statements requiring multiple calls with the Council from 2 September to 17 September due to a change in specification required to the trial balance to allow import into our systems. This issue was resolved after receiving the current ledger code list which included the description of each cost centre, with further analysis by subjective code.
Draft accounts for 2023-24	31 May 2024	31 May 2024	The draft accounts were approved on 31 May 2024 in a timely manner and issued for public inspection from 3 June 2024 to 12 July 2024.

2. Financial Statements: matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

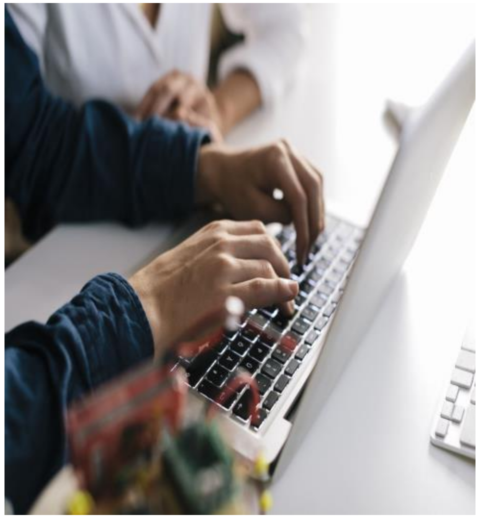
Significant matter	Commentary	Auditor view and management response
That assurances from the Wiltshire Pension Fund auditor will not be available before the backstop date for 2022/23 audits. The external audit of Wiltshire Pension Fund has not yet concluded for 2022/23 and Pension Fund assurances under AGN 07 are not available. There is uncertainty over the timing of when the Pension Fund audit will be concluded, and the auditors have confirmed we will not receive an IAS 19 assurance letter. In the current circumstance, the only means for us to get assurance over the Pension Fund assets and liabilities disclosed in the accounts would be to audit the Pension Fund directly and undertake alternative procedures. This would not be in the interests of the public purse. Management have stated that in the interests of openness and transparency they wish to publish signed accounts for stakeholders. To limit further delays, management have determined it appropriate to limit the scope of our work in respect of the net defined benefit pension plan liability as disclosed in the balance sheet and associated Pension Fund asset and liability disclosures in the financial statements. Consequently, we have been unable to determine whether any adjustment to the group's share of Wiltshire Pension Fund's assets and liabilities, or other amounts disclosed in the financial statements in respect of the share of assets and liabilities, are necessary. In addition, were any adjustment to the defined benefit pension plan net liability to be required, the narrative report would also need to be amended.	We held a meeting with the Section 151 Officer to discuss and evaluate the options available to complete the audit with a modified opinion.	We have now received confirmation from the auditor of Wiltshire Pension Fund that we will not receive the IAS 19 letter for the year ending 31 March 2023. Therefore, we have 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 pension fund financial statements. Therefore, we will be issuing a modified limitation of scope opinion. This is specifically on the pension liability balance and associated disclosure notes. This will also carry into 2023/24 as the limitation of scope opinion will apply to the opening balance for the pension liability and associated disclosure notes. **Management response** We have now received confirmation from the auditor of the Wiltshire Pension fund that, due to capacity issues, they will be unable to complete the work required to issue the IAS 19 assurance letter for the year ending 31st March 2023 to meet the backstop date of 13th December 2024. The IAS 19 letter would have provided membership, contributions and benefits data, and without this we are unable to provide assurance as to the controls surrounding the information sent to the actuary by the pension fund and therefore the fund assets valuation in the pension fund financial statements. As a consequence, there is no alternative but to proceed with the limitation of scope opinion.

2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit Committee and been made aware of a number of instances of fraud during the course of the financial year. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures. The Council has put in place measures to minimise and/or prevent recurrence via the work of Counter Fraud and Internal Audit.
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	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation was received from the Council. Specific representations were requested from management in respect of the IAS19 Pension Liability.
Audit evidence and explanations	All information and explanations requested from management was provided.

2. Financial Statements: other communication requirements



Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send a confirmation request to the Council's bank. This permission was granted and the requests were sent. This request was returned with positive confirmation. We requested management to send a letter to the solicitor who worked with the Council during the year. We have received a response for this request.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management has been provided. In this context we note that we have experienced delays when reconciling the trial balance to the financial statements requiring multiple calls with the Council from 2 September to 17 September due to a change in specification required to the trial balance to allow import into our systems. This issue was resolved after receiving the current ledger code list which included the description of each cost centre, with further analysis by subjective code.

2. Financial Statements: other communication requirements

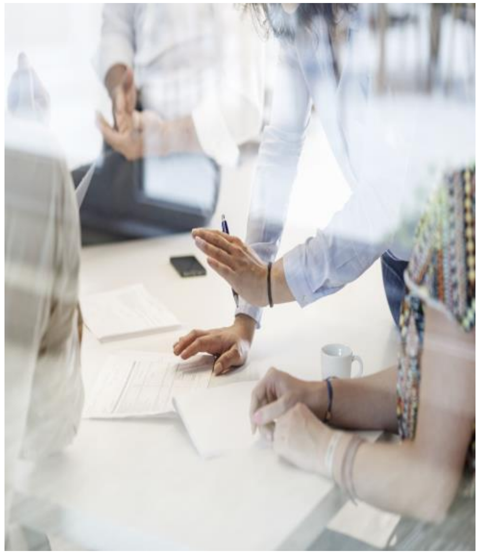
Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Issue	Commentary
Going concern	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 2020). 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. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • 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 • 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 Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. 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 Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Council and Group and the environment in which it operates • the Council and Group's financial reporting framework • the Council and Group's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. We have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement, Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Our work is in progress and we are not yet able to conclude on this area.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • 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, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses. In this context we note that we have reported significant weaknesses in respect of arrangements to secure Value for Money. Further detail is set out on page 31.



2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Specified procedures for Whole of Government Accounts	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. Work is not required as the Council does not exceed the threshold.
Certification of the closure of the audit	We intend to certify the closure of the 2023/24 audit of Swindon Borough Council in the audit report, as detailed in Appendix H.

3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2023/24

The National Audit Office issued its guidance for auditors in April 2020. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3–5 years)

Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:

Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.

Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.

Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

3. VFM: our procedures and conclusions

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which has been issued to the Council on 18 November 2024.

As part of our work, we considered whether there were any significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

The significant weaknesses we identified are detailed in the table below, along with the procedures we performed and our conclusions. Our auditor's report will make reference to these significant weaknesses in arrangements, as required by the Code, see Appendix H.

Significant weakness identified	Procedures undertaken	Conclusion
We have identified a significant weakness in arrangements in terms of Financial Sustainability.	We have: • Considered how the Council ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them • Considered how the Council plans to bridge its funding gaps and identifies achievable savings	The Council has a Medium-Term Financial Plan (MTFP) through to 2026/27 which shows a deficit of £20.5 million at 31 March 2027. The Council recognises that it needs to update its Medium-Term Financial Strategy (MTFS) detailing the extent of the cumulative medium-term budget gap over 3-5 years and how it will be addressed. Without this there is a risk that within a relatively short period of time, available general reserves and balances will not be sufficient to offset any continued shortfalls. *We have raised a key recommendation that the Council should produce a 3 – 5 year Medium-Term Financial Strategy (MTFS), with a planned replenishment of reserves, detailing how the cumulative budget gap will be addressed. The Council should implement its transformation programme at scale and pace and include:* • *embedding the emerging governance arrangements;* • *cohesive reporting to Cabinet on the planned timescales, milestones, savings and outcomes ; and* • *link the financial reporting to show how recurrent savings balance the MTFP for the next 3 – 5 years.*
We have identified a significant weakness in arrangements in terms of Improving Economy, Efficiency and Effectiveness.	We have: • Reviewed the July 2023 Ofsted Report on Children's Services. • Met with key officers to discuss findings. • Reviewed the Council action plan that is already being progressed to improve services, which was discussed and agreed at the Council's Cabinet Sept 2023 meeting.	Whilst the Council's Children's services were judged as 'inadequate', in all five domains, in the Ofsted inspection report of September 2023, we note the positive direction of travel reported by Ofsted in its three monitoring visits that have taken place since. *We have raised a key recommendation that the Council should continue to ensure sufficient resource is in place to resolve the requirements of the Improvements Plan arising from the Ofsted Inspection, specifically to ensure that timely and complete service information is able to be produced. The Council should also ensure that they undertake a review to learn lessons from the recent Ofsted inspection to ensure that changes and improvements are managed effectively. The action plan should have implementation timescales, and appropriate resources in place to manage these processes.*
We have identified a significant weakness in arrangements in terms of Improving Economy, Efficiency and Effectiveness.	We have: • Considered how the Council evaluates the services it provides to assess performance and identify areas for improvement.	In March 2024, the Director of Housing commissioned Internal Audit reviews on the Delivery of Housing Planned Capital Receipts, Housing Capital Programme Report and subsequent Building Statutory Compliance (Housing) Report (June 2024). These three reports highlighted significant concerns over both the condition of the housing stock and the data available to ensure the Council, as a social landlord, is able to adequately deliver its housing service and adequately maintain its housing stock. *We have raised a key recommendation that progress on the Housing Improvement Plan and the governance arrangements for housing services improvement needs to be regularly reported to Cabinet so that it has the oversight and assurance that service improvements are being made within the timeframes agreed with the Regulator.*

4. 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).

In this context, we disclose the following to you:

Barrie Morris, the Key Audit Partner (KAP), served their 6th year on the engagement in 2022-23. It is PSAA's policy that KAPs at an audited body at which a full Code audit is required should act for an initial period of five years.

Under FRC Ethical Standard 3.15, for a public interest or listed entity, in circumstances where a degree of flexibility over the timing of rotation is necessary to safeguard the quality of the engagement and the firm agrees, the engagement partner may continue in this position for an additional period of up to two years, so that no longer than seven years in total is spent in the position of engagement partner. Swindon Borough Council is not a public interest entity, however in accordance with PSAA's terms of appointment, we have sought and obtained approval from PSAA for this extension.

We have mitigated the familiarity threat by appointing a safeguarding partner, who will be responsible reviewing the key judgements of the KAP, to ensure that these are not influenced by the familiarity.

In addition, Peter Barber is the Key Audit Partner for the 2023-24 audit year.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix F.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Grant Thornton International Transparency report 2023.

4. Independence considerations

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

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the 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 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 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 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 Group's board, senior management or staff

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

Following this consideration we can confirm that we are independent and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

4. Independence considerations

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the group. The following non-audit services were identified (which were charged from the start of the financial year to the reporting date) as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related			
Certification of Housing capital receipts grant *	7,500 (2022-23: £10,000; 2021-22: £7,500)	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 fee for this work is significantly lower in comparison to the total fee for the audit of £370,183 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 Teachers Pension Return *	10,000 (2022-23: £10,000; 2021-22: £7,500)	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 fee for this work is significantly lower in comparison to the total fee for the audit of £370,183 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 Claim *	31,270 plus 3,400 for each subsequent 40+ workbook (2022-23: £31,270; 2021-22: £19,390)	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 fee for this work is significantly lower in comparison to the total fee for the audit of £370,183 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.

These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit Committee.

None of the services provided are subject to contingent fees.

* We have included 2021-22 and 2022-23 fees for comparison, where these were billed during the course of the 2023-24 year.

Appendices

A. Communication of audit matters to 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	•	•
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	•	•
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		•
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, we are also required to distribute our findings to 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 all those charged with governance.

B. Action Plan – Audit of Financial Statements

To date, we have identified eleven new recommendations for the group as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2024/25 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
Medium	We have identified as 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.	We recommend that management review the journal entry controls in place. We have not identified a material misstatement as a result of the deficiency identified. **Management response:** 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, will be reminded to Finance staff.
Medium	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 issue did not result in any adjustment in the 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. We recommend 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.	We recommend that the Council ensures consistency in the transfer of each revaluation reserve balance within the Fixed Asset Register. **Management response:** Agreed. Additional cross-reference checks will be added to the finance asset register to agree balances between the asset detail breakdown and revaluation reserve.
Medium	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.	We recommend 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. **Management response:** Agreed. The process will be reviewed.
Medium	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.	We recommend 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. **Management response:** Agreed. A request will be made that where possible service audit reports should be made available

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Action Plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
Medium	As part of the IT Audit work performed, we identified that one control deficiency had not been resolved from the prior year (as set out on page 43). 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.	We recommend that management consider the IT Audit report findings and look to implement safeguards where possible. **Management response:** Agreed. Options available will be raised.
Medium	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.	We recommend that management review their processes for monitoring capital commitments and seek to quantify this balance. **Management response:** 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.
Medium	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.	We recommend that management obtain all Declarations of Interest for Members on a timely basis. **Management response:** Agreed. Committee Services will be asked to assist in future related party questionnaire collections.

B. Action Plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
Low	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.	We recommend that management include increased coverage of fraud risk within the Council's risk register **Management response:** Agreed. The Head of Internal Audit will discuss with the chair of Audit Committee and Martin Bell, Intelligence Lead, around the best approach for including coverage of fraud risk in the corporate risk register.
Low	During the course of our Housing Benefit Expenditure testing, 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.	We recommend 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. **Management response:** Coding will be reviewed as part of the 24/25 closing of accounts.
Low	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.	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. **Management response:** Agreed.
Low	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 page 25, no further work has been actioned by the audit team as no assurance can be gained over opening balances for 2023/24.	Though there is no significant effect on the accounts, we would still recommend that the Council continue to obtain a full IFRIC14 assessment annually going forward, as has been obtained for 2023/24. **Management response:** The range of IAS19 reports from the actuary are obtained based on specific need due to their related cost, but will be requested if it is obviously required.

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

C. Follow up of prior year recommendations

We identified the following issues in the audit of Swindon Borough Council's various financial year financial statements, which resulted in 15 recommendations being reported in our 2022/23 Audit Findings report. We have followed up on the implementation of our recommendations and note all are still to be completed.

Assessment	Year first identified	Issue and risk previously communicated	Update on actions taken to address the issue
X	2022/23	Investment Property Valuation During our testing we noted that the valuations date is 31 December 2022. This is contrary to guidance which states it should be at the period end (31 March 2023).	We recommend that the Council bring the valuation date in line with the financial year end for Investment Properties to comply with the CIPFA Code. We have identified the same issue in 2023/24 and therefore the recommendation continues.
✓	2022/23	Payroll Document Retention From our testing of payroll documents, we identified that the Council were unable to provide relevant signed contracts for starters and forms for changes in circumstances. There is no material impact on the Financial Statements. However, a recommendation has been raised.	We recommended in 2022/23 that the Council ensures it has appropriate documentation (contracts, etc.) to evidence any payroll changes. We did not identify this issue in 2023/24 and therefore this point is closed.
X	2022/23	Depreciation We have completed a high-level review comparing the Useful Economic Life (UEL) extracted from the Fixed Asset Register (FAR) to the accounting policy within the Financial Statements. We identified one issue relating to an asset transferred to Assets Held for Sale (AHFS) in the year which still has a UEL detailed within the FAR (however no depreciation has been charged).	This issue was identified again in 2023/24 as set out on page 13. We identified one asset which was Held for Sale in the year which still has a useful economic life (UEL) detailed within the FAR (however no depreciation has been charged). A recommendation has been raised in previous years to ensure that UELs of assets are appropriate based on their updated asset category on transfer (in/out). We therefore raise the same recommendation this year. Two Vehicle, Plant and Equipment assets should have had a UEL of 5 years applied per the Council's policy, but the Council is currently using a UEL of 8 years. We raise a recommendation for the Council to ensure that UELs of assets are appropriate based on the UEL policy.

Assessment

✓ Action completed

X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Year first identified	Issue and risk previously communicated	Update on actions taken to address the issue
X	2022/23	PPE Valuations 1. From the testing of the assets not revalued we identified that the listing was updated after the amount was used in their material correctness calculation. Causing the incorrect amount to be applied to this calculation. 2. We identified that two of the public convenience assets did not have the age documented in the valuation sheet. Therefore, it was not possible to determine how the valuer has determined the age and the obsolescence factor used. 3. For a number of assets (seven in total), the valuers were not able to provide documented evidence and have informed us that these assumptions are based on judgement or roll forward from the prior year valuation. We recommend the management to maintain documentation for all assumptions used as far as possible. 4. For one sample we noted that the valuer was using data from an external valuation conducted over 15 years ago for assumptions such as the measurements of the building. We deemed the valuation appropriate as the measurements are not likely to change.	In 2022/23, we recommended the following points: 1. While the impact is not material, we would recommend that the Council accurately record what has and has not been revalued before conducting the material correctness calculation to ensure the accuracy and completeness of the value of assets which are not revalued in the year. 2. We recommend for the internal property function to ensure that all assumptions are properly documented in their valuation sheet going forward. 3. We recommend that management aim to obtain the most up-to-date and relevant information to support their assumptions. 4. We recommend that management ensure that it has appropriate arrangements in place for valuations to be undertaken every 5 years, in line with the CIPFA Code with updated evidence provided to support the valuation each time. We have identified similar issues in 2023/24 as set out on page 13. During the team's testing of Land & Building revaluations, we identified that the valuers have used older site areas for the valuation of one asset within our sample. The net impact during the year was £1,398 and hence not material. However, we report within the Audit Findings Report as a continuing recommendation that management ensure up-to-date site areas are used during the valuation process. As part of the reconciliation between the Fixed Asset Register and the Valuer's Report and Note 16 to the Statement of Accounts, we identified that a number of assets had been reclassified in the Valuer's Report but this was not reflected within the Statement of Accounts. An adjustment of £376k has been identified and management have made this adjustment within the final set of financial statements. We have made a recommendation that management implement a review process for all working papers to the Valuer's Report to ensure accuracy. This recommendation has been raised in previous years and therefore continues. For a number of assets (five in total), the valuers were not able to provide documented evidence and have informed us that these assumptions are based on judgement or roll-forward from the prior year valuation. We recommend that management to maintain documentation for all assumptions used as far as possible. This recommendation has been raised in previous years and therefore continues.

C. Follow up of prior year recommendations

Assessment	Year first identified	Issue and risk previously communicated	Update on actions taken to address the issue
X	2020/21	Our IT auditors undertook a review of the key financial system relevant to the financial statements (Oracle EBS, iTrent and Northgate) and identified two significant deficiencies in relation to: • Inappropriate assignment of administrator access (all systems). • Oracle EBS users and generic accounts with access to perform high-risk activity through SQL code injection and 'process tab' functionality. The deficiencies above create a risk that system-enforced internal controls could be bypassed. This could lead to: • Unauthorised changes being made to system parameters • Creation of unauthorised accounts • Unauthorised updates to their own account privileges • Deletion of audit logs or disabling logging mechanisms. It is recommended that management work to remediate the findings raised. The significant deficiencies identified have a direct impact on the extent of testing performed, particularly around journal entries.	Our IT auditors have performed an IT general controls review in 2023/24 and have identified one control deficiency in relation to generic user accounts within the Northgate application. Therefore this recommendation carries forward into 2023/24 as partially remediated.

C. Follow up of prior year recommendations

Assessment	Year first identified	Issue and risk previously communicated	Update on actions taken to address the issue
X	2021/22	Heritage Assets The Code has relaxed its valuation approach for heritage assets. Paragraph 4.10.2.9 of the Code specifies that: • valuation may be made by any method that is appropriate and relevant; this may include, for example, insurance valuations of museum collections. • valuations need not be carried out by external valuers and neither is there a requirement for valuations to be verified by external valuers. • a full valuation every five years is not required; there is no prescribed minimum period between valuations. However, the Code includes a requirement that authorities review the carrying amount of heritage assets carried at valuation with sufficient regularity to ensure they remain current. The last review of Heritage Assets was 2016. It is recommended that in line with the Code, the portfolio of Heritage Assets is reviewed with sufficient regularity to understand any significant changes to the valuation.	In previous years, management have noted that whilst an item-by-item valuation has never been undertaken, annual advice from the Museums service is requested to provide feedback of any changes in disposal/purchase/loans over £10k that may impact the insured values. The Museum service continues to provide annual update on any significant changes to the artifacts held in line with Code requirements. We have identified the same issue in 2023/24 and therefore the recommendation continues.
X	2021/22	Property, Plant and Equipment and Council Dwellings As part of the reconciliation from the Fixed Asset Register to the Valuer's Report Note 15 of the Statement of Accounts (Revaluation Table), the audit team identified that a number of formulas used to identify the figures for inclusion in the note were incorrect. This has resulted in the following material changes to the Council Dwellings column within note 15. It is recommended that management implement a review process for all working papers and the Statement of Accounts to ensure accuracy.	In 2022/23 we identified this as an ongoing issue. In 2023/24, as set out on page 13, we identified a Solar Farm asset, which was carried at nil value, but due to a change in the asset reference was not included within the Statement of Accounts. Therefore, the management agreed to make an adjustment amounting to £3,466k to correct the amount stated in the draft accounts. A similar issue was identified in previous years and therefore as above, we recommend that management implement a review process for all working papers to the Valuer's Report to ensure accuracy.

C. Follow up of prior year recommendations

Assessment	Year first identified	Issue and risk previously communicated	Update on actions taken to address the issue
X	2021/22	Collection Fund When reconciling the population, the audit team noted that it was not clear how the figures disclosed with the Statement of Accounts Notes 2, 7 and the Collection Fund could be reconciled. It is recommended that management should consider including a reconciliation table of all grant figures with the Statement of Accounts to ensure that the reader can accurately trace through the amounts from CIES to supporting notes.	This issue continued in 2022/23 and continues to be an issue for 2023/24; therefore the recommended action continues.
✓	2021/22	Lack of Service Auditor Report The audit team are aware that a service auditor's report for iTrent Payroll system (utilised by the Authority for period 1-9) is not readily available and has not been obtained by the Authority. 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. It is recommended that the Authority obtain sufficient assurance over their financial systems.	In 2022/23 the Council migrated from Civica Bureau to Civica Internal systems. This was not a system change, just a service provider change. The change in service provider has meant that this deficiency is no longer relevant to the Council as Capita is no longer the Service Provider.

C. Follow up of prior year recommendations

Assessment	Year first identified	Issue and risk previously communicated	Update on actions taken to address the issue
X	2021/22	Related Party Declaration of interest The audit team's review of related parties identified that five elected members and two officers had not provided declarations in line with the Council's requirements set out in the Council's Constitution section 25. The audit team have been unable to identify any mitigating circumstances as to why these individuals have not been complied with these requirements to make the necessary declarations. Elected members and senior officers are required to make appropriate and accurate declarations on an annual basis to ensure proper transparency in the governance arrangements of the Council. All members and senior officers should ensure that they comply with these requirements. It is recommended that management consider the timeliness of obtaining declarations throughout the year to ensure their assessment and disclosure at year-end is complete and accurate.	In the 2022/23 review of Declarations of Interest for Members, we identified 3 members for whom declarations had not been obtained by management as follows. As set out on page 39, we identified 1 member for whom declarations had not been obtained by management and therefore the recommendation continues into 2023/24.
X	2021/22	Sampling populations From the various pieces of sampling work completed, the audit team have identified populations with significant debit and credit balances. This is due to insufficient cleansing of data or inefficient accounting entries that do not correctly match of reversing transactions. This results in the absolute value of the populations being significantly larger for sampling, which has increased the number of samples needing to be tested significantly. It is recommended that the Authority review their processes to ensure that listing provided on a transactional level are appropriate for review and testing.	Management has agreed for this recommendation but there has been a limited impact on 2022/23 audit due to proximity to end of the financial year when this recommendation was presented. We have identified this recommendation again in 2023/24 although have not identified any material misstatements as a result of the finding.
✓	2020/21	Property, Plant and Equipment Testing of property, plant and equipment identified 41 assets that are held at zero in the balance sheet. There is a risk that assets are being depreciated too quickly, which could result in an overstatement of the depreciation charge in the comprehensive income and expenditure statement, and a corresponding understatement of property, plant and equipment, in the balance sheet. It is recommended that management undertake an annual exercise to identify the actual average useful life for vehicle and equipment assets in order to inform the accounting policies for the depreciation of assets.	The 2022-23 audit identified 30 assets were held zero in the balance sheet. We did not identify the issue in 2023/24 and therefore the recommendation is closed.

C. Follow up of prior year recommendations

Assessment	Year first identified	Issue and risk previously communicated	Update on actions taken to address the issue
X	2021/22	PPE Formula As part of the reconciliation from the Fixed Asset Register to the Valuer's Report to Note 15 of the Statement of Accounts (Revaluation Table) the audit team identified that a number of formulas used to identify the figures for inclusion in the note were incorrect. This has resulted in the following material changes to the Council Dwelling column within Note 15: • Cost as at 31 March 2022 £529,025k changed to £530,713k. • Revaluation increases/(decreases) recognised in the Surplus/Deficit on Provision Services (£10,342k) changed to (£8,654k). • Depreciation written back on Revaluation £4,677k changed to £12m149k. • Accumulated Depreciation and Impairment as at 31 March 2022 (£9,964k) changed to (£2,492k). • Net Book value 31 March 2022 £519,061k changed to £528,221k. It has been recommended that management implement a review process for all working papers and the Statement of Accounts to ensure they are accurate.	In 2022/23 we identified this as an ongoing issue. As per page 41 this was raised again as a recommendation in 2023/24.

C. Follow up of prior year recommendations

Assessment	Year first identified	Issue and risk previously communicated	Update on actions taken to address the issue
X	2021/22	Employee Benefits (new payroll system implementation) As outlined on the report, the team encountered issues in obtaining robust data and supporting evidence, this resulted in additional testing on the migration of payroll data and individual payroll transactions. During the audit team's substantive testing of payroll transactions the following issues have been identified: • Payslips did not display the correct due to issue with the set up within the payroll bureau where figures were not displaying on the payslip. • Duplicate payments to employees due to multiple job roles within the system. Out testing of Starters and Leavers identified the following issues: • Duplicate records for starters – an individual was set up by the payroll bureau with 2 records in error. As a result, they were paid twice in February • Pay not matching with contract – an individual was subject to a pay scale change after the signing of their contract which was not evidenced by the documentation initially provided. • A signed acceptance letter not available for a starter. • An employee selected from the leaver population had turned down the position before joining but was paid accidentally. However, the system had the individual as a new starter, and therefore had to be processed as a leaver in the system. • Duplicate salary - an individual was set up with two positions in error. This resulted in an overpayment in January 2022 where a duplicate salary was subsequently removed by processing a leaver in the system. The team were satisfied that these errors do not have a material impact on the statement of accounts and no adjustments are required. However, the team have raised a recommendation that the Council ensure sufficient resource is in place to resolve any ongoing payroll issues and review the controls in place to identify and rectify the errors and exceptions. The Council should also share the lessons learned from the procurement and implementation of the new payroll system to ensure that other similar system changes are managed more effectively.	This was partially remediated in 2022/23 as follows: • A data migration review was completed in 2022/23 and our testing did not identify any issues. • It was identified that the Council are unable to provide relevant contracts for starters and forms for changes in circumstances. There was no material impact for 2022/23. We identified one payroll document issue as set out on page 39 and therefore this finding is partially remediated but continues in 2023/24.

C. Follow up of prior year recommendations

Assessment	Year first identified	Issue and risk previously communicated	Update on actions taken to address the issue
X	2021/22	Valuations Our audit work on Property, Plant and Equipment valuations (including land and buildings) identified a number of issues. These are outlined below: • Build costs for assets valued using Depreciation Replacement Cost Method – SBC have used EP Stevens Associates as experts to provide Build costs for assets valued using Depreciated Replacement Cost Method. However, there is no documented letter of engagement detailing the scope of work and methodology to be used. Also, there is no final reports from the experts. These have been discussed only on email communications and there have been multiple changes in the workpapers subsequently. We have therefore had difficulty verifying that the underlying assumptions used by EP Stevens were appropriate. This also represents a failure in the proper procurement and contract management arrangements of the Council. • Site Area Variances – During the team's testing of Land & Building revaluations, we identified that the valuers have used older site areas for the valuation of four assets within our sample. The team have subsequently asked management to identify all such variances from all assets valued during the year and assess the impact on valuation. The net impact during the year £17,030 and hence not material. • Use of up to date information for valuation – For four car parks the income for the most recent year has not been considered (i.e. 2021-22) to determine the valuation. Instead, the average income for 2017-18 to 2019-20 has been used. Management have asserted that this is because 2020-21 and 2021-22 were unusual years due to Covid restrictions however the team would assert that there have been significant changes to car park usage following the pandemic and therefore the lower income in these years should be taken into account within the valuation. • Land values - The rates used for land value for various type of assets have been carried forward from previous year without considering the changes in indices from previous year. • Support for assumptions – For a number of assumptions such as yield rates, management costs, land values, date of build, etc., the valuers were not able to provide documented evidence and have confirmed that these are based on judgement and undocumented information such as phone calls, etc.	This was partially remediated in 2022/23. A number of recommendations have been raised on page 13 in relation to PPE Valuations. As set out on page 13, there were a number of issues identified in respect of correct information for Land and Buildings and Council Dwellings valuation. Therefore, the recommendation continues for 2023/24.

D. 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 and the reported net expenditure for the year ending 31 March 2024.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000
The Council's PFI liability as at 31 March 2024 is £37.4m. As part of our testing, we identified an error within the indexation values for PFI, resulting in £584k understatement of Unitary Charges. Management have corrected the error within the final Statement of Accounts to £12,266k.	Dr Expenditure (584)	Cr PFI Finance Lease Liability (584)	(584)	584
As part of the Debtor sample testing we identified an isolated error pertaining to a specific type of funding, the LEVI Capital Fund. The Council have adjusted the debtor balance to reflect the funding receipt.	Cr Income 1,748	Dr Debtors 1,748	1,748	(1,748)
In 2023/24, as set out on page 13, we identified a Solar Farm asset, which was carried at historic cost, but due to a change in the asset reference was valued at de minimis. Therefore, the management agreed to make an adjustment amounting to £3,466k to correct the amount over-stated in the draft accounts.	Dr Net Cost of Service (3,466)	Cr Land and Buildings (3,466)	(3,466)	3,466
As part of the reconciliation between the Fixed Asset Register and the Valuer's Report and Note 16 to the Statement of Accounts, we identified that a number of assets had been reclassified in the Valuer's Report but this was not reflected within the Statement of Accounts. An adjustment of £376k has been identified and management have made this adjustment within the final set of financial statements.	Cr (Surplus) / Deficit on revaluation of PPE assets 376 Dr Capital Expenditure (36)	Cr Land and Buildings (5,040) Dr Surplus Assets 5,380	340	(340)
Adjustment within Group Accounts to reflect updates following audit of subsidiaries; adjustment between Long Term and Short Term Creditors.	0	Dr Long Term Creditors 512 Cr Short Term Creditors 512	0	0
Overall impact	1,962	1,962	(1,962)	1,962

D. 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/issue/omission	Adjusted?
1	In Investment property note 17, Investment property valuation hierarchy mentioned as Level 3 instead of Level 2 which is as per the valuation report.	✓
2	£1m disclosure error identified within the Collection Fund Statement	✓
3	Presentation Error in HRA Notes 49 and 50 whereby some of the periods in the tables in the HRA Notes are incorrect	✓
4	In Note 51, due to the late adjustment from Finance to split out the other works amount, there would be an amended table which will feed from the HRA workings, with the adjustment for the Depot Works split out.	✓
5	IFRIC14 - Note 40 - Additional disclosure required to reflect the Asset Ceiling adjustment	✓
6	Inconsistency in MIRS Disclosure where we have noted a variance between the 'Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES' disclosed in Note 13 and 'Sales Proceeds of PPE' disclosed in Note 35 - CF Operating. The reason behind the difference noted was due to proceeds from long term investments that was included in the disclosure in cash flow operating activities amounting to £10.040m. Therefore, this should have been disclosed in 'Investing Activities'.	✓
7	Within the Narrative report, we identified one disclosure amendment. There is reference included to the business combinations that the Council are involved with but no mention of the boundary decisions. It is not clear from reading this section what the Group set up is and what is consolidated into the Group position and how the JV is accounted for. (e.g. it states the Council is the parents of PPS but does not cover the other group subsidiaries.) However, the management did not agree that amendment was required as they already include a disclosure, which states that SBC is a parent company to the subsidiary entities, and that they have 50% ownership in the Joint Venture. We have agreed that management will include the names of the Solar Farm companies and consider including an organisation chart where appropriate.	✓
8	In Narrative statement Financial Overview – Capital Income & Expenditure page 8, capital finance requirement mentioned does not match with Note 20 Capital Expenditure and Capital Financing requiring an £11m disclosure amendment (no change to financial statement balances and disclosure only).	✓

D. 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/issue/omission	Adjusted?
9	We identified a variance within the figures for the Expenditure and Funding Analysis note, based on the Outturn report obtained. An adjustment of £368k has been made to the EFA (no change to financial statement balances and disclosure only).	✓
10	For Note 6 (DSG), we have noted that it has no prior year comparative. As per the guidance, this should be added in the note disclosure.	✓
11	Note 39 Critical Judgements - Council to add a cross reference to the Pooled Budgets note.	✓
12	In Note 41 Events after the balance sheet date - the Council need to consider whether the statement "Subject to receipt of the actuarial date" is appropriate for the final accounts.	✓
13	The Group MiRS shows the General Fund "Surplus/Deficit on provision of services" and "Other Comprehensive Income and Expenditure" as £35,585k which is identical to the single entity MiRS. The Council need to update the disclosure to reflect the correct figure.	✓
14	The Group MiRS shows the "Adjustments between accounting basis and funding basis" as £27,134k while in the single entity MiRS this is £26,676k. However, normally these adjustments can only apply to the Council. The Council needs to update the figures within the disclosure note.	✓
15	The Balance Sheet of the Council should update the account line item "Pension Asset/Liability" as the line item is a liability in both years.	✓
16	As per page 7 of the draft accounts, under "Financial Overview - The Collection Fund" 2nd paragraph, the prior year figures state £9.5m, however, in the 22/23 Accounts, it should be £9.6m. Minor disclosure correction required.	✓
17	As per page 21 of the draft accounts - There is a note referencing issue on the figures as compared to Note 35 (see below)	✓
18	As per page 51 of the draft accounts, under Note 27 Pensions Reserve, the cross reference to the last paragraph should be Note 32 not Note 31.	✓
19	As per page 52 of the draft accounts, under Note 29 Leases, the cross reference to the first paragraph should be Note 31 not Note 29.	✓
20	As per page 77 of the draft accounts, under "The Group Balance Sheet", cross reference to Note should be 45 not 44.	✓
21	As per page page 77 of the draft accounts, under "The Group Balance Sheet", Total Non Current Assets should be 1,425,818. There are also casting errors on the Net Assets.	✓
22	In Note 45 Group Property, Plant & Equipment, the prior year casting does not agree, the note does not include £234,098 Infrastructure Assets and the total current assets need to be updated to £1,380,072 including Infrastructure Assets	✓
23	In the Collection Fund Note, under "Charges to Collection Fund" the casting should equal £4,966k.	✓

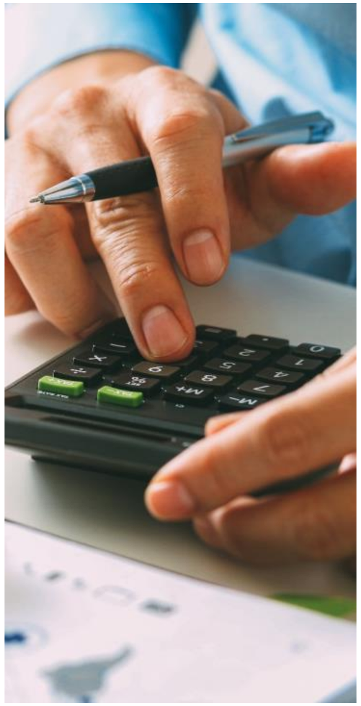
D. Audit Adjustments

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/issue/omission	Adjusted?
24	In Note 49 Vacant Possession Valuation, amend years 2023 / 2024.	✓
25	As per Note 30, the Revised MRP policy is incorrect and will need to be removed from the statements. There is no change to the audit committee approved MRP policy. Therefore, this is part of the disclosure misstatements.	✓
26	Within the Cashflow, there is a £2.7m disclosure adjustment needed to short term investment in the cashflow. After review we found that all movements that should have been in the cashflow short term investment balances have not picked up in working provided (no change to main FS balances and disclosure only).	✓
27	A minor correction (transposition error) was identified within Note 32b and the Council has agreed to make the correction. We report as a minor error. Further, we requested that the Council remove the comment within Note 41 as no further actuarial data is now expected.	✓
28	Other minor spelling, grammar, and casting errors have been corrected within the Statement of Accounts however these errors are minor and do not warrant individual reporting to Those Charged with Governance.	✓

D. Audit Adjustments (continued)



Impact of unadjusted misstatements

We did not identify any unadjusted misstatements exceeding triviality.

D. Audit Adjustments (continued)

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2022/23 financial statements

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000	Reason for not adjusting
During our testing of the Unitary Charge figures within the year we have identified a discrepancy between the figure in the Financial Statements and the General Ledger totaling £122k.	Dr Surplus/Deficit on provision of service (£122)	Cr Cash £122	(£122)	£nil	Below trivial. Included as total of prior year and current year is above trivial.
Creditors testing has been completed with below material errors identified. These have been extrapolated across the whole population with a projected understatement of £1,211k misstatement.	Dr Expense (£1,211)	Cr Creditors £1,211	(£1,211)	£nil	Result of extrapolation only and below materiality.
We have identified 2 errors from the work completed in Additions; this is one over accrual of £154,821.52 and an under accrual of £736.26. The extrapolated error across the population is £439,969. This error is below materiality and therefore we are satisfied that there is little risk that this balance is materially misstated.	Cr Expense £440	Dr Accrued Expense (£440)	£440	£nil	Result of extrapolation only and below materiality.
Within asset existence testing in 2021/22 we identified one asset (opening NBV £876K) which relates to an historic PFI. It has been confirmed that this asset no longer exists (and consequently the Council do not have the rights over the asset). We have confirmed through audit procedures that this is an isolated error. This error remains unadjusted.	Dr (Gains)/losses on the disposal of non-current assets £876	Cr Property, Plant and Equipment (£876)	£876	£nil	Result of extrapolation only and below materiality.
Overall impact	(£17)	£17	(£17)	£nil	

E. Fees and non-audit services

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit fees	Proposed fee	Final fee
Scale fee	354,633	354,633
Use of expert	3,000	3,000
ISA 315	12,550	15,690
Additional charge for IFRIC 14*	TBC	4,000
Total audit fees (excluding VAT)		**£377,323**

* This is in relation to the additional Asset Ceiling paper requested for comparative purposes for 2022/23 and the review of the Asset Ceiling paper for 2023/24 including consultation with internal experts. Further detail in relation to our testing is set out on page 25.

E. Fees and non-audit services

Non-audit fees for other services	2021-22 fee*	2022-23 fee*	Proposed fee
Housing Benefit Grant Claim audit	£19,390	£31,270	31,270
Certificate of Teacher's Pension return	£7,500	£10,000	10,000
Certificate of Pooling of Housing Capital Receipts	£7,500	£10,000	7,500
Total non-audit fees (excluding VAT)	**£34,390**	**£51,270**	**£48,770**

Total audit and non-audit fee	
(Audit Fee) £377,323	(Non Audit Fee) £TBC depending on 40+ workbooks required (proposed fee £48,770)

The fees reconcile to the financial statements. Where they do not, we have provided a reconciliation. This is due to additional fees after the audit plan was issued.

- Fees per financial statements £370k (Agreed to proposed fees per page 56) = Total £370k
- The final fees of £377k are trivially different from the £370k fees included within the Statement of Accounts. The £7k difference is due to a small under-accrual of £3k by the Council and a variance of £4k due to fees subject to PSAA approval.
- Review of grant claims £28k per draft accounts
- Other services £22k = Total £50k (rounding £1k variance from proposed fee of £49k above)
- Additional fees to be confirmed as per page 56.

None of the above services were provided on a contingent fee basis.

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

* We have included 2021-22 and 2022-23 fees for comparison, where these were billed during the course of the 2023-24 year. Services in respect of 2021-22 and 2022-23 were therefore recognised in the 2021-22 and 2022-23 financial statements.

F. Management Letter of Representation

To follow as a separate item tabled at Committee.

G. Audit opinion

Our anticipated audit report opinion will be modified with a Limitation of Scope Opinion

Draft Independent auditor's report to the members of Swindon Borough Council

Report on the audit of the financial statements

Qualified opinion on financial statements

We have audited the financial statements of Swindon Borough Council (the ‘Authority’) and its subsidiaries and joint venture (the ‘group’) for the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement, the Collection Fund, the Housing Revenue Account (HRA) Income and Expenditure Statement, and the Statement of Movement in the Housing Revenue Account, and notes to the financial statements, including a summary of significant accounting policies, notes to the group accounts, notes to the Collection Fund, and notes to the HRA . The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2024 and of the group’s expenditure and income and the Authority’s expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for qualified opinion

Swindon Borough Council is a member of a multi-employer pension scheme and as at 31 March 2024 the Authority held a share of Wiltshire Pension Fund’s assets (£726,651,000) and liabilities (£784,061,000), the net liability of £57,410,000 of which is included in the Balance Sheet as at 31 March 2024.

Auditor Guidance Notes are prepared and published by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General who has power to issue guidance to auditors under Schedule 6 paragraph 9 of the Local Audit and Accountability Act 2014. The NAO issued Auditor Guidance Note 07 (AGN 07) on 14 November 2024. Paragraph 32 of AGN 07 refers to the voluntary protocol that auditors have agreed with each other and the NAO in respect of the provision of assurances concerning defined benefit pension plans.

G. Audit opinion

In our auditor's report for the year ended 31 March 2023, we reported that the external audit of the Wiltshire Pension Fund was not concluded for 2022/23, and therefore that Pension Fund assurances under AGN 07 were not available as at 31 March 2023. As this impacts on the balances for the financial year ended 31 March 2024, the only means for us to get sufficient assurance over the Pension Fund assets and liabilities as at 31 March 2023 disclosed in the financial statements would be to audit the Pension Fund financial statements directly and undertake alternative procedures. This would not be in the best interests of the public purse. Management have stated that in the interests of openness and transparency they wish to publish signed accounts for stakeholders. To limit further delays, management have determined it appropriate to limit the scope of our work in respect of the defined benefit pension plan net liability as disclosed in the balance sheet and associated Pension Fund asset and liability disclosures in the financial statements. Consequently, we have been unable to determine whether any adjustment to the Authority's share of Wiltshire Pension Fund's assets and liabilities as at 31 March 2023, or other amounts disclosed in the financial statements in respect of the share of assets and liabilities as at 31 March 2023 are necessary. In addition, were any adjustment to the defined benefit pension plan net liability to be required, the narrative report would also need to be amended.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report.

We are independent of the group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Finance and Audit's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority or the group to cease to continue as a going concern.

In our evaluation of the Director of Finance and Audit's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 that the Authority's and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Authority and the group and Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Director of Finance and Audit's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's and the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance and Audit with respect to going concern are described in the relevant sections of this report.

G. Audit opinion

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director of Finance and Audit is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the Authority's share at 31 March 2023 of Wiltshire Pension Fund's assets (£726,651,000) and liabilities (£784,061,000), the net liability of £57,410,000 of which is included in the balance sheet at 31 March 2024. We have concluded that where the other information refers to the defined benefit pension plan net liability or related balances and disclosures, it may be materially misstated for the same reason.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

G. Audit opinion

Responsibilities of the Authority and the Director of Finance and Audit

As explained more fully in the Statement of Responsibilities for the Statement of Accounts [set out on page x], the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance and Audit. The Director of Finance and Audit is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance and Audit determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance and Audit is responsible for assessing the Authority's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority and the group without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, Local Government and Housing Act 1989, Local Government Housing Act 1972, Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012), and the Local Government Act 2003).

We enquired of management and the Audit Committee concerning the group and Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management and the Audit Committee whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

G. Audit opinion

We assessed the susceptibility of the Authority and group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to large and unusual journal entries, journal entries posted by senior officers, and the significant accounting estimates in the financial statements, including those related to the valuation of property, plant and equipment including council dwellings, the PFI disclosures and the defined benefit pension plan net liability. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
- journal entry testing, with a focus on large and unusual journals and those posted by senior officers;
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of valuation of property, plant and equipment including council dwellings, and the defined pension plan net liability;
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the group and Authority's engagement team included consideration of the engagement team's:

understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation

knowledge of the local government sector in which the group and Authority operates

understanding of the legal and regulatory requirements specific to the Authority and group including:

the provisions of the applicable legislation

guidance issued by CIPFA/LASAAC and SOLACE

the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority and group's control environment, including the policies and procedures implemented by the Authority and group to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

G. Audit opinion

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in respect of the above matter, except on the 18 November 2024 we identified:

<u>Financial sustainability</u>

- a significant weakness in the Authority's arrangements for Financial Sustainability due to the Authority's Medium-Term Financial Plan (MTFP) through to 2026/27 showing a deficit of £20.5 million at 31 March 2027. The Authority recognises that it needs to update its Medium-Term Financial Strategy (MTFS) detailing the extent of the cumulative medium-term budget gap over 3-5 years and how it will be addressed. Without this there is a risk that within a relatively short period of time, available general reserves and balances will not be sufficient to offset any continued shortfalls. We have raised a key recommendation that the Authority should produce a 3 – 5 year Medium-Term Financial Strategy (MTFS), with a planned replenishment of reserves, detailing how the cumulative budget gap will be addressed. The Authority should implement its transformation programme at scale and pace and include:
  - embedding the emerging governance arrangements;
  - cohesive reporting to Cabinet on the planned timescales, milestones, savings and outcomes; and
  - link the financial reporting to show how recurrent savings balance the MTFP for the next 3 – 5 years.

<u>Improving economy, efficiency and effectiveness</u>

- a significant weakness in the Authority's arrangements for improving Economy, Efficiency and Effectiveness. This was in relation to the Authority's Children's services which were judged as 'inadequate' in all five domains, in the Ofsted inspection report of September 2023. We have raised a key recommendation that the Authority should continue to ensure sufficient resource is in place to resolve the requirements of the Improvements Plan arising from the Ofsted Inspection, specifically to ensure that timely and complete service information is able to be produced. The Authority should also ensure that they undertake a review to learn lessons from the recent Ofsted inspection to ensure that changes and improvements are managed effectively. The action plan should have implementation timescales, and appropriate resources in place to manage these processes.
- a significant weakness in the Authority's arrangements for improving Economy, Efficiency and Effectiveness. This is in relation to the Authority's Housing Services. In March 2024, the Director of Housing commissioned Internal Audit reviews on the Delivery of Housing Planned Capital Receipts, Housing Capital Programme Report and subsequent Building Statutory Compliance (Housing) Report (June 2024). These three reports highlighted significant concerns over both the condition of the housing stock and the data available to ensure the Authority, as a social landlord, is able to adequately deliver its housing service and adequately maintain its housing stock. We have raised a key recommendation that progress on the Housing Improvement Plan and the governance arrangements for housing services improvement needs to be regularly reported to Cabinet so that it has the oversight and assurance that service improvements are being made within the timeframes agreed with the Regulator.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

G. Audit opinion

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Swindon Borough Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to consolidation returns, including Whole of Government Accounts (WGA), and the National Audit Office has concluded their work in respect of WGA for the year ended 31 March 2024. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2024.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:

Peter Barber, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

Date:

Grant Thornton

grantthornton.co.uk