

APPENDIX

Responses from Management: Swindon Borough Council

Auditor question	Response
What do you regard as the key events or issues that will have a significant impact on the financial statements for 2015/6?	Bringing back in-house the ICT services and consequential changes to transactional types e.g. contract to staff/supplies, though impact should be limited as this only applies to the final two months of the year.
Have you considered the appropriateness of the accounting policies adopted by the Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	No major change
Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?	No
How would you assess the quality of the Council's internal control processes?	Satisfactory
How would you assess the process for reviewing the effectiveness of internal control?	Good
How do the Council's risk management processes link to financial reporting?	All cost centres and Budget managers are risk assessed and provided with appropriate financial support to match the level of risk. Financial control and risk management are considered together as part of the project pack for the Council's major change programmes driving a more sustainable financial position for the Council
How would you assess the Council's arrangements for identifying and responding to the risk of fraud?	Adequate
What has been the outcome of these arrangements so far this year?	All suspected cases of fraud should be reported to the Head of Internal Audit who will investigate appropriately. If allegations are received through the Council's Whistleblowing process then these will go to the Council's Monitoring Officer to allocate an appropriate investigating officer, this will be Internal Audit if financially related
What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	Internal Audit has a risk-based annual plan that includes proactive fraud work. The Corporate Fraud Team focus on areas that are susceptible to fraud and have been identified as such in the Audit Commission publication <i>Protecting the Public Purse</i> e.g. Housing tenancy, right to buys, SPD discounts, direct payments etc.
Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	Yes. During 2015/16 five whistleblowing cases were referred to the Council's Monitoring Officer. All were investigated.

Chartered Accountants

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Have any reports been made under the Bribery Act?	None
As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	Key risks are included in the Council's Corporate Risk Register which is reported six monthly to the Council's Audit Committee.
As a management team, how do you communicate to staff and employees your views on business practices and ethical behaviour?	Through All staff briefings and Team meetings
What are your policies and procedures for identifying, assessing and accounting for litigation and claims?	Close liaison with the Council's Legal Team
Is there any use of financial instruments, including derivatives?	No change to last year, Treasury make use of standard short/long term borrowing/investments and LOBOs.
Are you aware of any significant transaction outside the normal course of business?	No
Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	No
Are you aware of any guarantee contracts?	No
Are you aware of allegations of fraud, errors, or other irregularities during the period?	The Head of Internal Audit keeps me informed of on-going fraud investigations. External Audit has been notified of two investigations that have found fraud exceeding £10,000 this financial year. The Corporate Fraud team has helped to recover nine housing properties to date and stopped a further Stopped five right to but applications (£302,418 discount); Identified four Council Tax discount frauds (£1,037) and one parking permit fraud (£2,825). This is in addition to the work of the Benefit Fraud team that has recently transferred over to the DWP. Outcomes of Whistleblowing cases are reported through Standards Committee.
Are you aware of any instances of non-compliance with laws or regulations or is the Council on notice of any such possible instances of non-compliance?	See above
Have there been any examinations, investigations or inquiries by any licensing or authorising bodies or the tax and customs authorities?	No
Are you aware of any transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?	These are disclosed in the accounts and relate to transfer of Leisure assets, PFI modelling and school transfers.
Where the financial statements include amounts based on significant estimates, how have the accounting estimates been made, what is the nature of the data used, and the degree of estimate uncertainty inherent in the estimate?	The PFI accounting model is based upon a range of input criteria from the original PFI model, that can have a significant variation over the long-term, but the current model is unchanged from last year, and referred to Grant Thornton's own modelling. Asset related estimates rely on professional opinion.
Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the	No

financial statements?	
Has the management team carried out an assessment of the going concern basis for preparing the financial statements? What was the outcome of that assessment?	Cabinet adopted a strategy in recent years to deliberately deliver future tears' savings early to build up its reserves to fund the Council's Change Programmes to allow it to transition to a more financially sustainable position. The Council's financial position is under control with its budgets being delivered without drawing on General Reserves for the last 8 years and a balanced budget already in place for 2016/17. The Council also has a balanced profile of investments and borrowing. Cash flows are monitored and repayments for maturing debt factored into forecasts as part of routine Treasury process. On that basis, the management team feels that the Council's financial position is strong.
Management is required to consider whether there are any material uncertainties that cast doubt on the Council's ability to continue as a business. What is the process for undertaking a rigorous assessment of going concern? Is the process carried out proportionate in nature and depth to the level of financial risk and complexity of the organisation and its operations? How will you ensure that all available information is considered when concluding the organisation is a going concern at the date the financial statements are approved?	<p>The Management Team does not consider there are any immediate, significant concerns around the going concern of the authority, although this is included as a medium term risk in the Corporate risk register, due to the combination of increasing demand and falling funding. The financial position of the authority is discussed monthly at Corporate Board and with Cabinet Members (LAG) and is formally reported to Cabinet at least bi-monthly. The Authority has a balanced budget for 2016/17 and has identified a high-level plan to balance future year's budget within the context of a medium term financial outlook.</p> <p>The in-year monitoring financial statements to Cabinet formally consider all Funds with sections on the HRA and DSG, as well as the core General Fund Budget. The key focus of financial discussions at Board and LAG are on future year's financial sustainability.</p>
Can you provide details of those solicitors utilised by the Council's during the year. Please indicate where they are working on open litigation or contingencies from prior years?	<p>Solicitors firms:</p> <p><i>Monitoring Officer Investigations:</i> We have not used any external lawyers.</p> <p><i>Advice:</i> Ashfords - Swindon Museum and Art Gallery Trust</p> <p><i>Litigation:</i> We have not used any external lawyers</p> <p><i>Conveyancing and Property:</i> Davitt Bold Jones LLP – Solar Cable, Lower Bassett Down Grant of Easement Foot Anstey LLP - land rear of 83 Ermin Street and Newburn Centre. Foot Anstey LLP – Highway Agreement between Highways England, Wiltshire Council and Swindon Borough Council Brown Jacobson LLP – Leisure project (Lease and Business Transfer Agreement)</p>

	<p>Ashfords LLP - Highworth Rec (Lease and Business Management Agreement)</p> <p>Ashfords LLP – Lydiard Park (Lease and Business Transfer Agreement)</p> <p>Michelmores LLP - Corn Exchange Swindon, Development Agreement</p> <p>Pinsents Mason LLP - Wichelstowe Joint Venture</p> <p>Ashfords LLP - Wichelstowe Reports on Titles.</p> <p><i>Barristers:</i></p> <p>Mr Clive Sheldon QC - Coronial Service</p> <p>11KBW Mr Joseph Barrett - EU procurement legal advice (Christine Cox)</p> <p>William Webster, 12 College Place – Application for the listing of Lydiard as Asset of Community Value</p> <p>Anthony Crean QC, Kings Chambers - Kimmerfields CPO Inquiry.</p> <p>Paul Cairnes QC, No5 Chambers - Berkeley Farm Planning Appeal.</p> <p>Anthony Crean QC, Kings Chambers – CIL liability charge decision (Orbital Shopping Park Swindon Limited)</p> <p>Anthony Crean QC, Kings Chambers – Berkeley Farm s288 TCPA 1990 legal challenge of Planning Inspector’s decision.</p> <p>Timothy Jones, No5 Chambers – Land at Ermin Street Planning Appeal.</p>
Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	We have instructed a number of Barristers to advise on a range of matters including Child Protection, Adult Protection, Commercial litigation, prosecutions and employment law.
Have any of the Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	No