

Audit Committee Progress and Update Report for Swindon Borough Council *Year ended 31 March 2016*

1 November 2016

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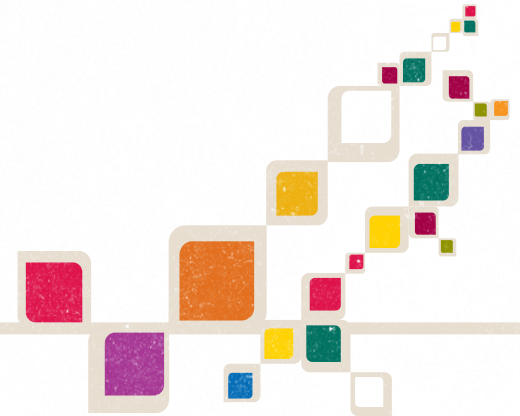
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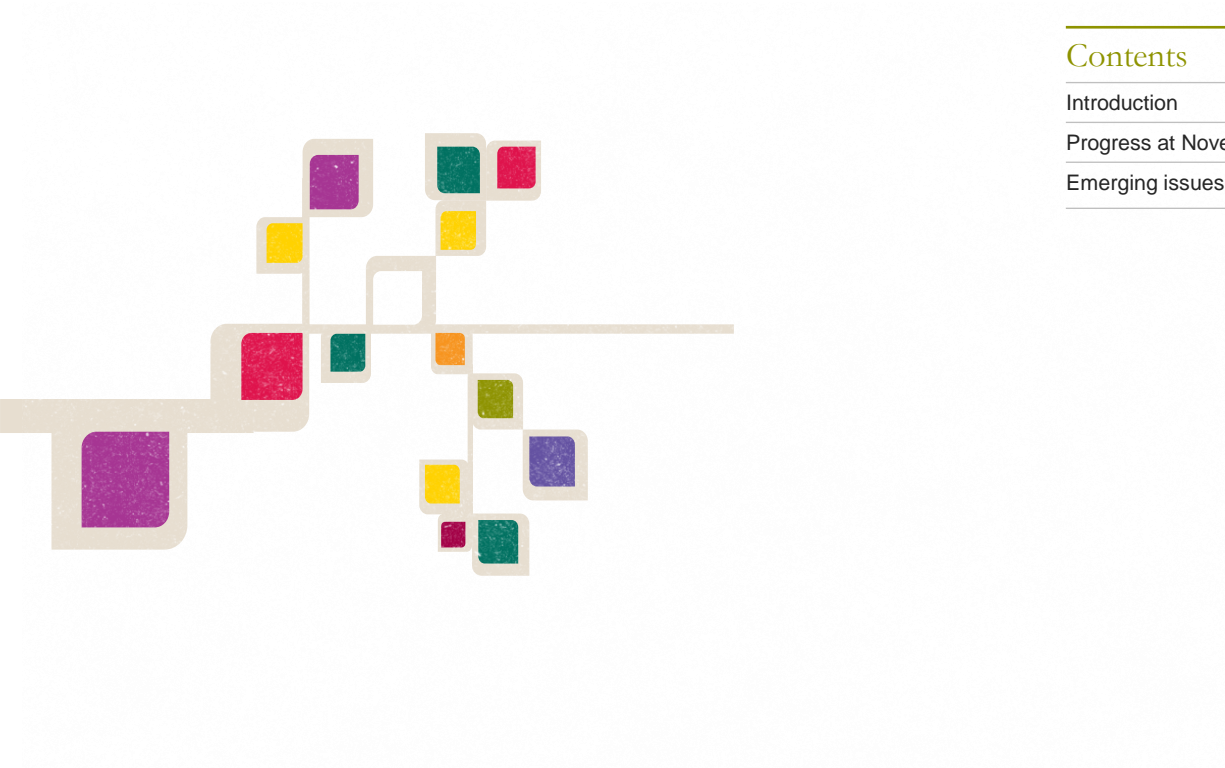
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to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



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Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications including:

- Better Together: Building a successful joint venture company;
<http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>
- Innovation in public financial management (December 2015);
www.grantthornton.co.uk/en/insights/articles/innovation-in-public-financial-management/
- Re-forging local government: Summary findings of financial health checks and governance reviews (December 2015)
<http://www.grantthornton.co.uk/en/insights/reforging-local-government/>,
- Knowing the Ropes – Audit Committee; Effectiveness Review ;
www.grantthornton.co.uk/en/insights/knowning-the-ropes--audit-committee-effectiveness-review-2015/
- Making devolution work: A practical guide for local leaders (October 2015)
www.grantthornton.co.uk/en/insights/making-devolution-work/

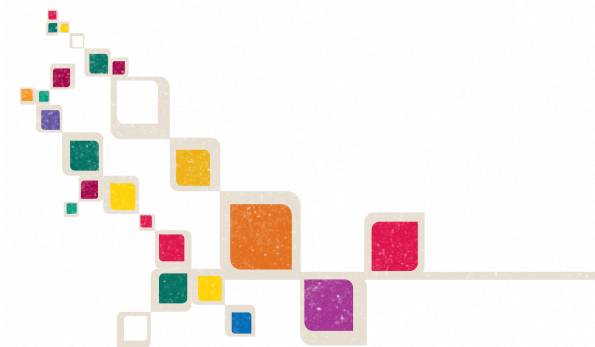
If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.



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Progress at 1 November 2016



Progress against plan
On track



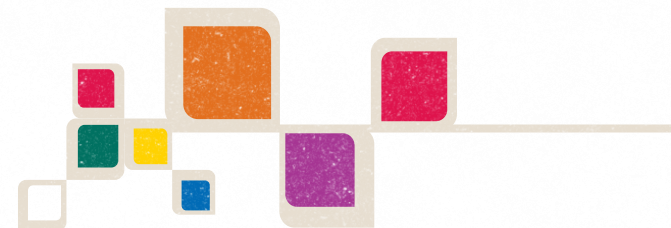
Opinion and VFM conclusion
Accounts opinion and VFM conclusion provided on 22 September in advance of the deadline of 30 September 2016



Outputs delivered Fee letter, Opinion, Conclusion and Annual Audit Letter and Progress Reports, delivered to plan

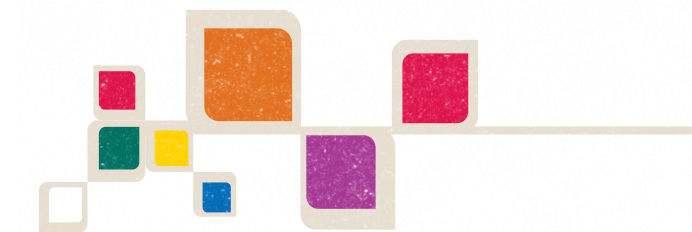
2015/16 work	Completed	Comments
Fee Letter We issued the 'Planned' fee letter for 2015/16 in April 2015.	April 2015	
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2015-16 financial statements. We also inform you of any subsequent changes to our audit approach.	April 2016	We did not alter or change our audit approach, which we communicated to you in our Audit Plan dated 19th April 2016 and presented to the Audit Committee in April.
Interim accounts audit Our interim fieldwork visit includes: <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing 	April 2016	This was presented to the Audit Committee in April, findings were included within the Audit Plan.

Progress at 1 November 2016



2015/16 work	Completed	Comments
Final accounts audit Including: <ul style="list-style-type: none"> Audit of the 2015-16 financial statements proposed opinion on the Council's accounts 	Completed July - August and reported in September	The matters arising from our work were reported in our Audit Findings Report to the Audit Committee on September 15 th .
Value for Money (VfM) conclusion The scope of our work has changed and is set out in the final guidance issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources". The guidance confirmed the overall criterion as; "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people". The three sub criteria for assessment to be able to give a conclusion overall are: <ul style="list-style-type: none"> Informed decision making Sustainable resource deployment Working with partners and other third parties 	Completed and reported in September	We set out the result of our risk assessment and the proposed
Other activities We provide a range of workshops, along with network events for members and publications to support the Council. Annual Audit Letter	Completed October 2016	We have provided local workshops covering the accounting treatment of the Better Care Fund and the Local Authority Accounts Code. The Annual Audit Letter was completed and agreed with Officers in October 2016.

Progress at 1 November 2016



2015/16 work	Completed	Comments
<p>Grant Certification</p> <p>We are required to complete work on the following returns:</p> <ul style="list-style-type: none">- Housing Benefit- Homes and Communities Agency return- Teachers Pension Return- Pooled capital receipts return	N/A	<p>Our work is on-going and will be completed by the deadline of 30 November 2016.</p> <p>The outcome will be reported to the next Audit Committee Meeting.</p>

Advancing closure: the benefits to local authorities

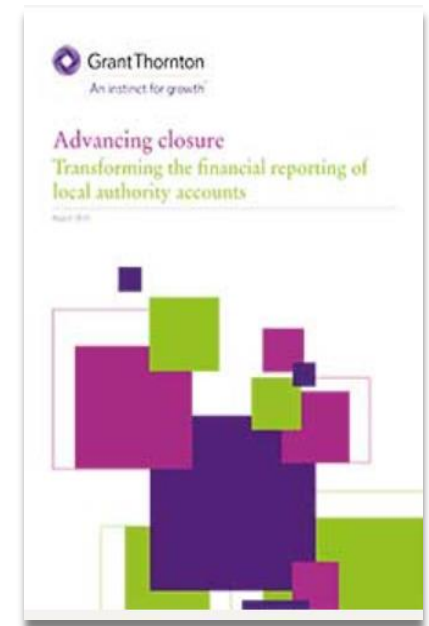
With new regulation bringing forward the required publishing date for accounts local authorities must consider the areas needed to accelerate financial reporting.

In February 2015, regulations were laid before parliament confirming proposals to bring forward the date by which local authority accounts must be published in England. From 2017-18, authorities will need to publish their audited financial statements by 31 July, with Wales seeking to follow a similar approach over the next few years.

Many local government bodies are already experiencing the benefits of advancing their financial reporting processes and preparing their accounts early, including:

- raising the profile of the finance function within the organisation and transforming its role from a back office function to a key enabler of change and improvement across the organisation;
- high quality financial statements as a result of improved quality assurance arrangements;
- greater certainty over in-year monitoring arrangements and financial outturn position for the year, supporting members to make more informed financial decisions for the future;
- improved financial controls and accounting systems, resulting from more efficient and refined financial processes; and
- allowing finance officers more time to focus on forward looking medium term financial planning and transformational projects, to address future financial challenges.
- While there is no standard set of actions to achieve faster close there are a number of consistent key factors across the organisations successfully delivering accelerated closedown of their accounts, which our report explores in further details:
- Enabling sustainable change requires committed leadership underpinned by a culture for success
- Efficient and effective systems and processes are essential
- Auditors and other external parties need to be on board and kept informed throughout

Grant Thornton reports



<http://www.grantthornton.co.uk/en/insights/advancing-closure-the-benefits-to-local-authorities/>

Partnership working in mental health

Joining up the dots, not picking up the pieces

Mental ill health costs the economy over £100 billion each year and affects one in four people. However, responding to issues related to an underlying mental illness does not solely sit within the remit of health professionals. With many parts of the public sector needing to respond, and each facing significant financial pressures, collaboration around this issue is essential if savings are to be found and the best care provided.

This paper draws together examples of successful collaboration between public services and feedback from a Midlands round table discussion – where the West Midlands Combined Authority has set up a mental health commission – to look at how different services have overcome some of the traditional barriers and demarcation lines between organisations

There are four key messages:

The unpredictable nature of mental health symptoms can mean that the first point of contact is via emergency services, with ambulance, fire and rescue or police officers being present. The cost of services not being available at the right place at the right time can be huge, in terms of the personal suffering of individuals and costs to the wider system.

Often relatively modest amounts of money targeted at specific initiatives such as street triage or community cafes can make a huge difference in improving the availability of important services.

An impact can be made without the need for expensive structural change. Most importantly, it requires a genuine approach to collaboration and a culture of putting the patient first.

Investing in collaborative initiatives that focus on the needs of mental health patients were undoubtedly resulting in savings elsewhere to the public purse. Examples include:

- 92% reduction in detentions under section 136 of the Mental Health Act in Cheshire and Wirral; 50% reduction in Birmingham and Solihull; 39% in Nottinghamshire; 30% in Kent
- 647 A&E attendances avoided by one street triage team in one year in Birmingham and Solihull
- 80% remission in psychosis through early intervention in Derbyshire
- 25% of unemployed users of the café run by the Manchester Mind Young Adults Services and Projects team have gone on to find employment.

A set of recommendations on how to move this approach forward is also provided.



<http://www.grantthornton.co.uk/en/insights/partnership-working-in-mental-health/>

Events and workshops

Joint Venture Seminar on 6th December -

Following publication of our 'Better Together' report we are running a workshop in Taunton. The session will include presentations from practitioners and provide an invaluable insight into setting up and running joint venture companies

For further information or to book your place, please contact your Audit Manager or Lynsey Searle T +44 (0)117 305 7830

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Advancing Closure and Highways Network Asset (HNA)- We ran seminars in Exeter and Bristol in October to help accountants consider the main factors in accelerating the accounts closure and the issues impacting the implementation of HNA.

Income generation workshop on 6th October - this brought together practitioners from across the region to discuss good practice and was attended by Paul Smith from Swindon BC.

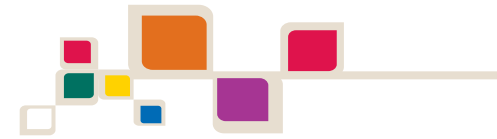
Grant Thornton events

Website Re-launch

We have recently launched our new-look website. Our new homepage has been optimised for viewing across mobile devices, reflecting the increasing trend for how people choose to access information online. We wanted to make it easier to learn about us and the services we offer.

You can access the page using the link below –
<http://www.granthornton.co.uk/industries/public-sector/>





Accounting and audit issues

Code of Practice on Local Authority Accounting in the United Kingdom 2016/17

CIPFA/LASAAC has issued the Local Authority Accounting Code for 2016/17. The main changes to the Code include:

- the new measurement requirements at depreciated replacement cost for the Highways Network Asset (HNA) and
- the requirement for local authorities to report in the Comprehensive Income and Expenditure Statement on the same basis as they are organised and report in the year (ie. no longer following SERCOP). This is accompanied by the introduction of a new Expenditure and Funding Analysis which provides a reconciliation between the way local authorities budget and report during the year and the Comprehensive Income and Expenditure Statement.

The key challenge for local authorities is around the accuracy and completeness of supporting records for HNA inventory and condition at 1 April 2016 and effective arrangements for recording expenditure and other movements on HNA from that date.



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