

Swindon Borough Council

Audit Committee

Monday, 23 July 2018

Committee Room 6, Civic Offices

At 6.00 p.m.

Conservative Councillors

Steve Weisinger
(Chair)
Nick Martin
Roger Smith
Rahul Tarar

Labour Councillors

John Ballman
Des Moffatt
Kevin Small

Committee Officer: Iain Tucker (01793 463605)

email: itucker@swindon.gov.uk

Swindon Borough Council, Civic Offices, Euclid Street, Swindon, SN1 2JH
(Telephone 01793 445500)

Access Arrangements - The venue is wheelchair accessible and an infrared receiver hearing system is provided. If you have any special requirements to enable you to attend the meeting or would like to receive any of the pages contained in this agenda in a larger print size, please contact the Committee Officer as soon as possible prior to the date of the meeting.

AGENDA

1. Apologies for Absence

2. Declarations of Interest

Members are requested at the start of the meeting to declare any known interests in any matter to be considered, and are reminded that any such interest should also be declared at the start of an item or during any discussion of the matter concerned.

3. Public Question Time

See explanatory note below. Please phone the Committee Officer whose name and number appears at the top of this agenda if you need further guidance).

4. Minutes (Pages 5 - 8)

To receive the minutes of the meeting held on 5th June 2018

5. Internal Audit Review - Premises Management (Pages 9 - 24)

6. Corporate Risk Management Update (Pages 25 - 30)

7. **Annual Governance statement** (Pages 31 - 46)
8. **Statement of Accounts** (Pages 47 - 50)
9. **External Audit - Audit Findings** (Pages 51 - 78)
10. **Head of Internal Audit update** (Pages 79 - 86)

Date of Despatch: 13 July 2018

Public Question Time - Swindon Borough Council remains committed to increasing its accountability to the public and to promoting active citizenship. 15 minutes will be allowed at the start of all Council meetings for questions to the Chair from the public about the work of the Committee (except for confidential matters, and matters relating to planning and licensing applications). We will give priority to those who submit questions in writing at least two days before the meeting. Questions must be relevant, clear, and concise. You may not use Public Question Time as an opportunity to make speeches or statements.

Questions in writing should be sent to the Committee Officer whose contact details appear on the agenda above or to the Director of Law and Democratic Services, we will publish it, along with the answer, alongside the Minutes. The process associated with asking a public question is set out in the "Public Question Time at Council Meetings Protocol and Guidance" available on the Council's Website.

(<http://www5.swindon.gov.uk/moderngov/ecCatDisplay.aspx?sch=doc&cat=13338&path=0>) or from the Committee Officer named above.

The Audit Committee - Terms of Reference

(the complete terms of reference and programme of activity for the Audit Committee are set out in Minute 10 of the meeting of the Audit Sub-Committee held on 16 June 2015)

- Be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
- In relation to the authority's internal audit functions:
 - Oversee its independence, objectivity, performance and professionalism
 - Support the effectiveness of the internal audit process
 - Promote the effective use of internal audit within the assurance framework
- Consider the effectiveness of the control environment, including arrangements for ensuring value for money and for managing the authority's exposure to the risk of fraud and corruption.
- Consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control.
- Support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process.
- Review the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by

external audit.

- Reviewing and monitoring treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice.

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AUDIT COMMITTEE

TUESDAY, 5 JUNE 2018

PRESENT:- Councillors Steve Weisinger (Chair), Nick Martin, Des Moffatt and Rahul Tarar

Apologies for absence were received from Councillors John Ballman, Kevin Small and Roger Smith.

Also in attendance: Councillor Dale Heenan

1. Appointment of Vice-Chair

Resolved – That Councillor Nick Martin be appointed Vice-Chair of the Committee for the Municipal Year 2018/19

2. Declarations of Interest

The Chair reminded members of the need to declare known interests in any matters to be considered at the meeting. No declarations were made.

3. Public Question Time

There were no public questions

4. Exempt Items - Exclusion of Press and Public

Resolved - That, in accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded during the discussion of the matters referred to in the item listed below on the grounds that it involves the likely disclosure of exempt information as defined in the respective paragraphs of Part 1 of Schedule 12A of the Act.

| - | <u>Item No.</u> | <u>Paragraph No.</u> | <u>Minute No.</u> |
|---|-----------------|----------------------|-------------------|
| | 13 | 3 | 12 |

5. Minutes

Resolved - (1) That the minutes of the meeting held on 20th March 2018, be confirmed and signed.

(2) The Chair introduced Steve Johnson, the Council's new external auditor from Grant Thornton.

6. Treasury Management Performance 2017/18

The Committee received a report of the Director of Finance (Section 151 Officer), setting out the Treasury Management performance for 2017/18. Ian

Burbidge, Head of Finance (Technical) presented the report and responded to a series of questions from Councillor Moffatt regarding the Housing Revenue Account.

Resolved – That the 2017/18 Treasury Management performance, as detailed at paragraphs 3.1 to 3.17 of the report, and the Prudential Indicators shown at Appendix 1 to the report, be noted.

7. Internal Audit report: Compliance with Contract Standing Orders

In accordance with its established practice of considering at least one individual audit report at each meeting, the Committee received a report on the outcomes and key findings on the Internal Audit Review intended to provide assurance to the Director of Law and Democratic Services that the Council's Contract Standing Orders are being complied with and that the Council is not at risk of legal challenge or a breach of the EU Procurement Regulations.

It was noted that, in conducting the review, Internal Audit had carried out a review of a sample of payments made through the Council's finance system to ensure that they were in compliance with Contract Standing Orders, which document, included in the Council's Constitution, sets out the requirements, including the EU Procurement Regulations that must be upheld to ensure that the Council's procurement arrangements are legal.

It was noted that the review, finalised in January 2018, had identified an "Of Concern" level of risk.

Nick Hobbs, the Council's Head of Internal Audit, was in attendance to provide a current position statement in relation to the implementation of the internal audit recommendations and also responded to questions put by Councillors Moffatt, Weisinger, Heenan, Martin and Tarar on issues raised, including.

- The high level of non-compliance with Contract Standing Orders
- The lack of an IT system to adequately enforce procurement with Contract Standing Orders
- The outline business case to be considered by Cabinet for the implementation of an IT system to replace the Council's Finance and HR system.

Resolved – (1) That the report and the Internal Audit Review of Compliance with Contract Standing Orders, attached at Appendix 1 to the report, be noted.

(2) That a follow-up full audit of Compliance with Contract Standing Orders be carried out in 6-8 months' time.

(3) That a Task Group be set up comprising of the Chair and Councillors Martin and Tarar to consider the actions recommended in the report.

8. Audit Committee: Annual Report 2017/18

The Chair introduced the Committee's Annual Report setting out the role of the Committee and the work it had undertaken during 2017/18. .

Resolved – That the report be noted

9. Head of Internal Audit Annual Report

The Committee received the Head of Internal Audit's Annual Report for 2017/18. It was noted that it was a requirement of the Public Sector Internal Audit Standards that the Head of Internal Audit deliver an annual internal audit opinion and report that could be used by the organisation to inform its governance statement and that the annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation. The Annual Report provided the Committee with assurance from the Head of Internal Audit regarding the work of the Internal Audit section and his opinion with regard to the Council's overall arrangements for internal control.

Resolved – That the report and, in particular, the Head of Internal Audit's overall opinion that the Council's internal control arrangements relating to its main financial systems during 2017/18 were found to be satisfactory, resulting in an overall risk assessment to the Council as being 'moderate' be noted.

10. Draft Annual Governance Statement

The Head of Internal Audit submitted a report providing the Committee with details of the draft Annual Governance Statement 2017/18, setting out the Council's governance arrangements and providing an assessment of the performance of those arrangements over the year.

Resolved – (1) That the draft Annual Governance Statement 2017/18, appended to the report, be approved.

(2) That it be noted that the final version of the Annual Governance Statement will be signed off by the Leader of the Council and the Interim Chief Executive.

11. Head of Internal Audit Update

The Committee received a report of the Head of Internal Audit summarising the main issues arising from the Internal Audit reports finalised since the last Audit Committee in March 2018, progress made against the Annual Internal Audit Plan 2018/19 and Internal Audit staffing and resource issues.

Resolved – (1) That the report be noted.

(2) That it be noted that an Internal Audit review concerning premises management would be considered at the next meeting.

12. Outcome of the meeting of the Shareholder Panel to provide oversight of Council-owned Companies CMAG

The Committee received a report of the Director of Law and Democratic Services concerning the outcomes of the Shareholder Panel to provide oversight of Council-owned Companies Cabinet Member Advisory Group (CMAG) and setting out actions that the CMAG Members have requested through the Leader of the Council.

It was noted that the Panel had met in response to a resolution at Audit Committee and a request from the External Auditors (Audit Committee Minute 47, 2016/17

refers).

Resolved – That this Committee:

- (1) Notes the Covering Report, Appendices and summary notes of the Shareholder Panel to prove oversight of Council-owned Companies CMAG attached at Appendices One and Two to the report.
- (2) Notes the follow up actions summarised in the body of the report and set out in detail Appendix Two to the report.
- (3) Notes the future actions set out in the body of the report.
- (4) That the Shareholder Panel consider, at its next meeting, the following issues with respect to the Council's wholly owned companies and that, following this, a report be submitted to the Committee:
 - (a) Return on investment by each company
 - (b) Risk management by each company
 - (c) The profitability of each company

Internal Audit report: Premises Management

Audit Committee

Date: 23rd July 2018

Author: Head of Internal Audit

Wards: None

Parishes Affected: None

1. Purpose and Reasons

- 1.1 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating effectively.
- 1.2 Members requested that at least one individual audit report be presented to each meeting of the Committee. The Internal Audit report on *Premises Management* raised significant risks and has been selected to be presented to this Committee meeting.
- 1.3 The initial report was finalised in April 2018.

2. Recommendations

The Committee is recommended to:

- 2.1 It is recommended that Audit Committee note the report.

3. Detail

Background

- 3.1 This audit emerged from a follow-up review of *Corporate Buildings Statutory Compliance*. It relates to the management and performance monitoring of fire safety and legionella water quality risk assessments, including any follow-up actions required following assessments.
- 3.2 This is to ensure the control measures required are in place to demonstrate reasonable precautions are being taken to control these risks. Actions from assessments are assigned to an officer of the Council where it relates to a statutory compliance issue and/or the building responsible person on site as part of their day to day building management role.
- 3.3 The Council owns approximately 270 Corporate Properties, comprising of offices, shops, industrial units and other ad hoc buildings (not including schools or residential accommodation). These properties are used for a variety of purposes including office accommodation for Council services or buildings are leased to businesses, community organisations and charities etc.

Further information on the subject of this report can be obtained from Nick Hobbs,
Direct Dial Telephone Number: 01793 463940, nhobbs@swindon.gov.uk.

Internal Audit report: Premises Management

Audit Committee

Date: 23rd July 2018

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- 3.4 Responsibility for premises management falls either to the Council for all non-leased corporate buildings or to other responsible parties in building lease agreements.
 - 3.5 At this time there is no overall performance management and assurance process in place to demonstrate the safety and welfare of building users and the discharge of statutory tasks required in our Corporate Buildings i.e. whether this is a landlord or tenant responsibility as determined in individual property lease agreements.
 - 3.6 Alongside this review a separate project has been initiated by the Corporate Director Resources and Growth to clarify the responsibilities and accountability for premises management relating to corporate buildings and address issues raised in the Internal Audit report.

Key recommendations made in the review:

- 3.7 The Property Assets Team should take direct responsibility for managing and monitoring achievement of building fire safety and legionella water quality standards. This should include:
 - 3.7.1 Commissioning of fire and legionella risk assessments. To support this a service specification should be produced setting out the roles and responsibilities of parties, performance targets and form of documentation and communication to be adopted to underpin this arrangement.
 - 3.7.2 Producing a formal risk criteria that generates an annual programme of fire safety and legionella risk assessments of corporate buildings.
 - 3.7.3 All fire and legionella risk assessment actions should be issued promptly to the relevant service and/or responsible person at site for implementation and the Property Assets Team for monitoring. Tracking and reconciliation of assessments issued to parties responsible for actions should be conducted to ensure accountability.
 - 3.7.4 A quality assurance process should be instigated with property inspections conducted on a sample basis to ensure the completion and standard of any risk assessment completed
- 3.8 The status of actions from the latest fire and legionella risk assessments for all corporate buildings should be established. This process should provide for buildings managed by either the Council as landlord or the tenant, as determined in the building lease agreement. Where these are not demonstrated as satisfactorily completed, a schedule of priority works and required action dates should be put in place and actioned.

Further information on the subject of this report can be obtained from Nick Hobbs, Direct Dial Telephone Number: 01793 463940, nhobbs@swindon.gov.uk.

Internal Audit report: Premises Management

Audit Committee

Date: 23rd July 2018

- 3.9 All new fire and legionella risk assessment actions should be implemented within the relevant target completion period.

Internal Audit opinion

- 3.10 A lack of assurance on the status of fire and legionella risk assessment actions for corporate buildings has resulted in an overall level of audit opinion being determined as 'fundamental weaknesses identified' resulting in a potential 'significant risk' to the Council.
- 3.11 Management have provided an updated position regarding the implementation of agreed audit recommendations. The Head of Property Assets, the Head of Property maintenance and the Health and Safety Lead will be at Audit Committee to answer any questions Members may have.

4. Alternative Options

- 4.1 Not applicable

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 There are no direct financial implications arising from this report.

Legal and Human Rights Implications

- 5.2 Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2015. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 None

Diversity Impact Assessment

- 5.4 None

Risk Management

- 5.5 Potential risks to the Council are identified in the individual audit report attached as Appendix 1.

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

Further information on the subject of this report can be obtained from Nick Hobbs, Direct Dial Telephone Number: 01793 463940, nhobbs@swindon.gov.uk.

Internal Audit report: Premises Management

Audit Committee

Date: 23rd July 2018

6.2 The following officers were consulted on the Internal Audit report attached:

Corporate Director: Resources and Growth

Head of Property Maintenance

Head of Property Assets

Health and Safety Lead

7. Background Papers

7.1 None

8. Appendices

8.1 Appendix 1: Internal Audit report – Premises Management

8.2 Appendix 2: Updated management response

Swindon Borough Council

Civic Offices, Euclid Street, Swindon, SN1 2JH

Swindon Internal Audit Services

Memorandum to: Gerry O'Connor Head of Property Maintenance
Rob Richards Head of Property Assets
Richard Kemp Health and Safety Lead
Copies to: Susie Kemp Corporate Director Resources and Growth
Kim Chequer Head of Corporate Finance

From: Nick Hobbs Head of Internal Audit
Date: 3rd April 2018

Your Reference:
Our Reference: SD/Unplanned/Lorraine Sarson
Telephone: 01793 463940
Fax: 01793 464603

FINAL

Corporate Buildings - Premises Management

Background

This unplanned review emerged from a follow-up Internal Audit review of Corporate Buildings Statutory Compliance. This review relates to the management and performance monitoring of fire safety and legionella water quality risk assessments, including any follow-up actions required following assessments.

This is to ensure the control measures required are in place to demonstrate reasonable precautions are being taken to control these risks. Actions from assessments are assigned to an officer of the Council where it relates to a statutory compliance issue and/or the building responsible person on site as part of their day to day building management role.

The Council owns approximately 270 Corporate Properties, comprising of offices, shops, industrial units and other ad hoc buildings, but not including schools or residential accommodation. These are used for a variety of purposes including office accommodation for Council services or buildings are leased to businesses, community organisations and charities etc.

Responsibility for premises management falls either to the Council for all non-leased corporate buildings or to other responsible parties in building lease agreements. However, there is no standard form of lease agreement which clearly sets out premises management responsibilities between the Council as landlord and the tenant as leaseholder.

Consequently, arrangements for premises management are complex and unclear. At this time there is no overall performance management and assurance process in place to demonstrate the safety and welfare of building users and the discharge of statutory tasks required in our Corporate Buildings i.e. whether this is a landlord or tenant responsibility as determined in individual property lease agreements.

Alongside this review a separate project has been initiated by the Corporate Director Resources and Growth to clarify the responsibilities and accountability for premises management relating to corporate buildings. As part of this work a practical solution to support an assurance and performance management process is being sought.

Summary of key findings from the Internal Audit review

Building Fire Safety and Water Quality Standards (legionella)

A sample of eight corporate buildings were selected for testing to determine if each had up to date fire and legionella risk assessments. Testing also looked at whether improvements identified in assessments had been completed within specified timescales.

The test sample consisted of the following buildings:

- DMJ Tower
- Civic Offices - Main Building
- Enterprise Works
- Pembroke Gardens
- Savernake Social Hall
- Central Library
- Stratton Library
- Brunel West Car Park

(a) Assessments

Seven buildings had up to date fire and legionella risk assessments held by the Health and Safety Team. For Savernake Social Hall, it is the responsibility of the tenant to conduct both the fire and legionella risk assessments in accordance with the property lease terms and conditions.

The Corporate Health and Safety Team conduct fire and legionella risk assessments on behalf of the Head of Property Assets, where the lease agreement makes this a responsibility of the Council. However, the Property Assets Team do not provide the Corporate Health and Safety Team with an agreed annual schedule of Corporate Buildings which require fire and legionella risk assessments to be conducted. Instead, the Corporate Health and Safety Team manage their own corporate property data base which they update as and when they become aware of any property changes. There is no reconciliation between the two data bases to ensure that all corporate properties, whether under lease or used for staff accommodation, have the necessary periodic assessments.

The Health and Safety Lead has been requested, by the Head of Property Assets, to issue risk assessments and actions on completion directly to the responsible officer within the Council and/or the responsible person at site as relevant. It is therefore not clear what assurance process is in place to ensure fire safety and legionella water quality standards are complied with.

Of the seventy fire risk assessments conducted by the Health and Safety Team during 2017/18 (as at November 2017) only thirty could be traced in to Property Maintenance. This disparity was attributed to changes in Property Maintenance staff, not notified promptly to the Health and Safety team, who were e-mailed assessments.

(b) Implementation of actions

The seven corporate building fire and legionella risk assessments tested during this review had actions assigned to relevant parties including the responsible person(s) at

site, the Council's Property Maintenance Service and/or the Facility Manager. Each action had a target completion date based on the level of priority.

In the absence of a governance, environmental risk and compliance process/system it is not possible to readily evaluate building compliance with internal controls and external regulations. There is also no independent quality assurance checks conducted to ensure risk assessments and assigned actions are undertaken on a timely basis and conducted to a satisfactory standard.

It was found that fire actions assigned to Property Maintenance Services had not been performed for five of the seven corporate buildings tested with fire actions outstanding from both the 2015/16 and 2016/17 fire risk assessments.

From testing of a sixth property, the David Murray John Tower, it was noted progress has been recorded against the fire risk assessment with the majority of high risk actions shown as implemented, but all actions have yet to be completed. The seventh property, Enterprise Works, had a fire risk assessment conducted on the 3rd November 2017 and at the time of the audit the assessment was being issued to parties with assigned actions. It was therefore too early to test for implementation of these.

The status of 2017/18 legionella risk assessment actions could not be determined due to the lack of easily available and up to date information at the time of audit.

A Corporate Fire Safety Group consisting of officers representing Property Assets, Property Maintenance, Facilities Management and Corporate Health and Safety meet monthly and the agenda includes emerging fire issues and risks. The 2017 minutes of group meetings show that outstanding fire risk assessment actions attributed to Property Maintenance Services in 2015/16 have emerged and been discussed, but not successfully resolved and implemented.

This group does not monitor the performance and implementation of any corporate buildings risk assessment actions assigned to various parties, including fire and legionella. A corporate record of all outstanding fire and legionella risk assessment actions could not be found during the audit to provide an assurance of compliance in corporate buildings.

A lack of assurance on the status of fire and legionella risk assessment actions for corporate buildings has resulted in an overall level of audit opinion being determined as 'fundamental weaknesses identified' resulting in 'significant risk'.

Audit Opinion

(a) Opinion on system controls: Fundamental weaknesses identified i.e. the auditor completing the review concluded that the matters arising from the review are sufficiently significant to place doubt on the reliability of the procedures reviewed. Implementation of the recommendations made is a priority to ensure that reliance can be placed on the system.

(b) Overall assessment of risk: The combination of the **high impact** of the system, along with the opinion on the system controls gives an overall risk assessment to the Council that remains as being **of significant**:

| | | MATERIALITY AND IMPACT | | |
|----------------|-----------------------------------|------------------------|------------|----------|
| SYSTEM CONTROL | | High | Medium | Low |
| 1 | High standard | Minimal | Minimal | Minimal |
| 2 | Satisfactory | Moderate | Minimal | Minimal |
| 3 | Significant improvements required | Of concern | Moderate | Minimal |
| 4 | Fundamental weaknesses identified | Significant | Of concern | Moderate |

The attached action plan sets out the findings from the review and recommendations made to address issues identified.

The findings of this audit have been discussed at the Corporate Fire Safety Group with officers representing Property Assets, Property Maintenance, Facilities Management and Corporate Health and Safety. The Corporate Director of Resources and Growth has agreed the final report.

I should like to thank you for the assistance provided to Lorraine Sarson during the review and also in clearing the report to final stage.

Many thanks,

Action Plan

| Ref. | Finding | Recommendation | Responsible Officer and Timescale | Management Response |
|------|--|--|--|--|
| 1 | Fire Safety and Legionella Water Quality Standards | | | |
| 1.1 | <p>Roles and responsibilities</p> <p>A sample review of fire and legionella risk assessments (FRAs) for corporate buildings and subsequent required actions was undertaken and identified the following:</p> <ul style="list-style-type: none"> A service level agreement/service specification is not in place between the Property Assets Team and Corporate Health and Safety Team. This should set out the roles and responsibilities of parties, performance targets and standard form of documentation to be used how assessments are to be communicated for fire and legionella risk assessments. Formal risk criteria is not in place to determine the frequency of risk assessments for buildings and to provide a standard and consistent approach. The Property Assets Team do not provide the Corporate Health and Safety Team with an agreed annual schedule of Corporate Buildings from which to arrange fire and legionella risk assessments. Instead, the Corporate Health and Safety Team manage their own corporate property data base which they update as and when they become aware of any property changes. There is no reconciliation between the two data bases to ensure that all corporate properties, whether under lease or used for staff accommodation, have the necessary periodic assessments. The fire and legionella risk assessments and any emerging actions are not effectively managed or monitored between parties. It is therefore not possible to ensure these are completed on a timely basis and to the required standard to ensure compliance in corporate buildings. | <p>The Property Assets Team should take direct responsibility for managing and monitoring achievement of building fire safety and legionella water quality standards. This should include:</p> <ul style="list-style-type: none"> Commissioning of fire and legionella risk assessments. To support this a service specification should be produced setting out the roles and responsibilities of parties, performance targets and form of documentation and communication to be adopted to underpin this arrangement. Producing a formal risk criteria that generates an annual programme of fire safety and legionella risk assessments of corporate buildings. All fire and legionella risk assessment actions should be issued promptly to the relevant service and/or responsible person at site for implementation and the Property Assets Team for monitoring. Tracking and reconciliation of assessments issued to parties responsible for actions should be conducted to ensure accountability. A quality assurance process should be instigated with property inspections conducted on a sample basis to ensure the completion and standard of any risk assessment completed. <p>Priority: High</p> | <p>Head of Property Assets</p> <p>May 2018</p> | <p>Fire and legionella risk assessments for the corporate property portfolio will be commissioned from the Head of Property Maintenance from April 2018.</p> <p>A new corporate policy will be introduced to establish the compliance cycle and identify responsibility and accountabilities of the key stakeholders in the organisation.</p> <p>Actions to be implemented during 2018/19.</p> |

| Ref. | Finding | Recommendation | Responsible Officer and Timescale | Management Response |
|------|--|--|--|---|
| 1 | Fire Safety and Legionella Water Quality Standards | | | |
| 1.2 | <p>Performance of fire and legionella actions.</p> <p>There is currently no overall performance process in place to ascertain the extent and status of any fire risk assessment actions (FRA's) or legionella risk assessment (LRA's) actions for corporate buildings as there is no corporate management and monitoring conducted of parties' assigned responsibility under the current process. However, from a sample of seven corporate buildings tested five had fire actions outstanding for building statutory compliance works which have been allocated to Property Maintenance to deliver.</p> <p>From a review of fire risk assessments conducted in 2016/17 it is evident that fire statutory compliance actions have been repeated in the 2017/18 FRA's as they have not been actioned on a timely basis.</p> <p>The long delay and backlog of these actions over the last two years has been raised at Fire Safety meetings attended by Property Assets, Property Maintenance, Corporate Health and Safety etc. However, progress on implementing actions has not yet been achieved.</p> <p>There is no status of implementation of actions attributed to the responsible person at site or any other person's assigned responsibilities.</p> <p>The FRA for Savernake Social Hall rests with the leaseholder as set out in the lease. But no assurance is in place to ascertain whether a FRA has been conducted periodically or the status of any actions required.</p> <p>Enterprise Works had a FRA conducted on 3rd November 2017 so the actions had not reached their target completion date at the time of audit.</p> | <p>The status of actions from the latest fire and legionella risk assessments for all corporate buildings should be established. This process should provide for buildings managed by either the Council as landlord or the tenant, as determined in the building lease agreement.</p> <p>Where these are not demonstrated as satisfactorily completed, a schedule of priority works and required action dates should be put in place and actioned.</p> <p>All new fire and legionella risk assessment actions should be implemented within the relevant target completion period.</p> <p>Evaluate producing a set of corporate key performance measures/outcomes from which to provide a level of assurance and compliance with fire and legionella standards in corporate buildings.</p> <p>Priority - High</p> | <p>Head of Property Assets in conjunction with the Health and Safety Lead and Head of Property Maintenance</p> <p>April 2018</p> | <p>Agreed</p> <p>Progress has only been made in reviewing the status of fire risk assessment actions regarding building related repairs i.e. door closers. However, responsibility and status of non-building maintenance fire risk assessment actions are yet to be established and resourced. This gap is due to be addressed as part of the restructure for statutory compliance works</p> <p>The extent of current legionella risk assessments in place for corporate buildings is not clear at this stage. Where these have been conducted the status of any actions required have also yet to be determined.</p> <p>The Health and Safety Lead will work with the Head of Property Maintenance to provide an up to date status report of all Legionella Assessments.</p> <p>To be completed by end April 2018.</p> |

| Ref. | Finding | Recommendation | Responsible Officer and Timescale | Management Response |
|------|--|--|--|--|
| 1 | Fire Safety and Legionella Water Quality Standards | | | |
| 1.3 | <p>The status of legionella risk assessment (LRA) actions assigned to the Council or any other party i.e. leaseholder could not be determined from assessments. This is because there is no assurance/performance process in place to monitor leaseholder's responsibilities or easy means of tracking Council designated actions.</p> <p>With regard to tracking Council legionella actions there is an incompatibility of systems and documentation used i.e. from risk assessor's reports, work orders raised on the Open system and work reported through the contractor's industry based specialist system. An example of this is the Zeta Safe industry standard Compliance Software system which provides information in a PDF document format which is not directly compatible for input to the Open System.</p> | <p>Where assessments are generated from bespoke supplier management information systems i.e. Zeta Safe, the compatibility of reports should be investigated to enable easy input from PDF files into commissioner systems to mitigate the time and cost of double handling data between systems.</p> <p>Priority - Medium</p> | <p>Head of Property Assets in conjunction with the Head of Property Maintenance and Business Intelligence and Systems Lead</p> <p>May 2018</p> | <p>Agreed.</p> <p>A review of IT options is to be conducted. This will include an assessment of existing systems for suitability.</p> |
| 1.4 | <p>The Council's Health and Safety Policies for Fire Risk Assessments and Legionella Management (in hot and cold water systems) are not sufficiently detailed to provide clarification of the roles and responsibilities outlined in action plan point 1.1 above</p> | <p>The Council's Health and Safety Policies for Fire Safety and Legionella management (in hot and cold water systems) should be updated to reflect the roles, responsibilities and arrangements for corporate buildings as set out in the above recommendations.</p> <p>Priority - Medium</p> | <p>Head of Property Assets in conjunction with the Health and Safety Lead</p> <p>May 2018</p> | <p>Agreed</p> <p>Relevant policies will be revised in accordance with new arrangements following the restructuring to identify responsible persons for building statutory compliance.</p> |

Standard Audit Opinions

The audit opinion is based on two different criteria the first is materiality of the system and its impact on the Council if there was a system failure. This has been split into High, Medium or Low.

The second criteria is the standard of control found within the system audited. This has been categorised into 4 different levels i.e. high; satisfactory; significant improvements required and fundamental weaknesses identified. Each of these categories has a standard opinion (see below).

The combination of these two factors gives an overall risk assessment to the Council of one of four scores i.e. significant, of concern, moderate or minimal (see Overall Opinion section in the main report).

Standard Audit Opinion System Control

Audit Opinion 1. *High standard*

The auditor completing the review concluded the significant controls are in place and operating effectively and only minor recommendations have been made

Audit Opinion 2. *Satisfactory standard*

The auditor completing the review concluded that most of the significant controls are in place and operating satisfactorily although some non-compliance was identified and therefore there is scope for improvement.

Audit Opinion 3. *Significant improvements required*

The auditor completing the review concluded that existing procedures needed to be improved to ensure that they are fully reliable. A number of significant recommendations have been made to improve missing or failing controls.

Audit Opinion 4. *Fundamental weaknesses identified*

The auditor completing the review concluded that the matters arising from the review are sufficiently significant to place doubt on the reliability of the procedures reviewed. Implementation of the recommendations made is a priority to ensure that reliance can be placed on the system.

INTERNAL AUDIT FOLLOW UP FORM

| AUDIT | Corporate Buildings, Premises Management | PREPARED BY | Lorraine Sarson | DATE | 9 th July 2018 |
|--------------|--|--|---|--------------------|--|
| REPORT DATED | 3 rd April 2018 | REVIEWED BY | | PAGE | Page 1 of 3 |
| NO | RECOMMENDATIONS | RESPONSIBLE OFFICER/DATE TO BE ACTIONED BY | MANAGEMENT RESPONSE AT TIME OF AUDIT. | Status (1,2,3,4,5) | COMMENTS/ACTIONS BY DEPARTMENT |
| 1 | Fire Safety and Legionella Water Quality Standards | | | | |
| 1.1 | <p>The Property Assets Team should take direct responsibility for managing and monitoring achievement of building fire safety and legionella water quality standards. This should include:</p> <ul style="list-style-type: none"> Commissioning of fire and legionella risk assessments. To support this a service specification should be produced setting out the roles and responsibilities of parties, performance targets and form of documentation and communication to be adopted to underpin this arrangement. Producing a formal risk criteria that generates an annual programme of fire safety and legionella risk assessments of corporate buildings. All fire and legionella risk assessment actions should be issued promptly to the relevant service and/or responsible person at site for implementation and the Property Assets Team for monitoring. Tracking and reconciliation of assessments issued to parties responsible for actions should be conducted to ensure accountability. A quality assurance process should be instigated with property inspections conducted on a sample basis to ensure the completion and standard of any risk assessment completed. <p>Priority: High</p> | <p>Head of Property Assets</p> <p>May 2018</p> | <p>Fire and legionella risk assessments for the corporate property portfolio will be commissioned by the Head of Property Assets from April 2018.</p> <p>A new corporate policy will be introduced to establish the compliance cycle and identify responsibility and accountabilities of the key stakeholders in the organisation.</p> <p>Actions to be implemented during 2018/19.</p> | 2 | <p>All fire and legionella risk assessments for corporate properties are now commissioned by the Head of Property Assets. The Head of Property Assets also holds responsibility for the maintenance of the Property Assets Register which is used to inform the schedule of compliance assessments.</p> <p>The Health and Safety Lead has produced a new corporate Policy detailing responsibility and accountability. A draft of this Policy has been reviewed by the Corporate Management Team and the legal department have provided advice on property compliance accountability for Maintained Schools where SBC is the employer.</p> <p>The Unions have also been consulted on the proposed Policy and a Union response is due week beginning 16th July 2018.</p> <p>The next steps will be to communicate the policy with all responsible persons and this is expected to be completed by September 2018</p> |

Page 21

Status: 1=Implemented, 2=Being Implemented, 3=Not Implemented, 4=Superseded, 5=Other

| NO | RECOMMENDATIONS | RESPONSIBLE OFFICER/DATE TO BE ACTIONED BY | MANAGEMENT RESPONSE AT TIME OF AUDIT. | Status (1,2,3,4,5) | COMMENTS/ACTIONS BY DEPARTMENT |
|-----|--|--|--|--------------------|---|
| 1 | Fire Safety and Legionella Water Quality Standards | | | | |
| 1.2 | <p>The status of actions from the latest fire and legionella risk assessments for all corporate buildings should be established. This process should provide for buildings managed by either the Council as landlord or the tenant, as determined in the building lease agreement.</p> <p>Where these are not demonstrated as satisfactorily completed, a schedule of priority works and required action dates should be put in place and actioned.</p> <p>All new fire and legionella risk assessment actions should be implemented within the relevant target completion period.</p> <p>Evaluate producing a set of corporate key performance measures/outcomes from which to provide a level of assurance and compliance with fire and legionella standards in corporate buildings.</p> <p>Priority - High</p> | <p>Head of Property Assets in conjunction with the Health and Safety Lead and Head of Property Maintenance</p> <p>April 2018</p> | <p>Agreed</p> <p>Progress has only been made in reviewing the status of fire risk assessment actions regarding building related repairs i.e. door closers. However, responsibility and status of non-building maintenance fire risk assessment actions are yet to be established and resourced. This gap is due to be addressed as part of the restructure for statutory compliance works</p> <p>The extent of current legionella risk assessments in place for corporate buildings is not clear at this stage. Where these have been conducted the status of any actions required have also yet to be determined.</p> <p>The Health and Safety Lead will work with the Head of Property Maintenance to provide an up to date status report of all Legionella Assessments. To be completed by end April 2018.</p> | 2 | <p>The restructure of statutory compliance has been agreed through the business change process. Human Resources have been consulted and work is currently taking place to transition into a new compliance group.</p> <p>The new policy and restructure set out responsibility for commissioning, delivering and monitoring all FRA works.</p> <p>It is anticipated that some time will be required to meet the statutory consultation framework for any team members impacted by this proposal. Full Union consultation will be part of this proposal.</p> <p>A review of legionella risk assessments has been completed to provide visibility on each assessment. The Health and Safety Lead has provided an up to date data base on the status of all Legionella risk assessments. The Property Maintenance Team are reviewing and processing actions identified in these assessments.</p> |

| NO | RECOMMENDATIONS | RESPONSIBLE OFFICER/DATE TO BE ACTIONED BY | MANAGEMENT RESPONSE AT TIME OF AUDIT. | Status (1,2,3,4,5) | COMMENTS/ACTIONS BY DEPARTMENT |
|-----|---|---|---|--------------------|--|
| 1 | Fire Safety and Legionella Water Quality Standards | | | | |
| 1.3 | Where assessments are generated from bespoke supplier management information systems i.e. Zeta Safe, the compatibility of reports should be investigated to enable easy input from PDF files into commissioner systems to mitigate the time and cost of double handling data between systems. Priority - Medium | Head of Property Maintenance in conjunction with the Health and Safety Lead Dec 2018 | Agreed Relevant policies will be revised in accordance with new arrangements following the restructuring to identify responsible persons for building statutory compliance. | 3 | The Head of Property Maintenance is to investigate the opportunity to maintain any bespoke reports e.g. Zeta Safe records in the existing SBC software systems. |
| 1.4 | The Council's Health and Safety Policies for Fire Safety and Legionella management (in hot and cold water systems) should be updated to reflect the roles, responsibilities and arrangements for corporate buildings as set out in the above recommendations. Priority - Medium | Head of Property Assets in conjunction with the Health and Safety Lead May 2018 | Agreed Relevant policies will be revised in accordance with new arrangements following the restructuring to identify responsible persons for building statutory compliance. | 2 | Revised policy will be implemented on completion of the proposed restructure and implementation of the Compliance Group to reflect any changes in roles responsibilities and arrangements. |

Status: 1=Implemented, 2=Being Implemented, 3=Not Implemented, 4=Superseded, 5=Other

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Corporate Risk Management Update

Audit Committee

Date: 23rd July 2018

| | |
|--------------------|--|
| Author: | Cabinet Member for Corporate Services and Digitalisation Corporate Director of Resources and Growth |
| Wards: | All |
| Locality Affected: | All |
| Parishes Affected: | All |

1. Purpose and Reasons

- 1.1 To present Audit Committee with a summary of risk management activity in the Council and with the most recently updated Corporate Risk Register.
- 1.2 Audit Committee provides independent assurance to the Council on the effectiveness of the Council's risk management, internal control and its overall assurance framework. This report summarises the areas that the Committee may wish to consider in gathering this assurance and provides a basis for discussion.
- 1.3 The risk management processes and the Corporate Risk Register are key components of the successful delivery of the Council's Vision, Priorities and Pledges and the Swindon Programme, ensuring that awareness and management of risk are intrinsic to the Council's approach.

2. Recommendations

The Committee is recommended to:

- 2.1 Endorse the risk management approach and processes and risks captured in the Corporate Risk Register.

3. Detail

- 3.1 Since the last report and following the input from members of the Audit Committee the corporate risk management process outlined in that report has been consolidated and is now fully operational. There have also been a number of further changes to the Corporate Risk Register to reflect the Council's current position.
- 3.2 Council wide and directorate scorecards, which capture in one document, key performance information and risk are in place. Corporate Directors present their scorecards to Corporate Management Team monthly, thus ensuring that there is peer scrutiny and discussion of risk and importantly, a real focus by the Council's directors on the directorate and Council wide actions we are taking to mitigate the risk and the efficacy of those actions.
- 3.3 As previously, the directorate and corporate risks flow from knowledge and understanding of service area risk and performance. Heads of Service produce risk registers as part of their business planning. Heads of Service Scorecards

Further information on the subject of this report can be obtained from Carmel Burton
Direct Dial 01793 466028, carmelburton@swindon.gov.uk.

Corporate Risk Management Update

Audit Committee

Date: 23rd July 2018

which include risk and performance information are now in place. These provide a format to ensure that risks at service level are presented and discussed as part of a wider discussion about performance and are updated quarterly.

- 3.4 In addition to the regular meetings in place between Internal Audit and Risk, which ensure both that audit findings are captured in the Corporate Risk Register and that audit priorities reflect corporate risk, audit findings are also included in the scorecards at all levels so that they are also an intrinsic part of the monthly performance and risk discussions.
- 3.5 The Corporate Risk Register has been reformatted to make it more manageable and to ensure that it focusses on key corporate risks all of which are high impact. All risks are owned by a Corporate Director, reinforcing accountability for risk. A particular feature of the risk register is that it focusses on the likelihood of risks occurring and both the actions which will reduce that likelihood and most crucially, the progress the Council is making with those actions. The current version of the Corporate Risk Register, is attached at Appendix One.
- 3.6 Our current Corporate Risks have been identified as:
- 3.6.1 Financial Sustainability. This is the risk that the Council's major programmes and strategies do not deliver the expected financial and non-financial benefits and/or the Council's Vision. This continues to be rated as high to reflect the fact that the Swindon Programme is still developing. This rating will be regularly reviewed in the light of the progress of the programme
- 3.6.2 Empowering Communities. This is the risk that we do not successfully maximise opportunities to work with communities to support them to have more influence and responsibility in their own areas. This has been rated as medium to reflect the fact that work with communities and stakeholders is ongoing.
- 3.6.3 Growing the Economy. This is the risk that the Council is unsuccessful in growing and sustaining the level of business activity necessary to provide sufficient employment for our residents and generate enough business rates income to pay for the services we need to provide. This rating has been increased from medium to high, reflecting the fact that many of the dependencies for this work are outside the Council's direct control and this reliance on influence and partnership carries an inherent degree of risk.
- 3.6.4 Managing our Council Environment. This risk considers aspects of our environment which if not managed could have a significant negative impact on the Council's effectiveness. They are Health and Safety, IT systems and the local, national and international context. Health and Safety and the local, national and international context are rated as medium, reflecting progress made in health and safety and the Council's
-

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Direct Dial 01793 466028, carmelburton@swindon.gov.uk.

Corporate Risk Management Update

Audit Committee

Date: 23rd July 2018

awareness of policy changes. The rating for IT has been raised to high to reflect the complexity and volume of system improvements in train and concerns about the financial viability of Capita.

- 3.6.5 Delivering Quality. This risk considers two areas of the Council's work where poor quality will pose significant risks to the Council. The first is our work to safeguard vulnerable children and adults which has been assessed as high risk, reflecting that work with the most vulnerable always carries a level of risk and the impact the level of increasing demand has on the Council's capacity to respond. The rating for children's safeguarding also reflects the fact that the Ofsted system of inspection has been revised for January 2018, which has increased the rigour and expectations of performance and quality which the service is working to meet. The rating for adults reflects the level of maturity of the improvement plan and process improvements underway. The second area looks at governance and the risk that the Council acts outside its powers. The likelihood of this has been rated as low, reflecting the robustness of our systems of governance and the current checks and balances.
- 3.6.6 Realising Potential. This is the risk that we do not make the best use of all available capacity, either within our own staff or through strong and effective partnerships which restricts our ability to deliver our vision, priorities and pledges. This risk has been assessed as medium, reflecting growing work to develop our staff through programmes such as Swindon Manager, Future Leaders and Aspiring leaders and the work to review and build partnerships including the newly merged One Swindon Health and Wellbeing Board.
- 3.6.7 Effective Prevention. This is the risk that our preventative and early intervention work is not sufficiently targeted and hence is not successful in halting the rise in demand. This then results in increasing spend on social care leading to challenges in balancing the budget and a potential loss of services which residents value. This risk has been lowered to medium likelihood as although demand continues to be an issue there is emerging evidence that preventative work is having an impact in areas such as delayed transfers from hospital, smoking cessation and improving employment rates for adults with learning difficulties and care leavers.
- 3.6.8 Business Continuity. This is the risk that our arrangements to continue to deliver essential services where normal business has been disrupted are not sufficiently robust. This risk is rated has been reduced to low reflecting that the continued focus on this area by Corporate Management Team is ensuring that the robust plans and processes are in place.

Corporate Risk Management Update

Audit Committee

Date: 23rd July 2018

4. Alternative Options

4.1 Not applicable

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

5.1 Risk management activity is a core activity for the Council. As such, costs of risk management are funded from existing budgets.

Legal and Human Rights Implications

5.2 As part of the Accounts and Audit Regulations 2015, it is a statutory requirement that the Council has a sound system of internal control which includes effective arrangements for the management of risk.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

5.3 Nothing specific for this report.

Diversity Impact Assessment

5.4 A Diversity Impact Assessment has not been completed for this report as it is a summary of actions within service areas to mitigate and address risk. Where applicable, Diversity Impact Assessments have been undertaken which cover the actions within the Corporate Risk Register. These assessments are held in the responsible service areas.

Risk Management

5.5 A risk assessment has not been completed for this report as it is a summary of risk management activity overall. The Corporate Risk Register is the corporate assessment of the key risks facing the Council at this time

6. Consultees

6.1 The Director of Finance (Section 151 Officer) and the Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

6.2 The Chief Executive, Corporate Management Team and the Head of Internal Audit were also consulted in respect of this report.

7. Background Papers

7.1 None

Further information on the subject of this report can be obtained from Carmel Burton
Direct Dial 01793 466028, carmelburton@swindon.gov.uk.

Corporate Risk Management Update

Audit Committee

Date: 23rd July 2018

8. Appendices

8.1 Appendix One – Corporate Risk Register July 2018.

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Final Annual Governance Statement

Audit Committee

Date: 23rd July 2018

Author: Head of Internal Audit
Wards: None
Locality Affected: None
Parishes Affected: None

1. Purpose and Reasons

- 1.1 It is a requirement of the Accounts and Audit Regulations 2015 that the Council prepares an Annual Governance Statement.
- 1.2 The purpose of this report is to provide Audit Committee with the final version of the Annual Governance Statement in respect of 2017/18.
- 1.3 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.4 The Annual Governance Statement sets out the Council's governance arrangements and is therefore a key source of assurance for the Audit Committee.

2. Recommendations

The Committee is recommended to:

- 2.1 It is recommended that the report be noted.

3. Detail

- 3.1 The Annual Governance Statement (AGS) is the formal statement that recognises records and publishes an authority's governance arrangements.
- 3.2 It is designed not only to give an opportunity for authorities to consider the robustness of their governance arrangements, but also provide an accurate representation of arrangements in place during the year and to identify areas where improvement is required.
- 3.3 The Council has approved and adopted a local code of corporate governance, <http://ww5.swindon.gov.uk/moderngov/ecSDDisplay.aspx?NAME=SD6032&ID=6032&RPID=5721575>, which is consistent with the principles of the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government.
- 3.4 The Annual Governance Statement (see Appendix 1) explains how the Council has complied with the local code and also meets the requirements of the

Further information on the subject of this report can be obtained from Nick Hobbs, Direct Dial Telephone Number: 01793 463940, nhobbs@swindon.gov.uk.

Final Annual Governance Statement

Audit Committee

Date: 23rd July 2018

Accounts and Audit Regulations 2015 in relation to the publication of an annual governance statement.

- 3.5 A draft Annual Governance Statement was presented to the June Audit Committee meeting along with a paper on the review of the effectiveness of the Council's governance arrangements. Comments received from members of the Audit Committee and the Council's External Auditor have been taken in to account in the final version attached.
- 3.6 The final version of the report will be signed off by the Chief Executive and the Leader of the Council.

4. Alternative Options

- 4.1 Not Applicable

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 There are no direct financial implications arising from this report.

Legal and Human Rights Implications

- 5.2 Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2015. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 None

Diversity Impact Assessment

- 5.4 None

Risk Management

- 5.5 Potential risk areas identified in the report are taken from the Council's Corporate Risk register.

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.
- 6.2 Corporate Management Team

Further information on the subject of this report can be obtained from Nick Hobbs, Direct Dial Telephone Number: 01793 463940, nhobbs@swindon.gov.uk.

Final Annual Governance Statement

Audit Committee

Date: 23rd July 2018

7. Background Papers

7.1 None

8. Appendices / Background papers

Appendix 1 – The Annual Governance Statement 2017/18

9. Key Decision/Decision in Forward Plan

Not Applicable

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ANNUAL

GOVERNANCE

STATEMENT

2017/18

Introduction

Swindon Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having a regard to a combination of economy, efficiency and effectiveness

The Council is required to produce an Annual Governance Statement each year which describes its governance arrangements not just for the Council but for the whole group including wholly owned subsidiaries. The Council reviews its governance framework through the Audit Committee. This review identifies where the framework is working and whether there are any significant governance issues that need to be addressed.

The Annual Governance Statement is signed off by both the Leader of the Council and the Chief Executive after being reviewed by the Audit Committee.

Corporate Governance

The purpose of a governance framework

The Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE *Framework for Delivering Good Governance in Local Government (2016)*.

This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with, and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

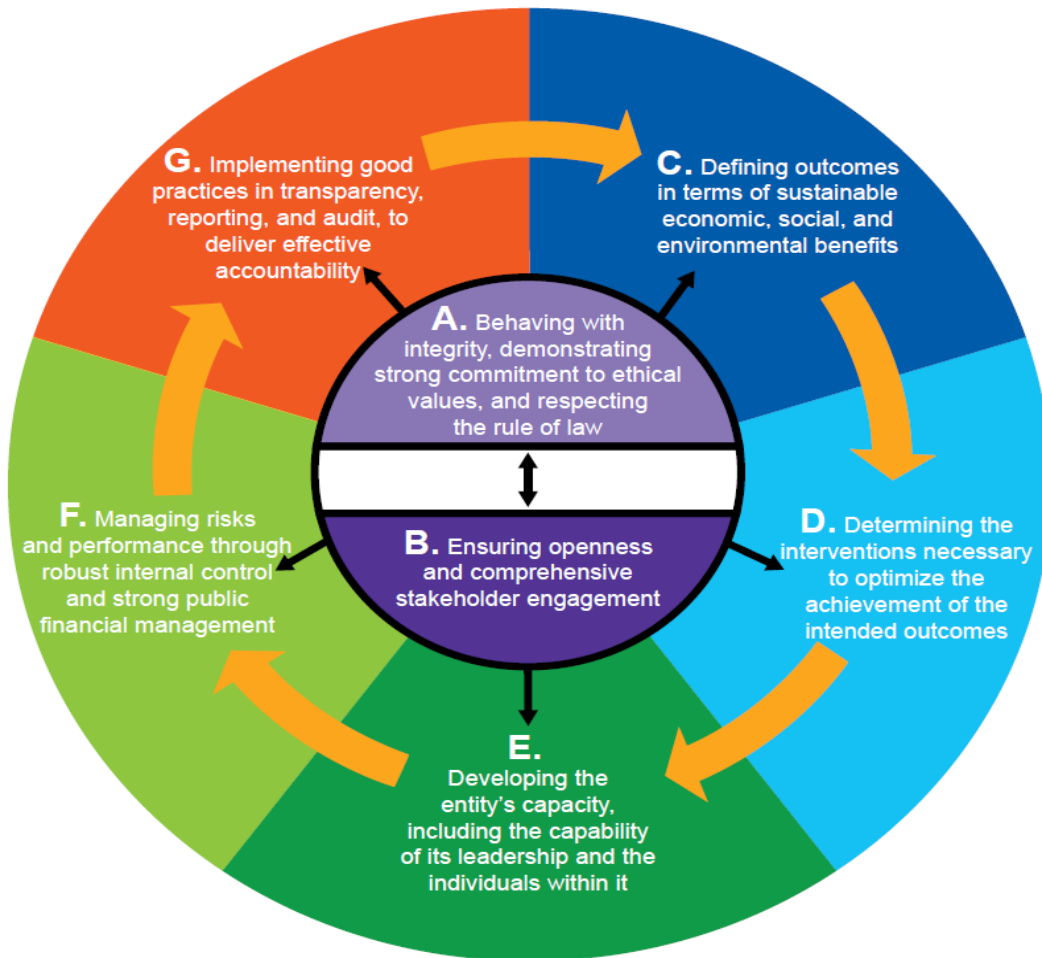
The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not an absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically.

The Council's framework for ensuring compliance with the core principles of effective governance:

Good corporate governance requires local authorities to carry out their functions in a way that demonstrates accountability, transparency, effectiveness, integrity and inclusion. The Council's Local Code of Corporate Governance sets out the framework by which the Council will meet that commitment. The Code is based upon the following seven core principles:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity including the capability of its leadership and the individuals within it
- Managing risk and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit, to deliver effective accountability

**Achieving the Intended Outcomes
While Acting in the Public Interest at all Times**



The Local Code of Corporate Governance forms part of the Council's Constitution and the full version can be found at:

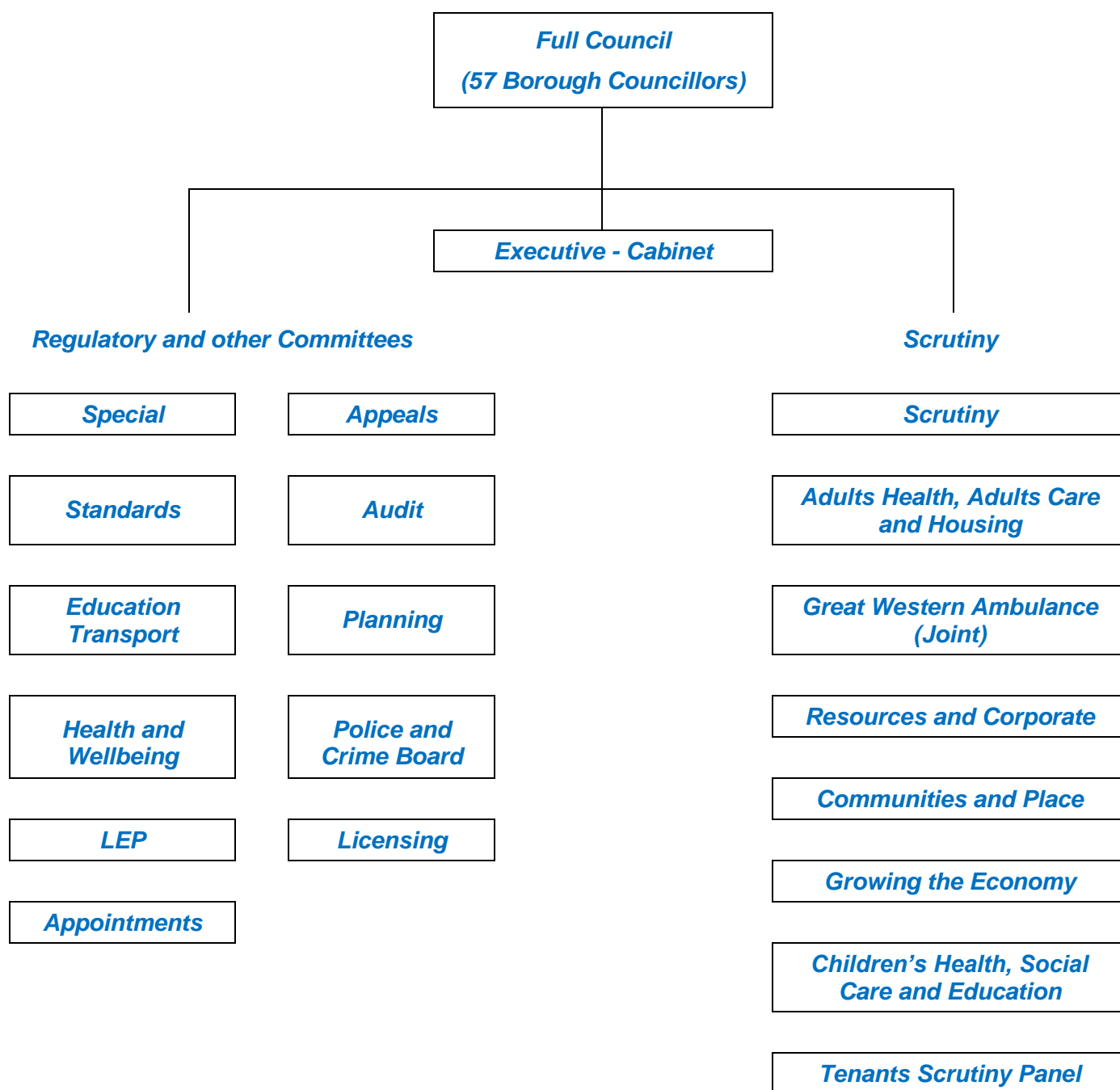
<http://ww5.swindon.gov.uk/moderngov/ecSDDisplay.aspx?NAME=SD6032&ID=6032&RPID=5603053>

The Council has 57 Councillors and operates a Leader and Executive model of decision making. All Councillors meet at Full Council to agree the budget and the policy framework etc. Ten Councillors, including the Leader, form the Executive (Cabinet). The Executive decide on how to deliver the budget and the policy framework.

The remaining 47 Councillors form scrutiny committees. These committees review the policies, process and implications of Cabinet, Cabinet Member and Officer decision- making and the way in which Cabinet and Cabinet Member decisions are made.

There are also a number of regulatory committees such as Audit, Standards, Planning and Licensing.

The Council's current Committee structure is set out below:



Outcomes

The Council's vision, priorities and pledges:

By 2030, Swindon will have all of the positive characteristics of a British city with one of the UK's most successful economies; a low-carbon environment with compelling cultural, retail and leisure opportunities and excellent infrastructure. It will be a model of well managed housing growth which supports and improves new and existing communities.

Swindon will be physically transformed with existing heritage and landmarks complemented by new ones that people who live, work and visit here will recognise and admire. It will remain, at heart, a place of fairness and opportunity where people can aspire to and achieve prosperity, supported by strong civic and community leadership.

The Corporate Plan sets out a clear set of priorities and pledges, which will enable Councillors and officers to prioritise their work and ensure that the Council is using its increasingly limited resources to

best effect in pursuit of delivering the vision for Swindon. You can find out how the Council is performing against each of its priorities and pledges by selecting the priority or pledge links below:

[Priority one: Improve infrastructure and housing to support a growing, low-carbon economy](#)

[Priority two: Offer education opportunities that lead to the right skills and right jobs in the right places](#)

[Priority three: Ensure clean and safe streets and improve public spaces and local culture](#)

[Priority four: Help people to help themselves while always protecting the most vulnerable children and adults](#)

Currently, the Council's Performance Dashboard shows that the following progress has been made:

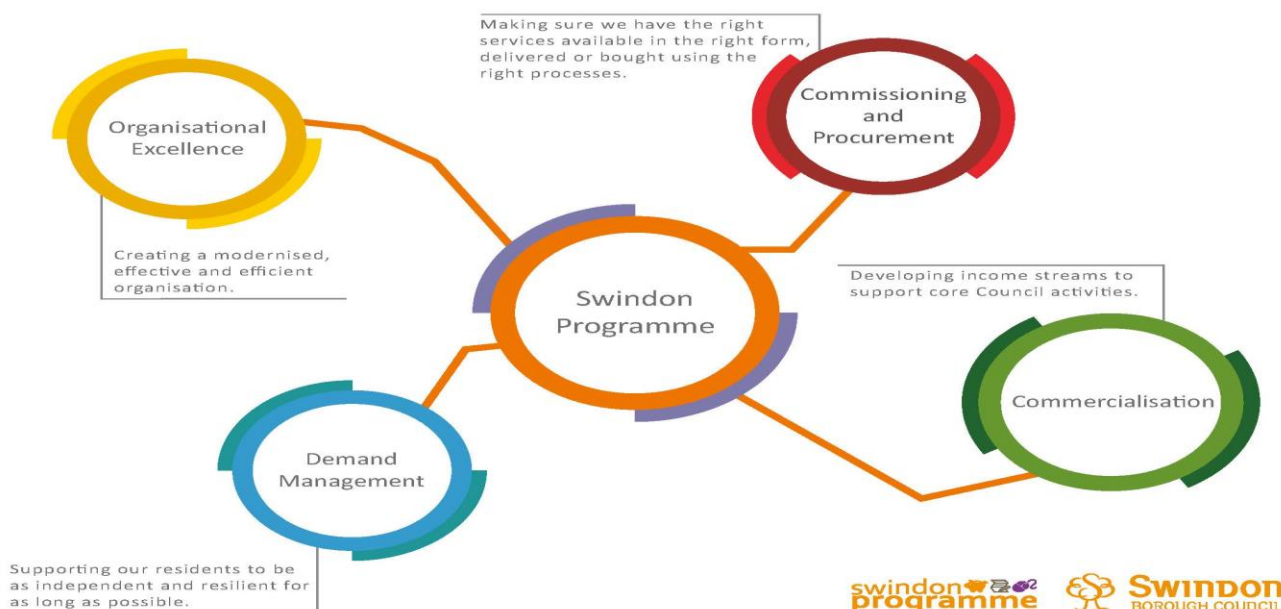
| Priority | No. of Pledges | Achieved | On Track | Need Improvement |
|----------|----------------|----------|----------|------------------|
| One | 14 | 2 | 9 | 3 |
| Two | 5 | 0 | 2 | 3 |
| Three | 4 | 0 | 3 | 1 |
| Four | 7 | 0 | 4 | 3 |
| Total | 30 | 2 | 18 | 10 |

Swindon Programme

The Swindon Programme sets the challenge of saving £30 million in 30 months. We will do this by transforming the way we work, and making our services, systems and processes more efficient for both our customers and officers. This will allow us to provide the residents of Swindon with the information and support they need in a way that is convenient to them and cost effective for us.

There are four strands to the Swindon Programme:

- Organisational Excellence
- Demand Management
- Commissioning and Procurement
- Commercialisation



Value for Money

The Council's External Auditor, Grant Thornton, was satisfied that in all significant respects, the Council had proper arrangements in place to secure economy, efficiency and effectiveness in the use of its resources. In reaching this conclusion the External Auditor completed an overall assessment of arrangements and risks for the year of audit and looked in detail at how the Council built up savings plans and included them in to budgets.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015). Timely support, information and responses are provided to our external auditors. Findings and recommendations from both our Internal and External Auditors are considered by senior management and at the Council's Audit Committee.

The role of Elected Members

Elected members are collectively responsible for the governance of the Council. The full Council's responsibilities include:

- Agreeing the Council's constitution, comprising the key governance documents including the executive arrangements and making major changes to reflect best practice
- Agreeing the policy framework including key strategies and agreeing the budget
- Appointing the chief officers
- Appointing committees responsible for overview and scrutiny functions, audit and regulatory matters and also for appointing members to them.

The executive (Cabinet) is responsible for:

- Proposing the policy framework and key strategies
- Proposing the budget
- Implementing the policy framework and key strategies.

The role of management

The Chief Executive advises councillors on policy and necessary procedures to drive the aims and objectives of the authority. The Chief Executive leads the corporate management team consisting of corporate directors and other senior managers.

The Director of Finance, Monitoring Officer and other senior managers are responsible for advising the executive and scrutiny committees on legislative, financial and other policy considerations to achieve the aims and objectives of the authority. They are responsible for implementing councillors' decisions and for service performance.

The Council's Corporate Management Team has a shared responsibility for delivering the organisational strategic direction, agreeing priorities and driving their successful achievement.

Over the last few years there has been a focused and planned programme of succession planning put in place by the Chief Executive to ensure that the senior management of the organisation is refreshed and better equipped to meet the challenges ahead.

This has resulted in new Corporate Directors being appointed and more recently the Chief Executive being replaced due to retirement. Organisational changes have also meant that some Heads of Service have been replaced and/or left as well.

The development and roll-out of the Swindon (transformation) Programme is continually ensuring that the skills and capacity required to manage the organisation going forwards helps better position the Council to be a modern, efficient and effective organisation.

Risk Management

Risk management is about identifying and understanding the threats to the achievement of the Council's Vision and priorities by taking reasonable and sensible action to reduce the chance of them happening. The Council is committed to managing risks within its control, to keep employees safe, protect assets, maintain and improve its services and make good use of funds, as part of sound corporate governance.

Risk is managed through the activities of the Council, including planning, monitoring, design, and decision-making. Risk is integrated within the planning and performance system and is not a separate standalone process as the management of risk and uncertainty is integral to the delivery of priorities and objectives. The process is designed to be simple to complete and is more focused on identifying and managing key risks rather than all risks.

The Council's Corporate Risk Register is regularly reviewed at Leader's Advisory Group, Audit Committee and the Corporate Management Team as part of their review of overall organisational performance to ensure that the significant risks are being managed effectively.

Key risks identified in the Corporate Risk Register are:

| Risk area | Risk rating | Risk area | Risk rating |
|---|-------------|-----------------------|-------------|
| Financial sustainability | High | Safeguarding children | Medium |
| Empowering communities | Medium | Safeguarding adults | Medium |
| Growing the economy | Medium | Governance | Low |
| Managing the environment | Medium | Realising potential | Medium |
| The local, national and international context | Medium | Effective prevention | High |
| IT: Business critical systems | Medium | Business continuity | Low |

Review of the effectiveness of our governance arrangements

Swindon Borough Council annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. The Head of Internal Audit's report stated that the Council's framework of governance, risk management and control during 2017/18 are considered to be satisfactory, resulting in a 'moderate' level of risk.

Corporate Directors and relevant Heads of Service have completed an assurance questionnaire reviewing the control environment within their service and the results of the questionnaire have been used to help inform our assessment of significant control issues for the Council.

Details of the review were presented to Audit Committee at their June 2018 meeting. Details can be found at:

<http://ww5.swindon.gov.uk/moderngov/ieListDocuments.aspx?CId=687&MId=9452&Ver=4>

Opinion on the Council's governance arrangements

The review has found that the Council's governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Areas of focus – looking forward

Whilst these arrangements generally work well the review identified a number of significant governance issues that need to be addressed:

| Governance issue | Lead Officer |
|---|---|
| Information Governance and Security | Director: Digital Services and Corporate Programmes |
| Financial Stability and the Swindon Programme | Director of Finance |
| Children Services | Corporate Director: Children |
| GCSE attainment | Head of Education |
| Premises management | Corporate Director: Resources and Growth |

- **Information Governance and Security:** Following the refresh of its information technology and governance policies in 2016/17 the Council also invested in MetaCompliance, a policy delivery, management awareness and compliance tool. A phased roll-out of this software to all computer users has ensured that currently compliance records show that more than 98% of our computer users have now read, been tested upon and agreed to abide by the Council's IT Acceptable Use Policy.

PSN compliance remains outstanding, mostly due to component software needed to run legacy systems. The PSN project manager has a clear programme of work to get Swindon compliant by mid-2018 which will deliver Swindon IG toolkit 13 and 14.

Work continues to develop in-house Information and Technology capacity and capabilities and modernisation of the service following the in-sourcing of the service from Capita. Some of the key deliverables are:

- Migrations from Capita Private Cloud computing facilities to Council ones.
 - Building modern secure, networking and cloud storage facility at the Council.
 - Plan to encrypt swindon.gov.uk emails to meet Data Protection Act compliance
- **Financial Stability and the Swindon Programme:** In response to the pressures facing the Council it has adopted a cross-cutting approach, the Swindon Programme, to address the funding gap in the period to March 2020. Across the two year period from April 2018-March 2020 it is anticipated that £30million of savings need to be delivered. During the course of the 2018/19 financial year the Council will need to focus on the delivery of in-year savings already identified while developing plans for closing the remaining gap in the subsequent year.

Given the importance of this work the Council's Corporate Management Team convenes as the Programme's Board on a monthly basis to provide leadership for the individual work streams and, where appropriate, redirect resources to ensure that progress is maintained.

- **Children Services:** The recent Ofsted inspection that focussed on the children's services 'front door' confirmed two areas that require priority action from the Council. The 'front door' refers to the service provided to professionals and members of the public with advice, information and support about services for children and young people who are potentially vulnerable or at risk. The priorities include improving the identification of risk so that there is no delay in decision making when children are at risk of harm and the quality of management oversight in relation to safeguarding practice.

Ofsted recognised that "a well-targeted programme of improvement has begun" including the revision of early support for vulnerable children as well as plans to increase senior leadership capacity and management training for all managers. Inspectors noted that these are not yet embedded or sustained enough to ensure that the front door is providing a consistently safe, well-targeted and timely response to every child. Colleagues in Children's Services and across the Council are working hard to implement the improvement plan and bring about rapid change and improvement for children and families. The improvement priorities have been developed following both internal and external review and have been supported by Cabinet with £7.5m of investment in the service over the next two years.

We have been proactive in seeking support from other Local Authorities and The Local Government Association's regional children's services adviser has brokered support to help us on our journey of improvement.

- **GCSE Attainment:** Significant action was taken during 2017/18 to develop a robust governance structure that enables and challenges performance concerning school improvement in Swindon. This has included the development of the Swindon Challenge Board (established in March 2017) which has funded a considerable number of improvement projects within schools and updated the Schools Causing Concern Strategy as well as the School Improvement strategy. GCSE results are currently below the national average and pupil progress measures are too low. Raising attainment across the Borough will not be a quick fix however, and time will be needed for the Board to have an impact on a rise in standards.

An on-going challenge for the Council is ensuring the involvement of academies in contributing to the improvement agenda. This has improved over the past twelve months with much closer working with the Regional Schools Commissioners office. The Council and the academy schools now work with national organisations (PIXL, Rossendale National Research School) and external academy trusts. All bar one of the Council's secondary schools is an academy and although the local authority has responsibility for school improvement there is a lack of direct power that the Council can use to influence the performance of academies and ultimately attainment.

- **Premises Management:** an Internal Audit review of the premises management arrangements within the Council was undertaken during 2017/18. The audit found a number of significant weaknesses including:
 - A lack of clarity regarding roles and responsibilities as the Council's Health and Safety Policies for Fire Risk Assessments and Legionella Management (in hot and cold water systems) are not sufficiently detailed
 - No overall performance process in place to ascertain the extent and status of any fire risk assessment actions or legionella risk assessment actions for corporate buildings as there is no corporate management and monitoring conducted of parties' assigned responsibility under the current process
 - Formal risk criteria is not in place to determine the frequency of risk assessments for buildings and to provide a standard and consistent approach.

Corporate Management Team (CMT) had also raised concerns and the Director: Resources and Growth initiated a work stream to resolve the issues raised both by CMT and Internal Audit. The work of this work stream is nearing completion and the key issues raised are being addressed. Internal Audit has scheduled a follow-up audit to be carried out during 2018/19 to ensure agreed recommendations have been implemented.

Looking back to 2016/17

The review also identified that the following areas included in last year's statement have either progressed sufficiently for them not to be included in this year's statement or were one-off occurrences that are not applicable to the year being reviewed:

- **Transfer of staff from SEQOL.** Due to SEQOL ceasing to trade approximately 500 staff had to be brought back in-house over a very short time period during 2016/17. Services brought back in-house included: the front line social work team; two older people care homes; a learning disability care service; shared lives; building futures; Swindon Support team; the Hospital social work team; Enterprise Works etc. Work was also required to find new providers for four older people day services. The staff transfers were carried out successfully in a very short period and involved a significant amount of officer time, however there was no adverse effect on service users.
- **Parishes.** A significant diversion of resources was required during 2016/17 to:
 - Work with pilot parishes regarding the transfer of services
 - Establish new parishes including the election of new Councillors
 - Disaggregate budgets and service provision
 - Consult regarding the proposed changes

All areas of the Council have now been successfully parished.

- **Housing maintenance contract management.** An Internal Audit review of the contract management arrangements within Housing was undertaken during 2016/17. The audit found a number of significant weaknesses. A subsequent follow-up audit carried out later in the year found that procedures had improved but there was still a significant amount of work required to implement agreed audit recommendations. Further Internal Audit work is planned in this area during 2018/19.

These areas will continue to be reviewed and relevant risks will be included and managed through the Council's Corporate Risk register (see above).

Certification

To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year although we recognise the areas for additional focus identified in the first section of this statement. We are satisfied that these enhancements will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Signed:

Councillor David Renard
Leader of the Council

Chief Executive

Governance and Internal Control issues - Action Plan

| Ref. | Area of Governance/Internal Control | Action |
|------|---|--|
| 1 | Information governance and security | <p>Areas for improvement during 2018/19:</p> <ul style="list-style-type: none"> PSN compliance remains outstanding, mostly due to component software needed to run legacy systems. The PSN project manager has a clear programme of work to get Swindon compliant by mid-2018 which will deliver Swindon IG toolkit 13 and 14. Work continues to develop in-house Information and Technology capacity and capabilities and modernisation of the service following the in-sourcing of the service from Capita. Some of the key deliverables are: <ul style="list-style-type: none"> Migrations from Capita Private Cloud computing facilities to Council ones. Building modern secure, networking and cloud storage facility at the Council. Plan to encrypt swindon.gov.uk emails to meet Data Protection Act compliance Ensure the organisation is prepared to comply with the General Data Protection Regulations by May 2018. |
| 2 | Financial Stability and the Swindon Programme | <p>During the course of the 2018/19 financial year the Council will need to focus on the delivery of in-year savings already identified while developing plans for closing the remaining gap in the subsequent year.</p> <p>Given the importance of this work the Council's Corporate Management Team convenes as the Programme's Board on a monthly basis to provide leadership for the individual work streams and, where appropriate, redirect resources to ensure that progress is maintained.</p> |
| 3 | Children Services | <p>The recent Ofsted inspection identified the following two areas as priorities: improving the identification of risk so there is no delay in decision making when children are at risk of harm and the quality of management oversight in relation to safeguarding practice.</p> <p>Ofsted recognised that "a well-targeted programme of improvement has begun" including the revision of early support for vulnerable children as well as plans to increase senior leadership capacity and management training for all managers. These actions need to be embedded and sustained to ensure that the front door is providing a consistently safe, well-targeted and timely response to every child.</p> <p>Colleagues in Children's Services and across the Council are already working to implement the improvement plan, which we developed following both an internal and external review, and which was supported by Cabinet in February with £7.5m of investment in the service over the next two years. Children Services has been proactive in seeking support from other local authorities and The Local Government Association's regional children's services adviser brokering support to help us on our journey of improvement.</p> |
| 4 | GCSE attainment | <p>Significant action was taken during 2017/18 to develop a robust governance structure that enables and challenges performance concerning school improvement in Swindon. This has included the development of the Swindon Challenge Board (established in March 2017) which has funded a considerable number of improvement projects within schools and updated the Schools Causing Concern Strategy as well as the School Improvement strategy. This will continue during 2018/19.</p> <p>Raising attainment across the Borough will not be a quick fix however, and time will be needed for the Board to have an impact on a rise in standards. Involvement of academies in contributing to the improvement agenda has improved over the past twelve months with much closer working with the Regional Schools Commissioners office. The Council and the academy schools now work much with national organisations (PIXL, Rossendale National Research School) and external academy trusts. This, again, will continue to be worked on during 2018/19.</p> |

| Ref. | Area of Governance/Internal Control | Action |
|------|-------------------------------------|--|
| 5 | Premises management | <p>A work stream has been put in place by the Corporate Director: Resources and Growth to address the issues raised in an Internal Audit review along with those raised by Corporate Management Team. An action plan has been agreed by management to address the key issues raised by Internal Audit including:</p> <ul style="list-style-type: none"> ▪ A lack of clarity regarding roles and responsibilities as the Council's Health and Safety Policies for Fire Risk Assessments and Legionella Management (in hot and cold water systems) are not sufficiently detailed ▪ No overall performance process in place to ascertain the extent and status of any fire risk assessment actions or legionella risk assessment actions for corporate buildings as there is no corporate management and monitoring conducted of parties' assigned responsibility under the current process ▪ Formal risk criteria is not in place to determine the frequency of risk assessments for buildings and to provide a standard and consistent approach. |

Annual Statement of Accounts 2017/18

Committee: Audit Committee

Date: 23rd July 2018

Author: Director of Finance

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report presents the 2017/18 Statement of Accounts and an update on the audit of the financial statements.
- 1.2 The audit committee is the designated body for approval of the Council's final accounts.

2. Recommendations

The Committee is recommended to:

- 2.1 Consider the content of this report, the attached Statement of Accounts, and separate report of the External Auditors.
- 2.2 Approve the Statement of Accounts for 2017/18.

3. Detail

Statutory Deadlines

- 3.1 Under statutory requirements the draft annual accounts for 2017/18 were required to be authorised by the Council's Section 151 Officer (S151) by 31 May 2018. The draft Swindon Borough Council Accounts were completed within this timescale and published on the website as required. The final statements must be published by 31 July whether the audit of the accounts is complete or not.
- 3.2 The annual continuous improvement around the statement of accounts process has identified further areas where more detailed work has been undertaken during the year with the aim of adjusting activity to prevent duplication of effort, such as ensuring working papers are compiled in a way that provides external audit with details they require.

Key Points from the Audit of the Final Accounts

- 3.3 At the point of drafting this report the audit of the financial statements was nearing completion. The statement of accounts for 2017/18 have been amended for a number of disclosure items where more detailed or clearer information has been suggested to improve the relevant note.
- 3.4 Beyond a range of other minor adjustments aimed to improve consistency and formatting, the main change to figures that have resulted from the audit to date

Further information on the subject of this report can be obtained from Darren Stevens, Direct Dial 07769 281659, dstevens@swindon.gov.uk.

Annual Statement of Accounts 2017/18

Committee: Audit Committee

Date: 23rd July 2018

relate to the depreciation to be written back on HRA valuations. This has no impact on the HRA balance and is purely updating for balance sheet movement

3.5 There have been no changes impacting on the balance of the General Fund.

4. Alternative Options

4.1 None – the annual Statement of Accounts is a statutory process.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

5.1 These have been reflected in the body of the report.

Legal and Human Rights Implications

5.2 All legal and human rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention rights.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

5.3 There are no such direct implications.

Links to One Swindon, Strategic Objectives, Plans and Policies

5.4 The effective management of financial resources through robust financial management processes underpins the Council's ability to achieve its plans and priorities.

Diversity Impact Assessment

5.5 A Diversity Impact Assessment (DIA) has not been done as this report does not make any new recommendations that would have a detrimental impact on services.

6. Consultees

6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

7.1 None

Further information on the subject of this report can be obtained from Darren Stevens, Direct Dial 07769 281659, dstevens@swindon.gov.uk.

Annual Statement of Accounts 2017/18

Committee: Audit Committee

Date: 23rd July 2018

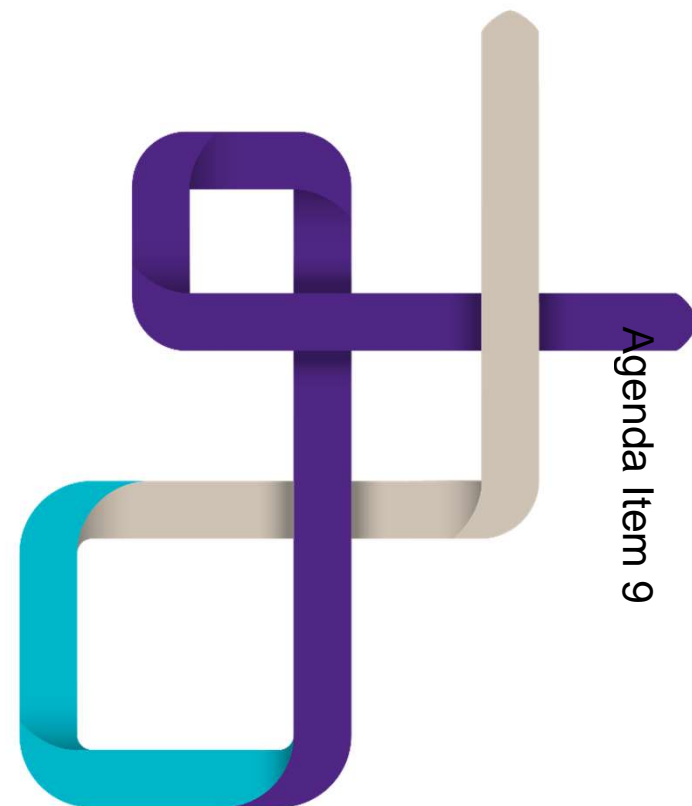
8. Appendices

- 8.1 Appendix 1 – Statement of Accounts 2017/18 (*The appendix is available online at the Council's website or on request from Committee and Member Services*).

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Audit Findings

Year ending 31 March 2018



Contents



Your key Grant Thornton team members are:

Barrie Morris

Engagement lead

T: 0117 305 7708

E: barrie.morris@uk.gt.com

Steve Johnson

Audit Manager

T: 0117 305 7868

E: steve.p.johnson@uk.gt.com

Anna McWilliam

In Charge Auditor

T: 0117 305 7611

E: anna.k.mcwilliam@uk.gt.com

Section

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Appendices

- A. Action plan
- B. Follow up of prior year recommendations
- C. Audit adjustments
- D. Fees
- E. Audit Opinion

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.

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Headlines

This table summarises the key issues 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 2018 for those charged with governance.

| | | |
|-------------------------------------|---|--|
| Financial Statements | <p>Under the International Standards of Auditing (UK) (ISAs), we are required to report whether, in our opinion:</p> <ul style="list-style-type: none"> the group and Council's financial statements give a true and fair view of the group and Council's financial position and of the group and group and Council's expenditure and income 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. <p>We are also required to report whether other information published together with the audited financial statements (including the Statement of Accounts, Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> | <p>Our audit work was completed on site during June/July. Our findings are summarised on pages 4 to 13. Our work has identified a £13,446k increase to the Statement of Comprehensive Income and Expenditure. Audit adjustments are detailed in Appendix C. We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.</p> <p>Subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit Committee meeting on 23 July 2018.</p> <p>We have concluded that the other information published with the financial statements, which includes the Statement of Accounts, Annual Governance Statement and Narrative Report, are consistent our knowledge of your organisation and with the financial statements we have audited.</p> |
| Value for Money arrangements | <p>Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:</p> <ul style="list-style-type: none"> the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion') | <p>We have completed our risk based review of the Council's value for money arrangements. We have concluded that Swindon Borough Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p> |
| Statutory duties | <p>The Local Audit and Accountability Act 2014 ('the Act') also requires us to:</p> <ul style="list-style-type: none"> report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and certify the closure of the audit | <p>We have not exercised any of our additional statutory powers or duties.</p> <p>We have completed the majority of work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion.</p> |

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Summary

Overview of the scope of our audit

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, 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), 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 and Council's business and is risk based, and in particular included:

- An evaluation of the group and Council's internal controls environment including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit Committee meeting on 23 July 2018. These outstanding items include:

- Review of the PFI scheme
- Review of the Group Accounts
- Confirmation of the correct treatment of the general fund depreciation movements
- Review of the Statement of Cash flows
- Review of the Better Care Fund note
- Testing of a selection of journal entries
- Debt confirmation to be received from Royal Borough of Kensington and Chelsea
- Final review of the Movement in Reserves Statement
- Review of the financial instruments disclosure
- Review of amendments to the draft accounts
- Work around the Welfare Benefit modules
- Receipt of management's going concern assessment
- Receipt of management representation letter
- Review of the final set of financial statements

Summary (continued)

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.

The qualitative factors used to inform the materiality assessment were agreed by the audit team as part of the planning for the 2017/18 audit.

Materiality calculations have been adjusted to reflect the final set of financial statements received on 30 May 2018. We detail in the table below our assessment of materiality for Swindon Borough Council.

| | Council Amount (£,000) | Group amount (£,000) | Qualitative factors considered |
|--|------------------------------|----------------------------|--|
| Materiality for the financial statements | £9,889k | £10,040k | <p>We have based our materiality calculation at 2% of your forecast gross expenditure, having taken account of:</p> <ul style="list-style-type: none"> • The Council operates in a relatively stable, publicly funded business environment; • It's operations are less complex and only a few core business processes are in place; and • the services are all publicly funded. |
| Performance materiality (Tolerable Error) | £5,934k | £6,024k | <p>Performance materiality has been set at 60% of materiality as a result of:</p> <ul style="list-style-type: none"> • A history of a large number of presentational errors in the accounts; • It is noted that there is an earlier statutory reporting date this year. In the 2016/17 year the council made good progress bringing work forward. However, it was determined that more needed to be done in the 2017/18 close down process to ensure that the earlier statutory reporting deadline was met. • Large errors were found in the 2015/16 statement of accounts, and 1 large error was found in the 2016/17 statement of accounts. These errors were above TE and were in line items which sit on the face of the balance sheet. |
| Trivial matters | £494k | £502k | <p>ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p> |
| Materiality for specific transactions, balances or disclosures | | | <p>We design our procedures to detect errors in specific accounts at a lower level of precision. We have not identified the following items where separate materiality levels are appropriate:</p> <ul style="list-style-type: none"> • Senior Officers remuneration report – we will review all disclosures in excess of £20,000 |

Significant audit risks

Risks identified in our Audit Plan

Commentary

1 Improper revenue recognition

Under ISA 240 (UK) there is a 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.

Auditor commentary

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, 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

Therefore we do not consider this to be a significant risk for Swindon Borough Council.

2 Management override 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 identified management override of controls as a risk requiring special audit consideration.

Auditor commentary

We have performed the following work in respect of this risk:

- Gained an understanding of the accounting estimates, judgements applied and decisions made by management and consider their reasonableness;
- Obtained a full listing of journal entries, identified and tested unusual journal entries for appropriateness;
- Evaluate the rationale for any changes in accounting policies or significant unusual transactions;
- Carried out a review of accounting estimates, judgements and decisions made by management; and
- Reviewed any unusual significant transactions

Our audit work has not identified any issues in respect of management override of controls.

Significant audit risks

Risks identified in our Audit Plan

Commentary

3 Valuation of property, plant and equipment

The Council revalues its land and buildings on a rolling basis to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements.

We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.

Auditor commentary

We have performed the following work in respect of this risk:

- Reviewed management's processes and assumptions for the calculation of the estimate.
- Reviewed the competence, expertise and objectivity of any management experts used.
- Reviewed the instructions issued to valuation experts and the scope of their work.
- Held discussions with the Council's valuer about the basis on which the valuation was carried out, challenging the key assumptions.
- Reviewed and challenged the information used by the valuer to ensure it was robust and consistent with our understanding.
- Tested revaluations made during the year to ensure they were input correctly into the Council's asset register.
- Evaluated the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value.

The Council has not correctly accounted for depreciation for those assets revalued in the year. The accumulated brought forward balance for depreciation should be written back to the revaluation reserve for those assets revalued. This has impacted on the Authority's accounts in both 2017-18 and 2016-17, which has necessitated a prior period adjustment and a third Balance Sheet.

The amount written back to the revaluation reserve in 2017-18 in respect of council dwellings also needed to be amended to reflect the change in valuation date to 31 December 2017. This also meant that the amount of accumulated depreciation carried forward to 2018-19 needed to be reduced to reflect that only three months of the annual charge should be included.

4 Valuation of pension fund net liability

The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.

We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.

Auditor commentary

We have performed the following work in respect of this risk:

- 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 were sufficient to mitigate the risk of material misstatement;
- Reviewed the competence, expertise and objectivity of the actuary who carried out your pension fund valuation.
- Gained an understanding of the basis on which the IAS19 valuation was carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made.
- Reviewed the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary

Our audit work has not identified any issues in respect of the pension fund net liability.

Significant audit risks

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| Risks identified in our Audit Plan | | Commentary |
|------------------------------------|--|---|
| 5 | Wichelstowe Joint Venture development project (Significant risk at financial statement level) The scale and complexity of the Joint Venture in the long term and its unusual nature potentially poses a significant risk. We expect recognition of land and financial instruments to both be effected by this. | <p>We have undertaken the following work in relation to this risk:</p> <p>Reviewed the Council's assessment of the accounting treatment taking account the analysis of the:</p> <ul style="list-style-type: none">• impact on the Group Accounts• the accounting for financial instruments• disclosure of property, plant and equipment. <p>Although the Company has been created, no transactions have taken place in the 2017/18 Financial Statements. Therefore the risk has not materialised.</p> <p>We have discussed the impact of the contract and the accounting for transactions between the Council and the company have taken place.</p> <p>In future years officers will need consider the accounting entries for the transfer of land and also the basis of consolidation within the group accounts.</p> <p>We have nothing to report on this issue.</p> |

Reasonably possible audit risks

Page 59




| Risks identified in our Audit Plan | | Commentary |
|------------------------------------|--|--|
| 1 | <p>Employee remuneration</p> <p>Payroll expenditure represents a significant percentage of the Council's operating expenses.</p> <p>As the payroll expenditure comes from a number of individual transactions there is a risk that payroll expenditure in the accounts could be understated. We therefore identified completeness of payroll expenses as a risk requiring particular audit attention.</p> | <p>Auditor commentary</p> <p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none">• Documented our understanding of processes and key controls over the transaction cycle• Undertook a walkthrough of the key controls to assess the whether those controls were in line with our documented understanding• Agreed the year-end payroll reconciliation and ensured amount in accounts can be reconciled to the ledger and through to payroll reports.• Agreed payroll related accruals to supporting documents and reviewed any estimates for reasonableness. <p>Our audit work has not identified any issues in respect of employee remuneration.</p> |
| | <p>Operating expenses</p> <p>Non-pay expenses on other goods and services also represents a significant percentage of the Council's operating expenses. Management uses judgement to estimate accruals of un-invoiced costs.</p> <p>We identified completeness of non- pay expenses as a risk requiring particular audit attention:</p> | <p>Auditor commentary</p> <p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none">• Evaluated the Council's accounting policy for recognition of non-pay expenditure for appropriateness;• Gained an understanding of the Council's system for accounting for non-pay expenditure and evaluated the design of the associated controls;• Documented the accruals process and the controls management have put in place. Challenged key underlying assumptions, the appropriateness of the source of data used and the basis for calculations.• Reviewed a sample of non-pay payments made post year end to ensure that they have been charged to the appropriate financial period. <p>Our audit work has not identified any issues in respect of operating expenses.</p> |

Significant 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 |
|---|--|--|---|
| 1 | <p>Going concern</p> <p>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). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.</p> | <p>Our going concern review has been concluded, and we agree with management that the going concern basis for the preparation of the financial statements is appropriate..</p> <p>In only exceptional circumstances would we expect a local authority not to prepare its accounts on a going concern basis as it requires primary legislation to dissolve a local authority.</p> | <p>The preparation of the financial statements on a going concern basis is appropriate.</p> |

Accounting policies

| Accounting area | Summary of policy | Comments | Assessment |
|---------------------------------|---|--|---|
| Revenue recognition | Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. There is a separate policy for NNDR and Council Tax as well as general revenue. | The various accounting policies are considered to be reasonable and in line with the CIPFA Code. |  Green |
| Judgements and estimates | Key estimates and judgements include : <ul style="list-style-type: none"> • Revaluations • Impairments • Accruals • Valuation of pension fund net liability | Our conclusions on the valuation of property, plant and equipment and the pension fund net liability are set out on page 7. Other estimates and judgements have been considered in the audit process, and no issues have been identified. |  Green |
| Other critical policies | We have reviewed the Council's policies against the requirements of the CIPFA Code and accounting standards. | We have reviewed the Council's policies against the requirements of the CIPFA Code of Practice. The Council's accounting policies are appropriate and consistent with previous years. |  Green |

Assessment

-  Marginal accounting policy which could potentially be open to challenge by regulators
-  Accounting policy appropriate but scope for improved disclosure
-  Accounting policy appropriate and disclosures sufficient

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 |
|---|--|---|
| ① | Matters in relation to fraud | We have previously discussed the risk of fraud with the Audit and Governance Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures. |
| ② | Matters in relation to related parties | We are not aware of any related parties or related party transactions which have not been disclosed. |
| ③ | 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 |
| ④ | Written representations | A standard letter of representation has been requested from the Council. |
| ⑤ | Confirmation requests from third parties | We requested from management permission to send confirmation requests to the bodies with which the Council hold investment, cash and debt balances . This permission was granted and the requests were sent. We are still waiting on a response for 1 of the debt confirmation letters which were sent out. The entity that haven't yet responded is Royal Borough of Kensington and Chelsea. |
| ⑥ | Disclosures | A number of disclosure changes were proposed throughout the statement of accounts, the Annual Governance Statement, and the Narrative Report. |
| ⑦ | Audit evidence and explanations | All information and explanations requested from management was provided. |
| ⑧ | Significant difficulties | We did not experience any significant difficulties during the course of the audit. |

Other responsibilities under the Code

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

| Issue | Commentary |
|--|---|
| 1 Other information | <p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Statement of Accounts, Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Inconsistencies have been identified but have been adequately rectified by management. We plan to issue an unqualified opinion in this respect – refer to appendix E</p> |
| 2 Matters on which we report by exception | <p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"> • If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit • If we have applied any of our statutory powers or duties <p>Minor amendments and improvements have been identified but have been adequately rectified by management.</p> |
| 3 Specified procedures for Whole of Government Accounts | <p>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.</p> <p>We note that the work is not required as the Council does not exceed the threshold.</p> |
| 4 Certification of the closure of the audit | <p>We intend to certify the closure of the 2017/18 audit of Swindon Borough Council in the audit opinion, as detailed in Appendix E.</p> |

Value for Money

Background to our VFM approach

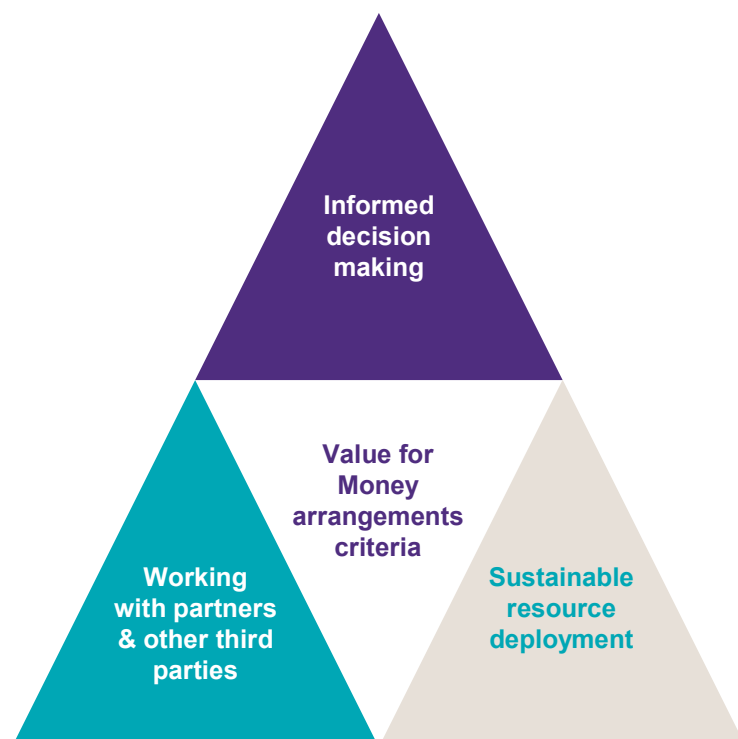
The NAO issued its guidance for auditors on Value for Money work for 2017/18 in November 2017. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has proper arrangements in place.

The guidance identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:

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Risk assessment

We carried out an initial risk assessment in February 2018 and identified one risk, as set out below, of proper arrangements using the guidance contained in AGN03. We communicated this risk to you in our Audit Plan dated 6 March 2018.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the significant risk we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.



Arrangements for determining and managing the Wichelstowe development

The Council has recently signed a deal to develop 2,700 housing units on a site to the north of the M4. This is to be delivered through a joint venture with Barratt David Wilson Homes (BDW) wherein the Council donates the land and BDW provide capital. Profits from the sale of houses will be shared between the two partners.

This is a complex deal with projected revenues of £678m over a 16 year period. There are detailed arrangements underpinning the agreement including a Board to run the Joint Venture, detailed business plans and models to support decision making.

Our conclusion on the Council's arrangements to provide value for money focuses on the arrangements in place. Specifically, with regard to this major project, we will review the high level arrangements the Council has established to support the initial decision and to manage the joint venture going forward.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risk that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- The arrangements the Council has established to progress its plans to develop land at Wichelstowe through a joint venture with a private sector partner. This focussed on key controls for managing the process.
- As part of our on-going risk assessment we also had regard to other key areas of arrangements including those arrangements for financial planning.

We have set out more detail on the risk we identified, the results of the work we performed and the conclusions we drew from this work on pages 16 to 17.

Overall conclusion

Based on the work we performed to address the significant risks, we concluded that:

- the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources.

The text of our report, which confirms this can be found at Appendix E.

Recommendations for improvement

We discussed findings arising from our work with management and have agreed recommendations for improvement as follows.

- Strengthening arrangements for the appointment of consultants. The Council was not able to evidence the process for appointing the consultant who reviewed the Wichelstowe financial model. This appointment was made under the direction of the former Chief Executive of Forward Swindon Limited. The Council Corporate Director of Resources & Growth has taken steps to tighten arrangements for the engagement of such consultants.
- Ensuring there is sufficient capacity to monitor closely the development of the site and identify early any changes that might impact on the delivery of receipts from the Joint Venture.

Our recommendations and management's response to these can be found in the Action Plan at Appendix A

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment.

Significant risk from the audit plan

Arrangements for determining and managing the Wichelstowe development

The Council has recently signed a deal to develop 2,700 housing units on a site to the north of the M4. This is to be delivered through a joint venture with Barratt David Wilson Homes (BDW) where the Council donates the land and BDW provide capital. Profits from the sale of the houses will be shared between the two partners.

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Audit work and Findings

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To ensure our work was focussed on our responsibilities to review the Council's arrangements for ensuring value for money, we identified key areas to consider. Specifically we considered your arrangements for:

- **Ensuring informed decision making;** we considered reports to Members, minutes of meetings and presentations. We considered the due diligence the Council undertook on key aspects of the project such as the financial model. We reviewed the risk register and considered risk management arrangements and we considered the work of consultants employed by the Council to support the decisions making process.
- **Sustainable resource deployment;** we considered how the project was built into the Council's medium term financial plans and also how it linked to the Council's overall Strategic objectives
- **Working with partners;** we considered how the Joint Venture was being set up, the legal advice and the arrangements going forward.

We found that:

- The reports to Members were high level but provided a level of sufficient detail about the issues and risks, for example providing an options appraisal at a key point in 2013. Also reports to Members were provided at suitable points in this complex process.
- The Consultant who reviewed the financial model produced a detailed report incorporating recommendations. These highlighted the need to monitor any changes to the scheme and consider the impact on receipts. The Consultant's report noted the Model had gone through numerous iterations and earlier versions could not have been signed off. He recommended the Council consider simplifying the model to make it easier to monitor but overall the Consultant stated the existing final Model was robust.
- Officers provided an analysis of how the project is built into financial plans. For example this showed movements such as cash flows relating to loans and corresponding interest on the loans.
- The initial 5 year plan for developing Wichelstowe covers objectives and phasing. It refers to infrastructure costs including a review of such costs in 2018. It notes the S106 is not finalized but anticipates various S106 packages will be triggered during the first 5 years of the development. It talks about funding arrangements and the distribution of returns and also considers options for increasing returns e.g. around commercial land not currently in the model for the first 5 years. Marketing matters are covered then it goes on to outline detailed operational matters such as team working on the JV, budgets and risk management. It finishes with a detailed timeline.

Key findings continued

.

Audit work and Findings

- There is a detailed structure of legal agreements setting out how the Joint Venture will operate and governing dispute resolution.
- We understand Council officers and leaders met senior management at the private sector partner a number of times during the process of developing the Joint Venture. This enabled the partners to establish a common and shared interest and vision for the development.
- The Development Management Team will support the Joint Venture Board going forward. In addition, the Council's Board representatives will have specific officer support. The existing governance arrangements (Programme Board and Cabinet Member Advisory Group) also will continue to provide both officer and Member support and advice to the Board representatives.

Conclusion

Auditor view

Based on our review arrangements overall are satisfactory. We identified one weakness regarding a lack of documentation to support the appointment of a Consultant. We have made one recommendation in respect of key controls within the arrangements for the Joint Venture included in appendix A

Management response

- [...]

Independence and ethics

Independence and ethics

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

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 December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies. Details of fees charged are detailed in Appendix D

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 Council. The following audit related services were identified:

| Service | Fees £ | Threats | Safeguards |
|--|--------|---|---|
| Audit related | | | |
| Certification of Housing capital receipts grant | 10,476 | Self-Interest (because this is a recurring fee) | 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 £10,476 in comparison to the total fee for the audit of £128,378 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 mitigate the perceived self-interest threat to an acceptable level. |
| Teacher's Pension Return Reporting Accountant's Report | 4,200 | Self-Interest (because this is a recurring fee) | 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 £4,200 in comparison to the total fee for the audit of £128,378 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 mitigate the perceived self-interest threat to an acceptable level. |
| Homes and Communities Agency, agreed upon procedures work | 2,500 | Self-Interest (because this is a recurring fee) | 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 £2,500 in comparison to the total fee for the audit of £128,378 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 mitigate the perceived self-interest threat to an acceptable level. |
| Pooled Capital Receipts Return Agreed upon procedures work | 2,200 | Self-Interest (because this is a recurring fee) | 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 £2,200 in comparison to the total fee for the audit of £128,378 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 mitigate the perceived self-interest threat to an acceptable level. |



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The amounts detailed are fees agreed to-date for audit related services to be undertaken by Grant Thornton UK LLP in the current financial year. 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. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Action plan

We have identified two recommendations for the Council 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 the recommendations during the course of the 2018/19 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 |
|--|---|---|
| 1  Medium | <p>When appointing of a Consultant the Council should ensure that the process and decision making is appropriate, and sufficient to demonstrate compliance with procurement rules.</p> <p>This will apply to all key decisions made as the project progresses.</p> | <p>Management response</p> <ul style="list-style-type: none">[...] |
|  Medium | <p>Through the course of the audit work around capitalisation of HRA assets it was noted that some HRA assets were being capitalised before the project had been completed and signed off in Open Housing. The result of this is that the wrong asset value is being capitalised.</p> <p>Further investigation on the matter determined that the effect of the issue is trivial, however it is best practice to ensure that the project is complete and the asset value is accurate before capitalising assets.</p> | <p>Management response</p> <ul style="list-style-type: none">[...] |

- Key
- High – Significant issue or risk of material misstatement requiring immediate action
 - Medium – Impact on the control environment resulting in a deficiency or weakness or the risk of incorrect financial reporting
 - Low – Best practice

Follow up of prior year recommendations

We identified the following issues in the audit of Swindon Borough Council 2016/17 financial statements, which resulted in 5 recommendations being reported in our 2016/17 Audit Findings report. All 5 have been actioned.

| Assessment | Issue and risk previously communicated | Update on actions taken to address the issue |
|------------|---|--|
| 1 ✓ | Accounts close We note the deadline for completing the accounts, auditing them and Committee approval is coming forward next year to July 31st. For the current year it is 30 September. The Council needs to ensure processes for preparing the accounts, producing working papers and responding to audit queries continue to be reviewed such that the Council can meet the revised Statutory timetable. | <ul style="list-style-type: none"> The Council were prepared with working papers and responses to audit queries were timely. |
| 2 ✓ | PPE uplift The adjustments made to uplift assets from the valuation date to the balance sheet date should be reversed out next year to maintain the integrity of the underlying asset valuations. Arrangements should ensure there are robust controls over when everything was last valued. | <ul style="list-style-type: none"> Confirmed that the uplift adjustment has been correctly reversed out. |
| 3 ✓ | IT controls <ul style="list-style-type: none"> Access rights be restricted to prevent override of segregation of duties Responsibilities' relating to business process should not be assigned to the system administrators. | <ul style="list-style-type: none"> Confirmed that while it is not possible to completely remove system administrator's access to business process, the council have implemented appropriate review processes to ensure all changes made are valid and reasonable. |
| 4 ✓ | Journals All journals above £1.6m should be authorised in line with Council Policy. | <ul style="list-style-type: none"> All journals above £500,000 are now reviewed by a member of the finance team. |
| 5 ✓ | PPE Valuations Valuations should be done at 31 December in future years. | <ul style="list-style-type: none"> Valuations are now carried out at the 31 December. |

Assessment

- ✓ Action completed
- x Not yet addressed

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.

| Page 77 | Detail | Comprehensive Income and Expenditure Statement £'000 | Balance Sheet £'000 | Impact on total net expenditure £'000 |
|-----------------------|---|--|--|---------------------------------------|
| | 1 Assets held for sale Adjustment required to move asset from Assets Held for Sale to surplus assets. The asset was incorrectly classified as an Asset Held for Sale | 0 | £725 – Surplus assets (£725) – Assets held for Sale | 0 |
| | 2 Disposals from AUC An asset was disposed of from Assets Under Construction, however this should have gone through other land and buildings first and been disposed of from there to correctly reflect the status of the asset prior to disposal. | 0 | £8,816 – Other Land and Buildings (£8,816) – Other land and buildings disposals | 0 |
| | 3 Credit note recognised as a debtor An error was noted where a credit note has been incorrectly treated as a receivable, but should have been a decrease to creditors. | 0 | £1,143 - Creditors (£1,143) - Debtors | 0 |
| | 4 Accumulated depreciation on HRA revaluation The Council has not correctly accounted for depreciation for those assets revalued in the year. The accumulated brought forward balance for depreciation should be written back to the revaluation reserve for those assets revalued. This has impacted on the Authority's accounts in both 2017-18 and 2016-17, which has necessitated a prior period adjustment and a third Balance Sheet. The amount written back to the revaluation reserve in 2017-18 in respect of council dwellings also needed to be amended to reflect the change in valuation date to 31 December 2017. This also meant that the amount of accumulated depreciation carried forward to 2018-19 needed to be reduced to reflect that only three months of the annual charge should be included. | £13,446 | £30,103 – Property, plant and equipment (council dwellings) £30,103 – Revaluation Reserve | 0 |
| Overall impact | | £13,446 | £30,103 | 0 |

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. There were no unadjusted misstatements.

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 change | Detail | Adjusted? |
|---------|---|--|-----------|
| 1 | A number of disclosure changes were proposed throughout the statement of accounts, the Annual Governance Statement, and the Narrative Report. | N/A | Yes |
| 2 | Financial Instruments note | £14.739m has been disclosed as an Available for Sale financial asset, however it has not been included in the financial instruments note. This needs to be added to ensure that the Financial Instruments note is internally consistent. | Yes |
| Page 72 | Employee remuneration bandings disclosure | As issue was noted with the source data used to populate the above £50k remuneration bandings note. The note was being populated based on salary information rather than actually what was being paid in year. This amendment resulted in no change to the total 2017/18 number, and an increase of 17 staff for the 2016/17 note. | Yes |
| 4 | PWLB debt owing disclosure | £10m owing to London Borough of Newham has been incorrectly included as PWLB debt. | Yes |
| 5 | Operating leases – sub let of private sector accommodation | Due to an error in calculation the 'later than one year and not later than 3 years' amount of the note is overstated. The amendment results in a decrease of £5.3m to the future minimum lease payments, and a decrease to the charge to service of £6.9m. | Yes |
| 6 | Operating leases as lessor | The operating leases as lessor note is overstated due to incorrect inclusion of rolling leases and not accounting for part year annual rental charges. The total decrease to operating leases is £1.2m which is split across the 3 different timing categories. | Yes |
| 7 | Capital grants received in advance | The split in the capital grants received in advance note has changed as a result of s106 grants being paid out to Parish Council's in year. New fund received with conditions not met is to increase by £887k with a corresponding increase to funds written out for repayment. | Yes |

Fees

We confirm below our final fees charged for the audit.

Audit Fees

| | Proposed fee | Final fee |
|----------------------------------|--------------|-----------|
| Council Audit | £128,378 | £128,378 |
| Grant Certification | £10,476 | TBC |
| Total audit fees (excluding VAT) | £138,854 | £TBC |

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA). Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited.

No non-audit related services have been undertaken for the Council.

Audit opinion

We anticipate we will provide the Council with an unmodified audit report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Swindon Borough Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund, the Housing Revenue Account Income and Expenditure Statement, the Statement of Movement in the Housing Revenue Account and notes to the financial statements, including a summary of significant accounting policies. 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 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2018 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 opinion.

Who we are reporting to

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 43 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Director of Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts set out on other than the Authority financial statements and Group accounts and our auditor's report thereon. Our opinion on the financial statements and 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.

In connection with our audit of the financial statements, 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 of the group and Authority obtained in the course of our work including that gained through work in relation to the Authority's arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resources 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 or a material misstatement of the other information. 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.

We have nothing to report in this regard.

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 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 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE 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 matter 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 and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, 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 have reported a matter 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 have made 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 have exercised any other special powers of the auditor under the Local Audit and Accountability Act 2014.

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

Responsibilities of the Authority, the Director of Finance and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts **set out on page 11**, 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. The Director of Finance 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 2017/18, which give a true and fair view, and for such internal control as the Director of Finance 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 is responsible for assessing the group's and the Authority'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 the group or the Authority lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the group or the Authority.

The Audit Committee are Those Charged with Governance.

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.

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.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that *the Authority* put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

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, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

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 have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority 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 Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

[Signature]

Barrie Morris
for and on behalf of Grant Thornton UK LLP, Appointed Auditor
2 Glass Wharf, Temple Quay, Bristol, BS2 0EL

[Date]

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Head of Internal Audit Update

Audit Committee

Date: 23 July 2018

Author: Head of Internal Audit

Wards: None

Parishes Affected: None

1. Purpose and Reasons

- 1.1 To present Members with a summary of the main issues arising from the Internal Audit reports finalised since the Audit Committee meeting in March 2018, to update Members with regard to progress against the annual internal audit plan and other key issues.
- 1.2 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.3 The Council's Internal Audit section is a key component of the assurance framework and therefore it is essential that this Committee monitor its performance against the annual plan along with the implementation of agreed recommendations by Client departments.

2. Recommendations

The Committee is recommended to:

- 2.1 It is recommended that Audit Committee note the report.

3. Detail

Progress on completion of Internal Audit Plan 2018/19

- 3.1 Details of audits finalised since the June Audit Committee meeting are set out in Appendix 1. The appendix sets out the key audit recommendations made along with the overall risk assessment to the Council.
- 3.2 As at the end of June 2018, 28% of the number of audits in the audit plan has been completed against a target of 26%. Appendix 2 sets out progress in the first two months against the annual Internal Audit plan.

Corporate Fraud Team

- 3.3 A business case was put forward and agreed regarding the targeting of Council Tax Single Person Discount Fraud. The estimated cost of the business case was put at £80,000. To date the Team has identified an additional £91,522 additional worth of Council Tax to be billed.
- 3.4 The Team has also recovered three properties with nominal savings of £54,000 and stopped one right to buy applications (discount saved totalling £80,900).

Further information on the subject of this report can be obtained from Nick Hobbs, Direct Dial Telephone Number: 01793 463940, nhobbs@swindon.gov.uk.

Head of Internal Audit Update

Audit Committee

Date: 23 July 2018

4. Alternative Options

4.1 Not applicable

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

5.1 There are no direct financial implications arising from this report.

Legal and Human Rights Implications

5.2 Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2015. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

5.3 None

Diversity Impact Assessment

5.4 None

Risk Management

5.5 Potential risks to the Council are identified in the individual audit reports summarised in Appendices 1 and 2.

6. Consultees

6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

7.1 None

8. Appendices

8.1 Appendix 1: Internal Audit Reports finalised since the June 2018 Audit Committee.

8.2 Appendix 2: Progress against the Internal Audit plan 2018/19

Internal Audit reports finalised since the last Audit Committee meeting in June 2018

| | | | | | | | |
|---|--------------------------------------|-------------------------------|-----|--------------------------------|-----|-----------------------------------|------------|
| Audit Title: | Additional Disabled Facilities Grant | | | | | | |
| Date of Report: | 12 th June 2018 | | | Materiality/Impact: | | n/a | |
| Number of 'High Priority' Recommendations: | n/a | Current Audit Opinion: | n/a | Previous Audit Opinion: | n/a | Overall Evaluation (Risk): | N/A |
| <u>Key Recommendations</u> A review of the Additional Disabled Facilities Grant was undertaken to enable the Head of Internal Audit to sign a declaration to the Ministry of Housing, Communities and Local Government that the grant conditions have been complied with. No key recommendations were made as a result of this review. | | | | | | | |

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|---|------------------|-------------------------------|---|--------------------------------|---|-----------------------------------|-----------------|--|
| Audit Title: | Purchasing Cards | | | | | Date of Report: | 20.06.2018 | |
| Number of 'High Priority' Recommendations: | 0 | Current Audit Opinion: | 2 | Previous Audit Opinion: | 3 | Overall Evaluation (Risk): | Moderate | |
| <u>Key Recommendations</u> Following completion of the Purchasing Cards review, no key recommendations were made. | | | | | | | | |

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|---|---|-------------------------------|---|--------------------------------|------------------------|-----------------------------------|-----|
| Audit Title: | Troubled Families Claims for April and May 2018 | | | | Date of Report: | 29/05/2018 | |
| Number of 'High Priority' Recommendations: | - | Current Audit Opinion: | - | Previous Audit Opinion: | - | Overall Evaluation (Risk): | N/A |
| <u>Key Recommendations</u> A review of the April and May 2018 Troubled Families claims was undertaken with no key recommendations made. | | | | | | | |

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|--|---------------------------|-------------------------------|---|--------------------------------|---|-----------------------------------|-----------------|
| Audit Title: | Council Tax | | | | | | |
| Date of Report: | 7 th June 2018 | | | Materiality/Impact: | | High | |
| Number of 'High Priority' Recommendations: | 1 | Current Audit Opinion: | 2 | Previous Audit Opinion: | 1 | Overall Evaluation (Risk): | Moderate |
| <u>Key Recommendations</u> <ul style="list-style-type: none"> Management arrangements should be put in place to address the perceived single point of failure. | | | | | | | |

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|--|-------------------------------|-------------------------------|---|--------------------------------|------------------------|-----------------------------------|-----------------|
| Audit Title: | Asset Management (Accounting) | | | | Date of Report: | 06/07/2018 | |
| Number of 'High Priority' Recommendations: | 0 | Current Audit Opinion: | 1 | Previous Audit Opinion: | 1 | Overall Evaluation (Risk): | Moderate |
| <u>Key Recommendations</u> There were no key recommendations made as a result of the review. | | | | | | | |

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|--|-------------------------------|-------------------------------|---|--------------------------------|----------------------------|-----------------------------------|-----------------|
| Audit Title: | Robert Le Kyng Primary School | | | | | | |
| Date of Report: | July 2018 | | | | Materiality/Impact: | | Medium |
| Number of 'High Priority' Recommendations: | 0 | Current Audit Opinion: | 2 | Previous Audit Opinion: | 2 | Overall Evaluation (Risk): | Moderate |
| <u>Key Recommendations</u> There were no key recommendations made as a result of the review. | | | | | | | |

| | | | | | | | |
|---|-----------------------------------|-------------------------------|---|--------------------------------|----------------------------|-----------------------------------|-----------------|
| Audit Title: | Municipal Burials and Crematorium | | | | | | |
| Date of Report: | 12/6/2018 | | | | Materiality/Impact: | | Medium |
| Number of 'High Priority' Recommendations: | 2 | Current Audit Opinion: | 2 | Previous Audit Opinion: | 3 | Overall Evaluation (Risk): | Moderate |
| <u>Key Recommendations</u> The key recommendations made as a result of the review are: <ul style="list-style-type: none"> • A strategy for the Burial and Cremation Service should be prepared with relevant aims and measurable objectives • A cost analysis exercise should be conducted to determine whether the hourly rate currently charged for Public Health Act funerals covers the costs to the Council. | | | | | | | |

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|--|---------------------------|-------------------------------|---|--------------------------------|----------------------------|-----------------------------------|-----------------|
| Audit Title: | NNDR | | | | | | |
| Date of Report: | 7 th June 2018 | | | | Materiality/Impact: | | High |
| Number of 'High Priority' Recommendations: | 1 | Current Audit Opinion: | 2 | Previous Audit Opinion: | 2 | Overall Evaluation (Risk): | Moderate |
| <u>Key Recommendations</u> <ul style="list-style-type: none"> Management arrangements should be put in place to address the perceived single point of failure. | | | | | | | |

Key Audits Completed (Audits) - Draft - Total 21

[illegible]

Total other Audits Completed - Draft (51)

[illegible][illegible]

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