



Grant Thornton

Our Ref SWINDON BC

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28 January 2014

Dear Stuart

Swindon Borough Council Financial Statements for the year end 31 March 2014

To comply with International Auditing Standards, we need to establish an understanding of the management processes in place to prevent and detect fraud and to ensure compliance with law and regulation. We are also required to make inquiries of both management and the 'those charged with governance' (the Audit Committee) as to their knowledge of any actual, suspected or alleged fraud. International Auditing Standards also place certain obligations on auditors to document Management's view on some key areas affecting the financial statements. This applies to both the Council and to the Council's subsidiary companies.

To assist us in meeting these requirements, I would be grateful if you would consider and formally respond to the matters set out in the attached appendix. In completing this task, you may wish to take into account the views of other directors where you think appropriate. The schedule relates to operational issues as well as the financial statements.

In addition to our request to management, we also will need to gain an understanding of how the Audit Committee maintains oversight of the above processes. Therefore, I have also made a similar request for information to the Chair of the Audit Committee.

In preparing your responses, it would assist me greatly if you could include a summary of evidence that you have relied on to inform your responses, and the sources of assurance that you have that the relevant management controls have operated effectively through the financial year to date and will operate up to the date the accounts are approved.

Chartered Accountants

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I would be grateful for a response by 30 April 2014. We suggest that it would be useful to co-ordinate both the Governing Body and management responses in time for discussion at the next Audit Committee meeting on 15 April 2014.

As always, please do not hesitate to contact me if you wish to discuss anything in relation to this request.

Yours sincerely

A handwritten signature in cursive script that reads "Elizabeth Cave".

Elizabeth Cave
Director
For Grant Thornton UK LLP

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APPENDIX

Responses from Management:

Auditor question	Response
What do you regard as the key events or issues that will have a significant impact on the financial statements for 2013/14?	
Have you considered the appropriateness of the accounting policies adopted by the Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	
Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?	
How would you assess the quality of the Council's internal control processes?	
How would you assess the process for reviewing the effectiveness of internal control?	
How do the Council's risk management processes link to financial reporting?	
How would you assess the Council's arrangements for identifying and responding to the risk of fraud?	
What has been the outcome of these arrangements so far this year?	
What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	
Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	
Have any reports been made under the Bribery Act?	
As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	
As a management team, how do you communicate to staff and employees your views on business practices and ethical behaviour?	

What are your policies and procedures for identifying, assessing and accounting for litigation and claims?	
Is there any use of financial instruments, including derivatives?	
Are you aware of any significant transaction outside the normal course of business?	
Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	
Are you aware of any guarantee contracts?	
Are you aware of allegations of fraud, errors, or other irregularities during the period?	
Are you aware of any instances of non-compliance with laws or regulations or is the Council on notice of any such possible instances of non-compliance?	
Have there been any examinations, investigations or inquiries by any licensing or authorising bodies or the tax and customs authorities?	
Are you aware of any transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?	
Where the financial statements include amounts based on significant estimates, how have the accounting estimates been made, what is the nature of the data used, and the degree of estimate uncertainty inherent in the estimate?	
Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	
Has the management team carried out an assessment of the going concern basis for preparing the financial statements? What was the outcome of that assessment?	
Management is required to consider whether there are any material uncertainties that cast doubt on the Council's ability to continue as a business. What is the process for undertaking a rigorous assessment of going concern? Is the process carried out proportionate in nature and depth to the level of financial risk and complexity of the organisation and its operations? How will you ensure that all available information is considered when concluding the organisation is a going concern at the date the	

financial statements are approved?	
Can you provide details of those solicitors utilised by the Council's during the year. Please indicate where they are working on open litigation or contingencies from prior years?	
Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	
Have any of the Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	
CONSIDERATION OF THE COUNCIL'S SUBSIDIARIES - Swindon Commercial Services, Thamesdown Transport and Forward Swindon.	
What is your view on the control environment in place and the process of reviewing the effectiveness of the system of internal controls?	
How do the subsidiaries risk assessment processes relate to their financial reporting?	
Have there been any matters or events which have occurred at subsidiaries which could impact on our audit approach or on the Council's group financial statements?	
Are the group accounting policies appropriate? Are there any changes in the group's activities which require them to be updated?	
How do subsidiaries identify and respond to the risk of fraud?	
How do the Audit Committee monitor group management's processes for identifying and responding to risks of fraud?	
What do you see as the fraud risks within the subsidiaries?	
How do subsidiaries communicate business risks to the Council's Audit Committee?	
Are you aware of any events or changes in circumstance which would cause an impairment of non-current assets?	
Have there been any instances or allegations of fraud, errors or other irregularities at subsidiaries during 2013/14?	
Are there any transactions, events or conditions which may lead to recognition or disclosure of significant	

accounting estimates that require significant judgement?	
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