

AUDIT COMMITTEE
29 SEPTEMBER 2016
STATEMENT OF ACCOUNTS 2015/16
ADDENDUM REPORT

Report from: Phil Watts, Chief Finance Officer

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Summary

This addendum report updates Audit Committee on the latest position in respect of the on-going investigation into the objection received by the Auditor. It then summarises the changes required to the Statement of Accounts in order to secure an audit opinion.

1. Introduction

- 1.1 In the Independent Auditor's Report, which accompanied the Annual Governance Report in the original agenda despatch, the Auditor was prevented from issuing an opinion, pending on-going work in respect of the objection received regarding LOBO loans. He did however anticipate issuing an unqualified opinion in due course.
- 1.2 Following his investigation, the Auditor has been able to agree amendments to the notes to the Council's Statement of Accounts, which will enable him to issue an unqualified audit opinion.

2. Details of adjustments made and future actions

- 2.1 The Independent Auditors Report (appendix 1) outlines the legal duties of the external auditor, provides an opinion on the accounts and stipulates any outstanding arrangements which prevent the certificate from being finalised at this stage.
- 2.2 In order to assist the Auditor in arriving at the unqualified opinion referred to in the revised Independent Auditor's Report, officers have made amendments to notes 19 and 34 of the Statement of Accounts and these are attached at appendix 2. The adjustments concern the treatment of the Council's LOBO loans. Paragraph 4.2.1 of the Annual Governance Report (agenda item 6) explains the issue in more detail.

- 2.3 In order to legitimise the adjustments made to these two notes, Council will need to review the Treasury Management Strategy. The revised strategy will need to amend the proportions of loans permitted at fixed and variable rates respectively and the application of these limits in respect of LOBO loans. A revised Treasury Management Strategy will be taken to full Council on 23 February 2017.

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Appendices

Appendix 1 – Auditor’s Opinion on the Council’s Financial Statements

Appendix 2 – Revised Notes to the Statement of Accounts

Background Papers

None