

## Final External Auditor Report and Certificate 2020/21 in respect of Workington Town Council CU0265

### Respective responsibilities of the body and the auditor

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit**, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02) as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>.

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with Proper Practices which:

- summarises the accounting records for the year ended 31 March 2021; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

### External auditor report 2020/21

On 26 September 2021, we issued a report detailing the results of our limited assurance review of Sections 1 and 2 of this authority's Annual Governance & Accountability Return for the year ended 31 March 2021. We explained that we were unable to certify completion of the review at that time. We are now in a position to certify completion of the review.

The external auditor report given in Section 3 of the Annual Governance & Accountability Return requires amendments as follows:

Except for the matters reported below, on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

- 1) Assertions 1 and 3 have not been correctly completed. The smaller authority has confirmed that it does not have a general reserves policy and we note that earmarked reserves have not been brought to the Finance and General Purposes Committee or Full Council for approval as part of the budget setting process for either the 2020/21 budget or the 2021/22 budget set during 2020/21. These are both mandatory requirements of the Practitioners' Guide. Furthermore, it is a requirement of the Local Government Finance Act 1992 that authorities must consider the level of their reserves as part of the budget and precept setting process. As a result of this the answers to Assertions 1 and 3 should have been "No".
- 2) Assertion 2 has not been correctly completed. Several instances were identified during the year where the Council had not followed its Financial Regulations in respect of the authorisation of expenditure, either not recording any resolution authorising an item of expenditure, authorising outside the delegation limits of the relevant committee, authorising virements at committee level rather than full council or not properly authorising overspends against the approved budget. As a result of this the answer to Assertion 2 should have been "No". We recommend that the Council carries out a review of its authorisation processes to ensure that they are in line with the Financial Regulations and are adequately minuted. We understand that the Council has started to address this during the 2022/23 year.

Other matters not affecting our opinion which we draw to the attention of the authority:

- 1) We note that while a risk assessment was carried out during the year under review, the documentation provided does appear to be rather basic for the size of the Council. We recommend that the Council reviews its risk management policy, procedures and documentation to ensure that they meet the requirements of the Council.
- 2) We received challenge correspondence in relation to the 2020/21 AGAR which we considered before completing our work. The authority will receive an invoice in relation to this additional work.

### **External auditor certificate 2020/21**

We certify that we have completed our review of Sections 1 and 2 of the Annual Governance & Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2021.

*PKF Littlejohn LLP*

**PKF Littlejohn LLP**

**05/04/2023**