

Final External Auditor Report and Certificate 2022/23 in respect of Morecambe Town Council LA0142

Respective responsibilities of the auditor and the authority

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 2023; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

External auditor's limited assurance opinion 2022/23

On 27 September 2023, 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 2023. 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.

Section 1, Assertion 2 has been incorrectly completed. The internal auditor has concluded that the council's system of internal controls was not in place, adequate for the purpose intended and effective.

The council should take action to ensure that there is evidence of the explanations to support the quarterly budget variances to comply with the budgetary control requirements of Financial Regulation 4.8. It is important for the council to ensure the decisions made in respect of specific budget lines are in accordance with the approved delegated authority. The council needs to comply with the requirements of its financial regulations and consider the budget and forecasting procedures as the council evolves.

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

We received challenge correspondence in relation to the 2022/23 AGAR which we considered before completing our work. The authority will receive an invoice in relation to this additional work.

The council should ensure it implements recommendations made by the internal auditor in respect of:

- enhanced internal controls over expenditure covered by the Scheme of Delegation,
- payments in respect of contracts that exceed a set threshold,
- implementation of internal controls over the authorisation and checking of online purchases made by employees on behalf of the council

- procedures to identify accruals as at the year end
- ensuring the meetings of the Finance and Governance committee are scheduled for the financial year to enable the committee to deliver on its devolved responsibilities.
- Ensuring sufficient staff resources to enable the council to comply with its Financial Regulations in relation to the completion and submission of annual VAT returns and HMRC returns in a timely manner
- Controls over the use of town council email addresses for town council business.
- Ensuring the annual budget to support the precept takes account of both the brought forward and carried forward general reserves. The accuracy of the assumptions, forecasts and calculations that support the budget also need to be improved and the council needs to have regard to the adopted reserves policy.
- Setting a formal budget timetable to include key dates and responsibilities
- Maintenance of the website to ensure it is up to date and compliant with the requirements of the Transparency Code.

The council should consider formalising its procedures for planning major projects to incorporate a business case or risk assessment at the budgeting stage.

The AGAR was not accurately completed before submission for review. The AGAR has been amended

External auditor certificate 2022/23

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 2023.



PKF Littlejohn LLP

19/07/2024