

Independent auditor's report to the members of Westmorland & Furness Council

In our auditor's report issued on 28 February 2025, we explained that we could not formally conclude the audit and issue an audit certificate for Westmorland & Furness Council ('the Authority') for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we had:

- completed the work necessary in relation to consolidation returns, including Whole of Government Accounts (WGA), and the National Audit Office (NAO) had concluded their work in respect of WGA for the year ended 31 March 2024. The NAO has now concluded their work in respect of WGA for the year ended 31 March 2024 and confirmed that audit certificates that are open in relation to this can be issued. We are therefore satisfied all audit work necessary has been completed.

These matters have now been dealt with.

Disclaimer Opinion on the financial statements

In our auditor's report for the year ended 31 March 2024 issued on 28 February 2024 we reported that:

- We cannot express an opinion on the financial statements of the Authority because of the significance of the matters described in the basis for disclaimer of opinion below. As a result, could not obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Authority's financial statements for the year ended 31 March 2024.

Basis for disclaimer of opinion

- The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2024 by 28 February 2025 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements.
- We were unable to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Authority's financial statements for the year ended 31 March 2024 as a whole are free from material misstatement. We were also unable to obtain sufficient appropriate evidence over the corresponding figures or whether there was any consequential effect on the Comprehensive Income and Expenditure Statement for the year ended 31 March 2024 for the same reason. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive. We therefore issued a disclaimer of opinion on the financial statements.
- This enabled the Authority to comply with the requirement in the Regulations that they publish audited financial statements for the year ended 31 March 2024 by the backstop date.

Opinion on the pension fund financial statements

In our auditor's report for the year ended 31 March 2024 issued on 28 February 2025 we reported that, in our opinion the financial statements of Cumbria Pension Fund:

- give a true and fair view of the financial transactions of Cumbria Pension Fund during the year ended 31 March 2024 and of the amount and disposition at that date of the fund's assets and liabilities;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

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

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

In our auditor's report for the year ended 31 March 2024 issued on 28 February 2025 we reported that we have nothing to report in respect of whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024 except on 05 September 2024, we identified:

- a significant weakness in the Council's governance arrangements. In 2023-24 the Council had weaknesses in internal controls relating to cyber security and disaster recovery, which could expose it to significant financial or service loss including fraud and cyber-attacks. We recommended that the Council should develop a Corporate IT Disaster Recovery Plan that should be documented and approved by Corporate Management Team. This should include a single list of critically ranked applications. This will ensure there is a clear plan and prioritisation of systems to restore should the need arise. The Council should test this plan in a practical exercise and refine it if needed. The Council should also review its systems and stop using those which present a high-risk threat to the Council's ICT security.
- a significant weakness in the Authority's arrangements for improving economy, efficiency and effectiveness. The Council's arrangements for procurement and contract management needed significant improvement in 2023-24. The Council had an out-of-date contracts register and there was no P-card transparency data available on the Council's website for 2023-24. On 27 March 2024, the Council's contracts register included 423 contracts. Of these, 91 end dates were either blank or not known and 84 were expired. We recommended that the Council needs to improve its procurement and contract management arrangements by ensuring the contracts register is updated, monitored, complies with its own contract procurement rules relating to the use of waivers, ensuring it fully meets the Local Government requirements particularly around P card expenditure. In addition the Council needs to have sufficient capacity and capability in its procurement and contract management, developing a procurement pipeline to improve planning, implementing a system to monitor real-time contract performance of its key contracts and putting in place a contract with Barrow Forward Ltd.

On 10 January 2025, we further identified:

- a significant weakness in the Council's governance arrangements. The statutory deadline for producing accounts for 2023-24 was not met and there was insufficient time available to undertake the necessary audit procedures to issue an opinion ahead of the statutory backstop date of 28 February 2025. We recommended that the Council should ensure that the finance team has adequate capacity to prepare draft financial statements with supporting working papers in line with statutory timetables and respond to audit in a timely manner.

No matters have come to our attention since that date that would have resulted in any additional exception reporting on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

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.

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 undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Westmorland & Furness Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

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 85 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.

Gareth D Mills

Gareth Mills, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Leeds

12 August 2025