

Section 3 - External Auditor Report and Certificate 2025/26

In respect of **Arley Parish Council**

1 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 2026; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors

2 External auditor limited assurance opinion 2025/26

Except for the matters reported below on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with the 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.

The council approved the final accounting statements section of the Annual Governance and Accountability Return after 30 June which does not comply with the Accounts and Audit Regulations 2015.

On review of the information provided by the council it has been brought to our attention that there were a significant number of accounting errors in the figures entered in Section 2. From information provided we have been unable to confirm the figures provided within the AGAR form for the current year. However, it has been noted that the opening balance was inflated by a VAT refund which was included as a receipt within the 2025 box 3 figure but was received during the 2026 year. As a result, we would have expected the box 3, 7 and 8 figures in the comparative column on the AGAR to have been restated to reflect the correct values as well as box 1 and 3 figures in the current year column and the box marked in that way to draw it to the attention of the reader. We would anticipate the affected figures being restated, and marked as such, on the production of the 2026/27 Annual Return. We also draw attention to the fact that the council has responded 'no' to a number of governance assertions to reflect the difficulties it has had in the period and in preparing its AGAR form.

The council has answered 'No' to Assertion 4 of Section 1 of the Annual Governance and Accountability Return which relates to how the Notice of Public Rights was advertised within the financial year 2025/26. Therefore, it relates to the Notice announcing the public right to review the 2024/25 return which was published during 2025/26. In the Auditor Report last year, we did not identify any issues with the notice not being correctly advertised therefore we believe this Assertion could have been answered 'Yes'.

The council have not provided explanations to explain the significant variances to bring them within the acceptable level of 15% or £500. This is required by the Accounts and Audit Regulations and proper practices. We are therefore unable to confirm that the budgeting processes are adequate and that proper practices have been followed.

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

On review of the council's Notice of Public Rights, we have noted that the notice has not been properly updated and includes a reference to the accounting year end 31 March 2025 within the heading. We believe this is a human error on completion and that anyone wishing to exercise their rights would have been able to do so as the main references in the template were correctly updated. In future the council should ensure it uses the correct year's template or fully update all the dates within it.

The published Notice of Public Rights requires the name/signature of the person placing the notice, which is the responsibility of the RFO, to be entered at (e) on the form to satisfy the Accounts and Audit Regulations 2015, Section 15(2)(b). We do note this has been entered at (b) however the council should ensure this is completed in the future.

The inspection period for the exercise of electors' rights provided in respect of the 2025/26 AGAR does not include the first ten working days of July as specified in the Accounts and Audit Regulations, Section 15 (1). We would anticipate this being taken into account when completing Assertion 4 of the Annual Governance Statement on the 2026/27 AGAR.

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3 External auditor certificate 2025/26

We certify that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2026.

External Auditor Name



External Auditor Signature

A handwritten signature in dark ink, appearing to read 'M. Moore', written over a horizontal line.

Date

17/09/2026

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

On review of the council's website on 29 July 2026, which was during the council's public rights period, it was identified that the website did not include a copy of the notice of public rights, nor the AGAR documents and supporting information required to meet the Accounts and Audit Regulations 2015, Section 15(2). It is noted that no documents have still been published on the council's website in which it is a requirement to publish the Notice of Public Rights together with the relevant parts of Annual Governance and Accountability Return on its website as well as on parish notice boards within the area. In future, the council should ensure that all information required is published on the council's website for the entire public rights period. We would anticipate the council responding 'No' to Assertion 4 on its 2026/27 Annual Governance and Accountability Return.

Due to the long-term sick leave of the clerk, the council has informed us that it had not instructed an independent internal auditor to review the 2025/26 and have provided a 'No' response for Assertion 6 on the Annual Governance Statement. On review of information provided by the council it appears that the previous Internal Auditor may not have been wholly independent of the council, as they are required by proper practices. We understand the council are taking steps to select and appoint an independent Internal Auditor to undertake reviews in respect of the 2026/27 financial year. We point the council in the direction of Paragraphs 4.9 - 4.11 of SAPPP Practitioners' Guide 2025 which sets out expectations for the independence of the Internal Auditor.

The council have failed to ensure that there is a sound system of internal controls during the period which demonstrates a pervasive issue during the year with regards to lack of controls, compliance, governance, monitoring, and reporting, which is correctly reflected on the AGAR by the provision of 'no' responses to each of the assertions. The council have plans in place to resolve this and we expect to see these plans in action for 2026/27.

It has been identified that there is a difference of £19 between boxes 7 and 8 on Section 2: Accounting Statements. The council have confirmed the 2025/26 AGAR has been prepared on the receipts and payments basis therefore box 7 should agree to box 8 as required by paragraph 2.24 of SAPPP Practitioners' Guide 2025. The council have been unable to identify the reason for this difference. As a result of this, the council have correctly answered 'No' to Assertion 1 on the Annual Governance Statement.

The council's name was not entered on Section 2 of the Annual Return on the initial submission. We consider the omissions to be trivial, however, the parish council should take care to ensure the form is fully completed in the future to ensure full compliance with the regulations and code of practice.