

Section 3 - External Auditor Report and Certificate 2025/26

In respect of **Shipston on Stour Town 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.

Section 1 of the AGAR was completed as approved on 13/07/2026 with a minute reference 10.4. Section 2 of the AGAR was dated as approved on 08/06/2026 and with the minute reference of 10.2. The Accounts and Audit Regulations 2015 Section 6(4) require that the council approve Section 1 prior to Section 2 of the return and the minutes should reflect this. Care should be taken to ensure that the AGAR is being approved in the correct order.

The council has answered 'Yes' 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. As noted in the Auditor Report last year, this notice was not correctly advertised therefore this Assertion should have been answered 'No'.

The council should have answered 'No' to Assertion 7 of Section 1 of the Annual Governance and Accountability Return as they did not take appropriate action on matters reported from internal and external audit from 2024/25.

Box 11 has not been completed on Section 2 Accounting Statements therefore the form is incomplete. From other information provided we do not believe the council acts as a sole trustee and therefore a 'Yes' response was expected.

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

It was noted on review that the period for public rights was announced and commenced prior to the approval of Section 1 of the Annual Governance and Accountability Return. Sections 12 – 15 of the Accounts and Audit Regulations 2015 set out the order required to be followed when approving, announcing, and publishing the return and related documents in order to satisfy the public rights requirements. The return must be approved prior to the notice being published. To be able to demonstrate this, proper practice requires that the notice is published no sooner than the day following the approval meeting and the public rights period commences no sooner than the next working day after that. We would anticipate the council taking these issues into account when it completes Assertion 4 on its 2026/27 Annual Governance and Accountability Return. This is a repeated issue.

Boxes 1-6 of Section 2 of the AGAR do not arithmetically add down to box 7 by £1 when summed. When rounding the numbers for the return care should be taken to ensure boxes 1-6 sum to box 7 in accordance with Paragraph 2.20 of SAPP Practitioners' Guide 2025 and that box 7 agrees or reconciles to box 8 as is required per Paragraph 2.24 of SAPP Practitioners' Guide 2025.

The responsibility for establishing and maintaining an adequate and effective system of internal audit rests with the council. As part of best-practice guidance for internal audit, every authority should ensure that it has a letter of engagement covering the roles and responsibilities of the internal auditor, as set out in paragraph 4.13 of the SAPP Practitioners' Guide 2025. We note that the council does not currently hold an active letter of engagement with its internal auditor. Although this represents best practice rather than a mandatory requirement, we recommend that the council and internal auditor formalise and retain an appropriate letter of engagement for future years. It has been noted that the council will be rectifying this for the 2026/27 year and going forwards.

Last year the External Audit Report noted that the Notice of Public Rights was incorrectly provided - the Notice of Public Rights was announced and commenced before the approval of the AGAR. Therefore, we expected a 'No' response to control objective M on the Annual Internal Audit Report.

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 blue ink that reads 'MOORE'.

Date

28/08/2026