

FULL COMMITTEE



Agenda Item:	Annual Governance and Accountability Return for the Year ended 31 March 2025 – external audit report and certificate and notice of conclusion of audit
Meeting Date:	Monday 6 October 2025
Contact Officer:	Responsible Financial Officer (RFO)

Background

The Council's accounts are prepared in accordance with proper practices set out in statute, including the Local Audit and Accountability Act 2014 and the Accounts and Audit (England) Regulations 2015, and detailed further in the Joint Panel on Accountability and Governance (JPAG) 2024 edition of the Practitioners' Guide, published by the National Association of Local Councils.

In accordance with Section 6 of the Local Audit and Accountability Act 2014, Witney Town Council is defined as a 'smaller authority' because the higher of the authority's gross income for the year and its gross expenditure for the year does not exceed £6,500,000. The Council may also be referred to, for the purposes of the Accounts and Audit Regulations 2015, as a "Category 2 authority."

As a result the Council has to approve an Annual Governance and Accountability Return (AGAR) each year. The AGAR for year ending 31 March 2025 was approved by the Council at its meeting of 23 June 2025.

The AGAR is subject to external audit on the basis of a limited assurance review, as required by law. The external audit report and certificate for 2024/25 has now been received together with a letter to the Town Clerk drawing attention to a number of other matters considered during the audit. This report considers these two documents.

The Council advertised the Notice of Conclusion of Annual Audit on 26 September 2025.

Current Situation

External Auditor Report and Certificate 2024/25

The External Auditor Report and Certificate 2024/25 from Moore, dated 12 September 2025 is attached.

- (a) There is one matter detailed in the report where the auditor raises a concern that relevant legislation and regularity matters have not been met. This relates to Section 1,

Assertion 4 of the AGAR regarding advertising of notice of public rights during 2024/25. Members will recall that the Council advertised a period of public rights amounting to 31 days rather than the statutory 30 days.

Members considered this carefully when completing the AGAR and felt that this extra day was not material and that as the Council was giving a longer period for the public to exercise their rights they would answer "Yes" to this question. The audit opinion is that the Council should have answered "No."

(b) There are three other matters in the report which are classified as "Other matters not affecting our opinion which we draw to the attention of the authority." These are detailed in the report. The first one is a difference in the Accounting Statements (Section 2) of £1 on boxes 1 and 7 between the audited 2023-24 statement and the prior year column in the 2024-25 statement. As the auditor states "we consider these amendments to be trivial and no significant concerns arise." This was caused by a rounding difference in the financial software.

The two other items relate (i) to an error on a working paper submitted to the auditor, reconciling boxes 7 and 8 on the Accounting Statements. This was corrected and resubmitted by the RFO and did not affect the Accounting Statements. (ii) A clerical error by the Internal Auditor in his report stating the date an audit visit as being 16/10/2025 when it was in fact 16/10/2024. This was resubmitted.

All of these matters are noted and the RFO will seek to avoid recurrence.

Letter from Moore to Town Clerk/ Chief Executive dated 17 September 2025

This is a letter from the auditor detailing matters to the Clerk which are not included in the auditor's certificate and opinion which they wish to draw attention to. These are:

(a) That general reserves appear to be held at a low level, that the Council should keep this under review and ensure they have sufficient general reserves to cover expenditure. The RFO does not consider that general reserves are held at a low level.

The Practitioners' Guide referred to in the letter states:

"5.34. The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure.

5.35. The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve."

The Council's net revenue expenditure for 2024-25 was £1,722,240 and so three months' expenditure is £430,560; the general reserve at 31 March 2025 was £473,387 which is just over three months' net revenue expenditure. It should also be noted that the Council has significant

earmarked reserves (£2,195,526 as at 31 March 2025) which are classified as revenue and could be redesignated at any time.

The Council will as usual consider its reserves position as part of the budget process but the RFO reiterates at this stage his opinion that the general reserves are held at an appropriate level for an authority of this size.

- (b) Referencing of minute numbers in the AGAR. Sections 1 and 2 must be approved separately but the same minute references were used for each section.

In response it is correct that both sections were referenced as approved under minute 366 as so this would appear to be the case.

However minute 366 of the council meeting on 23 June 2025 is has a number of parts to it:

1. *That, the report and verbal updates be noted and,*
2. *That, the Annual Governance Statement at Section 1 of the Annual Return for the year ended 31 March 2025 be approved, and formally adopted by the Council and,*
3. *That, the Statement of Accounts at Section 2 of the Annual Return for the year ended 31 March 2025 be approved, and formally adopted by the Council and,*
4. *That, in light of the above the Annual Governance & Accountability Return (AGAR) for 2024/25 be formally agreed and adopted by the Council.*

Consequently the auditor's comment that "this was not clear on the face of the return."

The Council did though approve the AGAR correctly and so in future the minute references will be quoted to include the sub-reference, which in this case would have been minute 366(2) and minute 366 (3).

- (c) This next point refers to the approval of the bank reconciliation statements. These have for many years been presented to and approved by the Policy, Governance and Finance Committee with the Internal Auditor also checking through a sample each year.

This matter has been reviewed by your officers and in future bank reconciliations prepared by the RFO will be checked and signed each month by the Town Clerk to provide additional assurance to Members.

- (d) The auditor has pointed out that at year end the Barclays imprest account would have been overdrawn if all outstanding cheques were presented. As presumed at the top of page 2 of the letter there is an automatic sweep of the account each day, with funds being transferred from the Business Premium Account to ensure the account is never overdrawn and therefore no further action is required.

- (e) The final point relates to "information drawn to our attention" regarding the use of the General Power of Competence (GPC) and consideration the basis in law on which payments are made. Members are requested to read this comment carefully. Your officers are querying this with the auditor and the following points will be raised:

- The auditor has referred to “information drawn to our attention.” However the Council has not been informed regarding what this information is. The RFO needs to know what the information is so he can properly consider.
- The auditor make a statement to the effect that the GPC does not allow a council to spend money which is ultra-vires. It is assumed that the auditor has made this statement in support of their advice to look at the process in considering legality of payments. If the auditor had considered any payments to be ultra-vires then these would have been included in the external auditor’s report and certificate. However again clarity is needed and the RFO would request a positive statement from the auditor regarding their view.
- The Council does have the GPC, employing a Clerk holding the necessary qualification. This was confirmed by resolution by the newly elected Council on 17 May 2023. A statement to this effect was given to the auditors as part of the supporting information supplied for audit.
- Your officers carefully consider all expenditure incurred by the Council and the powers under which payments are made, to ensure the Council is acting within its powers.
- Your officers will further consider the process of the exercise of the GPC to see if there are any improvement which might benefit the Council but note that they consider the current process to be correct and proper.
- The consideration of this “information drawn to our attention” has resulted in an additional audit charge of £600 to the Council. The Council requests a breakdown of this charge, presumably additional work involved. It would also be helpful to know what the auditor’s approach to such matters will be in future – in what circumstances would the Council have an opportunity to respond whilst the audit is ongoing - the RFO assumes that this would be if the auditor had concerns in relation to the legality of the expenditure rather than concerns in relation to process but this is not clear.

Impact Assessments

The Town Council has a duty to consider the effects of its decisions, functions and activities on equality, biodiversity, and crime & disorder. Consideration should also be given to effects on the environment, given the Council’s Climate Emergency declaration in 2019.

- a) Equality – no implications directly resulting from this report.
- b) Biodiversity - no implications directly resulting from this report.
- c) Crime & Disorder - no implications directly resulting from this report.
- d) Environment & Climate Emergency - no implications directly resulting from this report.

Risk

In decision making Councillors should give consideration to any risks to the Council and any action it can take to limit or negate its liability.

The Accounts and Audit (England) Regulations 2015 require relevant bodies to complete and approve an Annual Return which must then be submitted to the external auditors by the 30 June each year. Undertaking this exercise is an important part of considering and managing the Council's risk. Furthermore, consideration and action in relation to the matters outlined in this report is essential in order to comply with the law.

Social Value

Social value is the positive change the Council creates in the local community within which it operates. Robust financial management, control and compliance with the Accounts and Audit (England) Regulations 2015 is a prerequisite of enabling the Council to deliver social value.

Financial implications

Whilst there are no financial implications arising directly from this report; there has been an additional charge of £600 in External Audit fees due to what is assumed to be a challenge by a local resident to the Council's accounts, although the RFO is seeking clarification and a breakdown of this amount.

Recommendations

Members are invited to note the Officer report and

- (i) That the Council notes the External Auditor Report and Certificate 2024/25 from the auditors Moore, dated 12 September 2025.
- (ii) That the Council notes the Letter from Moore to the Town Clerk/ Chief Executive dated 17 September 2025.
- (iii) That authority is delegated to the Town Clerk/ Chief Executive to respond to the external auditors in relation to (i) and (ii) (above) ,based on this report and any other comments which Members wish to be incorporated.
- (iv) That the Council notes that the Notice of Conclusion of Audit was published on 26 September 2025.