

FULL COUNCIL



Agenda Item:	Annual Governance and Accountability Return for the Year ended 31 st March 2026 – external audit report and certificate and notice of conclusion of audit
Meeting Date:	Monday, 12 October 2026
Contact Officer:	Responsible Financial Officer

The purpose of this report is to update Members on the external audit report and the notice of conclusion of audit in relation to the Annual Governance and Accountability Return for the Year ended 31st March 2026. The report also considers the letter from the auditors to the Town Clerk/ Chief Executive dated 25th September 2026 and the Council's response.

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 Smaller Authorities' Proper Practices Panel (SAPPP), 2025 edition of the Practitioners' Guide published by the National Association of Local Councils, the Society of Local Council Clerks and the Association of Drainage Authorities.

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 2026 was approved by the Council at its meeting of 22nd June 2026.

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 2025-26 have now been received together with a letter to the Town Clerk/ Chief Executive drawing attention to the level of the general reserve. This report considers these documents.

The Council published the audited version of the Statement of Accounts and Annual Governance Statement, the auditor's certificate and opinion the Notice of Conclusion of Annual Audit on 28th September 2026.

Current Situation

External Auditor Report and Certificate 2025-26

The External Auditor Report and Certificate 2025-26 from Moore, dated 21st September 2026 is attached.

- (a) There are no matters detailed in the report where the auditor raises a concern that relevant legislation and regularity matters have not been met.
- (b) There are no matters in the report which are classified as “Other matters not affecting our opinion which we draw to the attention of the authority.”

Letter from Moore to Town Clerk/ Chief Executive dated 25th September 2026

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. There is one item in this letter regarding the level of general reserves. This states: “Upon review, general reserves are being held at a low level. We are aware that the council is aware and that the clerk is monitoring the position. Per Paragraph 5.34 of the SAPPP Practitioners' Guide 2025, best practice suggests this level should be at least 3 months expenditure as a minimum. These cannot include ring fenced funds and should avoid including funds which are designated for another purpose.”

The Practitioners’ Guide referred to in the letter states:

“5.33. The general reserve of an authority comprises its cash flow and contingency funds to cover unexpected inflation, unforeseen events and unusual circumstances.

“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.”

It should be noted that the reference in the Practitioner’s Guide is to net revenue expenditure, which is revenue (i.e. not including capital) expenditure minus non-precepted income rather than expenditure.

The Council’s net revenue expenditure for 2025-26 was £1,729,393 and so three months’ expenditure is £442,439; the general reserve at 31 March 2026 was £662,733 which is the equivalent to approximately 140 days’ or between four and five months’ net revenue expenditure in relation to the year under consideration. It should also be noted that the Council

has significant earmarked (not restricted) reserves (£2,347,526 at 31 March 2026) which are revenue funds and could be redesignated at any time.

Incidentally, for the current year (2026-27) the three-month net revenue expenditure is £545,927 so the position remains satisfactory during the current year.

The Council will, as is its practice, 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.

It is suggested that in responding to the audit letter the reserve position is addressed and the Council's view that it has an adequate general reserve is made clear.

Corporate Strategy

The Council's Strategic Plan 2025–29 sets out the Council's long-term priorities and direction, supporting its mission to 'make Witney a great place to live, work and visit.' This report contributes to the delivery of the following strategic pillar of the plan:

1. A Forward Looking Town Council

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

There are no financial implications arising directly from this report.

Recommendations

Members are invited to note the report and

1. That the Council notes the External Auditor Report and Certificate 2025-26 from the auditors Moore, dated 21st September 2026.
2. That the Council notes the Letter from Moore to the Town Clerk/ Chief Executive dated 25th September 2026.
3. That authority is delegated to the Town Clerk/ Chief Executive to respond to the external auditors in relation to the general reserve position and the Council's view that the general reserve level at 31st March 2026, being approximately 140 days' or between four and five months' net revenue expenditure in relation to the year under consideration, is at an appropriate level for an authority of this size.
4. That the Council notes that the Notice of Conclusion of Audit was published on 28th September 2026.