

Section 3 – External Auditor's Report and Certificate 2025/26

In respect of

Badwell Ash Parish Council – SF0017

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's 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 (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR is in accordance with *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, Assertion 1 has been incorrectly completed. Information received from the internal auditor highlights that budget monitoring was not carried out during the year under review. As a result, this assertion should have been answered 'No'.

The AGAR was not accurately completed before submission for review. Please ensure that amendments are corrected in the prior year comparatives when completing next year's AGAR:

- The smaller authority has confirmed that the response to Section 2, Box 11 is incorrect and should be 'Yes'.
- The accounts have not been prepared in accordance with proper practices. The smaller authority prepares its accounts using the receipts and payments basis of accounting which means that receipts and payments should be accounted for in the period they have been received or paid. The smaller authority has included 3 items of expenditure in Section 2, Box 6 that were not paid until April 2026 and so should be accounted for in the 2026/27 accounts. As a result, Section 2, Boxes 6 and 7 are incorrect and should read £44,591 and £222,952 respectively.

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

The smaller authority has confirmed that it has not complied with the governance Assertion in Section 1, Box 10, and it has provided the appointed auditor with an adequate explanation for non-compliance and details of the actions necessary to address weaknesses identified. This is consistent with the internal auditor's response to internal control objective O.

The internal auditor is not independent of the financial decision making, management and control of the smaller authority or of the authority's financial controls and procedures. This is demonstrated by the fact that the internal auditor is a member of the Finance Committee. The smaller authority must disclose this by answering 'No' to Assertion 6 of the Annual Governance Statement on the 2026/27 AGAR. In future years, the smaller authority must maintain an independent system of internal audit of the accounting records and control systems.

The Annual Internal Audit Report focuses on a series of internal control objectives covering an authority's key financial and accounting systems and concludes whether, in all significant respects, the internal control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the authority. We note that the internal auditor has not provided a conclusion on internal control objective H in respect of fixed assets. The Annual Internal Audit Report will inform the authority's response to Assertions 2 and 6 in the annual governance statement. As a result, the authority must ensure that assurance that has not been provided via these control objectives has been sought elsewhere.

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

PKF LITTLEJOHN LLP

External Auditor Signature

PKF Littlejohn LLP

Date

21/09/2026