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

In respect of **Northam Town Council – DV0269**

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.

The smaller authority has confirmed that it owns fixed assets but that the recognition policy for those assets is to value them at £Nil. This policy does not give a reader of the Accounting Statements the ability to draw any meaning from the Box 9 figures stated on the AGAR or to recognise any changes in those assets year to year. The Practitioners' Guide (the Guide) states that smaller authorities 'need to apply a reasonable approach to asset valuation which is consistent from year to year'. Under this range of possible approaches, all assets are expected to carry some value, no matter how small. In particular, the Guide states that where assets are gifted at zero cost to the authority, they should be recorded at a nominal value of £1. Further, certain assets have been recorded at incorrect values in Section 2, Box 9 of the AGAR and so Section 2, Box 9 does not agree to the fixed asset register value. The smaller authority should therefore reconsider the valuation policy for all fixed assets and draw up a policy to be approved by the smaller authority and recorded in both the authority's minutes and in the asset register. When submitting the 2026/27 AGAR, the smaller authority should ensure that the 2025/26 comparative figure in Box 9 is restated for consistency and comparability following a full review of the fixed asset register. Please also note that the prior year Section 2, Box 9 figure does not agree to the prior year AGAR.

Section 1, Assertion 6 has been incorrectly completed. Information received from the smaller authority confirms that it did not formally minute the appointment of the internal auditor upon appointment or subsequently.

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, but it has provided the appointed auditor with an adequate explanation for non-compliance and details of the actions necessary to address weaknesses identified.

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  Date 29/09/2026