LOCAL COUNCIL AWARD SCHEME QUALITY GOLD

Pelton Parish Council

Committed to Our Community

Pelton Parish Council

Report to:	Full Council
Date:	22nd April 2026
Report Author	Joanne Dickinson, Clerk and Responsible Financial Officer
Subject:	Effectiveness of Internal Control

1. INTRODUCTION

1.1 The Accounts and Audit Regulations require Councils to undertake an annual review of their internal control arrangements which supports the Annual Governance Statement (Section 1 of the Annual Return) and report the outcome of the review to an appropriate meeting of the Council. This review should include a review of the effectiveness of the Council's system for the management of risk.

1.2. A review for the year 2025/26 has now been undertaken and details are provided below.

2. INTERNAL AUDIT

2.1 The Accounts and Audit Regulations require a Council to "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control". An annual review of the effectiveness of this system of internal audit is beneficial as part of continually improving governance and accountability. The review is designed to provide sufficient assurance for the Council that standards are being met and that the work of internal audit is effective.

2.2. **Current Arrangements** - The Council's Internal Auditor was formerly the Audit Manager at Easington District Council, up to its abolition, and currently provides the internal audit service for several local town and parish councils. The Internal Auditor carries out a review each year on our internal controls in accordance with the appropriate section of the Annual Return, and if required on selected systems during the year.

2.3. **Review** - Guidance recommends that the review of internal audit covers five categories and these are addressed below.

2.4 **Scope of Internal Audit** - The Internal Auditor carries out all relevant work to satisfy Section 4 of the Annual Return, and any agreed systems work during the year. Reports are produced and all recommendations arising from the audit are discussed with the Parish Clerk.

2.5 **Independence** – The Internal Auditor is given access to all relevant personnel and to all reports, records and supporting documents. Reports are prepared in his name and there is no influence on any recommendations made. The Internal Auditor has no other role within the Council.

2.6 **Competence** – The Internal Auditor is a qualified internal auditor (C.M.I.I.A) and a member of the Institute of Internal Auditors, with many years' experience in public sector auditing. There was no evidence of a failure to carry out internal audit work ethically, with integrity and objectivity.

2.7 **Relationships** – The Internal Auditor operates independently within the Council, with freedom to decide his audit priorities and no influence is exerted on the outcome of the audit. The respective responsibilities of officers and internal audit are defined in relation to internal control, risk management and fraud and corruption matters.

2.8 **Planning and Reporting** – The Internal Auditor arranges planning of any work with the Parish Clerk and is available throughout the year for advice. Any Internal reports are submitted to the Parish Clerk and to the relevant Committee and to the external Auditors with the Annual Return.

2.9 The purpose of the review of internal audit is to assess effectiveness, and I believe that the Internal Auditor provides an effective internal audit service to the Parish Council. Audits are undertaken on each of the areas within the appropriate Section of the Annual Return and if required, recommendations were made in an action plan of each of the areas, to improve arrangements and a report submitted.

3. INTERNAL CONTROL

3.1 Internal control is the range of policies, procedures and other arrangements designed to safeguard the assets of the Council, and to reduce the chances of losses though fraud, corruption and error. Internal audit is part of internal control, and this has been reviewed in Section 2 of this report. I will now address the remaining features of internal control.

3.2 The Parish Council has Financial Regulations and Standing Orders in place which are reviewed and agreed by Council every year to ensure that they are fit for purpose. A recommended list of policies and procedures was received from SLCC and NALC showing what policies the Council must have regarding statutory requirement, those which are good to have and are an audit requirement. This list is reviewed regularly by the Clerk. Any reviewed policies are presented to the Council for adoption.

3.3 GDPR will be an ongoing process of assessment, protocol and reviews throughout the year.

3.4 I consider that these internal control arrangements are satisfactory bearing in mind the size of the Council and the limited capability for ensuring a division of duties.

4. RISK MANAGEMENT

4.1 Another element of internal control is risk management. Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements. A corporate risk assessment review should be undertaken at least annually to achieve its priorities and service objectives and has been reviewed by the Council.

4.2. The Council has a risk register which is reviewed annually. The Risk Register was reviewed and agreed at the Full Council Meeting on 25th March 2026. The Asset Register is to be reviewed at the Full Council Meeting on 22nd April 2026

5. CONCLUSION

5.1. I consider that the Council has adequate internal control arrangements in place.

6. RECOMMENDATION

6.1 In the light of the above assessment I would Recommend that Members accept the report on the effectiveness of internal control.

Signed	**Joanne Dickinson**	**Clerk**
Signed	**Cllr. Danny Wood**	**Chair of the Parish Council**

Clerk Report prepared 2nd April 2026