WALTON PARISH COUNCIL
REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT [Nov 2026]

1.0 **Overview**

1.1 There is a duty on local councils to "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control."

1.2 Internal audit is a key component of the system of internal control. The purpose of the internal audit is to review whether the systems of financial and other controls over a council's activities and operating procedures are effective.

1.3 Local councils are required, at least once a year, to conduct, in accordance with proper practices, a review of the effectiveness of internal audit. The council is required to sign the annual governance statement (on the annual return submitted to the external auditor) to evidence that this review has been undertaken.

2.0 **Review of effectiveness of internal audit**

2.1 Monahans has acted as the Parish Council's internal auditor for several years. This work as internal auditor is done on a paid basis. Monahans have indicated that they are prepared to continue to act as the Parish Council's internal auditor.

2.2 For internal audit to be considered effective, the following criteria must be satisfied:

- that the internal auditor is independent of the other financial controls and procedures of the council which are subject of review.
- that they are competent to carry out the role in a way that will meet the business needs of the council.
- that consideration is made to how many times in a year the systems and records should be subject to internal audit.
- that the scope of internal audit is sufficient.
- that any internal audit report is considered in full by a meeting of the parish council; and
- that appropriate action is taken on any recommendations contained in the internal audit report.
- The council must also satisfy itself that the quality of delivery of the internal audit service provides reliable assurance about the council's internal controls and its management of risk.

2.3 Considering these requirements for internal audit for Walton Parish Council:

2.4 Independence

Monahans are not involved in the Parish Council's financial controls, procedures or decision making. They are not related to, nor associated with, any member of the Parish Council or the Clerk. The internal auditor has direct access to the Parish Council should they think this necessary.

2.5 Competence

Monahans are Chartered Certified Accountants and have extensive experience of carrying out audit work and undertake compliance and internal audit work for several local organisations in addition to the Parish Council.
Monahans have built up knowledge of local council finance over the years that they have been carrying out the internal audit for local Parish Councils.
There is no evidence/reason to believe that the internal audit will not be carried out competently, ethically and with integrity and objectivity.

2.6 Frequency of Internal Audit

An internal audit, conducted once a year, after the annual accounts have been prepared, is considered to be adequate for the Parish Council's needs, given the limited size and complexity of the council's business.

2.7 Scope of Work

The scope of the internal audit work carried out by Monahans follows the suggested approach to internal audit provided by the 'Joint Panel on Accountability and Governance [JPAG] practitioners guide' 2025.

2.8 Audit Report

Monahans Complete the annual internal audit report following the completion of the internal audit. It will be presented in full to the Parish Council at the next meeting after it has been issued. Any actions to be taken on the recommendations made will be minuted.

3.0 **Recommendation**

3.1 That the Parish Council considers for itself whether the system of internal Audit is sufficiently effective, using this report as prepared by the Clerk as a starting point for those considerations.

Prepared by: H. Moore
Clerk & RFO to Walton Parish Council
November 2026

Walton Parish Council

considers / does not consider,

that the system of Internal Audit is sufficiently effective.

Comments:

Date: Signed: [chairman]