

# Section 1 – Annual Governance Statement 2025/26

We acknowledge as the members of:

EN Cayton Parish Council

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2026, that:

	Agreed		'Yes' means that this authority:	
	Yes	No*		
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.		✓	<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>	
3. We have assured ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>	
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.		✓	<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>	
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.		✓	<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>	
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>	
7. We took appropriate action on all matters raised in reports from internal and external audit.		✓	<i>responded to matters brought to its attention by internal and external audit.</i>	
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>	
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A	<i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>
			✓	
10. We have put in place arrangements for the effective IT and data management in accordance with proper practices during the year under review.		✓	<i>has made suitable arrangements for its IT and data management and has complied with proper practices in doing so.</i>	

**\*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.**

This Annual Governance Statement was approved at a meeting of the authority on:

10/6/2026

and recorded as minute reference:

M106/26

Signed by the Chair and Clerk of the meeting where approval was given:

Chair R. Swiers

Clerk A. Carter

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**Cayton Parish Council**

**Explanation of “No” responses by the Internal Auditor & by the Council to 5 of the Assertions on the Annual Governance Statement**

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**Background** The Internal Audit Report identified that certain control objectives were **not achieved**, including:

- Compliance with financial regulations and control procedures
- Risk management arrangements
- Public rights compliance
- Audit follow-up
- Digital and data governance

The AGAR discussion report further confirms that weaknesses arise where **documented procedures are not aligned with, or consistently reflected in, the Council’s Day-to-day working practices.**

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**Actions for Approval (External Audit Response)**

**Assertion 2 – Internal Control** Weaknesses in compliance with financial regulations, payroll controls and asset management

**Action to be taken:**

The Council will strengthen its system of internal control by:

- Reviewing, updating & formally adopting Standing Orders & Financial Regulations, ensuring they are fully aligned with the Council’s actual working practices & consistently applied.
  - Introducing & documenting clear financial procedures in practice, including proper authorisation of payments, the two-member approval process & complete audit trails in line with revised policy.
  - Ensuring all salary & allowance payments are formally approved & compliant with statutory PAYE requirements, reflecting actual arrangements in operation.
  - Establishing & maintaining an accurate & complete asset register.
  - Undertaking & minuting an annual review of the effectiveness of internal controls, based on evidence of actual operation.
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**Assertion 4 – Exercise of Public Rights Failure** to meet statutory requirements for public rights

**Action to be taken:**

The Council will ensure compliance by:

- Implementing a formal AGAR timetable & compliance checklist, embedded in Council practice.
- Ensuring all statutory notices are published within prescribed timescales & evidenced, in line with actual administrative processes.
- Assigning responsibility to the Clerk/RFO, with active monitoring by Full Council.

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**Assertion 5 – Risk Management** Risks not formally assessed or managed**Action to be taken:**

The Council will implement a structured risk framework by:

- Adopting a Risk Management Policy aligned to the Council's activities.
- Establishing & maintaining a Risk Register reflecting actual operational and financial risks.
- Undertaking & minuting an annual risk review, ensuring it reflects current practice & decisions.
- Ensuring appropriate insurance arrangements are reviewed in line with identified risks.

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**Assertion 7 – Action on Audit Reports** Previous audit actions not fully completed**Action to be taken:**

The Council will ensure effective follow-up by:

- Establishing an Audit Action Log embedded in Council processes going forward, recording all audit recommendations & progress.
- Ensuring all required AGAR documentation, including variance explanations, is completed as part of normal year-end procedures.
- Reporting progress regularly to Full Council until all actions are completed and evidenced.

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**Assertion 10 – IT and Data Management** Non-compliance with digital and data requirements**Action to be taken:**

The Council will ensure compliance by:

- Requiring staff & encouraging all councillors to use secure.gov.uk email accounts, ensuring consistent use in practice.
- Reviewing and updating the Council website to ensure statutory publication & accessibility requirements are met in practice & kept up to date.
- Adopting an IT & Data Protection Policy aligned to actual working arrangements.
- Undertaking a GDPR compliance review.
- Providing training to councillors & staff to ensure policies are properly implemented.

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**At a meeting of Full Council on 10<sup>th</sup> June 2026 the council****Approved the above actions as its formal response to the weaknesses identified by****RESOLUTION 107/26**