

Report to Thurston Parish Council

The Internal Audit of the Accounts for the year ending 31 March 2026

1. Introduction and Summary.

1.1 The Internal Audit work undertaken confirmed that during the 2025/26 year the Council maintained effective governance arrangements including a robust framework of internal control and risk management. The Internal Audit review, undertaken on the documentation provided to the Internal Auditor and on the information published on the Council's website, has confirmed that the Council maintains efficient systems of financial administration and internal financial control.

1.2 The Council exercises strong governance and places emphasis upon the transparency of its financial operations with detailed and up-to-date information on income and expenditure, accounts and budgets, procurement information, policies and procedures and operational structure published on the Council's website.

1.3 The Council displays many examples of good financial practice and continues to prioritise the maintenance of a high standard of financial management and control. Appropriate formal Policies, Procedures and Protocols have been adopted by the Council and these provide a solid foundation for the continuing operation of strong financial administration.

1.4 By examination of the 2025/26 accounts and supporting documentation it was confirmed that Council's Responsible Financial Officer (RFO) undertook the administration of the Council's financial affairs to a high standard and produced appropriate financial management information to enable the Council to make well-informed decisions.

1.5 The Accounts for the year confirm the following:

Total Income for the year: £962,348
Total Expenditure in the year: £325,061
Total Reserves at year-end: £824,581 (of which £18,385 is earmarked and £752,371 is a CIL Restricted Reserve).

1.6 The Annual Governance and Accountability Return (AGAR) to the External Auditors was examined and the following figures agreed with the Clerk/RFO for inclusion in Section 2 Accounting Statements 2025/26 (rounded for purposes of the Return):

<i>Balances at beginning of year (1 April 2025):</i>	<i>Box 1: £187,294</i>
<i>Annual Precept 2025/26:</i>	<i>Box 2: £201,497</i>
<i>Total Other Receipts:</i>	<i>Box 3: £760,851</i>
<i>Staff Costs:</i>	<i>Box 4: £114,621</i>
<i>Loan interest/capital repayments:</i>	<i>Box 5: nil</i>
<i>All Other payments:</i>	<i>Box 6: £210,440</i>

<i>Balances carried forward (31 March 2026):</i>	<i>Box 7: £824,581</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £825,720</i>
<i>Total fixed assets:</i>	<i>Box 9: £429,605</i>
<i>Total borrowings:</i>	<i>Box 10: nil</i>

1.7 Sections One and Two of the AGAR are due to be approved and signed at a forthcoming meeting of the Council. The Internal Auditor has completed the Annual Internal Audit Report 2025/26 within the AGAR.

1.8 This detailed Internal Audit work was carried out on the adequacy of systems of internal control in accordance with the Audit Plan approved by the Council.

1.9 The Internal Auditor needs to highlight a key point regarding the holding of large sums with one bank. The Council held some £585,000 with Lloyds Bank at the year-end 31 March 2026, prior to the receipt of half of the 2026/27 Precept in April 2026 (£115,232). The Council is aware that it would only be compensated to £120,000 in the event of having to call upon the Financial Services Compensation Scheme (FSCS). The previous Internal Audit Report had recommended that as part of the routine review of Risk Management procedures the Council should examine the risks involved in holding sums with one bank. Since that time steps have been taken to open accounts with Unity Trust Bank to protect the Council's financial assets in accordance with the Council's Investment Strategy (see item 4.7 below)

Recommendation: The Council should continue to closely review the protection of its financial assets under the approved Investment Strategy by periodically (preferably twice a year) examining the risks involved in holding significant sums with one bank and to continue to look to the placing of funds within a range of accounts and investments to secure, as far as practicably, additional protection under the Financial Services Compensation Scheme (FSCS).

The RFO confirmed to the Internal Auditor that this work is in hand and once further assessments had been undertaken on the providers in terms of security and liquidity, the Policy and Resources Committee would be asked to consider the most appropriate institutions in which to invest, as necessary.

2. Governance, Standing Orders, Financial Regulations and other Regulatory matters (examination of Standing Orders, Financial Regulations, Code of Conduct, Formal Policies and Procedures, Tenders where relevant. Acting within the legal framework, including Data Protection legislation).

2.1 The Annual Parish Council meeting took place on 7 May 2025. The first item of business was the Election of a Chair, as required by the Local Government Act 1972.

2.2 The Council considered and approved the revised Terms of Reference for Committees and confirmed appointments to Committees, outside bodies and parish appointed positions at the meeting on 7 May 2025.

2.3 In accordance with s151 of the Local Government Act 1972, on 7 May 2025 the Council formally confirmed the appointment of the Clerk as the Council's Responsible Financial Officer (RFO) as part of her contract of employment.

2.4 At the meeting on 3 December 2025 the Council considered a Paper put forward by the Clerk/RFO and resolved to:

- a) Split the role of Clerk and Responsible Financial Officer into two roles.
- b) Go out to recruitment for a Proper Officer/Clerk.
- c) Delegate to the Chair to review and agree amendments to the current Clerk/RFOs contract.
- d) Delegate to the Policy and Resources Committee all matters relating to the recruitment process for the role of Clerk (excluding appointment).

The Council has since appointed a new Proper Officer/Clerk with a starting date of 5 May 2026.

2.5 The meeting on 7 May 2025 also gave approval to the list of payments which arise on a regular basis as the result of a continuing contract, statutory duty or obligation and regular maintenance contracts for the year 2025/26.

2.6 The Council has agreed the powers specifically delegated to the Clerk/RFO under the Scheme of Delegation in place. The Council receive reports of items actioned under delegated powers at each meeting of the Council.

2.7 **Standing Orders** are in place and reflect the model standing orders and guidance issued by the National Association of Local Councils (NALC). At the meeting on 7 May 2025 the Council reviewed and adopted the latest version of Standing Orders.

2.8 Similarly, **Financial Regulations** are in place. At its meeting on 7 May 2025 the Council reviewed and adopted the model Regulations and guidance issued by NALC.

2.9 The Council works within the **Thurston Neighbourhood Development Plan** (NDP) which sets the planning and development vision for Thurston until 2036. Details of the NDP have been published on the Council's website.

2.10 The Council maintains a rolling 3-Year Business Plan which is currently under review by the Policy and Resources Committee in the light of the appointment of a new Proper Officer/Clerk. The updated Plan will aim to detail the Council's overall vision and objectives, strategic planning, key projects, communication and engagement, a listing of specific actions with measurable outcomes and areas of active involvement.

2.11 The General Power of Competence (GPoC) was adopted by the Council at the meeting on 17 May 2023, the Council having been eligible to exercise this as at least 2/3rds of the total number of councillors were elected at the ordinary election in May 2023 and because the Clerk holds the Certificate in Local Council Administration (CILCA). Having met the conditions, the Council noted that the Power remains in force until the next full election of the Council in May 2027.

2.12 The Council's **Minutes** are comprehensive and very well presented and provide clear evidence of the decisions taken by the Council in the year. Each page of the Minutes is consecutively numbered. The Council demonstrates good practice by promptly publishing a draft copy of Minutes and a final copy following approval by Councillors.

2.13 The Council is registered with the **Information Commissioner's Office** (ICO) as a Fee Payer/Data Controller for the provision of council services under Data Protection legislation (Registration ZA027284 refers, expiring 12 November 2026).

2.14 In response to the requirements of GDPR, the Council maintains appropriate Data Protection policies and procedures including a Data Protection Policy, the Document and Electronic Data Retention Policy, General Privacy Notice and Privacy Statement, an Information Security Incident Policy and a Subject Access Request Policy.

2.15 The Council has a Freedom of Information (Fol) Policy and a Freedom of Information Publication Scheme in place as part of the procedures to assist in the Council's compliance with Fol legislation.

2.16 The Council maintains a comprehensive range of **Policies, Procedures and Protocols** to assist efficient governance. Many policies and procedures were reviewed and approved by the Policy and Resources Committee on 18 February 2026. The full range of the documents maintained can be seen on the webpage as follows:

<https://thurstonparishcouncil.gov.uk/thurston-parish-council/policies-procedures-and-strategy/>

2.17 The Council continues to regularly receive reports from the Clerk/RFO regarding the amounts held under the Community Infrastructure Levy (CIL) Reserve and considers allocation against projects as identified in the Parish Infrastructure and Investment Plan (PIIP). The Council continues to review the projects identified to ensure that costings are realistic and of benefit to the community.

2.18 The Council has adopted the Model **Councillor Code of Conduct** 2020, as produced by the Local Government Association (LGA), for the purpose of discharging its duty to promote and maintain high standards of conduct within its area. A copy of the Code has been published on the Council's website.

2.19 A new **Assertion 10 in the Annual Governance Statement** (AGS) of the AGAR 2025/26 requires local councils to formally declare their compliance with digital and data governance standards. The SAPPP Practitioners' Guide provides the following instruction regarding Assertion 10 - Digital and Data Compliance, at item 1.47 et seq.:

'To warrant a positive response to this assertion, the authority needs to have taken the following actions:

- a) *Email management - Every authority must have a generic email account hosted on an authority owned domain, for example clerk@abcparishcouncil.gov.uk or clerk@abcparishcouncil.org.uk.*
- b) *All smaller authorities (excluding parish meetings) must meet legal requirements for all existing websites regardless of what domain is being used.*
- c) *All websites must meet the Web Content Accessibility Guidelines 2.2 AA and the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018 (where applicable).*
- d) *All websites must include published documentation as specified in the Freedom of Information Act 2000 and the Transparency code for smaller authorities (where applicable).*
- e) *All smaller authorities, including parish meetings, must follow both the General Data Protection Regulation (GDPR) 2016 and the Data Protection Act (DPA) 2018.*
- f) *All smaller authorities, including parish meetings, must process personal data with care and in line with the principles of data protection.*
- g) *The DPA 2018 supplements the GDPR and classifies an authority as both a Data Controller and a Data Processor.*
- h) *All smaller authorities (excluding parish meetings) must also have an IT policy. This explains how everyone - clerks, members and other staff - should conduct authority business in a secure and legal way when using IT equipment and software. This relates to the use of authority-owned and personal equipment.'*

2.20 At its meeting on 1 October 2025 the Council noted that a changeover for the domain name relating to the parish council website would take place on 3 October 2025 with the use of: <https://thurstonparishcouncil.gov.uk>. At the meeting on 3 December 2025 the Clerk/RFO confirmed that work on the website to ensure compliance with the Website Accessibility Regulations WCAG2.AA was ongoing alongside the revised Accessibility Statement.

2.21 In addition, the Clerk/RFO has confirmed and provided evidence to the Internal Auditor that the above requirements have been met and the Council is able to provide positive affirmation to Assertion 10 in the AGS. The Council has demonstrated proper governance of their digital presence, including using an authority-owned domain for emails and complying with the latest website accessibility standards as far as practicably possible:

3. Accounting Procedures and Proper Book-keeping (*examination of entries in the Cashbook, regular reconciliations, supporting vouchers, invoices and receipts and VAT accounting*).

3.1 The RBS Rialtas accounting system was used in the year to produce the Council's Financial Reports and Statements. The financial system is well referenced and overall provides a good audit trail to the supporting documentation. Income and Expenditure accounting has been used for the preparation of the 2025/26 End-of-Year accounts.

3.2 Payments made in 2025/26 were checked by the Councillor Internal Controller with supporting invoices/vouchers during the quarterly Councillor internal audits undertaken.

3.3 A sample of transactions, alongside their supporting invoices and vouchers, was examined by the Internal Auditor during this End of Year Audit and all was found to be in order.

3.4 Re-claims for VAT paid have been regularly submitted to HMRC. Amounts received in the year from HMRC were as follows:

a) Quarter 4 2024/25: £5,011.48 VAT paid in the period 1 January 2025 to 31 March 2025 was received at bank on 25 April 2025 and reported to Council on 7 May 2025.

b) Quarter 1 2025/26: £5,216.55 VAT paid in the period ending June 2025 was received at bank on 6 August 2025 and reported to Council on 3 September 2025.

c) Quarter 2 2025/26: £2,858.12 VAT paid in the period July 2025 to September 2025 was received at bank on 30 October 2025.

d) Quarter 3 2025/26: £10,026.61 VAT paid in the period October 2025 to December 2025 was received at bank on 19 January 2026.

e) The amount of £3,781.07 was reclaimed from HMRC on 1 April 2026 as the amount owed to the Council by HMRC for the period ending 31 March 2026 and is correctly included in the End of year Accounts as a Debtor to the Council.

3.5 The Council receives reports upon Community Infrastructure Levy (CIL) funds from the Clerk/RFO as a matter of routine. The CIL Annual Report for the year ended 31 March 2026 has been prepared by the Clerk/RFO. The Report shows £138,068.89 brought forward at the end of previous year (31 March 2025), CIL receipts of £691,330.40 and £77,028.17 spent in the year 2025/26. Accordingly, the balance of £752,371.12 is displayed as retained as at 31 March 2026. The CIL Annual Report has to be published on the Council's website and submitted to the District Council no later than 31 December 2026.

4. Bank Reconciliation (*Regularly completed and cash books reconcile with bank statements*).

4.1 The bank accounts were regularly reconciled to the Accounts during the year. Bank account balances (with a Bank Reconciliation) are presented to the Council as at each meeting under the Financial Matters agenda item (the bank reconciliations and statement of accounts for June 2025 and July 2025 were both presented to the Council at its meeting on 6 August 2025).

4.2 The bank reconciliations are examined by a nominated Councillor Internal Controller, verified and formally signed off.

4.3 At the meeting on 3 September 2025 the Clerk/RFO presented a Banking Review to the Council in support of the approved Investment Policy; the Council approved the following:

- a) Retain the Redwood savings account and the Lloyds current and deposit accounts.
- b) Open a 95-day notice account or similar with Lloyds Bank with a minimum deposit of £85,000.
- c) Open a Unity Trust current account as a separate account for wage control (in accordance with Financial Regulation 9.6).
- d) Open a Unity Trust deposit account with a minimum deposit of £85,000.

4.4 At the meeting on 3 December 2025 the Council noted that the Clerk/RFO, in accordance with Financial Regulation 6.1, had opened a Current account and a Savings account with Unity Trust Bank. The former would be used to settle Council's liabilities in relation to staff whilst the latter would be used to hold surplus funds.

4.5 As at 31 March 2026 the following bank accounts were held:

	£
Lloyds Current Account:	116,370.91
Lloyds Business Account:	384,457.29
Lloyds Fixed Term Deposit:	85,000.00
Redwood 95 Day Savings:	118,568.65
Unity Current Account:	40,721.05
Unity Savings Account:	<u>80,602.44</u>
	<u>825,720.34</u>

The Bank Statements as at 31 March 2026 reconciled with the End-of-Year Accounts.

4.6 As a designated 'smaller local council' Thurston Parish Council can benefit from the provisions of the Financial Services Compensation Scheme (FSCS) which provides that up to £120,000 will be automatically compensated per bank and building society. The Council's investment strategy provides that:

'Ideally, the combined total of current account balances should not exceed £120,000

per UK-authorized firm, the maximum currently covered by the Financial Services Compensation Scheme (FSCS) at any one time. Any funds above the maximum covered by the FSCS will be placed with other UK banks or building societies.'

4.7 The Council held some £585,000 with Lloyds Bank at the year-end 31 March 2026, prior to the receipt of half of the 2026/27 Precept in April 2026 (£115,232). The Council is aware that it would only be compensated to £120,000 in the event of having to call upon the FSCS. The previous Internal Audit Report had recommended that as part of the routine review of Risk Management procedures the Council should examine the risks involved in holding sums with one bank. Since that time steps were taken to open accounts with Unity Trust Bank to protect the Council's financial assets in accordance with Council's Investment Strategy.

Recommendation: The Council should continue to closely review the protection of its financial assets under the approved Investment Strategy by periodically (preferably twice a year) examining the risks involved in holding significant sums with one bank and to continue to look to the placing of funds within a range of accounts and investments to secure, as far as practicably, additional protection under the Financial Services Compensation Scheme (FSCS).

5. Year End procedures (Regarding accounting procedures used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate).

5.1 The End-of-Year accounts are prepared on an Income and Expenditure basis and were in very good order. The Accounts and supporting documentation were extremely well presented for the Internal Audit review. Sample audit trails were undertaken and were also found to be in good order.

5.2 The Income and Expenditure Account and Balance Sheet were examined in detail and discussed with the Clerk/RFO. Key supporting entries in the Balance Sheet as at 31 March 2026 included the following:

- a) The Listed Debtors included in the Accounts at the year-end consist of those relating to the New Green Community Trust relating to Commercial Refuse Costs (£203.27) which remain outstanding at the date of this Audit Report. The amount of £3,781.07 VAT available for re-claim from HMRC as at 31 March 2026 was also correctly included.
- b) Prepayments totalled £2,714.08 and included insurance payments and CCTV and telephone/internet costs.
- c) The Listed Creditors in the Balance Sheet totalled £4,750.54 and included (inter alia) the invoices received from Ants Construction (£1,700), R Leggett (£1,175.60 for Neighbourhood Plan costs) and AWFM Ltd (£1,254.70).
- d) Receipts in Advance of £3,087 referred to the amounts received relating to Newsletter advertisements.

5.3 The Clerk/RFO has constructed a reconciliation between Box 7 of the AGAR (Balances Carried Forward) with Box 8 (Total Cash and Short-term Investments) for presentation to the External Auditor.

5.4 The Clerk/RFO has also prepared a Statement of Analysis of Variances (explaining significant differences in income and expenditure between the years 2024/25 and 2025/26). The Statement will be presented to the External Auditors in support of Section 2 (the Accounting Statements) in the 2025/26 AGAR and will be published on the Council's website.

6. Budgetary controls (*Verification of the budgetary process with reference to Council Minutes and supporting documents*).

Precept 2025/26: £201,497 (Full Council/Committee Meeting on 22 January 2025).

Precept 2026/27: £230,465. (Full Council meeting on 14 January 2026).

6.1 Following a review of the 2025/26 Budget by the Policy and Resources Committee and recommendations put forward, the Council considered a Draft Budget for 2025/26 at its meeting on 4 December 2024 and reviewed and finalised the Budget for that year at its meeting on 8 January 2025, when the Council resolved to approve the revenue budget of £247,372 but to defer a decision on the Precept to be set until the confirmed tax base had been issued on 9 January 2025. The Clerk was to add this item for approval to the Committee's Meeting agenda for 22 January 2025.

6.2 At the Full Council/Committee's Meeting on 22 January 2025, following confirmation that there had been no change to the indicative tax base issued in November 2024, it was resolved that the parish council would levy a precept of £201,497 which would give Thurston a Council Tax Band D amount of £108.26 which was an increase of 7.85% or £7.89 over that set for 2024/25. At its meeting on 5 February 2025 the Council noted confirmation of receipt of the Precept Form as served on the Charging Authority in January 2025 requesting a precept for 2025/26 of £201,497.

6.3 At the meeting on 3 December 2025, the Council received the 1st Draft of the Budgetary Papers for 2026/27 as reviewed by the Policy and Resources Committee. At its meeting on 14 January 2026 the Council agreed that the Budget for 2026/27 would be in the sum of £305.580 and that a Precept should be set at £230,465.

6.4 The Council prepared detailed estimates of the annual budget and of receipts and payments for both 2025/26 and 2026/27.

6.5 The Clerk/RFO ensures the Council is aware of its responsibilities and commitments and the need for forward planning and adequate reserves.

6.6 The Council demonstrates good financial practice by regularly considering a comparative statement – the Budget to Actual Statement – for budgetary control purposes. Variances in the actual versus expenditure are noted and explanations provided for the variances in expenditure to actual and income to actual. The Budget

to Actual monitoring report for the 1st Quarter (updated to 31 July 2025) was presented to the Council on 6 August 2025.

6.7 Similarly, at its meeting on 5 November 2025 the Council received the budget to actual statements for the quarter ending 30 September 2025. The Council received explanations for any variances over cost codes and a breakdown of reserves held. Up to date Bank Reconciliations were similarly presented to Council for approval.

6.8 The Council complies with the Practitioners' Guide (March 2025 – to be applied to the Annual Governance and Accountability Returns covering the period 1 April 2025 to 31 March 2026) which require all authorities to have regard to the need to put in place a General Reserve Policy and have reviewed the level and purpose of all Earmarked Reserves. Whilst authorities should have sufficient Reserves (General and Earmarked) to finance both its day-to-day operations and future plans, Proper Practices require that, given that funds are generated from taxation/public levies, such reserves are not excessive.

6.9 A **Reserves Policy** is in place and a copy has been published on the Council's website. The Policy does not attempt to prescribe a blanket level but notes that current guidance states that the level of Reserves should be maintained between 3-12 months of budgeted expenditure. The Policy provides that a minimum balance sufficient to pay three months' worth of contractual obligations to staff and contractors has to be maintained in General Reserves at all times. A copy of the Policy has been published on the Council's website.

6.10 The Council also has an **Investment Policy** in place having been adopted by the Council at its meeting on 3 September 2025 and a copy has been published on the Council's website.

6.11 Overall Reserves available to the Council at the year-end 31 March 2026 totalled £824,581 within which a General Reserve Contingency of £53,823 was held representing 23% or 2.8 months of the 2026/27 Precept.

7. Income Controls (regarding sums received from Precept, Grants, Loans and other income including credit control mechanisms).

7.1 Receipts are reported routinely to the Council at each meeting under the standing agenda item of Financial Matters. Details of the receipts are listed in the Minutes as an Appendix and published as part of the financial control framework.

7.2 Income controls were examined on a test-check basis. Income received and recorded in the Cashbook was cross referenced on a sample basis with the bank statements and found to be in order.

8. Petty Cash and Debit/Credit Cards (Associated books and established system in place).

8.1 No Petty Cash is held; an expenses system is in place.

8.2 A Lloyds Bank Business Credit Card is being used by the Clerk/RFO and transactions are routinely examined by the Councillor Internal Controller as part of the routine examination of internal controls. In accordance with FR 7.9, on 7 May 2025 the Council confirmed its acceptance for the use of Credit Card or Direct Debit for the settlement of its invoices/requests for payment provided that such payments are reported to Council as having been made. The Council resolved that the policy statement was acceptable practice,

8.3 At the meeting on 3 September 2025 the Council approved the use of a Lloyds Business Debit Card to enable cash to be deposited at the post office and minor purchases to be made. In accordance with the Council's Financial Regulations, the debit card is specifically restricted to the Clerk/RFO and also be restricted to a single transaction maximum value of £500 unless authorised by Council in writing before any order is placed.

8.4 On 3 December 2025 the Council was advised that the debit card had been used in a fraudulent manner and a sum of £5 had been lodged against the council's account. The Clerk/RFO had alerted the bank, and the sum had been reimbursed with a block placed on the card. There were no further transactions associated with the card and the card had been replaced by the bank with the original being destroyed by the Clerk/RFO under instruction from Lloyds Bank.

9. Payroll Controls (*PAYE and NIC in place; compliant with HMRC procedures; records relating to contracts of employment*).

9.1 PAYE is operated in accordance with HMRC regulations. Regular payments have been made to HMRC and detailed pay slips are produced for the Council employees. The HMRC End of Year Certificates P60 for staff were presented to the Internal Auditor.

9.2 At its meeting on 7 May 2025 the Council considered staffing matters in relation to performance review and remuneration and resolved to approve the recommendations contained within the confidential report as submitted by the Clerk/RFO.

9.3 At its meeting on 6 August 2025 the Council noted that the local government NJC pay award had been agreed nationally with effect from 1 April 2025 and retrospectively approved the implementation of the pay agreement for 2025 for all staff members.

9.4 The Council also resolved on 6 August 2025 to approve the increase of 2 incremental points to the Clerk/RFO's salary and 1 incremental point to the Deputy Clerk's salary.

9.5 The Internal Auditor examined a sample of salary payments and confirmed that as at 31 March 2026 the Clerk/RFO was paid at SCP 43 (pro rata) at 25 working hours per week with extra hours required by the Council payable at the same Scale Point. Similarly, the Deputy Clerk was paid at SCP 31 (pro rata) for the contracted 25 hours per week with extra hours required by the Council payable at the same Scale

Point. As at 31 March 2026 the Village Ranger is employed at 10 hours per week at SCP9.

9.6 The Clerk/RFO and the Deputy Clerk are enrolled into the Local Government Pension Scheme administered by Suffolk County Council.

9.7 At its meeting on 5 March 2025 the Council noted that the Clerk/RFO had submitted the **Council's re-declaration to The Pensions Regulator** confirming that the Council, as an employer, has complied with its legal duties for re-enrolment. (The re-declaration of compliance confirms to the Pensions Regulator that the Council complies with its duties as an employer and has to be completed every three years).

10. Assets Controls (*Inspection of asset register and checks on existence of assets; recording of fixed asset valuations; cross checking on insurance cover*).

10.1 An Asset Register is in place and was reviewed and agreed by the Council at the meeting held on 7 May 2025 at the time of the consideration of the AGAR 2024/25. The Register is a live document and can be updated as and when assets or land is acquired or disposed of.

10.2 The Internal Auditor examined the Register which contained details of all Assets and Responsibilities held by the Council for the year ending 31 March 2026. The Register is due to be considered for approval and adoption by the Council at the meeting on 6 May 2026. The Register is included in the Quarterly Reviews undertaken by the Councillor Internal Controller.

10.3 The Register displays a total value of £429,605 as at 31 March 2026 (compared to the value of £422,083 at the end of the previous year, 31 March 2025). The RFO has itemised the assets acquired in the year and the disposals to confirm the net increase at the end of the year 2025/26.

10.4 The Register complies with the current requirements which provide that each asset should be recorded on a consistent basis, year-on-year. Values are recorded at original purchase cost (where known) and a nominal value for community assets.

10.5 Box 9 of Section 2 of the Annual Return correctly records the value of assets as at 31 March 2026.

11. Internal Control and the Management of Risk (*Review by Council of the effectiveness of internal controls, including risk assessment, and Minuted accordingly*).

11.1 At its meeting on 18 February 2026 the Policy and Resources Committee reviewed the Council's Financial Risk Assessment 2025/26 and agreed that the document was a true reflection of the financial risks facing the council and the manner in which they would be mitigated (Minute 5 refers).

11.2 The Committee also reviewed the Council's Risk Management Strategy for 2025/26 and agreed that overall it provided an accurate assessment of the management of risks and the efficiency of Internal Audit.

11.3 The Committee reviewed the effectiveness of its internal control arrangements on 18 February 2026 and agreed the Internal Control Policy 2024/25.

11.4 At its meeting on 4 March 2026 the Full Council noted and agreed the year-end pre-audit Internal Control and Risk Management procedures carried out by the Policy and Resources Committee at its meeting on 18 February 2025 under delegated powers. All actions completed at the meetings had been clearly Minuted.

11.5 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require a review by the Full Council at least once a year of the effectiveness of the Council's system of internal control, including the arrangements for the management of risk, with the review suitably Minuted.

11.6 The Council demonstrates good financial practice by considering a Quarterly Internal Control Report, prepared by a designated Councillor Internal Controller and reported to Full Council in order to regularly confirm that internal controls are effective and to consider any points arising. At its meeting on 4 June 2025 the Council received the Internal Control Review Report from Councillor Rainbow for the First Quarter of 2025/26. A further report from the designated Councillor Internal Controller (Councillor Balaam) upon the Second Quarter internal control review was received by the Council on 1 October 2025.

11.7 The review of the system of Internal Controls for Quarter 3 was undertaken by Councillor West and reported to Council on 4 February 2026, Councillor West reported that the review was positive and that there were no matters to be brought to the Council's attention for further consideration. The review was comprehensive and listed detailed Control Tests with an assessment of each element including reference to the AGAR Audit Objectives.

11.8 Insurance was in place for the year of account. At its meeting on 3 September 2025 the Council received a report from the Clerk/RFO regarding the insurance renewal and approved the insurance premium of £2,225.18 to Zurich Municipal Insurance. The cover is for the period 1 October 2025 to 30 September 2026. Public Liability cover stands at £12m and Employer's Liability insurance cover is £10m.

11.9 The Fidelity Guarantee (Councillor/Employee dishonesty) cover stands at £1,000,000. The current recommended guidelines provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants and the RFO is continuing to monitor the developing financial situation with the insurers to ensure that appropriate fidelity cover is in place.

11.10 The Council has a Business Continuity Plan in place. The Plan was reviewed and agreed by the Policy and Resources Committee 26 November 2025 when Councillors agreed that the Plan was comprehensive and covered, within reason, measures to effect a quick return to "business as usual" following an emergency.

11.11 An important area of risk management within local councils concerns the adequate maintenance of play equipment. In this respect the RFO confirmed that the Council instructed Kompan to undertake Quarterly operational inspections for its play equipment in 2025/26. In addition, the Mid Suffolk District Council undertakes an Annual RoSPA standard Play Inspection. The Annual RoSPA Inspection Reports are examined by the Open Space and Leisure Committee. In addition, weekly visual inspections are being undertaken by the Village Ranger.

12. Policies and Procedures in place

12.1 The Council and the Policy and Resources Committee continued to undertake regular reviews of its Policies, Procedures and Protocols during 2025/26.

12.2 The Council has a wide range of formal policies and procedures in place, in addition to those in compliance with the GDPR and FOI, to assist good governance and management, including the Accident Policy and Procedures, Allotment Policy, Biodiversity Policy, Climate Awareness and Environmental Policy, CIL Grant Awarding Policy, CCTV Policy, Communication Policy, Complaints Policy Procedure, Co-Option of Councillors Policy, Correspondence and Implementation Policy, Dispensation Policy, Equality and Diversity Policy, Fixed Asset Policy, Health and Safety Policy, Investment Policy, Dispensation Policy, Training and Development Policy, Lone Worker Policy, Travel and Expenses Policy, Protection of Children and Vulnerable Persons Policy, Volunteer Policy, Internet Banking Policy, Investment Policy, Media Policy, Playground Risk Management Policy, Reserves Policy and Use of Photographs Policy.

12.3 A wide range of policies are in place for Members of Staff including Anti-Harassment and Bullying Policy, Anti-Bribery and Corruption Policy, Disciplinary Procedure and Disciplinary Rules, Emergency/Dependent's Leave Policy, Equal Opportunities Policy, Flexible Working Policy. General and Sexual Harassment Policy, Grievance Policy, Sickness and Absence Policy, Whistleblowing Policy, Staff Appraisal Policy, IT and Electronic Communication Policy, Holiday Policy and Staff Use of Social Media Policy.

12.4 The Policies and Procedures are available for public inspection on the Council's webpage: <https://thurstonparishcouncil.uk/parish-council/policies-procedures-and-strategy/>

These are held alongside information relating to the Business Plan, Engagement Strategy, GDPR, Freedom of Information and Openness of Local Government Bodies Regulations 2014.

13. Responsibilities as a Trustee (Regarding the Council's role and responsibilities under the Charity Acts; submission of returns to Charity Commission).

13.1 The Council is a sole trustee of the Thurston Recreation Ground Trust Charity (Charity No: 304946). The Recreation Ground Charity Management Committee Facilities Committee holds Delegated Powers from the Council in the operation of the

Recreation Ground Charity, which covers the recreation ground, car park and sports pavilion on Church Road. The Terms of Reference were approved at the meeting on 7 May 2025 and states that the Committee comprises a minimum of seven Members of the Parish Council with a chair for the Committee who will be elected annually at the annual meeting of the Recreation Ground Trust Charity; the Chair of the Parish Council, under charity law, is also the Chair of the Trust.

13.2 The responsibilities of the Committee with regards to the Recreation Ground, Church Road, are:

- a) To keep under review the provision of the sports and recreational facilities for the residents of Thurston at the Recreation Ground on Church Road.
- b) To oversee the upkeep, maintenance and improvement of the above area, including ownership/responsibility signs and sports pavilion.
- c) To provide written recommendations to the parish council as Sole Trustee on all matters affecting the maintenance of the area, including 3rd party assets located on the recreation ground.
- d) To ensure monthly inspection sheets are completed and submitted to the Deputy Clerk for the area, highlighting remedial action required.
- e) To review and set the level of the annual fees for use of the sports pavilion on the Recreation Field on Church Road.
- f) To prepare and monitor the budget to be set for the forthcoming year (as approved by the Recreation Ground Trust).
- g) To maintain and administer separate accounts for the Thurston Recreation Ground Charity No. 304946 for the Pavilion on Church Road.
- h) To manage use of the recreation ground on Church Road which shall include the granting of licences for regular use.
- i) To prepare an annual report to summarise the work undertaken in the exercising of its delegated powers for consideration by the Parish Council as Sole Trustee to the Recreation Ground Trust.

13.3 During the year 2025/26 the Clerk/RFO provided appropriate reports to both the Committee and Full Council on Recreation Ground matters. A schedule of the accounts is presented for the Committee's consideration, including details of income received, accounts paid and accounts awaiting payment. The Council receives the Minutes of the meetings for the Recreation Ground Trust Management Committee.

13.4 The Council receives and approves the Annual Accounts for the Recreation Ground Charity (304946). A copy of the Accounts is published on the Council's website.

13.5 The Charity Commission's Register of Charities confirms that the annual update for 31 March 2025 was received by the Commission on 22 October 2025 and that the Charity's reporting requirements are currently up to date.

**14. Internal Financial Controls, Payments Controls and Audit Procedures
(Confirmation that the Council has satisfactory internal financial controls in place for making payments with adequate documentation to support/evidence payments made. Any previous audit recommendations implemented).**

14.1 The Council has satisfactory internal financial controls in place. The Clerk/RFO provides comprehensive financial reports to Council meetings and Councillors are provided with information to enable them to make informed decisions.

14.2 On 7 May 2025, in accordance with FR 7.10, the Council reconfirmed its acceptance for the continued use of BACS for the settlement of its invoices/requests for payment, provided that such payments are authorised by two bank signatories, and the evidence of such authorisation is retained, and any payments are reported to Council as having been made.

14.3 The Council has an Internet Banking Policy in place which provides that:

- 1. All orders for payment will be verified for accuracy by the Parish Clerk and included on the payment schedule.*
- 2. The schedule of all payments shall be prepared by the Parish Clerk and presented to each meeting of the Council together with any supporting invoices or other documentation for approval. The approved schedule will be signed by the RFO and Chair of the meeting.*
- 3. The RFO will initiate payment.*
- 4. Two of the five authorised Councillors will confirm the payments online (from the list of authorised Councillors held by Lloyds Bank and Unity Trust Bank). Councillors are expected to authorise payment requests within two days of the payment being initiated by the RFO.*
- 5. Where a councillor is to be reimbursed for expenditure, they should not be an authoriser.*

14.4 The Clerk/RFO confirmed to the Internal Auditor the procedure and controls currently in place for the making of on-line payments were in accordance with the Council's approved Policy. At each meeting the Council receives and authorises a list of payments made since the last meeting and a list of any additional payments due to be made.

14.5 A sample of online payments was examined and were found to be in order and compliant with the Council's Internet Banking Policy.

14.6 Receipts and payments are listed in the Council's Minutes as an appendix and published as part of the overall financial control framework.

14.7 Quarterly lists of items of Expenditure over £500 are published on the Council's website in compliance with the Local Government Transparency Code 2015 and can be accessed via the webpage:

<https://thurstonparishcouncil.gov.uk/thurston-parish-council/finances-inc-financial-transparency/financial-transparency-under-the-local-government-transparency-code/details-of-expenditure-exceeding-500/>

14.8 The Internal Audit report for the previous year (2024/25) was received and accepted by the Council at its meeting on 1 May 2024. The Report had recommended that the Council should consider protecting its financial assets and comply with the approved Investment Strategy by examining the risks involved in holding sums with one bank and look to the placing of funds within a range of accounts to secure maximum protection under the FSCS.

14.9 At its meeting on 18 February 2026 the Policy and Resources Committee, under delegated powers, reviewed the effectiveness of the internal audit carried out for the previous year and found that the proposed works to be carried out for the year 2025/26 were comprehensive, adequate and appropriate. It was confirmed that the scope of the review covered independence, competence, relationships and audit planning. The meeting resolved that it had carried out a review of the effectiveness of the council's overall internal audit arrangements in regard to personal independence, financial independence and professional independence and confirmed the adequacy and effectiveness of its system of internal control.

14.10 At its meeting on 4 March 2026 the Council confirmed the appointment of the Internal Auditor for year 2025/26 following the recommendation received from the Policy and Resources Committee in the light of a review by the Committee of the Terms of Reference and Audit Plan supplied.

15. External Audit (*Recommendations put forward/comments made following the annual review*).

15.1 The External Auditors' Report and Certificate for the year 2024/25 was dated 3 August 2025 and raised no issues of concern.

15.2 The External Auditors' Report and Certificate was received and noted by the Council at its meeting on 6 August 2025. The Council noted that the official process had been complied with and that in accordance with the Accounts and Audit Regulations 2015 the Clerk had advertised the conclusion of the audit on the Council's website and noticeboards.

16. Publication Requirements.

16.1 Under the Accounts and Audit Regulations 2015 authorities must publish each year the following information on a publicly accessible website (by 1 July):

Notice of the period for the exercise of Public Rights
AGAR - Sections 1 and 2.

16.2 At its meeting on 2 April 2025 the Council noted that the dates for Exercise of Public Rights had been set as commencing on 3 June until 14 July 2025.

The Internal Auditor was able to confirm that the documents relating to the year 2024/25 were readily accessible on the Council's webpages:

<https://thurstonparishcouncil.gov.uk/thurston-parish-council/finances-inc-financial-transparency/2024-2025/>

<https://thurstonparishcouncil.gov.uk/assets/Parish-Council/Finance/2024-25/Thurston-Making-provision-for-the-exercise-of-public-rights-2024-25.pdf>

16.3 Following the completion of the External Audit:

Notice of Conclusion of Audit

AGAR - Section 3

AGAR - Sections 1 and 2 (including any amendments as a result of the Limited Assurance Review).

16.4 The Internal Auditor was able to confirm that the documents relating to the year 2024/25 were readily accessible on the Council's webpage:

<https://thurstonparishcouncil.gov.uk/thurston-parish-council/finances-inc-financial-transparency/2024-2025/>

16.5 The Council is meeting the publication requirements of the Local Government Transparency Code 2015, which provides that larger parish/town councils which have gross annual income or expenditure (whichever is the higher) exceeding £200,000 must publish details of each individual item of expenditure that exceeds £500. Details are published under the webpage:

<https://thurstonparishcouncil.gov.uk/thurston-parish-council/finances-inc-financial-transparency/financial-transparency-under-the-local-government-transparency-code/details-of-expenditure-exceeding-500/>

17. Additional Comments.

17.1 I would like to record my appreciation to the Clerk/RFO for her assistance during the course of the audit work. I would particularly like to commend the Clerk/RFO for the excellent presentation of the Council's documents for the audit.

Trevor Brown

Trevor Brown

Chartered Institute of Finance and Accountancy

Internal Auditor

30 April 2026