Internal Control Policy

Thurston Parish Council

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Next Review: Policy & Resources Committee November 2027
Date: 11 November 2026
Author: Responsible Financial Officer (RFO)

This document is subject to revision and is maintained electronically.

1. SCOPE OF RESPONSIBILITY

Thurston Parish Council (the Council) is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of the Council's functions, and which includes arrangements for the effective management of risk. In accordance with the Local Government Act 1972 s151, the Council has appointed the Clerk as the Responsible Financial Officer (RFO) who administers the council's financial affairs in accordance with all Acts, Regulations and proper practices.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

Internal control is designed to reduce financial risk to the Council; the system of internal control is designed to ensure that the Council's activities are carried out properly and as intended. Internal controls are set up by the Clerk / RFO but it also falls to Council Members to ensure that they have a degree of control and understanding of those controls. Controls will include the checking of routine financial procedures; the examination of financial comparisons; the recording of assets and liabilities; the identification of risk and to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. PERSONNEL INVOLVED WITH THE INTERNAL CONTROL ENVIRONMENT

3.1 The Council

- The Council has appointed a Chair who is responsible for the smooth running of meetings and for ensuring that all Council decisions are lawfully taken.
- Chairs of Committees exercise similar responsibilities under delegated authority within their terms of reference.
- The Chair of each meeting (of both Council and Committees) signs each page of the minutes.
- Decisions made are within the Standing Orders and Financial Regulations laid down and approved by the Council. These are kept regularly under review.
- The Council reviews its obligations and objectives and approves budgets for the following year at its December and January meetings.
- The January meeting of the Council approves the level of precept for the following financial year.
- The Council receives and considers regular financial statements at its monthly meetings.
- Payments are made in accordance with Standing Orders and Financial Regulations.
- The appointment of authorised signatories is kept under review.
- Council has a default position whereby all payments made are via internet banking or, where appropriate, debit and credit card.
- Two Councillors (from the currently authorised signatories) are required to sign into the Council's bank to authorise the release of all payments having satisfied themselves that the payments to be made are in accordance with the files shared with them for payment.
- All such payments will be made in accordance with Council's adopted Financial Regulations and adopted Internal Banking Policy.
- Internal control issues are reviewed regularly by the Internal Controller (quarterly) and reported to full Council (quarterly).

- All Council policies are reviewed annually for accuracy in relation to the policy areas they reflect, changes in legislation and current best practice.
- The Council has an up-to-date Risk Register which is reviewed on a quarterly basis of the RFO and Internal Controller and the Policy and Resources Committee on an annual basis or as and when any new activity or risk is undertaken or identified.

3.2 Clerk and Proper Officer to the Council

The Clerk to the Council is the Proper Officer and employee of the Council and as such is under a statutory duty to carry out all the functions of a local authority's Proper Officer, and in particular to serve or issue all the notices required by law of the Proper Officer of the Council.

The Clerk is responsible for ensuring that the lawful instructions of the Council in connection with its functions as a Local Authority are carried out. The Clerk is expected to advise the Council on, and assist in the formation of, overall policies to be followed in respect of the Authority's activities.

The Clerk is responsible for producing all the information required for making effective decisions and for implementing all decisions of the Council.

The Clerk is the responsible officer in respect of the Health and Safety at Work etc. Act 1974, in regard to his/her own safety, the safety of other employees and that of members of the public, customers or other persons visiting any of the Council's premises.

The duties of the Clerk are laid down in a Job Description which was reviewed and adopted in May 2026.

Being new in post, the Clerk, having obtained the Introduction to Local Council Administration during their probation period, is now working towards obtaining the Certificate in Local Council Administration within the next eighteen (18) months. The Clerk will also be working to ensure that they obtain twelve (12)continuous professional points for each relevant year

3.3 Responsible Financial Officer (RFO)

The Council has appointed a RFO who is responsible for managing the Council's finances. The RFO is responsible for the day-to-day compliance with legislation and the administration of policies for the management of risks.

The RFO ensures that the Council's procedures, control systems and financial policies are maintained.

The RFO also exercises responsibility for the Council's banking arrangements in conjunction with the Policy & Resources Committee. The duties of the RFO are laid down in a Job Description which was reviewed and adopted in May 2026.

The RFO manages the timetable for the audit programme, Council approval of the annual return, and the compliance with the electors' rights.

The RFO submits all the requested information to the External Auditor by the agreed date and arranges for the required publication of notices, accounts and returns.

The RFO has authority to initiate payments on the Council's bank accounts for authorisation by two authorised bank signatories. This arrangement is controlled by Financial Regulation 6.

The Council has a Credit Card with Lloyds Bank which is restricted to use by the RFO for use in single transactions with a maximum limit of £1,000. The use of this card is controlled by Financial Regulation 8.
The Council has a Debit Card with Lloyds Bank which, in accordance with the councils' financial regulations, is specifically restricted to the RFO and restricted to a single transaction maximum value of £500 unless authorised by council in writing before any order is placed. The use of this card is controlled by Financial Regulation 8.

3.4 Deputy Clerk

The Council has appointed a Deputy Clerk who acts in support of the Clerk and has a deputising role for the functions associated with the Clerk.

The postholder has responsibility for the administration relating to the responsibilities of the Emergency Planning Committee and functions relation to the council owned, leased or maintained public open spaces and the Thurston Recreation Ground Charity Trust.

The duties of the Deputy Clerk are laid down in a Job Description which was issued in August 2023.

The Deputy Clerk will be working to ensure that they obtain twelve (12) continuous professional points for each relevant year.

3.5 Internal Auditor

The Council has appointed an Independent Internal Auditor (the IA) who will report to the Council on the adequacy of the Council's:

- Records, procedures and systems
- Book-keeping and bank reconciliations
- Financial regulations and standing Orders
- Budgetary controls
- Asset management
- Payment controls
- Risk management
- Statutory / regulatory compliance
- Regular reviews of the effectiveness of internal control

The effectiveness of the internal audit is reviewed annually, and the Council reviews the appointment of the IA. The IA, who is competent and independent, will carry out the work required in accordance with the Governance and Accountability Guide for Local Councils and additionally will be advised of any additional work required by the Council.

The scope of the work of the IA is reviewed annually and the review and the appointment is minuted.

The IA will inspect the accounts at the year-end (prior to completion of the Annual Governance and Accountability Return (AGAR) - Sections 1 and 2) and will complete the Annual Internal Audit Report of the AGAR.

The IA will write a separate report to the Council (a copy of which is provided to all members) detailing any findings they might have. The report of the IA is considered as an agenda item at the next available meeting.

Recommendations from the report will be recorded in the minutes and the Policy and Resources Committee will produce an Audit Plan to manage any identified weaknesses or recommendations identified for improvement.

3.6 External Audit

Given the level of income and expenditure, Council is subject to a Limited Assurance Review by an External Auditor as appointed by The Smaller Authorities' Audit Appointments Ltd which is a section led company appointed by the Department of Communities and Local Government, as the specified person to procure and appoint external auditors to smaller authorities.

They perform the functions set out in relevant legislation and have been re-awarded the ongoing audit contract for the five-year period commencing 1 April 2022.

The Council's External Auditors submit an External Auditor's Report (Certificate), which forms Section 2 of the AGAR, which is presented to full Council.

Under the limited assurance regime, the external auditors undertake a limited range of specified procedures to give a report that provides limited, rather than reasonable, assurance about the Council's accounting statements.

4. REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control. The review is informed by the work and any issues identified by:

- Full Council – identification of new activities
- Policy and Resources Committee – identification of new activities or risks
- Clerk who has responsibility for the statutory and regulatory compliance of the Council
- RFO who has responsibility for the development and maintenance of the internal control environment and managing risks
- IA, who reviews the Council's system of internal control and who makes a written report to the Council
- The Council's External Auditors, who make the final check using the AGAR, a form completed and signed by the RFO, the Clerk, the Chair and the IA. The External Auditor issues an annual audit certificate and identifies any actions taken need to be taken into account by the Council arising from Audit Report.

5. SIGNIFICANT INTERNAL CONTROL ISSUES

No internal control issues were identified during the financial year ending 31 March 2026. The internal audit carried out in April 2026 concluded that:
"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.

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.

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.

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".

There was one formal recommendation being put forward arising from the review as follows:

"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)".

Action undertaking arising from the recommendation made:

Council has sought to address this matter by placing funds in a range of banks to protect the Council's financial assets in accordance with Council's Investment Strategy.

Council currently operates accounts with Lloyds Bank, Redwood Bank and Unity Trust Bank.

Council is also in the process of opening accounts with further unlinked banking institutions as well as looking to deposit sums of money with the CCLA Public Sector Deposit Fund.

The Council will continue to hold current year operating funds in a low-risk product. The Lloyds Bank Treasury account, which holds the majority of council's funds, has been selected as being a low risk, high liquidity option.

6. EXTERNAL AUDIT OPINION

There were no matters raised on the Annual Return for the financial year to 31 March 2026 which have given cause for concern.

This was noted and accepted by the Parish Council at its meeting of 2 September 2026.

7. BUSINESS PLANNING AS AN AID TO INTERNAL CONTROL

Council has a strategic 3-year Business Plan for the period 2025 to 2028 with measurable objectives which aims to improve decision-making by focusing on what it intends to do over the next few years and how it intends to do it.

The Business Plan will align with and drive the direction of all internal strategies and resources, through both the budget setting process, and via key strategic policies taking the adopted Thurston Neighbourhood Plan, currently being reviewed, into account alongside the updated Parish Infrastructure and Investment Plan.

Decision-making will become more consistent and more in line with core strategies, which in turn will improve both management of risk and more effective use of resources. This is particularly important in the context of the Council's need to account within the terms of the statutory framework for its use of monies received under the Community Infrastructure Levy (CIL).

The Business Plan affords a mechanism to ensure that spending decisions on parish infrastructure to support growth are made in the most robust and transparent way.

The Business Plan will continue to be reviewed during 2026 – 2027 into 2027 -2028 to reflect decisions in terms of both capital investments to support growth, the adopted Neighbourhood Development Plan and as a direct response to CIL Income received to offset the impact of extensive growth in Thurston.

8. DATA PROTECTION COMPLIANCE

The Council has fully complied with the Data Protection legislation which came into force in the United Kingdom on 25 May 2018 and keeps its compliance under regular review.

The UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018 set out the information you should supply and when individuals should be informed.

The Parish Council has procedures in place to review the information it supplies about the processing of personal data and ensures that it is:

- concise, transparent, intelligible and easily accessible;
- written in clear and plain language, and
- free of charge

Risks and all policies associated with Data Protection are reviewed by the Policy and Resources Committee on an annual basis.