



Report to	Wem Town Council
Date of meeting	15 October 2026
Subject	Internal Audit Plan 2026/27
Report author	A Roberts (RFO)
Decisions required	Yes – see recommendations.

1. Executive Summary

The Council is required to maintain an adequate and effective system of internal audit. Internal Audit provides an independent review of the Council's financial and other internal controls. It is not a replacement for management checks or the Council's responsibility for effective control.

The proposed 2026/27 plan sets out:

- the purpose and independence of Internal Audit;
- the main areas that will be reviewed;
- the arrangements for appointing and working with the Internal Auditor;
- the annual review of the effectiveness of Internal Audit;
- the timetable for the Council's related governance and financial tasks.

The plan provides a clear framework while allowing additional work where a significant weakness or other issue is identified.

2. Recommendations

1. Approve the Internal Audit Plan for 2026/27.
2. Approve the timetable in Appendix 1.

3. Background

Internal Audit is part of the Council's overall system of internal control. Standing Orders, Financial Regulations, risk management arrangements and other procedures provide the framework against which controls are reviewed.

The Internal Auditor must be independent of the Council's decision-making, management and control functions and must have appropriate knowledge and competence. The auditor's role is to review and report on the effectiveness of the Council's controls.

The Council has resolved to appoint an Internal Auditor for five years (F&CG October 2025, Full Council minute reference 99/25-29). The appointment, terms of appointment and remuneration should be properly recorded.

4. Details

How Internal Audit will operate

The Council will:

- provide Terms of Reference for the annual audit.
- provide the information and access needed for the audit, including access to officers and, where necessary, Members.

The Internal Auditor will:

- carry out the annual audit as soon as possible after year end, by agreement with the Council.
- report significant findings, agreed actions, recommendations and performance against the Audit Plan.

The Audit Plan will remain under review and can be amended if significant issues arise.

What Internal Audit will review

The scope covers the Council's financial and governance controls. The key areas are:

Accounting records and bank reconciliations	Records, bank reconciliations and year-end balances
Payments and Financial Regulations	Invoices, authorisation, procurement, payments and VAT.
Risk management and insurance	Risk assessments, insurance and key operational controls.
Budget and reserves	Precept, budget monitoring, variances and reserves.
Income	Charges, recording, collection, banking and audit trails.
Petty cash and cash handling	Controls, supporting records and independent checks, where applicable.
Payroll and Members' allowances	Authorisation, PAYE, National Insurance and pensions.
Assets, investments and borrowing	Asset register and correct accounting for investments and loans.
Accounting statements:	Agreement of annual accounts to the underlying records.
Transparency and statutory publication	Required notices, AGAR documents and other statutory publications.
Trust responsibilities	Responsibilities and records where the Council acts as trustee.

Additional work

The plan does not prevent additional work where necessary, including:

- investigating a significant control weakness or other issue;
- work requested by the Finance & Corporate Governance Committee;
- additional testing arising from planned audit work.

Review of the effectiveness of Internal Audit

- The effectiveness of the Internal Audit system will be reviewed once each financial year.
- The Finance & Corporate Governance Committee will undertake the review and report to the full Council.
- The review will consider whether Internal Audit has provided an effective independent review of the Council's internal controls.
- The Council will consider the Committee's findings and incorporate the outcome into its annual governance assessment.

Annual timetable

The main Finance & Corporate Governance tasks are set out in Appendix 1. These include reviews of risk management, insurance, the asset register, Standing Orders and Financial Regulations, Internal Audit Terms of Reference, the effectiveness of Internal Audit, the Audit Plan, budget preparation and monitoring, and appointment of the Internal Auditor.

5. Financial Implications

The Internal Auditor is a paid appointment. Competitive quotes will be sought and cost will be subject to the agreed terms of appointment and the Council's approved budget.

6. Legal, Risk and Governance Implications

Maintaining an adequate and effective system of Internal Audit is a Council responsibility under the Accounts and Audit Regulations. Internal Audit supports the Council in assessing whether its financial and other controls are working effectively.

- Independence: the Internal Auditor must not be involved in the Council's decision-making, management or control.
- Governance: the Council remains responsible for its internal controls; Internal Audit provides independent review and assurance.
- Risk: the plan includes review of risk management, insurance and other key controls and allows additional work where significant weaknesses are identified.
- Accountability: findings and recommendations should be reported to the Council and actions should be followed up.

7. Consultation and Engagement

No public consultation is required. This is an internal governance and assurance arrangement concerning the Council's system of Internal Audit.

8. Next Steps

- Council approves the 2026/27 Internal Audit Plan and timetable.
- The appointed Internal Auditor undertakes the planned audit work in accordance with the agreed Terms of Reference.
- The Finance & Corporate Governance Committee undertakes the annual review of the effectiveness of Internal Audit (Agenda Item 6b) and reports to Council for consideration.

Appendix 1 – Internal Audit and Finance & Corporate Governance Timetable

The table below simplifies the tasks in the existing Audit Plan. Where the original plan identified a month, that month is shown.

Task	Timing
Review Risk Management	October
Review Financial Risk Assessment	October
Review General Risk Assessment	October
Annual Safety Inspection – Play equipment	Annual / as scheduled
Review Insurance at Renewal	At renewal
Update Asset Register	Annual
Annual Return / AGAR	Annual
Review Internal Audit Terms of Reference	October
Audit Terms of Reference	October
Review effectiveness of Internal Audit	October
Review Audit Plan	October
Appointment of Internal Auditor	January
Interim Internal Audit	February
Appointment of Financial Scrutiniser	May
Review Standing Orders	Annual (May Full Council)
Review Financial Regulations	Annual (June)
Preparation of Annual Estimates	Annual budget cycle
Monitor Budgets	Throughout the year

Appendix 2 – Internal Audit Scope

The Internal Audit review is intended to provide assurance that:

- Council policies are put into practice.
- The Council's values are met.
- Laws and regulations are complied with.
- Agreed processes are followed.
- Financial information is accurate and reliable.
- Human, financial and other resources are managed efficiently and effectively.

The Internal Auditor will use appropriate testing and evidence to reach an independent view. The detailed checks will be agreed through the Terms of Reference and may be varied where the auditor identifies a significant weakness or other area requiring further work.