



Report to	Wem Town Council
Date of meeting	1st October 2026
Subject	Statement on Internal Controls 2026/27
Report author	A Roberts (RFO)
Decisions required	Yes – statement to be approved.

1. Executive Summary

Wem Town Council is responsible for maintaining a sound system of internal control which supports the effective exercise of its functions, safeguards public money and helps ensure that the Council's business is conducted in accordance with the law and proper standards.

The system of internal control is designed to manage risk to a reasonable level. It cannot eliminate all risk and therefore provides reasonable, rather than absolute, assurance that the Council's policies, aims and objectives will be achieved.

The Statement describes the main arrangements in place for financial management, authorisation and payment of expenditure, budgeting, accounting, banking, payroll, assets, insurance, risk management, reserves and investments, together with the role of Internal Audit and the annual review of the effectiveness of internal control.

2. Recommendations

1. Approve the Statement on Internal Controls for 2026/27.
2. Note the internal control arrangements described in this report.

3. Background

The Council has overall responsibility for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and that resources are used economically, efficiently and effectively.

The Council is also responsible for ensuring that there is a sound system of internal control, including arrangements for the management of risk. The system is an ongoing process for identifying and prioritising risks, assessing their likelihood and impact, and managing them efficiently, effectively and economically.

The internal control arrangements described below are based on the Council's existing policies, procedures, financial systems and governance arrangements.

4. Details

The Council

The Council reviews its obligations and objectives and approves a budget for the following year at its January budget meeting. The Finance & Corporate Governance Committee monitors progress against objectives, financial systems and procedures, budgetary control and other financial matters. The Committee also drafts the annual Internal Audit Plan for approval by Council.

Full Council meets monthly, except August, and considers the monthly budget report together with relevant reports from the Finance & Corporate Governance Committee and

the Town Clerk. Standing Orders and Financial Regulations provide the framework for the conduct of Council business and financial management and are reviewed regularly.

The Town Clerk and Responsible Financial Officer

The Council has appointed a Town Clerk who acts as its adviser and administrator and a Responsible Financial Officer. The Town Clerk advises on day-to-day compliance with legal and regulatory requirements, manages risks and supports adherence to the Council's procedures, control systems and policies. The RFO has responsibility for the proper administration of the Council's financial affairs.

Payments and expenditure

All expenditure must be authorised by the Council and be within the approved budget. Payments are primarily made by online bank transfer, with occasional cheque payments. Details of payments are provided to Councillors, including the supplier, description and amount. Payments made under delegated authority are reported to the next available meeting.

For new suppliers, bank details are checked against supporting information before payment is authorised. Online payments are subject to two-signatory authorisation in accordance with Council resolutions. Cheques are signed by two authorised signatories and checked against the relevant finance report and invoice. Staff cannot make payments, other than from petty cash, or sign cheques.

A corporate credit card is restricted to the Clerk and is subject to transaction and monthly limits. Transactions are reported to the next Town Council meeting. Regular payments are made by Direct Debit or Standing Order, checked against invoices and reported to Council.

Banking, reconciliation and accounting records

Bank statements for the Council's bank and investment accounts are reconciled monthly. A nominated Councillor checks the bank reconciliations and petty cash reconciliation and signs to evidence the check. Samples of receipts and payments are also analysed for accuracy.

The RFO maintains records of payments and receipts and enters transactions onto the Rialtas accounting system. Supporting documents are retained with the relevant payment records. Receipts are issued for income received from external sources and recorded on the accounting system. Cash is banked as soon as practicable.

Budgetary control

The Council considers the following year's budget during the autumn and agrees the budget and precept in January. The approved budget is provided to Members, retained in the Council's records and published on the website. Monthly reports show expenditure against budget so that Members can monitor whether spending remains on track.

Contracts and grants

Standing Orders and Financial Regulations set out the quotation and tender requirements for contracts of different values. Grant requests are normally considered annually, with provision for the Council to consider other requests in special circumstances.

VAT, payroll and pensions

The Council is registered for Making Tax Digital. VAT paid is recorded on the accounting system reclaims are made quarterly. The VAT reclaim provides a check against the payments ledger.

Staff salaries are based on agreed Council decisions and staff records. Payroll changes are notified to Shropshire Council. Staff mileage claims are recorded monthly and authorised in accordance with the Council's arrangements. Eligible staff are enrolled in the Local Government Pension Scheme.

Cash and petty cash

Cash is kept securely until it can be banked and is dealt with in accordance with the Council's cash-handling procedures. Petty cash receipts and payments are recorded and subsequently entered onto the accounting system. The Council's cash-handling procedures were reviewed in October 2026.

Assets, insurance and risk management

The Clerk maintains an Asset Register and the Council has a review schedule. Insurance is renewed and additional cover is arranged for individual projects, events and schemes where required.

The RFO reports on risk assessment to the Finance & Corporate Governance Committee in accordance with the timetable in the Audit Plan. The Council also maintains arrangements covering business continuity and disaster relief, reserves management and investments, with the relevant policies or strategies reviewed periodically.

End-of-year accounts

Following receipt of bank statements covering transactions up to 31 March, the RFO finalises the year-end accounts. A detailed financial report are presented to Members and submitted for external audit. The completed accounts are presented to Council for approval at the earliest opportunity after year end and the required approvals are recorded in the minutes.

Internal Audit

The Council appoints an independent Internal Auditor to report on the adequacy of its records, procedures, systems, internal control and risk management. Internal Audit provides independent assurance and does not replace the Council's responsibility for maintaining effective controls.

Review of effectiveness

The Council is responsible for conducting an annual review of the effectiveness of its system of internal control, including the effectiveness of Internal Audit. The Finance & Corporate Governance Committee undertakes the review and reports its findings to Full Council for consideration and approval. The outcome informs the Council's annual governance assessment.

5. Financial Implications

This statement outlines internal controls and does not create a new financial commitment. The arrangements require staff and Member time to operate and review, and the Council also incurs the cost of its independent Internal Audit appointment within the approved budget.

6. Legal, Risk and Governance Implications

The controls described in this Statement support compliance with legal and proper-practice requirements, the safeguarding of public money and effective financial and governance oversight.

The principal governance risk is that controls are not consistently applied, reviewed or followed up. This is addressed through documented procedures, Member approval and scrutiny, segregation of duties, regular reconciliations, budget monitoring, risk management, Internal Audit and the annual review of the effectiveness of internal control.

The system of internal control provides reasonable assurance rather than eliminating all risk. Where weaknesses are identified, they should be reported, addressed and monitored through the Council's normal governance arrangements.

7. Consultation and Engagement

No public consultation is required. This Statement concerns the Council's internal arrangements.

8. Next Steps

- Council approves the Statement on Internal Controls for 2025/26.
- The Finance & Corporate Governance Committee continues to monitor financial and control arrangements through the year.
- The Council continues to operate and periodically review its policies, procedures, risk assessments and financial controls.