

The internal audit of Wem Town Council is carried out by undertaking the following tests as specified on the AGAR Annual Return for Local Councils in England:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Year end testing on the accuracy and completeness of the financial statements

The interim internal audit provides evidence to support the annual internal audit conclusion on the Annual Return for local councils.

Conclusion

On the basis of internal audit work carried out, which was limited to the tests above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, subject to the recommendations reported in the action plan. As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan.

JDH Business Services Limited

**INTERNAL AUDIT REPORT
WEM TOWN COUNCIL – 2025/26 -INTERIM**

ACTION PLAN

	ISSUE	RECOMMENDATION	FOLLOW UP
1	<p>A contract for floral planters has been awarded in 2025/26. The minutes record that the financial regulations were suspended in order to permit one quote to be received but do not state why only one quote was received. The financial regulations require that the reason for suspension of the regulations should be recorded.</p>	<p><i>The minutes should record reasons as to why only one quote was received (e.g. three quotes were requested but only one received) when recording the decision to suspend the financial regulations.</i></p>	
2	<p>Compliance with data protection laws is a new category (Assertion 10) within the Annual Governance Statement for 2025/26.</p>	<p><i>The council needs to ensure that all the systems, procedures, and policies to demonstrate compliance with data protection laws as required by the new Assertion 10 are in place.</i></p>	
2024/25 year-end internal audit recommendations			
1	<p>The Council have not approved a risk assessment in 2024/25. A risk assessment was carried out in March 2025 but it was not approved by council until April 2025.</p>	<p><i>The risk assessment should be carried out and formally approved annually by Council.</i></p>	<p>Implemented – Risk assessment now appears on April agendas.</p>

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	ISSUE	RECOMMENDATION	FOLLOW UP
2	The Council installed a solar panel system on the swimming pool at a cost of £102,523. The final invoice was paid in October 2024 but the solar panel system has not been included in the asset register as a final grant relating to the funding had not been received by 31/3/25 (this is correctly included in the accounts as a debtor).	<i>As the solar panel system has been fully installed and is owned by the Council, it should be included in the asset register as at 31/3/25 and adequately insured.</i>	The annual return and asset register were both updated to add the solar panels prior to internal audit signing the annual return.
2024/25 interim audit recommendations			
1	<p>Budgetary Control:</p> <p>The newly adopted Financial Regulations do not contain any controls over budget virements or budgetary control reporting as currently the new FRs state only the following:</p> <p><i>4.10. The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned.</i></p> <p>The previous model Financial Regulations contained both detailed controls for virement authorisations and budgetary control reporting as follows:</p>	<i>The council should ensure that appropriate internal controls over virements and budgetary control reporting are incorporated into the adopted Financial Regulations.</i>	The Council have added an amendment to the 2025 update.

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	ISSUE	RECOMMENDATION	FOLLOW UP
	<p><i>4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council, or duly delegated committee. During the budget year and with the approval of council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').</i></p> <p><i>4.8. The RFO shall provide quarterly the council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances. For this purpose "material" shall be in excess of £xxx or xx% of the budget.</i></p>		
2	<p>The Council do not have a signed data processing agreement with the payroll agent.</p>	<p><i>The Council should ensure that a data processing agreement is in place with the payroll agent.</i></p>	<p>A request has been sent to the payroll agent. This will be followed up at the year-end internal audit.</p>