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Anne Ogilvie
Clerk to Spelsbury Parish Council

19 July 2022

Dear Anne,

Letter of Engagement 2022/23

I hope that my audit review for last year has been helpful.

So, we now start again! This is my letter of engagement for this new financial year for the Council's consideration.

As before, my role as your Internal Auditor is to be a 'critical friend'. I will look through your Parish's processes and procedures and, where necessary, will make recommendations which, I hope, will help improve the Council's governance. Some of these recommendations will be long-term goals, others may need to be implemented more quickly, but I will be available as part of the Audit process to help guide you through what is needed.

Please note that I have now revised the fee structure based on Precept or income and expenditure. Please see Section 5 Fees and Charges for more information.

This letter confirms the basis on which I will provide services to you to avoid any misunderstandings of our respective responsibilities.

1. Internal Audit of the Council

- a. The primary objectives of Internal Audit are:
 - i. to review, appraise and report upon the adequacy of governance and internal control systems operating throughout the Council. To achieve this I will adopt a predominantly systems-based approach to the audit;
 - ii. to carry out an annual inspection of the books and records of the Council.

The Council is responsible for supplying all documents requested.

- b. Timescales for the effective and efficient method of completing the audit are as follows:
 - i. ensure that the process laid down within this engagement letter is acceptable;
 - ii. sign the engagement form on the last page and return that page by email. (Please send this by the end of **September** to give time for completion of the checklist.)
- c. A checklist will then be forwarded. This should be completed and returned with any documents requested by **November**. This will then be reviewed prior to the review meeting.

- d. A review meeting will be arranged, either in person or via Zoom, to discuss the completed checklist and clarify any queries. If further meetings are required, these may be chargeable.
- e. The draft, electronic, editable, version, of the AGAR must be sent to me **by 31 May**.
- f. I will check the final Accounting Statement figures (Section 2) of the AGAR. Provided all is in order, I will then complete the Internal Audit section and return it both electronically and by post.

Note: please do not complete Section 1 of the AGAR until the Council meeting to consider the AGAR.

- g. An Annual Report will be issued with the AGAR with any action points.
- h. Unfortunately, if timescales are not observed, this will attract extra charges over and above the quoted fee as laid down below.

2. Scope of Work

Predominantly Internal Audit will review the governance of the Council culminating in the completion of the Internal Audit Report as stated above. I will identify if the following key areas are in place and working satisfactorily.

- a. Proper Book-keeping
- b. Payment controls in relation to Financial Regulations
- c. Review of the Internal Controls, which will include:
 - i. The Parish Risk Assessment;
 - ii. Review of the effectiveness of Internal Financial Control;
 - iii. An overall review of your Internal Controls.
- d. Budgetary controls
- e. Income controls
- f. Petty Cash procedures (if applicable)
- g. Payroll controls
- h. Asset controls
- i. Bank reconciliations
- j. Accounting statements and application of Spending Powers
- k. Exemption criteria (if applicable)
- l. Website and transparency code
- m. Public Rights notice and dates
- n. Publication of previous AGAR
- o. Review of the status of Trusts (if applicable)
- p. Policies review
- q. Review and completeness of minutes
- r. General governance
- s. Review and completeness of audit action plans
- t. Year End procedures, which will include:
 - i. Financial Statements review;
 - ii. Review of Council balances;
 - iii. Analytical Review;

iv. Annual Return review.

3. Roles and Responsibilities

My role as an Internal Auditor is one of independence. I must make it clear that I can in no way involve myself in the financial decision-making, appointments or any other areas that may give rise to conflicts of interest.

4. The Council Responsibilities

The Responsible Financial Officer / Proper Officer, together with the Council, have clearly defined responsibilities for Risk Management, Internal Control, Internal Audit and the prevention of Fraud and Corruption.

The existence of Internal Audit does not diminish the responsibility of the Council to establish systems of internal control to ensure that activities are conducted in a secure and well-ordered manner.

5. Fees and Charges

Fees based on Precept or projected income and expenditure - whichever is highest.

Precept / Income or Expenditure	Fees 2022 – 2023
Under £25,000	£200.00
£25,001 - £50,000	£250.00
£50,001 - £100,000	£300.00
£100,001 – £150,000	£350.00
All above includes: <ul style="list-style-type: none">• Initial Internal Audit meeting and• an autumn review via Zoom	

The above fees are on the understanding that all requests for documents and responses to my Internal Audit checklist are provided by the Council within the required timescales.

Additional Charges	
Late submission of documents, including the AGAR (no later than 31 May)	£75.00 surcharge
Mileage	£0.45 per mile
Additional meetings (see 1 d. above)	£35.00 per hour
Attendance at a Council meeting	£70.00 (plus mileage)

Payment is required on invoice once the work is completed.

6. Requests for attendance at Council Meetings

I would be happy to attend a Council meeting, given reasonable notice, if convenient. This gives the Council an opportunity to ask me questions, clarify the scope and nature of the work I have undertaken and to make me aware of any issues that may be relevant as my cycle of Internal Audit progresses.

A nominal cost for this service is charged at £70 plus mileage.

7. Request for work outside the scope of Paragraphs 1 to 3

Any such request for extra audit time to be provided will be discussed at the time and will be subject to an appendix agreement.

8. Agreement of terms

Once agreed, this letter will remain effective from the date of signature until it is replaced. Either party may vary or terminate my authority to act on your behalf at any time; however, if work has already been undertaken, a charge for the work so far, will be made. Notice of termination must be given in writing.

Please confirm your agreement to the terms of this letter of engagement by completing the form and returning it to me by **September**.

I trust that this is acceptable to the Council and look forward to hearing from you.

Yours sincerely,

Jane Olds

Jane Olds (Mrs)

Agreement of Terms 2022 / 23

Spelsbury Parish Council confirms that the Council considered and agreed

to the contents of this letter including the fee of: £ _____

at a meeting on: _____

Minute Reference: _____

and agrees that it accurately reflects the services that Spelsbury Parish Council has instructed you, Jane Olds, as Internal Auditor, to provide.

The agreed Precept for 22/23 was: £ _____

RFO/Parish Clerk Name: _____

Date: _____ Signed: _____

Spelsbury Chairman or appropriate Council Member

Position: _____ Name: _____

Date: _____ Signed: _____