

Marion Baird

Winterborne St Martin Parish Council

3 August 2023

Dear Marion

**Internal Audit 2023-24 - Terms of Engagement**

April Skies Accounting Ltd is able to supply Mike Platten to act as internal auditor to Winterborne St Martin Parish Council. April Skies Accounting is able to carry out the internal audit for the Council for 23-24 financial year at a cost of £265 for a remote audit. This covers the cost of

- An interim audit, to be completed in November, December or January
- The year end audit, to be completed at the Council's convenience after 1 April and in time to permit the Council to approve the AGAR before 30 June.

For 23-24 April Skies Accounting will carry out an interim audit at all councils where we are engaged for internal audit services.

We are writing to confirm the terms of our appointment. This engagement letter sets out the basis on which we are engaged to act as internal auditors and our respective areas of responsibility.

**I. Responsibilities of the Council**

- I.1 The Council is responsible for ensuring that it maintains an adequate system of internal control, including measures designed to prevent and detect fraud and corruption. For clarity, responsibility for safeguarding the assets of the Council and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the Council.
- I.2 The Council is also responsible for ensuring that accounting statements are prepared in accordance with the requirements of accounting regulations applicable to parish councils.
- I.3 The Council should make available to internal audit, as and when required, all accounting records and all other relevant records and related information, including minutes of all meetings. We are entitled to obtain from the Council's members and employees any information or documentation we think necessary for the performance of our duties as internal auditors.
- I.4 We, as your internal auditors cannot absolve management of responsibility for internal controls and must ensure that we are not involved in the operation of controls or making management decisions as such activities may compromise our objectivity.

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Company Registration Number 14174016

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## 2. Responsibility of Internal Audit

2.1 It is our duty to complete and sign off section 4 of the Annual Return for Local Councils in England. We must report on the following assertions:

### **Table I – Internal Control Objectives**

**Source:** *Annual Return for Local Councils in England*

A	Appropriate books of account have been kept properly throughout the year
B	The Council's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.
C	The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these
D	The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.
G	Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.
H	Asset and investments registers were complete and accurate and properly maintained.
I	Periodic and year-end bank account reconciliations were properly carried out.
J	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.
K	Exemption from limited assurance review ( smaller councils only)
L	Transparency Code ( smaller councils compliance)
M	Inspection - Council met responsibilities to allow public inspection of the accounts
N	Publication requirements AGAR
O	Trust funds (including charitable) The council met its responsibilities as a trustee.

2.2 We will carry out any audit testing we deem necessary to complete section 4 of the Annual Return for Local Councils in England. Internal Audit has a responsibility to report any evidence of what we judge to be material non-compliance with any of the assertions set out in table 1 above via the annual report.

2.3 We will also report to you in writing any areas where we judge your systems of internal control may need to be strengthened, on completion of our audit work.

### **3. Scope of Audit**

3.1 Our internal audit will be conducted in accordance with current practices and guidelines, specifically those set out in section 4 of "Government and Accountability for Local Councils - A Practitioners Guide."

3.2 The scope of our work is limited to completing the audit testing and enquiries we deem necessary to complete Section 4 of the Annual Report for Local Councils in England. We will not provide assurance over or accept responsibility for areas of work not included in this scope, unless specifically agreed with the Council in the course of the financial year.

3.3 In providing internal audit services we are not conducting a financial statement audit in accordance with standards and guidelines issued by the Audit Practices Board and our procedures are not designed to provide assurance over the reliability and quality of your financial statements and management information.

### **4. Communication**

4.1 We will contact you by email in order to confirm arrangements for the audit.

4.2 We will set out any matters arising from the audit in the following formats:

- by email, on conclusion of the audit, to enable discussion of recommendations
- a report will be issued by email, in time to enable you to complete the Annual Return

4.3 We will of course contact you regularly in the course of the financial year with regard to audit and other matters.

4.4 Our fees do not include attendance at meetings of the Council. If this is required, an additional charge will be incurred.

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**5. Electronic Publication**

- 5.1 Where audited financial information is published digitally by the Council, it is the responsibility of the Council to ensure that any such publication properly presents the financial information and auditor's report.
- 5.2 It is your responsibility to ensure there are controls in place to prevent or detect quickly any changes to electronically published information. The maintenance and integrity of electronically published information is the Council's responsibility and we accept no responsibility for changes made to audited information after it is first posted.

**6. Limitation of liability**

- 6.1 The work carried out under the terms of this engagement letter is solely for the use of Winterborne St Martin Parish Council. We neither owe nor accept any duty of care to any other third party.

**7. Competence**

- 7.1 April Skies Accounting Ltd provides the services of Mike Platten to Winterborne St Martin Parish Council in respect of the above assignment. Mike Platten is a member of the Chartered Institute of Public Finance and Accountancy (CIPFA). CIPFA maintains a professional disciplinary scheme under which complaints of misconduct by CIPFA members will be investigated. The client has a right to refer to CIPFA any matters affecting professional conduct or competence.

**8. Continuity and Substitution**

- 8.1 April Skies Accounting Ltd may, with the prior written approval of the Client, appoint a suitably qualified and skilled substitute to perform the services instead of the individual, provided that the substitute shall be required to enter into direct undertakings with the Client, including with regard to confidentiality. If the Client accepts the substitute, the Consultant Company shall continue to invoice the Client and shall be responsible for the remuneration of the substitute.

**9. Insurance**

- 9.1 April Skies Accounting Limited holds professional indemnity insurance cover to a limit of £250K. The professional indemnity insurer is Xbridge Limited, 6<sup>th</sup> Floor, 99 Gresham Street London EC2V 7NG

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**10. Independence**

10.1 April Skies Accounting Ltd has no relationship with staff or Councillors of Winterborne St Martin Parish Council, beyond that required to carry out a professional internal audit. Furthermore, in line with NALC guidance, April Skies Accounting Ltd will not take on any form of consultancy work with the Council.

**11. Period of engagement**

11.1 This letter is effective for accounting periods ending on or after 31-03-2024. Any matters arising in respect of prior periods will be dealt with in accordance with best practice.

**12. Fees**

12.1 We calculate our fees using a standard hourly rate plus expenses. Mileage will be charged at 45p mile. All other expenses will be charged at cost.

12.2 Invoices should be settled within 30 days of submission to the Council.

12.3 Our fee assumes a robust level of internal controls at the Council and documented procedures of a high standard. If additional work is required, this is charged at £65 per hour.

**13. Agreement of terms**

13.1 If, having considered the terms of this engagement letter, you conclude they are reasonable, and you wish to engage us on these terms, please let us have your written agreement to these arrangements by returning to us a signed copy of this engagement letter.

Yours faithfully



Mike Platten

April Skies Accounting Ltd

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**Winterborne St Martin Parish Council agrees the appointment of April Skies Accounting Limited subject to the terms of this engagement letter.**

Signed: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Position: \_\_\_\_\_

Date: \_\_\_\_\_