

Mrs P Buckle
13a Craig Close
Crowhurst
Battle TN33 9DE

1 March 2022

Dear Mrs Upton

I would be pleased to accept the instruction to act as the internal auditor for Crowhurst Parish Council and I am writing to confirm the terms of the appointment.

1. **The Period of Engagement** is for the accounting period ending on 31 March 2022.
2. *This letter uses as a reference the **Governance and Accountability for Local Councils A Practitioners' Guide 2021** and March 2014 Appendix 9 – An approach to internal audit testing.*

3. Responsibilities of the Council and the Auditor

The purpose of the internal audit is to review and report to the council whether its systems of financial and other internal controls over its activities and operating procedures are effective. It is not a detailed inspection of all records and transactions of a council in order to detect error or fraud. The Internal auditor will conduct a periodic independent review of a council's internal controls resulting in an assurance report to members designed to improve effectiveness and efficiency of the activities and operating procedures under the council's control. The report will be addressed to Crowhurst Parish Council with copies sent to the Clerk and the Chairman of the Council. The internal auditor will also sign the annual return and reference the audit report as needed.

The Council is responsible for making available to the auditor as and when required the Council's accounting records and other relevant records and related information.

4. Scope of the Audit.

It is a matter for the council to determine the necessary scope and extent of its internal audit. If no specific instructions are received from the council the audit will be conducted using the GALC approach noted in appendix 9 of that guide and reproduced below. This will not limit the scope of the audit if the auditor considers it necessary to review other areas.

5. Audit Plan

The audit will include a review of content on the Council's website within the scope of the audit. An on site visit will then review the Council's financial records, internal controls and supporting documents. An audit plan including tests to be completed and how this maps to the internal audit and governance statements in the annual return is attached to this document. The Clerk & RFO will need to be available to answer any questions that may arise during the on site audit and to locate any relevant documents.

6. Fees

The fee will be calculated at a rate of £40 per hour. Time spent on the audit will include the on site visit plus any required admin and reporting time needed off site. Travel cost between this address to the audit site will be charged at £0.45 per mile. Travel time will be charged at £10 per hour for travel time in excess of 1 hour per day.

Yours faithfully

P. a. Buckle

Pat Buckle

Appendix 9 – An approach to internal audit testing

Internal Control	Suggested testing
Proper bookkeeping	<ul style="list-style-type: none"> • Is the cashbook maintained and up to date? • Is the cashbook arithmetic correct? • Is the cashbook regularly balanced?
a) standing orders and financial regulations adopted and applied; and b) payments controls	<ul style="list-style-type: none"> • Has the council formally adopted standing orders and financial regulations? • Has a Responsible finance officer been appointed with specific duties? • Have items or services above the de minimus amount been competitively purchased? • Are payments in the cashbook supported by invoices, authorised and minuted? • Has VAT on payments been identified, recorded and reclaimed? • Is s137 expenditure separately recorded and within statutory limits?
Risk management arrangements	<ul style="list-style-type: none"> • Does a review of the minutes identify any unusual financial activity? • Do minutes record the council carrying out an annual risk assessment? • Is insurance cover appropriate and adequate? • Are internal financial controls documented and regularly reviewed?
Budgetary Controls	<ul style="list-style-type: none"> • Has the council prepared an annual budget in support of its precept? • Is actual expenditure against the budget regularly reported to the council? • Are there any significant unexplained variances from budget?
Income Controls	<ul style="list-style-type: none"> • Is income properly recorded and promptly banked? • Does the precept recorded agree to the Council Tax authority's notification? • Are security controls over cash and near-cash adequate and effective?
Petty cash procedures	<ul style="list-style-type: none"> • Is all petty cash spent recorded and supported by VAT invoices/receipts? • Is petty cash expenditure reported to each council meeting? • Is petty cash reimbursement carried out regularly?
Payroll Controls	<ul style="list-style-type: none"> • Do all employees have contracts of employment with clear terms and conditions? • Do salaries paid agree with those approved by the council? • Are other payments to employees reasonable and approved by the council? • Have PAYE/NIC been properly operated by the council as an employer?
Assets controls	<ul style="list-style-type: none"> • Does the council maintain a register of all material assets owned or in its care? • Are the assets and Investments registers up to date? • Do asset insurance valuations agree with those in the asset register?
Bank Reconciliation	<ul style="list-style-type: none"> • Is there a bank reconciliation for each account? • Is a bank reconciliation carried out regularly and in a timely fashion? • Are there any unexplained balancing entries in any reconciliation? • Is the value of investments held summarised on the reconciliation?
Year-end procedures	<ul style="list-style-type: none"> • Are year end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)? • Do accounts agree with the cashbook?

	<ul style="list-style-type: none">• Is there an audit trail from underlying financial records to the accounts?• Where appropriate, have debtors and creditors been properly recorded?
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