

Ruth Swales
Parish Clerk
Stillingfleet Parish Council

Ruth Swales <clerk@stillingfleetparishcouncil.org>
(sent via email)

12th November 2022

Dear Ruth,

Re: Engagement of Services for Internal Audit for the year ending March 2023

Thank you for your email outlining your needs with regards Internal Audit

Below is an outline of what we aim to achieve during an Audit.

Please read the following information carefully and sign below to confirm engagement of our services.

About the Practice

The practice is ran solely by Rachel Pearson who is a Chartered Accountant governed by CIMA (Mips). Rachel has been qualified as an Accountant for over 10 years and has enjoyed completing internal audits for Councils up and down the Country for the past 4 years. The portfolio of Councils who receive our internal audit services has grown to approximately 30 from starting with just 1, which was Denholme her home town.

Rachel has a breadth of experience in industry and practice roles as well as being part of the Internal Audit Forum. She has experience of many accounting packages including Sage, Quickbooks, Xero, SAP & Scribe. She is also well versed in Microsoft applications.

Feedback from prior clients can be found <https://account-ant.co.uk/kind-words/>

Scope of Audit

The Internal Audit is in essence a check of the controls within Council's finances. The control checks to be reviewed are as follows:

1. Budgetary Control

- Is there an adequate process for determining and approving the budget?
- Have monies been allocated in the budget to cover contingencies and are these sufficient?
- Have reserves been allocated and are they the reserves held the right amount for the council?
- Is progress against the budget regularly monitored and an explanation of significant variances?

2. Year End Controls

- Have year-end accounts been prepared on the correct budgeting basis (i.e., payments and receipts), agreed with the cash book, are supported by an adequate trail from underlying records.

3. Proper Bookkeeping

- Have appropriate records of accounts been properly kept are they accurate and up to date?

4. Payment Controls

- Do councillors keep a complete list of payees before they authorise
- Payment of accounts each month?
- Does the amount of money they authorise agree with the money recorded in the minutes?
- Are payments in the cashbook supported by the invoices, authorised and minuted?
- Is there a separate column in the cash book for VAT?
- Has council acted lawfully in its decision making and not exceeded its powers?

5. Income controls

- Has expected income (precept, grants, County Council payments fee income been fully received based on correct fees properly recorded and promptly banked?
- Are security controls over cash and near cash adequate and effective?

6. Bank Reconciliation

- Are all bank statements including investment statements available?
- Are bank reconciliations carried out regularly?
- Are there any unexplained balancing entries in any reconciliation?
- Has a year-end reconciliation been carried out?

7. Payroll Controls

- Do salaries agree with pay scales approved by the council?
- Are tax and national Insurance and pension requirements properly applied?

8. Risk Management

- Has the Council assessed the significant risks to achieving its objectives, including the management of finances and that it has procedures in place to deal with them/

9. Asset Controls

- Is the asset register up to date?

10. Reviews

- Has the council reviewed its system of internal control?
- Has the Council reviewed its system of internal audit and included a statement of internal audit?

11. Improvements

- Has the council carried out any improvements recommended or required by the Internal auditor and External Auditor?

Our Process

As discussed on email, I believe you require 1 remote visit per year

Timescales

Whilst we endeavour to complete your audit within the time set out in the calendar we are aware that this is not always possible when there are outstanding queries or circumstances outside of our control, therefore we estimate a fully completed internal audit including a report and a review of your AGAR within 2 weeks of our allotted appointment.

Fees

The fee structure is based on Parish Precept first and then availability of auditors second. For instance, if more than 20 Audits are agreed before the end of February 2023 then the audit prices increase by £25 plus VAT in total.

My quote for your Parish is £175 plus VAT based on the audit taking 2.5 hours. Should the audit take longer due to documentation not being available or to standard then my hourly rate would be £35 plus VAT on top.

If you have signed this form and need to cancel our services for any reason, a retention fee of 20% will be charged for administration costs.

Should you require any further information, please do not hesitate to contact Rachel on 07917609060 or rachel@account-ant.co.uk

As mentioned earlier on in this document, if you wish to engage our services for the year ending March 2023 please sign and date below, on completion I will send you a signed copy, with my signature for your records

Kind Regards

Rachel Pearson ACMA, CGMA
Director

We, Stillingfleet Parish Council wish to Engage the services of Account-ant (Yorkshire) Limited for the Internal Audit of the year ending March 2023.

Signed:.....

For and on behalf of the council as (Capacity/Job Title):.....