

Penny Clapham PIALC  
BA (Hons) Community Governance

30<sup>th</sup> November 2025

Letter of Engagement 2026

Thank you for enquiry. The purpose of this letter is to set out the basis on which your Council would engage me.

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.

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

#### Internal Audit of the Council

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.

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 February to give time for completion of the checklist.)

A checklist will then be forwarded. This should be completed and returned with any documents requested before I complete the audit. This will then be checked prior to the review meeting.

A review meeting will be arranged, either in person or via online meeting platforms, to discuss the completed checklist and clarify any queries. If further meetings are required, these may be chargeable.

The draft, electronic, editable, version, of the AGAR must be sent to me prior to my visit.

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 electronically.

**Note:** Please do not complete Section 1 of the AGAR until the council meeting to consider the AGAR.

An Annual Report if required will be issued with the AGAR with any action points.

If timescales are not observed, this will attract extra charges over and above the quoted fee as laid down below.

### 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 council 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, transparency code and other relevant legislation
- m. Public Rights notice and dates
- n. Publication of previous AGAR
- o. Review of the status of Trusts (if applicable)

And to support the above, a review of the following:

- p. Policies
- q. Completeness, approval and retention of minutes
- r. General governance
- s. Examination 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

### 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.

### The Council Responsibilities

The council, supported by the Responsible Financial Officer / Proper Officer, has 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.

### Fees and Charges

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

<b>Precept / Income or Expenditure</b>	<b>Fees 2026</b>
Under £25,000	£70.00
£25,001 - £100,000	£85.00
£100,001 & above	£95.00

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)

£45.00 surcharge

Mileage

£0.45 per mile

Additional meetings

£35.00 per hour

Payment is required on invoice once the work is completed.

### Requests for attendance at Council Meetings

I would be willing to attend a council meeting, given reasonable notice. 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 £45.00 plus mileage.

### 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.

*Agreement of terms*

Once agreed, and signed, this letter stands as effective until formal notice of termination is given by either party. Notice must be given before the audit cycle begins to avoid incurring charges.

Please confirm your agreement to the terms of this letter of engagement in writing quoting the Minute Reference and date of meeting at which it was resolved by the end of March. Can be sent via email.

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

*Penny Clapham*

Penny Clapham PSLCC  
BA (Hons) Community Governance  
Internal Auditor PIALC

Signed.....

Date.....

On behalf of .....Council