

POLICY AND RESOURCES COMMITTEE

INTERNAL AUDIT

This Council must undertake an effective internal audit to evaluate the effectiveness of risk management (Accounts and Audit Regulations 2015, reg 15 and JPAG Governance and Accountability for Smaller Authorities – A Practitioners Guide)

We usually receive up to three interim visits and a final end of year visit and audit report. The internal auditor is required to sign off our Annual Governance and Accountability Return (AGAR) which is then submitted to the external auditors.

Auditing Solutions Ltd who were selected to provide this service for the Council and have been carrying out our internal auditing since 2017 and have provided a very good service during that time.

Under the letter of agreement (attached) notice should be given by 31st December for the agreement to cease at the end of the current financial year.

Due to the specialised nature of this service and the difficulty in finding the current supplier, it is **recommended** that the agreement with Auditing Solutions Ltd continues and for the supplier of internal audit services be reviewed again in 2022.

Jonathan Parsons
Town Clerk



AUDITING SOLUTIONS LTD

Ivybridge Town Council
Town Hall
Erme Court
Leonards Rd
Ivybridge
Devon PL21 0SZ

18th July 2017

Dear Sirs

The purpose of this letter is to set out the basis on which we (are to) act as internal auditors of the Council and the respective areas of responsibility of the Council and of ourselves.

As Councillors of the above Council you are responsible for maintaining proper accounting records and preparing financial statements, which give a true and fair view and comply with the Local Government Act Accounts and Audit Regulations 1996 as amended in 2001 and subsequently. You are also responsible for making available to us, as and when required, all the Council's accounting records and all other records and related information, including minutes of all Council and Committee meetings.

We have a responsibility to report to the members whether, in our view, the financial statements, as summarised at Section 1 of the statutory Annual Return, are in accordance with the Council's accounting records, whether they are supported by appropriate systems of internal financial control in the areas specified in the Internal Audit Certificate at Section 4 of the Annual Return and whether they comply with the relevant legislation. In arriving at our view, we are required to consider the following matters, and to report on any in respect of which we are not satisfied:

- a. whether proper accounting records have been kept by the Council;
- b. whether the Council's Balance Sheet and Income and Expenditure Account or Receipts and Payments Account and supporting statements are in agreement with the accounting records and returns;
- c. whether we have obtained all the information and explanations which we think necessary for the purpose of our audit.

In addition, there are certain other matters, which, according to the circumstances, may need to be dealt with in our report.

We have a professional responsibility to report if the financial statements do not comply in any material respect with Statements of Standard Accounting Practice and Financial Reporting Standards, unless in our opinion the non-compliance is justified in the circumstances.

Our audit will be conducted in accordance with the Auditing Standards issued by the accountancy bodies and will have regard to relevant Auditing Guidelines. Furthermore, it will be conducted in such a manner as we consider necessary to fulfil our responsibilities and will include such tests of transactions and of ownership and valuation of assets and liabilities as we consider necessary.

We shall obtain an understanding of the accounting systems in order to assess their adequacy as a basis for the preparation of the financial statements and to establish whether proper accounting records have been maintained.

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Registered 4357952 Directors: Stuart J Pollard & Anne Pollard

We shall expect to obtain such relevant and reliable evidence as we consider sufficient to enable us to draw reasonable conclusions there from. The nature and extent of our tests will vary according to our assessment of the Council's accounting systems, and where we may wish to place reliance on the systems of internal control, and may cover any aspect of the Council's business operations. We shall report to you any significant weaknesses in, or observations on, the Council's systems which come to our notice and which we consider should be brought to your attention. One of the issues that will be examined is risk control and we will undertake an initial assessment of the risks associated with the various financial and related system in the Council. This will be reviewed annually and form the basis of our work programme.

As part of our normal audit procedures, we may request you to provide written confirmation of oral representations, which we have received from you during the course of the audit.

In order to assist us with the examination of your financial statements, as summarised in the Annual Return, we shall request sight of all relevant supporting documents, including those relating to the chairman's certificate at Section 2 of the Annual Return, which are due to be issued with the financial statements. We reserve the right to attend relevant meetings of the Council and to receive notice of all meetings.

We may ask, additionally, for confirmation in writing that all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records, and our audit report on your Council's financial statements may refer to this confirmation.

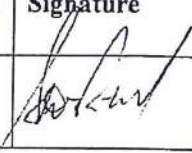

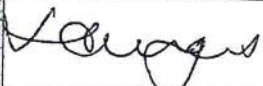
The responsibility for the prevention and detection of irregularities and fraud rests with the Council. Notwithstanding this, we shall endeavour to plan our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements or accounting records resulting from irregularities or fraud, but our examination should not be relied upon to disclose irregularities and frauds that may exist. We also require that, in the event of any suspected irregularity being identified by members or the Council's Clerk, we are advised immediately and, if appropriate, consulted on the appropriate courses of action that should be applied to examine the position further.

We shall not be treated as having notice, for the purposes of our audit responsibilities, of information provided to members of our firm other than those engaged on the audit (e.g. information provided in connection with accounting and other services).

Agreement of terms

Once it has been agreed, this letter and contract will remain effective for future years, until it is either cancelled by the Council or ourselves. We respectively ask that, should the Council wish to cancel the contract, due notice is given by 31st December in the financial year under review, as work on the year's review will have either commenced prior to or shortly after that date. We shall be grateful if you could confirm in writing your agreement of the terms of this letter, or let us know if they are not in accordance with your understanding of our terms of appointment.

Please indicate your agreement by signing both copies of this letter keeping one for your records and returning one to this office.

| On behalf of Auditing Solutions Ltd | Signature | Ivybridge Town Council | Signature |
|-------------------------------------|---|--|---|
| Stuart J Pollard Director |  |  |  |