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Our Ref: MARK/HUR003

Mr S Hoyles
Hurstpierpoint & Sayers Common Parish council
Trinity Road
Hurstpierpoint
West Sussex
BN6 9UY

03 September 2018

Dear Stephen

Re: Internal Audit 2018/19
Hurstpierpoint & Sayers Common Parish council

We are writing to confirm your 2018/19 internal audit arrangements. Internal audit is an on-going function, undertaken regularly throughout the financial year, to test the continuing existence and adequacy of the authority's internal controls. It results in an annual assurance report to members designed to improve effectiveness and efficiency of the activities and operating procedures under the authority's control.

The interim audit(s) will generally focus on the governance and accountability functions of the council rather than the financial elements. The conclusion of this review is a report providing the council with recommendations where applicable for the improvement of internal processes and assurance that the councils systems are fit for purpose and the possibility of the systems being prone to error or misstatement are low.

We are aware that not all councils elect to have an interim audit preferring to have just one audit conducted after the year end; however, this increases the risk that errors in the processes are not able to be rectified to show that for the year under review the council was compliant with regulations, leading to possible qualifications.

At Mulberry & Co we recommend that councils have at least two internal audits per annum with one in the autumn and one after the council year end. In some cases, your council may well have additional interim audits where there are significant areas to focus upon.

Location of Audit
The audit work can be conducted as follows:

1. On site at your premises: The audit work is carried out on site with the Clerk or RFO present so that access to all books and records is assured and queries are dealt with promptly. This will be the case for the majority of audits.

2. Off site at a specified Location: The books and records are brought to a specified location for the audit to be conducted there. This maybe our offices in Godalming or a location nearer to you, this will be discussed with you at the time the audit is booked.

3. Remote Access. This requires information to be posted to your website for remote access and certain information to be emailed. We may also contact you by phone during the audit for clarification.

We will contact you shortly to book your audit in; however, if you have a preference to location please contact us directly as soon as possible so that we may take this into consideration at booking.

Who is to carry out the work?
All audit work will be carried out my either Mark Mulberry or Mike Platten.

How long will an audit take?
This is dependent on the scale and complexity of your councils accounts. We aim to conduct the majority of the work at the interim audit, so that at the year-end our work is focussed on the annual governance & accountability return and the financials being presented to the external auditor. As a rule of thumb we generally allow four hours for an interim audit and two hours for a final audit.

At Hurstpierpoint & Sayers Common Parish council we estimate that the interim audit(s) will take 4 hours and the final audit 2 hours

Engagement Letter
The 2018/19 engagement letter has already been issued electronically via our Openspace secure server. This letter sets out the basis of our professional engagement and is required under the ethical guidelines of The Association of Chartered Certified Accountants. The contents of the letter describe our respective responsibilities and key deadlines. Please contact us if the contents of this letter are not in accordance with your understanding of our terms of appointment or you do not have an engagement letter for the 2018/19 council year.

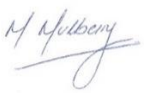
If you have not done so already, please can I remind you to logon to your Openspace account to electronically sign your engagement letter. www.irisopenspace.co.uk. By electronically signing the engagement letter, you are agreeing that we can start work immediately and that you agree with our terms. Please note we cannot start work until the engagement letter has been approved.

Fees & Services
We base our charges on hourly rates which are currently £60per hour for the 2018/19 council year and £0.45p per mile for travel expenditure. All our fees are charges are subject to VAT at the prevailing rate.

Your right to complain
If you feel unhappy at any time about the service that we provide to you or the amount that we charge, I hope that you will first raise your concerns with me. Whether or not you wish to do this, we operate a formal complaints procedure, which you have the right to use at any time.

If you require any further information, have any queries, please do not hesitate to contact me.

Kind regards
Yours sincerely



Mark Mulberry

Interim Visits - Please ensure the following documents are available

On Site Visit

- Financial Regulations & Standing Orders, together with minute reference detailing review and acceptance by council. (NB these should also be on your website)

- Evidence that declarations and acceptance of office forms have been signed.

- Bank reconciliations for all accounts (These must be carried out regularly and reported to council – ideally the face of both the bank statement and the reconciliation must be signed and this activity recorded in the minutes)

- Risk assessment; together with minute reference detailing review and acceptance by council.

- Fixed Asset Register – showing additions and deletions since 31-03-18. Please note fixed assets can only be stated at original cost or proxy cost – never valuation.

- Copy of signed 2017/18 annual Return and completion of audit notification from external auditor together with minute reference detailing review and acceptance by council.

- Evidence that both internal & external audit recommendations from the previous year's audits have been reported to council

- Remittance advice or other documentary evidence to support precept & other significant receipts

- Copy of payments lists as presented to council, together with audit trail to invoices and subsequent physical payment. (Payment lists must be taken to council for approval on a regular basis and the minutes should contain sufficient information to show beyond reasonable doubt what and when council is approving)

- Cheque book stubs

- Signed minutes from full council for the period April to date, (Minutes should be initialled or signed on each page)

- Income & Expenditure accounts as reported to council

- Actual versus budget reports

- VAT records and details of last claim and associated remittance advice from HMRC

- Payroll records

Specified Location

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Remote Access Visit

Items to be on website

- Up to date Financial Regulations & Standing Orders
- Risk assessment policy;
- Copy of signed annual Return and completion of audit notification from external auditor
- Minutes & agendas & meeting papers for the period 1st April 2018 to date
- Fixed Asset Register
- List of payments authorised by council – if not part of minutes and agendas
- All items of expenditure above £100 since 1st April 2018
- List of councillor or member responsibilities

Items to send via email

- Copy of the latest actual versus budget reporting
- Date and minute ref of council reviewing and adopting financial regulations and standing orders
- Date and minute ref of council reviewing and accepting 2017/18 annual return and completion of audit notification from external auditor
- Date and minute ref of council reviewing and accepting 2017/18 internal audit report
- Copy of the latest bank reconciliations for all accounts, together with minute reference of council accepting these.