

Responsible Financial Officer reports 9 -11

9. Internal Auditor – to confirm the appointment of a new internal auditor for the financial years 2019/2020, 2020/2021 and 2021/2022

Our existing internal auditor of the last two years has just advised us that they are no longer able to provide this service, and there is an urgent need to appoint a new internal auditor for the current and next financial year. It is generally recommended that the internal auditor is changed every 3 to 5 years.

Having circulated a brief to three internal auditors known to provide these services to other town councils of a similar size and remit to ourselves in the south west, we have received two responses.

Contractor A

Based on the size and activities of your council our fee would be £790 plus VAT per annum. We estimate a requirement for 2 audit days per year on site at the Council's offices which will include a visit carried out after the year-end to conclude the arrangements in respect of the Annual Return. Should the Council decide to appoint us for a minimum period of 3 years we will offer a discount of 5% percent on the fee quoted above. *(This equates to £750.50 +VAT per annum)*

If additional work is identified or should there be a requirement for additional audit time, for example due to work associated with significant adverse audit findings or additional reporting requirements, then these would be charged pro rata based on a daily rate of £395 plus VAT per day, or £295 for a half-day, again inclusive of all costs. Whenever possible we will endeavour to advise the council if there is the potential for additional time and costs and obtain the council's prior authorisation before undertaking additional work.

We have been providing internal audit services to town and parish councils for more than 5 years and now audit over 150 town and parish councils. The company is owned by the Audit Director, a CIMA qualified accountant, who has previously worked in both the public sector, as an Internal Auditor with Wiltshire County Council, and in the private sector where he has worked as a Finance Director as well as a member of various audit committees. He is supported by an experienced internal auditor (AAT qualified), an office administrator and two part-time staff (ACCA and CPA qualified).

Two positive references received

Contractor B

For Councils of your size we always include interim audit visits and we provide comprehensive reports at both interim and final audit stage.

The benefits of an interim audit visit is that it allows detailed examination of certain areas that do not need to wait until the year-end and early system testing that both frees up time at the final audit stage and can flag up issues at an early stage that can be rectified before the end of the financial year. It also means that all areas are given

adequate coverage. This would not be possible in the current year, but we would look to visit prior to the year-end to undertake the bulk of the transaction testing.

I am a fully qualified local government accountant with over twenty years post qualification experience at senior levels including nine years as a S151 Officer and a year seconded as Chief Internal Auditor.

We are experienced local council internal auditors and provide services for many councils across Cornwall; I am also a former part-time parish clerk so feel uniquely placed to provide high-quality service that is fully conversant with current issues facing local councils.

Our fee for an organisation of your size would be £950 per annum (no VAT) (5-6 audit days).

Two references requested – one positive response received so far and one response outstanding

Recommendation: to appoint Contractor B, who has allowed more days at a lower cost per day, which may be needed for a new auditor to familiarise themselves with our systems and procedures

10. Reserves Policy – to agree a new reserves policy

One of the suggested actions from the last internal audit report was that the Council consider introducing a reserves policy, which is now presented for agreement.

11. Schedule of Payments – to receive and approve the schedule of payments