

**Lowestoft Town Council**

**Proposal for the Provision of Internal Audit Services**

 **for the year 2019/20**

**1. Introduction and Background**

1.1 The Town Council may be aware of my qualifications and auditing background from the details provided within my previous quotations for the years 2017/18 and 2018/19. However, it may be helpful to any newly elected Town Councillors if I provide a brief outline of my auditing background and qualifications so that you will have those available for future reference.

1.2 I am a qualified accountant, holding the Chartered Institute of Public Finance and Accountancy (CPFA) qualification. I spent my career in local government accountancy and auditing, including the position of Chief Accountant at Suffolk Coastal District Council where I was responsible for accounting and financial administration of some £30m. gross expenditure. I subsequently undertook the role of Audit Partnership Manager for Ipswich Borough Council, Suffolk Coastal District Council and Waveney District Council, having formed an Audit Consortium for these councils. I was responsible for undertaking the internal audit function for all three councils with a total gross expenditure of over £200m. I continued to manage the Consortium until I retired from local government in September 2011.

1.3 I then became self-employed to undertake auditing and consultancy work for private clients, parish and town councils and charities within Suffolk and beyond. My work normally arises through personal recommendation.

1.4 I worked as Clerk/RFO to Melton Parish Council for 24 years and accordingly understand the pressures, challenges and demands placed upon both Clerks and local councils. I retired from the Parish Council in order to develop my work with my client local councils.

1.5 I provide Terms of Reference and an individual Internal Audit Plan for each of my clients. I provide a formal detailed Audit Report at the end of each audit and complete the Annual Internal Audit Report within the Annual Governance and Accountability Return (AGAR).  I make myself available throughout the year to my local council clients in order that they may discuss any issues on which they may require guidance or support.

1.6 I currently have 58 local council clients in Suffolk, Norfolk and Essex, including the Town Councils at Bury St Edmunds and Eye. A full client list can be provided as required.

**2. Interim Internal Audits during 2019/20**

2.1 Interim Internal Audit Reviews are valuable where a Council requires assurance during the year that accounting procedures/operations and income and expenditure procedures/controls are operating efficiently. Interim Audits are normally considered essential in the case of larger Town Councils which have relatively high levels of income and expenditure and a significant number of transactions within the year.

2.2 It is proposed that two Interim Internal Audits should be performed during the 2019/20 year (possibly in September 2019 and January 2020) and these would lead into, support and inform the End-of-Year Audit for the 2019/20 year in April/May 2020. In this way, the Town Council will be supported throughout the 2019/20 year in terms of receiving assurance on the adequacy and efficiency of the key systems and operations in place.

2.3 Terms of Reference and a draft Audit Plan of the work to be undertaken for each Interim Audit will be presented to the Town Clerk for consideration. The coverage will focus on the key internal control systems operating at the Town Council (viz. RBS accounting procedures including bank reconciliations, controls over income and expenditure, Risk Management, Budgetary Control, Payroll Controls and Asset and Investment Controls).

2.4 On the conclusion of the work the Internal Auditor will issue a Draft Report and will discuss with the Town Clerk and Council staff, as required, the issues arising from the report and any recommendations being put forward.

2.5 Once the Draft Report has been agreed a Final Copy will be formally issued to the Town Council.

2.6 It is expected that each Interim Audit will involve 2 days on site at Lowestoft Town Council in order to complete key aspects of the review and to undertake sufficient testing of internal controls in operation.

2.7 Each Interim Internal Audit will be charged at £250. Accordingly, the Quotation for the proposed two Interim Internal Audits in the year 2019/20 will amount to £500.

**3. The 2019/20 End-of-Year Internal Audit**

3.1 Towards the end of 2019, the Internal Auditor will provide the Town Clerk with a Draft Internal Audit Plan for the End-of-Year Audit for 2019/20.

3.2 The Interim Internal Audits undertaken during the year will provide significant support to the End-of-Year Audit for 2019/20. It is noted that the Town Council’s Operating Costs in 2018/19 reached £2.064m., with approximately 500 individual transactions. The Interim Internal Audits undertaken earlier will assist in meeting the transaction testing required to be undertaken by Internal Audit during the year. It is anticipated that a minimum of 2 days will be required on site at Lowestoft Town Council in order to complete key aspects of the End-of-Year review and to undertake sufficient testing of internal controls to enable the full and proper completion of the Annual Internal Audit Report.

3.3 Some areas of examination and the preparation of the audit report can be undertaken remotely and may not require the auditor’s attendance at the Town Council’s offices. On the conclusion of the work the Internal Auditor will issue a Draft Report and discuss with the Town Clerk and Council staff, as required, the issues arising from the report and any recommendations being put forward. Once the Draft Report has been agreed a Final Copy will be formally issued to the Town Council.

3.4 During the course of the Internal Audit, liaison will be made with the officers responsible for each area reviewed. The Town Clerk/RFO and Deputy Town Clerk will be kept appraised of the progress being achieved during the course of the Internal Audit.

3.5 The Quotation for the 2019/20 End-of-Year Audit is £450.

**4. Summary of Proposal**

4.1 it is proposed that two Interim Internal Audits are undertaken for the Town Council (on dates to be agreed but possibly in September 2019 and January 2020) which will lead into and inform the End-of-Year Internal Audit to be undertaken in April/May 2020.

4.2 The Fees involved will be £250 for each of the Interim Internal Audits and £450 for the End-of-Year Internal Audit, providing a total cost to the Town Council of £950.

4.3 I hope this proposal is acceptable to the Council but please do not hesitate to let me know if there are any queries or further information or details are required.



**Trevor Brown, CPFA**

**25 April 2019**