

# Oakham Town Council

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20/05/2025

Dear Mr S McDonald,

## ***Appointment of internal auditor***

I have been instructed by my Parish Council to request that the Leicestershire and Rutland Association of Local Councils (LRALC) carry out our internal audit for the financial year 2024-2025. You have been identified by LRALC as the internal auditor who will carry out this task. The purpose of this letter is to set out the terms on which you are engaged, and the respective responsibilities of the council and yourself as internal auditor.

## ***Annual agreement***

My council is aware that appointment of LRALC to provide an internal auditor is made as an annual agreement with automatic renewal and that LRALC requires twelve months' notice to terminate this agreement. My council accepts that responsibility for the selection of the internal auditor lies with LRALC who may ask a returning or new internal auditor to carry out the internal audit.

## ***Roles and responsibilities***

Members of the council should understand that they are responsible for ensuring that the council maintains proper accounting records together with an appropriate system of internal control. Council is responsible for the preparation and publication of Accounting Statements and an Annual Governance Statement (AGS) to facilitate the completion of the Annual Governance and Accountability Return (AGAR).

The internal auditor is responsible for reporting to this parish meeting on the governance, financial practices and procedures, and the adequacy and effectiveness of systems of internal control for the period 2024-2025. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of an authority to detect error or fraud. This report from an internal auditor is based on the evidence made available to them at the time.

## ***Independence***

By signing this agreement, the internal auditor confirms that they are competent and independent of the council as required by the Smaller Authorities Proper Practices Panel (SAPPP) *Practitioners Guide* section 4. The internal auditor will confirm to council and LRALC in writing if these circumstances change or if they become aware of issues that may affect their independence.

## ***Scope of audit and reporting requirements and access to information***

The council requires the internal auditor to

- scrutinise the council website and other records relating to the financial year 2024-2025.

- meet with the Proper Officer, Responsible Financial Officer (RFO) or other council officers as required.
- complete the Annual Internal Audit Report (AIAR) of the AGAR.
- provide the council with a written report upon completion of the audit.

The internal auditor will have full access to all council documentation, staff and councillors as considered necessary. The internal auditor will pay full regard to the guidance on internal audit as set out in the most recent edition of the Joint Panel on Accountability & Governance *Practitioners' Guide*.

Following delivery of the AIAR and written report, the internal auditor may be contacted by council for further information or to make corrections or amendments to the report as required. The internal auditor may be contacted by the external auditor through the council for clarification on any matter raised within the report. The internal auditor's involvement with this council will cease once the report has been accepted by council until such point as they are reappointed as internal auditor for a subsequent year, if this should be the case. Any subsequent request from the council for support to address issues raised in the internal audit should be made directly to LRALC.

All contact and correspondence between the council and the internal auditor will be channelled through the Proper Officer and/or the RFO. Attempts to contact the internal auditor or LRALC with regard to this internal audit by anyone else will be referred immediately to the council and LRALC.

#### ***Costs to council for the internal audit***

The cost to the council is as published and updated each year by LRALC. The council agrees to pay the invoice to LRALC promptly in accordance with Financial Regulations. If the internal audit cannot be completed before the statutory deadline because of a situation within the council, or if complications become apparent that greatly increase the workload of the internal auditor, LRALC reserves the right to charge an additional cost to the council on top of the agreed fee.

Meetings between the internal auditor and representatives of the council may be held remotely or face to face by agreement between the council and internal auditor. Face to face meetings will require an additional cost to the council to cover travelling by the internal auditor at 45p per mile. This will be invoiced separately to the council by LRALC following delivery of the internal audit report.

#### ***Minute references to support this appointment***

- Section 4.11 of the *Practitioners' Guide* requires that the independence of the appointed person or firm should be reviewed each year.
- Section 5.103 requires that authorities consider the reports from internal and external auditors and what action, if any, is required to address comments or recommendations.

To assist the internal auditor, resolutions and minute references relating to these matters are provided here:

<b>4.11 Resolution(s) to appoint or re-appoint and review independence of internal auditor</b>	
It was Resolved to...	
Date of council meeting	
Minute reference	
<b>5.103 i Resolution(s) associated with consideration of the report from the internal auditor for 2023-2024 and steps taken to address comments or recommendations</b>	
It was Resolved to...	

Date of council meeting	
Minute reference	
<b>5.103 ii For councils subject to a Limited Assurance Review</b>	
<b>Resolution(s) associated with the report from the external auditor for 2023-2024 and steps taken to address comments or recommendations</b>	
<b>It was Resolved to...</b>	
Date of council meeting	
Minute reference	

Members of council should be made aware that failure to consider these matters as required may result in a No response to assertion C in the AIAR. If this is the case, this will require a No response on the relevant lines of the Annual Governance Statement for 2024-2025.

***Agreement of terms***

The internal auditor will confirm their agreement to the terms set out in this letter by signing and returning the enclosed copy. Once this has been received by council and LRALC, the internal auditor can start their scrutiny and arrange to meet as required.

Yours sincerely,



Anna Douthwaite  
Chairman of Finance Committee  
In absence of Mr C Evans  
Clerk to the Council