SALC INTERNAL AUDIT SERVICE – LETTER OF ENGAGEMENT

SALC is committed to providing a high-quality internal audit service which aims to assist local councils to maintain and improve internal controls in accordance with proper practices as set out in the Accounts and Audit Regulations.

This letter of engagement sets the terms of the agreement between SALC and the council which includes details such as the scope, responsibilities and fees. This will need to be approved at the next council meeting and recorded in your minutes of the decision to appoint SALC as the internal auditor for the period 1st April 2025 - 31st March 2026.

Internal audit objectives and responsibilities

The primary objective of internal audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council, and to achieve this will adopt a predominantly systems-based approach to audit.

The council's internal control system comprises the whole network of systems established within the council to provide reasonable assurance that the council's objectives will be achieved, with reference to:

- the effectiveness of operations
- the economic and efficient use of resources
- compliance with applicable policies, procedures, laws and regulations
- the safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity and corruption
- the integrity and reliability of information, accounts and data

Accordingly, in the conduct of planned audits internal audit may:

- carry out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year to be able to complete the Annual Internal Audit Report (AIAR) section of the Annual Governance and Accountability Return (AGAR).

- review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information
- review the means of safeguarding assets and, as appropriate, verify the existence of such assets
- appraise the economy and efficiency with which resources are employed, identify opportunities to improve performance and recommend solutions to problems
- review the established systems to ensure compliance with those policies, procedures, laws and regulations which could have a significant impact on operations, and determine whether the council complies
- review the operations and activities to ascertain whether results are consistent with objectives and whether they are being carried out as planned

The scope of the internal audit activity

There are no limitations on internal audit's scope of activities. The scope of internal audit allows for unrestricted coverage of the council's activities, including both financial and non-financial systems of internal control.

Independence

The main determinant of the effectiveness of internal audit is that it is seen to be independent in its planning and operation. To ensure this, internal audit will operate within a framework that allows:

- unrestricted access to the officers of the council
- reporting in its own name
- segregation from the day to day operations of the council

Every effort will be made to preserve objectivity by ensuring that all internal auditors are free from any conflicts of interest and do not undertake any non-audit duties on behalf of the council.

Rights of access

There are no limitations on internal audit's access to records. Internal auditors have the authority to:

- access council premises at reasonable times agreed in advance
- access all assets, records, documents, correspondence and control systems
- receive any information and explanation considered necessary concerning any matter under consideration
- require any employee to the council to account for cash, stores or any other council asset under his/her control
- access records belonging to third parties, such as contractors when required

The council's responsibilities

The Responsible Financial Officer and Proper Officer have clearly defined responsibilities for risk management, internal control, internal audit and preventing fraud and corruption.

The existence of internal audit does not diminish the responsibility of the council to establish systems of internal control to ensure that activities are conducted in a secure and well-ordered manner. **Please be aware that if the council is late reporting for the present year, the council will fail the public rights test on the AGAR for the following year.**

When booking the internal audit through the SALC member portal, please ensure that you are confident that the required information to carry out the internal audit will be uploaded by that booking date. We kindly ask that this is uploaded a week prior to that date. **If the supporting documents are not uploaded in time, there is a risk that SALC is not able to deliver the service at that time as the date may potentially be pushed back.**

The auditor will request additional information which forms part of the spot-checking process as well as any information that has not been supplied. If the clerk does not respond to the auditor's request for additional information, the following steps will be taken:

- **The auditor will follow up within the first 7 working days.**
- **If no response is received after 7 working days, the auditor will inform SALC.**
- **SALC will then follow up and include the council chair in the correspondence.**

If the requested information is still not provided after these steps, the council must be aware that delays may result in additional charges.

Reporting

The internal auditor will formally report the results of audits and the recommendations made to the council and will follow up at subsequent internal audits to make sure that corrective actions are taken.

Data protection

This internal audit offer is an additional service provided by SALC as described in our published privacy notice (section 6) available on our website here. When booking this service you are providing consent to proceed. The delivery of the internal audit service involves the handling of some personal data supplied by the member council. For the purposes of data protection legislation SALC is the data controller and the internal auditor is the data processor. SALC and internal auditors, whilst separate entities, work in partnership to deliver a service that seeks to support and improve local councils. SALC and the internal auditor have entered into a data sharing agreement as part of their terms of engagement.

AUDIT PROCEDURE

The internal audit service will remain electronic and commence on 7th April 2026.

The clerk of the council will be able to book the audit for a specific week, if available, through the SALC member portal, by clicking on the view button on the 'booking page' card. Select 'BOOK internal audit' drop down box to reveal the weekly booking slots. Upon booking, SALC will provide the clerk with a link to a dedicated folder on our shared secure Office 365 OneDrive. Council papers and the completed customer information and guidance sheet must be uploaded to the dedicated folder. You can upload the information in an electronic format or be available to view on the council's website **– it is therefore important that you complete the customer information and guidance sheet provided and add any hyperlinks to information available on the council's website.** Electronic documents supplied shall be stored securely for six months following completion of the audit on SALC's secure Office 365 OneDrive. SALC will inform you of the internal auditor that will carry out the internal audit.

When allocated the internal auditor shall:

- process the documents in line with SALC's policies and procedures
- raise queries or points of clarification as soon as possible direct with you
- aim to complete the audit and upload the report to the allocated council folder on SALC's secure Office 365 OneDrive within 7-10 working days.

On receipt of the report admin@suffolk-alc.gov.uk will provide a link to an electronic copy together with a signed copy of the AIAR, which forms part of the AGAR, which can be downloaded. This will be sent to both the chairperson and clerk/RFO/lead officer.

Audit fees for 2026

Income/expenditure, whichever is higher (excl. VAT)

Up to £5,000	£128.00
£5,001 - £15,000	£189.00
£15,001 - £25,000	£237.00
£25,001 - £50,000	£290.00
£50,001 - £100,000	£342.00
£100,001 - £200,000	£419.00
£200,001 - £300,000	£505.00
£300,001 - £400,000	£558.00
£400,001 - £500,000	£618.00
£500,001 +	£713.00
£29 hourly rate for meetings/ad-hoc training/development of materials	