

### Appointment of an Internal Auditor Town Council 21 February 2017

#### Introduction

1. The Town Council's internal audit contract was for 3 years commencing in January 2014; the contract was for an estimated 5 days work per year at £300.00 per day.
2. The quotation document (at appendix A) was provided to 5 companies on 3 January 2017 for a contract to start on 1 March 2017.
3. The quotation document gives the agreement duration as initially for 12 months with an option to extend, by mutual agreement, for further 12 month periods. The maximum cumulative agreement duration to not exceed 3 years (i.e. the original 12 month period plus 2 agreement extensions).
4. At the January 2017 Town Council meeting a task and finish group comprising the Chair of the Resources Committee, the Vice-Chair of the Resources Committee and Cllr Kinder was set up to assess the quotations for providing internal audit service to the Town Council and make recommendations to the Town Council regarding the appointment of an Internal Auditor. Unfortunately, due to other on-going Council work and commitments it has not been possible to arrange a meeting of the task and finish group

#### Contract Requirements

5. The quotation document states the services required are:
  - Internal Audit Services in accordance with the guidance described in "Governance and Accountability for Local Councils, A Practitioners Guide" including the following topic areas:
    - Review of accounting arrangements and bank reconciliations
    - Review of Corporate Governance
    - Review of Expenditure
    - Assessment and Management of Risk
    - Budgetary Control and Reserves
    - Review of income
    - Petty Cash Account
    - Salaries
    - Asset Registers
    - Year end procedures
  - Preparation of an annual report on the Town Council's internal control procedures and interim reports as agreed
  - Audit and report on specific compliance issues as agreed with the Town Clerk
  - Initial audit of the Town Council's Annual Statement of Accounts (including the Annual Governance Statement)
  - Technical advice, support and guidance on issues of accounting and compliance

6. The volume of internal audit work is estimated to be approximately 21 - 35 hours per year.

### Criteria for Evaluating Responses

7. The quotation document gives the criteria for evaluating quotation responses as:
  - Ideally, a qualified accountant (CIPFA preferably), or auditor (IIA preferably)  
and
  - Competitive and transparent pricing
  - Capability to deliver the service (qualifications and experience)
  - Ability to meet the Town Council's requirements
  - Flexibility and adaptability to meet any change in requirements
  - A demonstrable knowledge of local council finance
  - A demonstrable understanding of local council decision making processes

### Responses

8. As this report is open to the press and public only summary information is provided – the full responses are considered to be commercially sensitive.
9. All 5 organisations who had quotation documents completed and returned them; in alphabetical order they were:
  - Arrow Accounting
  - Auditing Solutions Ltd
  - IAC Audit & Consultancy
  - South West Audit Partnership
  - Westward Audit Solutions Ltd
10. All the respondents have experience of providing internal audit services for local councils.
11. With the exception of one respondent who has a part qualification, all have stated that their staff have one or more qualifications from
  - AAT – Association of Accounting Technicians
  - ACCA - Association of Chartered Certified Accountants
  - CIMA – Chartered Institute of Management Accountants
  - CMIIA – Certified member of the Institute of Internal Auditors
  - CPA – Certified Public Accountant
  - QIAL – Qualified Internal Audit Leader
12. A summary of the prices given in the responses is provided in the table below – listed in ascending cost order

Report Prepared 19 February 2017

For further information contact: The Town Clerk, email [town.council@ilminster.gov.uk](mailto:town.council@ilminster.gov.uk) or telephone 01460 52149

## Agenda No 15

Respondent	Cost	Notes
A	£700 (2 audit days) [1 hours £1,050 35 hours £1,750]	(i) Daily rate £350.00 (ii) 1/2 day rate £250.00 (iii) ITC Quotation form not completed response given in letter format
B	£40.00 per hour – would charge for time on site and report writing [21 hours work £840; 35 hours £1,400]	(i) No additional cost for travel
C	£1,260 (3 days on site + report writing)	(i) Hourly fee of £60.00 (ii) Would reduce the fee if less hours required (iii) Fees reviewed each April taking account of RPI (iv) Travel included (v) Sample audit report provided (vi) Uses contractors to assist with the workload
D	Fixed at £1,310 for 16/17 audit	(i) Travel included in fixed price (ii) Attendance at Council meetings additional fee of £400.00 + travel (iii) No references given (iv) Draft letter of engagement provided
E	£1,645 (35 hours)	(i) Costs fixed for 3 years (ii) Includes travel and subsistence (iii) Hourly rate £47.00 (iv) Daily rate £330 (v) Broad range of audit area plus risk management and fraud (vi) Provide 2 free training sessions a year collectively for clients aimed at audit committee members