

FAVERSHAM TOWN COUNCIL IS SEEKING A REGISTERED AUDITOR TO UNDERTAKE AN INTERNAL AUDIT FOR THE 2025/26 to 2027/28 (3) FINANCIAL YEARS

INTRODUCTION

Faversham Town Council and its external auditor rely on a detailed review of internal controls as well as the adequacy of accounting procedures by an internal auditor appointed by the Town Council. This requires the appointed internal auditor to complete an internal audit certification for the Accountability and Governance Annual Return (AGAR). The purpose of this tender is to request an internal auditor to provide this service.

SELECTING AND APPOINTING AN INTERNAL AUDIT PROVIDER

There is no requirement for a person providing the internal audit role to be professionally qualified, however as set out in the Practitioners' Guide 2024, essential competencies include:

- understanding basic book-keeping and accounting processes; this understanding must include accrual accounting and balance sheets
- understanding the role of internal audit in reviewing systems
- awareness of relevant principles and practice of financial and other risk management
- understanding proper practices in relation to governance and accounting requirements within the legal framework and powers of smaller authorities, as set out in Sections 1 and 3 of The Practitioners Guide
- awareness of the most recent model Standing Orders and model Financial Regulations as published by NALC and how they are adopted by authorities
- awareness of the relevance of VAT and PAYE/NIC rules as applied to the authority
- a clear understanding of the risks and controls associated with 'cut off' procedures, particularly with respect to revenue-generating activities

The appointed internal auditor will be required to sign the relevant section of the AGAR which currently requires the internal auditor to comment on whether or not: -

- Appropriate accounting records have been properly kept throughout the financial year.
- Faversham Town Council complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.
- Faversham Town Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.
- The precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.
- Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.

- Salaries to employees and allowances to members were paid in accordance with Faversham Town Council's approvals, and PAYE and NI requirements were properly applied.
- Asset and investments registers were complete and accurate and properly maintained. Periodic bank account reconciliations were properly carried out during the year.
- Accounting statements prepared during the year were prepared on the correct accounting basis (receipts trail from underlying records and where appropriate debtors and creditors were properly recorded).
- Faversham Town Council, during the previous year correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).
- Faversham Town Council has complied with the publication requirements of the AGAR for the previous financial year.

These assertions may change from one year to the next but are unlikely to be significantly different over the period of the proposed appointment. The appointed internal auditor will need to do sufficient internal audit procedures to be able to confirm whether or not there has been compliance with these assertions.

INTERNAL AUDIT CHECKLIST

Section 4 of The Practitioners' Guide 2024 (and future versions) sets out the basic requirements for conduct of an effective internal audit review of an authority's financial and governance records and controls facilitating the completion of the Internal Audit Report in an authority's Annual Governance and Accountability Return (AGAR). We would expect these as a minimum requirement of the internal audit services.

In the case that the internal audit is not able to confirm compliance, there is the expectation that these instances of non-compliance will be included in an internal audit report containing practical recommendations for improvement.

It will be expected that the internal audit service provider will be effective and add value. In addition to the work required to sign the relevant section of the AGAR, it is expected that the internal auditor service provider will: -

1. Prepare an annual audit plan which will be discussed with the Town Clerk and tabled at a Policy and Resources Committee meeting so that there can be additional input and oversight into the internal audit procedures that need to be carried out.
2. Have significant experience of auditing local and parish councils' sector and will be able to highlight latest best practice in the sector.
3. Have sufficient capacity to complete their work by no later than 31 May each year.

OTHER INFORMATION

Faversham Town Council uses RBS Omega as its primary accounting system.

TENDER REQUIREMENTS

The written tender response should contain the following information: -

1. Details of registration to any professional organisation.

2. Experience in auditing local and parish councils.
3. Letters of recommendation from other similar sized town councils.
4. Details of professional indemnity insurance.
5. List of items required at the time of audit.
6. Sample internal audit plan and report for the annual internal audit with timeframes.
7. The fee for undertaking the work for each of the 2025/26, 2026/27 and 2027/28 financial years for 2 audits (at 6 months and 12 months).

Tenders may be received by electronic submission entitled 'Internal Audit Services' for the attention of the Town Clerk, Faversham Town Council.

The tender will be scored on a 50: 50 price versus quality scoring matrix.

FURTHER INFORMATION

Further information can be obtained from Louise Bareham, Town Clerk and RFO by telephone 01795 503286 or email louise.bareham@favershamtowncouncil.gov.uk

In order to comply with the Local Government Transparency Code 2014, details of the winning contract may be published on the Council's website and minutes. The submission of a tender is deemed to be an acceptance of this requirement.

CLOSING DATE

The closing date for the tenders is 12 noon Friday 13th December 2024

Submission Address: The Town Hall, 12 Market Place, Faversham, Kent, ME13 7AE