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Mrs K Squire
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4 June 2026

Dear Kate

Engagement Letter – Local Authority

We are pleased to accept the invitation to act as internal auditors for the Council and are writing to confirm the terms of our appointment outlined below. The purpose of this engagement letter is to set out the basis on which we are engaged to act as internal auditors and our respective areas of responsibility.

1. **Period of engagement**
   a. This letter is effective for audit work relating to the financial years 2026/27 to 2028/29 inclusive.

   b. It replaces all previous engagement letters. The previously agreed commencement date for this engagement still applies.

   c. We will deal with matters arising in respect of periods prior to the above period as appropriate.

2. **Responsibilities of the council and internal auditors**

   a. The council is responsible for ensuring that the council maintains adequate accounting records and for preparing financial statements that have been prepared in accordance with current practices and guidelines.

   b. You are also responsible for making available to us, as and when required, all the council's accounting records and all other relevant records and related information, including the minutes of all meetings. We are entitled to request from the council's officers any other information and explanations as we think necessary for the performance of our duties as internal auditors.

   c. We have a statutory responsibility to report to the external auditors whether in our opinion the financial statements have been properly prepared in accordance with current practices and guidelines as outlined in the Smaller Authorities Proper Practice Panel (SAPPP) Practitioner's Guide covering the financial year under review. In forming this opinion, we shall:
      i. Review the accounting records and all other relevant records and related information, including minutes of all meetings
      ii. If deemed necessary, conduct two or more reviews per annum to verify both the procedural and financial aspects of the council
      iii. Report to you in writing any such adjustments that we may consider necessary, or those areas where we think your systems may require improvement
      iv. Sign the Annual Internal Audit Report page of the Annual Governance and Accountability Return (AGAR) as internal auditors

d. We have a professional responsibility to report if the financial statements do not comply with applicable proper practices, unless in our opinion the non-compliance is justified in the circumstances. In determining whether the departure is justified we consider:
   i. Is the departure required for the financial statements to give a true and fair view; and
   ii. Has adequate disclosure been made concerning the departure

e. We confirm that as internal auditors we meet the requirements to be competent and independent, as defined by the SAPPP Practitioner's Guide.

f. As with other professional services firms, we are required to identify our clients for the purposes of the UK anti-money laundering legislation. We are likely to request from you, and retain, some information and documentation for these purposes and/or to make searches of appropriate databases. If we cannot obtain satisfactory evidence of your identity within a reasonable time, there may be circumstances in which we are not able to proceed with the audit appointment.

g. The provision of audit services is a business in the regulated sector under the Proceeds of Crime Act 2002 and, as such, partners and staff in audit firms must comply with this legislation which includes provisions that may require us to make a money laundering disclosure in relation to information we obtain as part of our normal audit work. It is not our practice to inform you when such a disclosure is made or the reasons for it because of the restrictions imposed by the 'tipping off' provisions of the legislation.

3. Scope of audit

a. Our audit will be conducted in accordance with current practices and guidelines and will include tests of transactions and of the existence, ownership and valuation of assets and liabilities such as we consider necessary.

b. We shall obtain an understanding of the accounting and internal control systems to assess their adequacy as a basis for the preparation of the financial statements and to establish whether proper accounting records have been maintained by the council. We shall expect to obtain such appropriate evidence as we consider sufficient to enable us to draw reasonable conclusions there from.

c. The nature and extent of our procedures will vary according to our assessment of the council's accounting system and, where we wish to place reliance on it, the internal control system, and may cover any aspect of the business operations that we consider appropriate. Our audit is not designed to identify all significant weaknesses in the council's systems but, if such weaknesses come to our notice during our audit, which we think should be brought to your attention, we shall report them to you. We accept no duty or responsibility to any other third party as concerns our reports.

d. As part of our normal audit procedures, we may request you provide written confirmation of certain oral representations which we have received from you during the audit on matters having a material effect on the financial statements. Where we bring misstatements in the accounts to your attention that are not adjusted, we shall require written representation of your reasons.

e. To assist us with the examination of your financial statements, we shall request sight of all documents or statements, including minutes and reports, which are due to be issued with the financial statements. We are also entitled to attend all general meetings of the council and to receive notice of all such meetings.

f. The responsibility of safeguarding the assets of the council and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the council. However, we shall endeavour to plan our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements or accounting records (including those resulting from fraud, error or non-compliance with law or regulations), but our examination should not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance as may exist.

g. Once we have issued/uploaded our report we have no further direct responsibility in relation to the financial statements for that financial year. However, we expect that you will inform us of any changes occurring between the date of our report and submission to the external auditor.

h. We appreciate that the present size of your council may render it uneconomic to create a system of internal control based on the segregation of duties for different functions within each area of the council. In planning and performing our audit work we shall take account of this.

4. Electronic publication

a. Where audited financial information is published on a website or by other electronic means, it is your responsibility to ensure that any such publication properly presents the financial information and auditor's report. We reserve the right to withhold consent to the electronic publication of our report or the financial statements if they are to be published in an inappropriate manner.

b. It is your responsibility to ensure there are controls in place to prevent or detect quickly any changes to electronically published information. We are not required to carry out ongoing review of the information after it is first published. The maintenance and integrity of electronically published information is your responsibility, and we accept no responsibility for changes made to audited information after it is first posted.

5. Communication

a. To ensure that there is effective two-way communication between us we set out below the expected form and timing of such communications
   i. We may arrange a meeting to discuss the forthcoming audit prior to the expected start date.
   ii. We may arrange a meeting to discuss any matters arising from completing the on-site work.
   iii. We shall of course contact you on a regular basis regarding both audit and other matters.

6. Other services

a. You may request that we provide other services from time to time. We will issue a separate letter of engagement and scope of work to be performed accordingly. Because rules and regulations frequently change you must ask us to confirm any advice already given if a transaction is delayed or a similar transaction is to be undertaken.

7. Limitation of liability

a. We specifically draw your attention to our standard terms and conditions which set out the basis on which we limit our liability to you and to others.

b. There are no third parties that we have agreed should be entitled to rely on the work done pursuant to this engagement letter other than the external auditors.

8. Fees

a. Our fees are calculated using a stand rate per hour, plus disbursements and VAT at the standard applicable rate.

b. Our fees for the engagement period defined in clause 1a of this engagement letter are £80 per hour + VAT.

c. Where applicable we charge the standard HMRC rate for travel from the internal auditor's home address to the site of the audit.

d. Our fees are payable on presentation of invoices.

e. We do not normally charge for travel time, but in the event of an auditor attending on-site and the council not being ready and requiring the visit to be postponed or cancelled, we will charge for the auditor's travel time for the return journey at the hourly rate specified in clause 8(b).

9. Cancellation of services

a. Services can be cancelled at any time in writing. Cancelation will be effective from the end of the engagement period defined in clause 1a of this engagement letter.

b. If the council wishes to terminate the engagement period before the date defined in clause 1a of this agreement, an early termination fee shall become payable.

c. The early termination fee shall be based on the anticipated duration of internal audit work during the remaining engagement period, and we shall provide an explanation of how this fee is calculated.

10. Agreement of terms

a. This letter supersedes any previous engagement letter. Once it has been agreed, this letter will remain effective until it is replaced.

b. If this letter is not in accordance with your understanding of the scope of our engagement or your circumstances have changed, please let us know

c. This letter should be read in conjunction with our standard terms and conditions, which are available on our website.

Yours sincerely

A Beams

Andy Beams
Director
Mulberry Local Authority Services Ltd

We confirm that by electronically approving this document we agree that we have read and understood the contents of this letter and related terms and conditions and further agree that it accurately reflects our fair understanding of the services that we require you to undertake.

K Squire
K Squire (Jun 4, 2026 13:50:20 GMT+1)

04/06/2026