

CHIGWELL PARISH COUNCIL OFFICER'S REPORT TO THE FINANCE AND GOVERNANCE COMMITTEE

Meeting Date: 8 June

Subject: Appointment of Internal Auditor

1. Purpose of Report

To seek approval from F&G to recommend to Full Council to appoint Mulberry Local Authority Services Ltd as the Council's internal auditor for a further two years to conduct both interim and final internal audits each financial year.

2. Background

Mulberry were engaged by the Council in April 2024 on a one-year contract to carry out internal audit services. That contract has now expired. Under the Council's Financial Regulations, a new internal auditor must be appointed every three years. Mulberry therefore remain eligible to continue working with the Council for an additional two-year period.

3. Proposal

It is proposed that Mulberry Local Authority Services Ltd be appointed to provide internal audit services for a period of two years. This engagement will include the delivery of two audits per financial year: an interim audit focusing on governance and accountability and a final audit reviewing financial processes and supporting the Annual Governance and Accountability Return (AGAR). This arrangement ensures continuity, allows for early identification of issues and maintains compliance with proper internal audit practices.

4. Supporting Documentation

Mulberry provide their internal audit service in accordance with the Smaller Authorities Proper Practices Panel (formerly JPAG) Practitioner's Guide. They propose a two-audit structure each year:

- **Interim audit:** Focused on governance, Financial Regulations, Standing Orders, risk assessments, internal control systems and policies.
- **Final audit:** Concentrated on financial review and completion of the AGAR and supporting information for submission to the external auditor.

Mulberry auditors have extensive sector-specific knowledge and rotate between councils to ensure auditor independence. The service is charged at **£75 per hour + VAT** (Chigwell's precept is under £1 million), with mileage for on-site visits charged at **45p per mile**. Travel time is **not** charged.

Although Mulberry offer one- or three-year engagements (with rate locks), the Council proposes a further **two-year appointment**, consistent with internal financial procedures and the three-year rotation policy.

Budget code: **Audit and Professional Fees**

5. Council Responsibilities and Considerations

a. Finance and Best Value for Money

The continued engagement of Mulberry offers a cost-effective, professional and proven service. Their familiarity with the Council and sector-specific expertise reduces the need for additional procurement or onboarding.

b. Governance

Maintaining an experienced internal auditor strengthens the Council's accountability and governance procedures.

c. Community Engagement

Not applicable.

d. Equal Opportunities

The proposal does not disadvantage any group.

e. Crime and Disorder

Effective auditing strengthens financial transparency and supports good financial conduct.

f. Human Rights

The proposal is proportionate and preserves individual rights.

g. Health and Safety

No impact identified.

h. Biodiversity

No impact identified.

6. Recommendation

That the Finance and Governance Committee recommends to Chigwell Parish Council to:

1. Approve the appointment of Mulberry Local Authority Services Ltd as internal auditor for a further two years to carry out interim and final audits each year.
2. Authorise officers to confirm the engagement, manage scheduling with Mulberry and update Council records and financial controls documentation accordingly.



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Dear Clerk/RFO

As part of a range of services we offer to town and parish councils, Mulberry Local Authority Services (LAS) Ltd provide an internal audit service which is conducted in accordance with current guidelines and accounting practices as set out in the Smaller Authorities Proper Practices Panel (formerly JPAG) Practitioner's Guide.

Generally, we conduct two audits a year as a minimum. The first (interim audit) concentrates on the governance and accountability functions of the council and deals with procedural aspects of the audit (Financial Regulations, Standing Orders, risk assessments, internal control systems, processes, policies, etc.). The second (final audit) focuses on the financial aspects and the checking of the Annual Governance and Accountability Return (AGAR) and supporting information being submitted to the external auditors.

Our councils have found this approach beneficial, as it provides an opportunity to address any weaknesses identified at the interim audit before completion of the Annual Internal Audit Report at the final audit. We are always happy to consider a different frequency of visits to suit your council's needs, and are happy to answer any questions that may arise during the year.

Mulberry LAS (previously as part of Mulberry & Co) have been conducting internal audits for local councils for over 20 years. Our team of auditors have extensive sector specific knowledge and experience and can rotate between councils to ensure complete independence is maintained throughout your engagement period with us.

In the 2024/25 financial year, we will complete circa 270 internal audits ranging from small councils exempt from a limited assurance review to larger Town and Parish Councils with multi-million pound turnovers and complex financial arrangements, with a combination of on-site and remote audits taking place to suit the council's circumstances.

We base our charges on an hourly rate and for the financial year commencing on 1 April 2025 this is £75 per hour + VAT (£85 + VAT for councils with a precept exceeding £1 million). Travel costs for on-site visits are charged at the standard HMRC rate of 45p per mile. We do not charge for travel time.

The length of time for the audit(s) will depend on the scale and complexity of your council's financial operations, and once appointed, your assigned internal auditor will be happy to discuss this with you in more detail. We offer engagement periods of either one or three years. If you choose to appoint us for three years, we guarantee the hourly rate will not increase for the duration of that engagement period.

Becoming an internal audit client of Mulberry LAS also provides you with access to a discounted rate on our comprehensive training programme for officers and councillors, with further information and details of our upcoming courses available via www.mulberrylas.co.uk/training-programme

If you have any further questions, please do not hesitate to contact me.



Director, Mulberry Local Authority Services Ltd