

REPORT OF THE FINANCE MANAGER

SUBJECT: ENGAGEMENT LETTER FOR 2012/13 INTERNAL AUDIT SERVICE

The paper represents an opportunity for members to discuss the details of the Engagement Letter for 2012/13 Internal Audit Service from Pembrokeshire County Council.

Recommendation:

Members are request to NOTE the contents.

For further information on this report, please contact Mr Richard Griffiths (Finance Manager)

Pembrokeshire County Council • Cyngor Sir Penfro

Date • Dyddiad 2nd October 2012

Your ref • Eich cyfeirnod

My ref • Fy nghyfeirnod JH/RLE/8132

Telephone • Ffôn (01437) 775 637

Ask for • Gofynnwch am Mr Jon Haswell

Email • Ebost Jonathan.haswell@pembrokeshire.gov.uk

BRYN PARRY-JONES, M.A. (Oxon)

Chief Executive

MARK R. LEWIS, C.P.F.A., I.R.R.V.
Director of Finance & Leisure

Pembrokeshire County Council,
County Hall, HAVERFORDWEST,
Pembrokeshire, SA61 1TP

DX 98295 HAVERFORDWEST
Telephone 01437 764551
Fax: 01437 776498

Prif Weithredwr

Cyfarwyddwr Cyllid a Hamdden
Cyngor Sir Penfro,
Neuadd y Sir, HWLFFORDD,
Sir Benfro, SA61 1TP

DX 98295 HWLFFORDD
Ffôn 01437 764551
Ffacs 01437 776498



153-12

Mr Tegryn Jones
Chief Executive
Pembrokeshire Coast National Park Authority
Llanion Park
Pembroke Dock
Pembrokeshire
SA72 6DY

Dear Tegryn,

Engagement Letter for 2012-13 Internal Audit Services

Further to my recent meeting with Alan and Richard, I have pleasure in providing this engagement letter for the provision of internal audit services to PCNPA. This letter summarises the key elements of the engagement and I would be grateful if you would please respond to confirm your agreement to its contents.

Timing of the Audit

The internal audit work programme will commence on 5th November 2012 with on-site fieldwork being completed within two working weeks. I would be grateful if you could arrange suitable accommodation for my internal auditors. In accordance with Section 130 of your Financial Standards, my internal auditors will require access to all property, staff and records of PCNPA.

Audit Team

The internal audit work will be undertaken by Jo Hicks, Senior Auditor, and Jo Hendy, Senior Auditor, under the management of Richard Edwards, Principal Auditor.

Audit Coverage

The agreed internal audit work programme will cover the following areas:

- Payroll
- Car Parks
- Carew Castle
- Delivery (Recreation Management)
- Planning Fee Income
- Procurement (Including Purchase Cards)



The specific audit programmes for each area will be agreed with Alan and Richard prior to the commencement of the internal audit work.

In the recent meeting with Alan and Richard, I raised the possibility of undertaking internal audit reviews of PCNPA's information governance, risk management and business continuity arrangements and it was agreed that they would be considered as potential areas for audit coverage in 2013-14.

Reporting

We will be reporting in our own name as independent internal auditors. As agreed with Alan and Richard, it is proposed that the internal audit reports will be in a new tabular format, containing four assurance opinions and a RAG rating for recommendations.

We will provide Alan and Richard with a draft internal audit report with 14 days of completion of the internal audit fieldwork and would appreciate a response on the factual accuracy of the draft report and management comments in respect of any recommendations made within 14 days.

A final internal audit report will be issued to yourself, Alan and Richard within 14 days of receipt of the response to the draft report. Once the final report has been issued, PCNPA are responsible for its circulation, internally and externally, and for responding to any Freedom of Information Act requests to see the report.

The working papers compiled during the internal audit work will be retained by us, but will be made available to PCNPA upon request.

We will release the final internal audit report and any working papers to the PCNPA external auditors, the Wales Audit Office, upon request.

Audit Fee

As in previous years, the internal audit work programme will take 18 days to complete and will be charged at £230 per day plus VAT. This daily charge has not increased since 2007, so it is proposed that we agree a % increase for the provision of internal audit services for 2013-14.

Any travelling and subsistence costs incurred will be charged, at PCC reimbursement rates, in addition to the daily charge.

Any additional internal audit coverage requested by PCNPA will be chargeable at the daily rate plus any travelling and subsistence costs incurred plus VAT.

We will invoice PCNPA at the conclusion of the internal audit work and would appreciate payment within 28 days.

Contractual Relationship

Following circulation of the proposed Public Sector Internal Audit Standards to Alan and Richard, we discussed our internal audit role and it was confirmed that we are only providing internal audit services to PCNPA as a "contractor", with PCNPA retaining responsibility for the provision of the "Annual Assurance Opinion" to the Audit & Corporate Services Committee.

As it is a number of years since the "National Park Internal Audit Agreement" was drawn up and agreed by both parties, it would be prudent for us to review and update it prior to 2013-14, to ensure it continues to meet our requirements.

Should you wish to discuss this letter or the provision of internal audit services to PCNPA, please do not hesitate to contact me (01437 775637) or Richard Edwards (01437 775644).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jon Haswell', with a small horizontal line under the final 'l'.

Jon Haswell
Head of Internal Audit

c.c. Alan Hare, Head of Business Management
c.c. Richard Griffiths, Finance Manager

