

Our Ref: NMPC  
Your Ref:

12 Puller Road  
Hemel Hempstead  
Hertfordshire  
HP1 1QL

Mrs Nikki Bugden  
Clerk to the Council  
Nash Mills Parish Council  
PO Box 1602  
Hemel Hempstead  
Hertfordshire  
HP1 9ST

16<sup>th</sup> November 2021

## INTERNAL AUDIT FEE LETTER FOR THE FINANCIAL YEAR ENDING 31/3/2022

Dear Mrs Bugden,

Further to our original engagement letter, you will be aware that we have a rolling engagement subject to termination by either party. We therefore provide you with a fee letter each year rather than signing a new engagement letter each time.

Last year our fixed fee re the financial year ending 31/3/2021 was £450.00. This was nominally based on 7.5 hours at a charge-out rate of £60 per hour. The actual time spent on the internal audit was in excess of 39 hours. As you will be aware, Etaerio charges a fixed fee which although based on a number hours, generally involves more time being spent without additional fees being sought.

As you are likely aware, the 'JPAG 2021 Practitioners' Guide' ('PG2021'; published March 2021) included a big update to 'Section four – Best practice guidance for internal audit', including a new 'Internal Audit Checklist'. The PG2021 guide is mandatory for the 2021/22 year, and section 4 is 'non-statutory best practice guidance' that 'authorities are required to consider'. It is ultimately for the council to decide on the scope of its internal audit, but for the purpose of providing quotes for the 2021/22 internal audit two basic options are presented:

- essentially the Etaerio internal audit test programme as used for 2020/21 audits 'Legacy Programme';
- the Etaerio internal audit test programme updated for the PG2021 internal audit checklist ('PG2021 Expanded Programme'.

Please see the enclosed document for further information on the scope of these two options, and a comparison analysis of: the last previously published checklist ('PG2014'); the PG2021 checklist; and the 2020/2021 Etaerio programme.

### Option 1: Legacy Programme

Our fixed fee for our internal audit review in relation to the financial year ending 31/3/2022 will be £510.00 (Etaerio Ltd is not currently registered for VAT). This is nominally based on 8.5 hours at a charge-out rate of £60 per hour. This fee is inclusive of travel expenses.

### Option 2: PG2021 Expanded Programme

Our fixed fee for our internal audit review in relation to the financial year ending 31/3/2022 will be £918.00 (Etaerio Ltd is not currently registered for VAT). This is nominally based on 15.30 hours at a charge-out rate of £60 per hour. This fee is inclusive of travel expenses.

Please contact me if you have any questions, and I look forward to hearing from you.

With thanks.

Yours sincerely,



Philip Rhoden  
Director, Etaerio Ltd