**Response to the Internal Audit of FY 2019-2020 undertaken by IAC**

1. Introduction

The Council received IAC’s Internal Audit Report on the FY 2019-2020 on the 25th June 2020. This document outlines the key findings from the report and our next steps. It has been reviewed by the Finance Group and is proposed to the Council.

1. How the assessment works

The Parish Council’s combined precept and other income for 2019/20 fell into the income/expenditure that exceeds £25,000-£6.5million bracket and therefore the annual accounts are subject to more detailed scrutiny by the External auditors as well.

In previous years the Parish Council’s internal audit has been assessed against a simple Red, Amber Green traffic light system. This year the same 13 categories are used by the Internal Auditor but each of these is given a percentage rating. The Internal Auditor found three of the categories to be inapplicable to our Council.

Following this assessment, the auditors then make a series of observations, which enable the Parish Council to refine details of their due process.

1. Overview of Audit Findings

The Parish Council scored 94%. This reflects that the process and controls in place in the Parish are working well. They identified 5 recommendations for the council to consider, 3/5 were scored as High priority.

1. Overview of Audit Observations

Two of the three items listed for High priority relate to how specific information is required to be documented in the minutes, for example when agreeing the precept ensuring the specific amount and its increase should be listed, when allocating donations the Clerk is required to note the specific power which enables the Parish Council to contribute to such a cause. Whilst clearly important items these are things that will be straightforward to document appropriately going forward.

The final item listed for High priority relates to how bookkeeper costs are accounted for in the year end accounts, this is a helpful learning about how best to fill in the administrative aspects of the year end process. The end of year return for the Council now reflects this learning.

1. Proposed next steps

Proposed remediating actions have been detailed in the document PC response to Internal Audit observations. It is proposed that the Finance group review progress against these actions in 3 months.

The Finance Group has agreed a response to the Internal Auditor, that reflects the above. It will submit it to the Internal Auditor on receipt of approval of this paper at the Wednesday 1st July 2020 Parish Council meeting.