**Response to the Internal Audit of FY 2018-2019 undertaken by IAC**

1. Introduction

The Council received IAC’s Internal Audit Report on the FY 2018-2019 on the 2nd June 2019. 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 auditors assess the Parish Council against a series of categories using a simple Red, Amber Green traffic light system to demonstrate their assessment. There are 13 categories used by the Internal Auditor, 4 of these categories are not applicable for this council. This means that there are 9 relevant categories this Parish Council to be assessed against.

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 Green in 8/9 of the categories assessed. This reflects that the process and controls in place in the Parish are working well. They scored 1/9 categories as red. This red was noted because the PC had not undertaken assessment and sign off on a Bank Reconciliation on a quarterly basis over the financial year.

1. Overview of Audit Observations

The material point raised by the auditor was to note that the Council was proposing to set up PAYE for the new clerk. It urged the Council to action this.

The auditors also made a series of more detailed points associated with protocol to which the Finance Group has considered and accepted. These are minor but important aspects of protocol and will be followed when we next undertake these sections of the process.

1. Proposed next steps

Work has already started to confirm the quarterly reporting format that our Book Keeper will deliver to the Finance Group for review, prior to approval at full council. This quarterly report will include a bank reconciliation.

Actions are underway to follow up on the set up of PAYE with the Book Keeper, this will be on the agenda for the July Finance Group meeting to check on progress.

The Clerk and Finance lead are aware of the points of protocol highlighted by the internal auditors and will ensure these are actioned accordingly.

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 5th June PC meeting.