



Penrith Town Council

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Review of the System of Internal Control 2019/20

Governance Requirements

1. Under the Accounts and Audit Regulations 2015, the Town Council must ensure that it has a sound system of internal control which:
 - facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - ensures that the financial and operational management of the authority is effective; and
 - includes effective arrangements for the management of risk.

Additionally, each financial year, the Council must conduct a review of the effectiveness of its system of internal control and prepare an annual governance statement, in accordance with proper practices. In previous financial years, the annual review has been carried out in September. This has been rescheduled to March in order to better enable the Council to confirm that internal controls have operated effectively throughout the financial year.

Internal Audit

2. The Regulations also state that the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The Council last reviewed its internal audit arrangements in May 2019, when it concluded that those arrangements were effective for the financial year 2018/19. The same arrangements apply to the current year, so it is reasonable to assume that they continue to be effective; this opinion will be reviewed formally in May this year.

Internal Control Framework

3. The attached diagram summarises the key governance controls operating within the Council. The list of items is not exhaustive, while the headings are included for convenience only. The diagram demonstrates that the Council has all of the appropriate elements in place to form a sound framework of internal control.

Review of Effectiveness

4. During the year 2019/20, the Council has maintained and updated all its policies and procedures. It has complied fully with all of the controls identified within the framework and has responded appropriately to new responsibilities. For example, during the year to date, the Council has:
 - Achieved the General Power of Competence
 - Refreshed its Business Plan
 - Progressed its Neighbourhood Plan
 - Confirmed compliance with GDPR and implemented Website Accessibility Regulations
 - Established a Youth Advisory Panel
 - Appointed an in-house Solicitor
 - Improved budgetary control processes
 - Maintained effective internal audit arrangements.
5. The agenda for this meeting includes the separate interim report from the Council's Internal Auditor, which concludes that "The Council's control systems are efficient and effective and give the appropriate level of confidence...". This independent opinion contributes to Officers' own opinion that the controls identified in the framework are adequate, appropriate and effective and that they have operated consistently throughout the 2019/20 financial year to date.

Annual Governance Statement (AGS)

6. The AGS cannot be prepared until after the end of the financial year, prior to approval of the annual accounts, and will be based on the assurance gained from this review of the internal control framework and the final internal audit report.



INTERNAL CONTROL FRAMEWORK 2019/20

| Statutory & Constitutional | Financial Management | Audit | Risk Management | Employees |
|---|---|---|--|--|
| <ul style="list-style-type: none"> ▪ Legislation: <ul style="list-style-type: none"> ◦ Local Government ◦ Health & Safety ◦ Equalities ◦ Information Technology ◦ Freedom of Information ▪ Councillors: <ul style="list-style-type: none"> ◦ Standing Orders ◦ Acceptance of Office ◦ Code of Conduct ◦ Register of Interests ◦ Declaration of Interests ◦ Annual Town Meeting ▪ Annual Report ▪ Business Plan ▪ Neighbourhood Plan ▪ Community Engagement ▪ Qualified & experienced Town Clerk ▪ Qualified & experienced In House Solicitor | <ul style="list-style-type: none"> ▪ Financial Regulations ▪ Financial Procedures ▪ Proper Accounting Practices ▪ Procurement Rules ▪ Approval of Expenditure ▪ Approved Budget ▪ Medium Term Forecast ▪ Budgetary Control ▪ Reserves Policy ▪ Investment Policy ▪ Transparency reports ▪ Asset Register ▪ Qualified & Experienced CFO | <ul style="list-style-type: none"> ▪ Internal Audit ▪ Government and Accountability for Smaller Authorities ▪ Review of Internal Audit Effectiveness ▪ NAO Code of Audit Practice ▪ External Audit ▪ Public Right of Inspection | <ul style="list-style-type: none"> ▪ Risk Assessments ▪ Health & Safety advice ▪ Legal advice ▪ IT Security ▪ Business Continuity arrangements ▪ Security of Assets ▪ Insurance cover ▪ Due diligence re asset transfers | <ul style="list-style-type: none"> ▪ Approved establishment ▪ Contracts of employment ▪ Job Descriptions ▪ Staff Policies & Procedures ▪ Staff Handbook ▪ Performance Appraisals |