



# Penrith Town Council

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## **INTERNAL CONTROL FRAMEWORK 2021-22**

The Council's internal control framework, is reviewed annually to ensure that the adopted controls are adequate, appropriate and effective and that they have operated consistently throughout the financial year.

The Town Council resolved from 20 May 2019, until the next relevant Annual Meeting of the Council, that having met the conditions of eligibility as defined in the Localism Act 2011 and SI 965 The Parish Councils (General Power of Competence)(Prescribed Conditions) Order 2012, to adopt the General Power of Competence. The Accounts and Audit Regulations 2015 further require the Council to maintain a sound system of internal control, which includes its full range of governance arrangements.

### **Governance Requirements**

a) 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. This framework supports that review.

## **Internal Audit**

- b) 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 2020, when it concluded that those arrangements were effective for the financial year 2019/20. The same arrangements apply to the subsequent year, so it is reasonable to assume that they continue to be effective; this opinion will be reviewed formally in May each year.

## **Internal Control Framework**

- c) The Internal Control Framework 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 and is recorded separately from this framework.

## **Review of Effectiveness**

- d) The Council maintains and updates all its policies and procedures. It complies fully with all of the controls identified within the framework and responds appropriately to new responsibilities. For example:
- Maintained the General Power of Competence
  - Interpreted and implemented the Regulations relating to Coronavirus
  - Adapted meeting protocols and operational activities to maintain services during the pandemic
  - Regular committee/officer work plan reviews
  - Continued implementing the Website Accessibility Regulations
  - Progressed its Neighbourhood Plan
  - Identified the resources over a five year period to deliver its Climate Change Strategy
  - Reviewed all risk assessments, including new assets such as Fairhill Playground and Thacka Beck
  - Maintained effective internal control and audit arrangements.

- e) Members consider a separate report from the Council's Internal Auditor. 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.

**Annual Governance Statement (AGS)**

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