

# North Tyneside Council Report to Audit Committee Date: 29 May 2019

## ITEM 9

Title: 2018/19 Opinion on the  
Framework of Governance,  
Risk Management and Control

Report from Service Area: Resources

Report Author: Allison Mitchell, Chief Internal Auditor (Tel: 643 5720)

Wards affected: All

### PART 1

#### 1.1 Purpose:

The purpose of this report is to provide the annual opinion from the Chief Internal Auditor on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control, in accordance with the Public Sector Internal Audit Standards.

#### 1.2 Recommendation:

It is recommended that the Audit Committee considers and notes the Chief Internal Auditor's 2018/19 'satisfactory' opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control, attached as **Appendix A**.

#### 1.3 Council Plan and policy framework

The work of Internal Audit and the Audit Committee covers all service responsibilities as identified within the Council Plan.

#### 1.4 Information

##### Internal Audit Annual Opinion 2018/19

- 1.4.1 The Chief Internal Auditor is required under the Public Sector Internal Audit Standards (PSIAS) to provide an annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The 2018/19 opinion from the Chief Internal Auditor is attached as **Appendix A**. This report documents Internal Audit's resourcing in the year, the work undertaken by Internal Audit during this period, highlights the main findings from this work, and gives the overall opinion of the Chief Internal Auditor on the overall adequacy and effectiveness of the framework of governance, risk management and control for the organisation.
- 1.4.2 The opinion is a source of assurance to the organisation when preparing the Annual Governance Statement, which will be presented to Audit Committee in its own right.

## 1.5 Decision Options:

It is recommended that the Audit Committee:

- (a) notes the 2018/19 opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control, attached as **Appendix A**; and
- (b) considers this opinion as part of its approval of the Annual Governance Statement 2018/19.

There are no other options available in relation to this report.

## 1.6 Reasons for recommended option:

This recommendation will allow the Council to operate in line with legislation, good practice and professional guidance.

## 1.7 Appendices:

**Appendix A:** 2018/19 Opinion on the Framework of Governance, Risk Management and Control

## 1.8 Contact officers:

Kevin McDonald (Group Assurance Manager) Tel 643 5738

## 1.9 Background information:

The following background papers and research reports have been used in the compilation of this report and are available for inspection at the offices of the author.

- (a) Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, April 2017 (P) [Public Sector Internal Audit Standards](#)
- (b) Local Government Application Note for the UK Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, April 2013 (P)
- (c) Financial Regulations C.24 – C.35, Version 5a, September 2013 (P) [http://november.northtyneside.gov.uk:7777/pls/portal30/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=515604](http://november.northtyneside.gov.uk:7777/pls/portal30/NTC_PSCM.PSCM_Web.download?p_ID=515604)
- (e) Strategic Audit Plan 2018/19, March 2018 (P) <https://my.northtyneside.gov.uk/sites/default/files/meeting/agenda/Audit%20Committee%2028%20March%202018.pdf>
- (f) Internal Audit Reports & Briefing Notes prepared during 2018/19 (C)
- (g) The Accounts and Audit Regulations 2015, April 2015 (P) [http://www.legislation.gov.uk/uksi/2015/234/pdfs/uksi\\_20150234\\_en.pdf](http://www.legislation.gov.uk/uksi/2015/234/pdfs/uksi_20150234_en.pdf)

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

Effective internal audit is an essential part of the Authority's governance arrangements. Internal Audit examines the Authority's systems of internal control, and the economy, efficiency and effectiveness with which resources are deployed. The audit of the Authority's activities promotes good financial governance and the importance of value for money. Effective control in these areas reduces the potential for financial loss through fraud, waste and inefficiency.

There are no financial implications arising from the recommendations set out in this report.

### **2.2 Legal**

The Accounts and Audit Regulations 2015 require the Authority to 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 Public Sector Internal Audit Standards require that the Chief Internal Auditor delivers an annual Internal Audit Opinion, which concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This report complies with all necessary requirements of the Public Sector Internal Audit Standards.

### **2.3 Consultation/community engagement**

The 2018/19 opinion on the adequacy and effectiveness of the framework of governance, risk management and control summarises Internal Audit findings communicated to and discussed with service management throughout the course of 2018/19. Regular reports have also been made to the Audit Committee throughout the year, advising of the outcomes of Internal Audit's work, in accordance with the Audit Committee's planned schedule of work.

### **2.4 Human rights**

There are no human rights issues arising from this report.

### **2.5 Equalities and diversity**

There are no equality and diversity issues arising from this report.

### **2.6 Risk management**

Internal Audit activity is based on a risk-based approach, thus ensuring that coverage is focussed on areas of Council activity where Internal Audit resource will deliver most benefit and assist most effectively in the management of risk.

There are no specific risks arising from this report.

## **2.7 Crime and disorder**

There are no specific crime and disorder issues arising from this report. The work of Internal Audit is a key strand in the Authority's counter-fraud arrangements, as set out in the Strategic Audit Plan.

## **2.8 Environment and sustainability**

There are no environment and sustainability issues arising from this report.

**Report authors**     Allison Mitchell / Kevin McDonald