

North Tyneside Council Report to Audit Committee Date: 26 May 2021

ITEM 6

Title: 2020/21 Opinion on the
Framework of Governance,
Risk Management and Control

Report from Service Area: Resources

Report Author: Kevin McDonald, Acting Chief Internal Auditor (Tel: 643 5738)

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 2020/21 '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 2020/21

- 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 2020/21 opinion from the Chief Internal Auditor is attached as **Appendix A**. This report documents the work undertaken by Internal Audit during this period, highlights the main findings from this work, sets out Internal Audit's resourcing in the year and gives the overall opinion of the Chief Internal Auditor on the adequacy and effectiveness of the framework of governance, risk management and control for the organisation. This reflects the expected content set out in the Public Sector Internal Audit Standards.
- 1.4.2 The opinion is a source of assurance to North Tyneside Council when preparing the Annual Governance Statement. This is prepared separately and presented to Audit Committee by the Head of Resources (Chief Finance Officer).

1.5 Decision Options:

It is recommended that the Audit Committee:

- (a) notes the 2020/21 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 a strand of assurance when receiving the Annual Governance Statement 2020/21.

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: 2020/21 Opinion on the Framework of Governance, Risk Management and Control

1.8 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 (P)
- (c) Financial Regulations C.24 – C.35, Version 5a, September 2013 (P) [Financial Regulations](#)
- (e) Strategic Audit Plan 2020/21, July 2020 (C)
- (f) Internal Audit Reports & Briefing Notes prepared during 2020/21 and 2021/22 (C)
- (g) [The Accounts and Audit Regulations 2015, April 2015 \(as amended\) \(P\)](#)

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 and non-financial governance and the importance of value for money. Effective control in these areas reduces the potential for loss through fraud, waste and inefficiency.

There are no direct 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 2020/21 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 2020/21. 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 Kevin McDonald