

# North Tyneside Council Report to Audit Committee Date: 24 May 2017

## ITEM 6

Title: 2015/16 Opinion on the  
Framework of Governance,  
Risk Management and Control

Report from Service Area: **Commissioning and Investment**

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 present the annual opinion 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 2016/17 '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 2016/17

- 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 2016/17 opinion from the Chief Internal Auditor is attached as **Appendix A**. This report documents Internal Audit's resourcing in the year (planned / actual productive days), 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 2016/17 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 2016/17.

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:** 2016/17 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)
- (d) Internal Audit Terms of Reference, March 2012 (P) [http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=533726](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=533726)
- (e) Strategic Audit Plan 2016/17, March 2016 (P) [http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=564799](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=564799)
- (f) Internal Audit Reports & Briefing Notes prepared during 2016/17 (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**

The Internal Audit Service supports the Chief Finance Officer in discharging the requirements of section 151 Local Government Act 1972, which requires that local authorities 'make arrangements for the proper administration of their financial affairs'. Internal Audit examines the Authority's systems of internal control, and the economy, efficiency and effectiveness with which resources are deployed.

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 2016/17 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 2016/17. 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**

The risks associated with this report have been considered and discussed with the Senior Risk Advisor and will be managed in accordance with the North Tyneside Council risk process.

### **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.

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