



Pendle Borough Council

Internal Audit Plan 2023/2024 (DRAFT)

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Your Internal Audit Team



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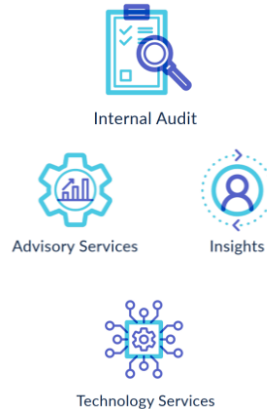
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1 Executive Summary

1.1 Working in partnership with you

MIAA Assurance, providing cost effective assurance, insight and foresight. These services are delivered in partnership with you to ensure they are personal and responsive, ensuring the best possible customer experience.



Working with you

- ✓ Strong relationships
- ✓ In depth knowledge and understanding of the council
- ✓ Strong risk assessment
- ✓ Tailored plan focused on your risks
- ✓ Core assurances integral to your assurance Framework
- ✓ Focus on areas for improvement
- ✓ Flexible and responsive
- ✓ Strong service KPIs and delivery
- ✓ Insights from our wider client base, at both organisation and system levels
- ✓ Benchmarking insights
- ✓ Events and Networking
- ✓ Advisory support
- ✓ Fully compliant External Quality Assessment

1.2 Your Risk Assessment

A strong risk assessment underpins the Internal Audit Plan. This has focused upon your Assurance Framework as this represents Pendle Council's (the Council) own assessment of the risks to achieving its strategic objectives. These are summarised in Appendix A. We have clearly set out the risks which have been prioritised within the audit plan and those which are not.

1.3 Your Internal Audit Plan

Your Internal Audit service includes core assurances, national and regional risk areas and strategic risks from your assurance framework. The draft plan is based on an initial risk assessment and provides indicative coverage for the Council. The plan will remain flexible to allow for responses to emerging challenges that the Council may face.

Your operational annual plan in Section 5 forms part of the Council's three year Strategic Plan (shown in Appendix A). This will be reviewed as part of our ongoing risk assessment process to ensure that it remains focused on the Council's key risks and challenges and adds value.

We will actively engage across the organisation to ensure we have a full and detailed understanding of your risks and can ensure we focus our work to best effect.

MIAA insights, including benchmarking, briefings and events will be integral to your plan.

As part of the 2023/24 planning MIAA are currently planning to propose to uplift to contracts of 1.8%, based on the inflationary uplift of 2.9% net of an anticipated efficiency requirement of 1.1%. This would result in your fees for 2023/24 being £84,290. Given the current uncertainties regarding the NHS pay award position the anticipated uplift may be subject to change and we will update you on this accordingly.

2 Your Internal Audit, Assurance and Solutions Services

Internal Audit, Assurance and Solution Plans

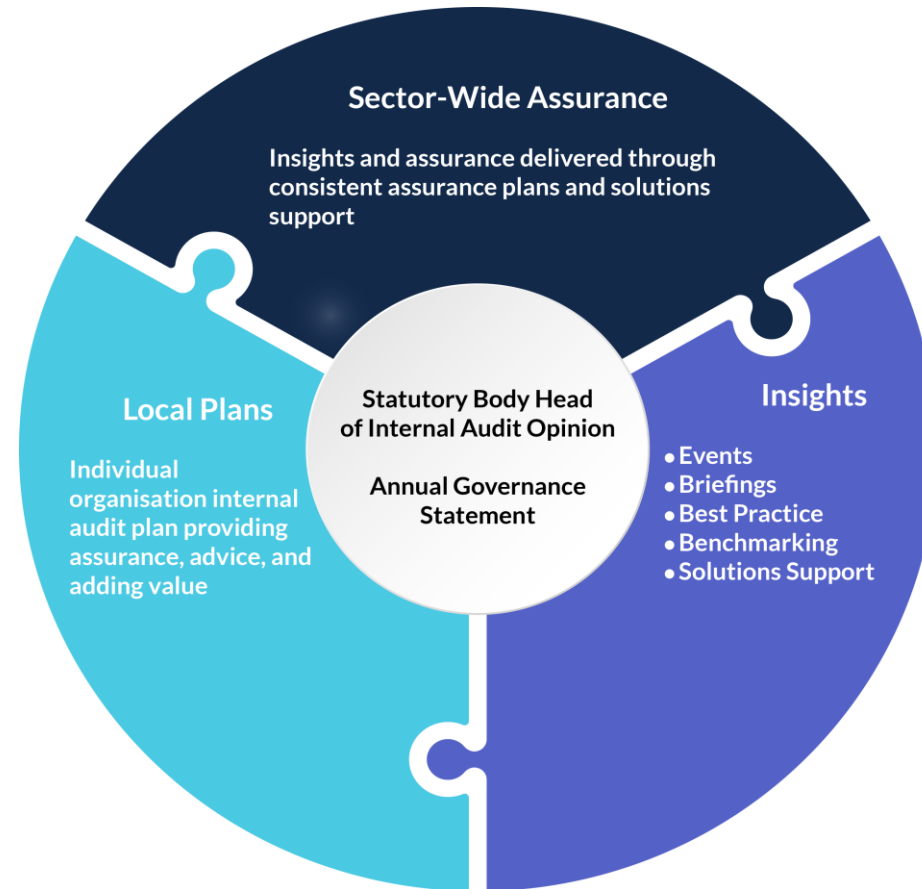
The public sector landscape in England continues to change, and the impact of COVID-19, international issues and economic challenges are likely to be felt for many years to come.

Our vision is for MIAA to continue to be a Trusted Advisor through the retention of personalised, local focus and relationships with the added benefits provided by an at scale provider.

This is about MIAA continuing to build on its shared services capability to create a comprehensive offering, which provides insight, adds value and supports transformational change whilst operating efficiently.

MIAA continue to review and adapt our audit service and the way we provide assurance to meet your needs in the changing landscape.

This is about risk assessment at every level and regrouping audit plans and advisory commissions to support organisations and the wider public sector.



2 Your Internal Audit, Assurance and Solutions Services – Adding Value

Client Focused
Research & Development
Briefings & Events
Specialist Services
Flexibility and ability to respond and adapt



Embedded external insights and local presence
Access to MIAA Insights and Benchmarking
Retention of corporate memory and relationships

Local presence
Multi-disciplinary teams and specialist resource integral to the core service
Use of technology to provide efficient and effective service
Flexibility

No surprises
Relations and ongoing communications
Regular management and Audit Committee reporting

ISO accredited systems
Significant experience and knowledge brought from our extensive client base

2 Your Internal Audit, Assurance and Solutions Services – Adding Value



Understanding Your Vision, Objectives and Risks

A key focus of our strategic risk assessment is understanding your vision and ensuring that the internal audit plan contributes to your objectives. This in turn ensures that the assurances provided are built around your risks.

Assurance Built Around Your Risks

- Delivery of the Local Plan
- Delivery of key Government Programmes and Major Capital Programmes
- Political Balance/Stability
- Achievement of carbon neutral targets
- Financial Sustainability
- Safeguarding of residents
- Public Health
- Local Workforce Skills Development
- Organisations Internal Capacity to deliver

We map your strategic objectives and strategic risks to the 3 Year Strategic Internal Audit Plan (Appendix A). This is reviewed as part of the risk assessment process to ensure that the plan remains focused on the Council's key risks and challenges and adds value.

Our Vision

Pendle: A richly characterful place with ambition, opportunities and strong connections.

Pendle Borough Council: Working to deliver an approachable, responsive and efficient Council that aims to foster happy communities thriving in an economically ambitious and sustainable way.

Our Priorities

We will deliver the Vision for the borough and the Council through four key priorities:



3 Internal Audit Risk Assessment

The Pendle Council internal audit plan is built from a risk assessment which has considered national and local system risks, place based developments and your local strategic risk assessment, along with our breadth of experience and understanding of the challenges you face.

A key focus of our strategic risk assessment is understanding your vision and ensuring that the internal audit plan contributes to your objectives. This in turn ensures that the assurances provided are built around your risks.

The initial strategic risk assessment and internal audit risk assessment has considered:

- **Organisation intelligence** – including review of your Strategic Risk Register, Strategy and Committee papers
- **Assurance mapping** – utilisation of the 3 lines of assurance model and professional standards to ensure focused coverage.
- **Core assurance** – including core systems assurances and Public Sector Internal Audit Standards requirements.
- **Previous Internal Audit coverage** – we have reviewed your previous Internal Audit coverage to ensure the proposed plan does not duplicate coverage.
- **Follow Up** – Internal Audit coverage will also include follow up of outstanding internal audit actions.



4 Internal Audit Plan on a Page

For Pendle Council, this is the planning approach we will adopt:

Planning Approach

- Risk Assessment of the external environment, system and organisation (including your Strategic Risk Register).
- Engagement of Audit Committee, Executive Directors and management to refresh and confirm the plan post tender.
- Use of MIAA’s client risk database to inform planning.
- Coverage of Critical Business Systems to support organisation’s objectives through the strategic internal audit plan.
- Provision of sufficient resources and expertise.
- Compliance with Public Sector Internal Audit Standards (PSIAS).

Your Plan

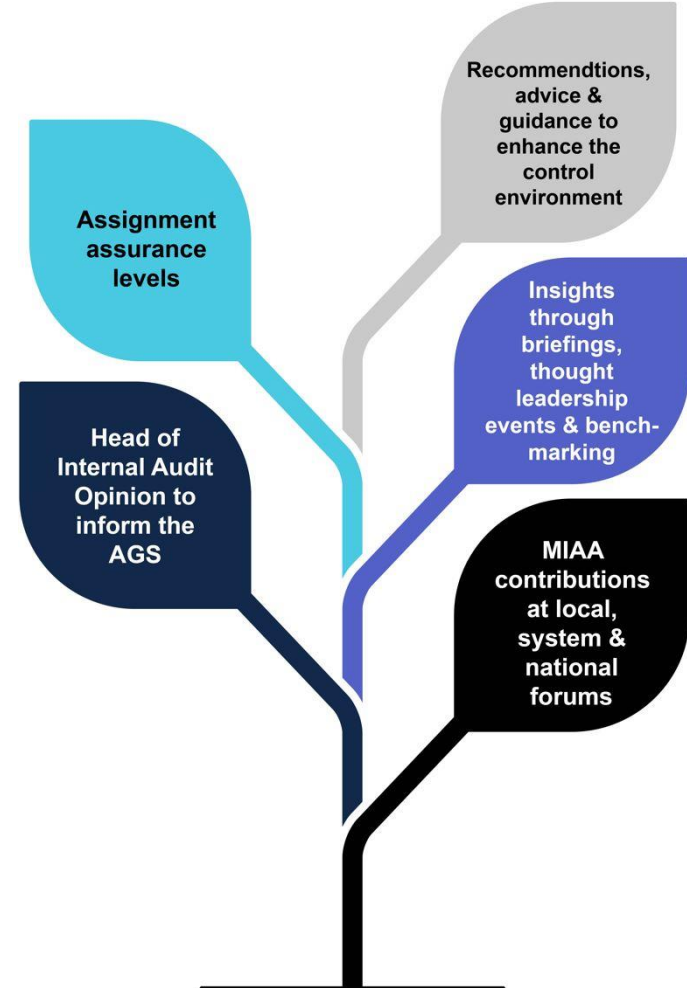
The outcome of your risk assessment is summarised below:

Organisational Reviews
 Provision of assurances across core and risk based reviews

- Risk Management
- Finance Deep Dive - General Ledger
- Finance Deep Dive - Asset Management – Fixed Assets
- Revenue and Benefits
- Transformation Programme Delivery
- Planning applications
- Housing Inspections
- Food Safety
- Mandatory Training
- Attendance Management
- Personal Development Review
- Information Security
- Gifts and Hospitality

Follow Up and Contingency

Outcomes



Added Value

5 Operational Internal Audit Plan 23/24

Review & Scope	Risk / Rationale	Planned Delivery	Executive Lead
Governance & Leadership			
Risk Management – Core Controls: To provide assurance that core risk management controls have established and maintained.	HOIA Opinion Requirement/ PSIAS requirement	Q3	Director of Resources
Gifts and Hospitality: To evaluate the design and operating effectiveness of the key controls the Council has in relation to the declaration of gifts and hospitality for members and officers.	Risk Assessment	Q1	Director of Resources
Finance & Sustainability			
Finance Systems - Deep Dives: To provide assurance that the most significant key controls are appropriately designed and operating effectively in practice. <i>Areas of focus are asset management – fixed assets and general ledger</i>	Core Assurance	Q4	Director of Resources
Transformation Programme Delivery: To assess the overall project management, governance and reporting arrangements in place to manage the delivery of the Transformation Programme so that it delivers the desired improvements.	Risk Assessment	Q3	Director of Resources
Revenue and Benefits: <i>TBC awaiting outcome from current reviews of Council Tax and NNDR and Housing Benefits</i>	Core Assurance	Q4	Director of Resources
Service Delivery			
Planning: To assess the Council's controls for handling and oversight of planning applications.	Risk Assessment	Q3	Director of Place
Housing Inspections: To evaluate the design and operating effectiveness the Council has in ensuring rental properties meet statutory requirements and do not endanger residents.	Risk Assessment	Q1/2	Director of Place
Food Safety: To provide assurance that the most significant key controls are appropriately designed and operating effectively in practice to ensure compliance with Statutory requirements.	Risk Assessment	Q2	Director of Place

Review & Scope	Risk / Rationale	Planned Delivery	Executive Lead
People			
Personal Development – Mandatory Training: To provide assurance on the design and operating effectiveness of key controls to measure on-going compliance with mandatory training requirements and report assurance through the Council governance structure. <i>Area of focus to include KnowBe4?</i>	Risk Assessment	Q2	Director of Resources
Attendance Management: To provide assurance around the design and operating effectiveness of key controls in relation to managing sickness and absence in line with the Council's Policy	Risk Assessment	Q1	Director of Resources
Performance Management: To review the systems and processes in place to manage staff performance including appraisals, capability and performance improvement programmes.	Risk Assessment	Q4	Director of Resources
Information Technology			
Information Security: To provide assurance around the design and operating effectiveness of key controls in relation to arrangements for securing personal data.	Risk Assessment	Q2	Director of Resources
Follow up & Contingency			
Follow up and Contingency	PSIAS requirement	Q1 – Q4	Director of Resources
Planning & Reporting			
Planning, Management, Reporting & Meetings	PSIAS requirement	Q1 – Q4	Director of Resources

The Internal Audit Risk assessment and plan will be reviewed on an ongoing basis throughout the year and any requests for change discussed and approved via the Audit Committee. A formal 6 month review of the plan will also take place.

The following risk areas were identified as part of the annual risk assessment (refer above), but are not currently prioritised within the Internal Audit Plan coverage.

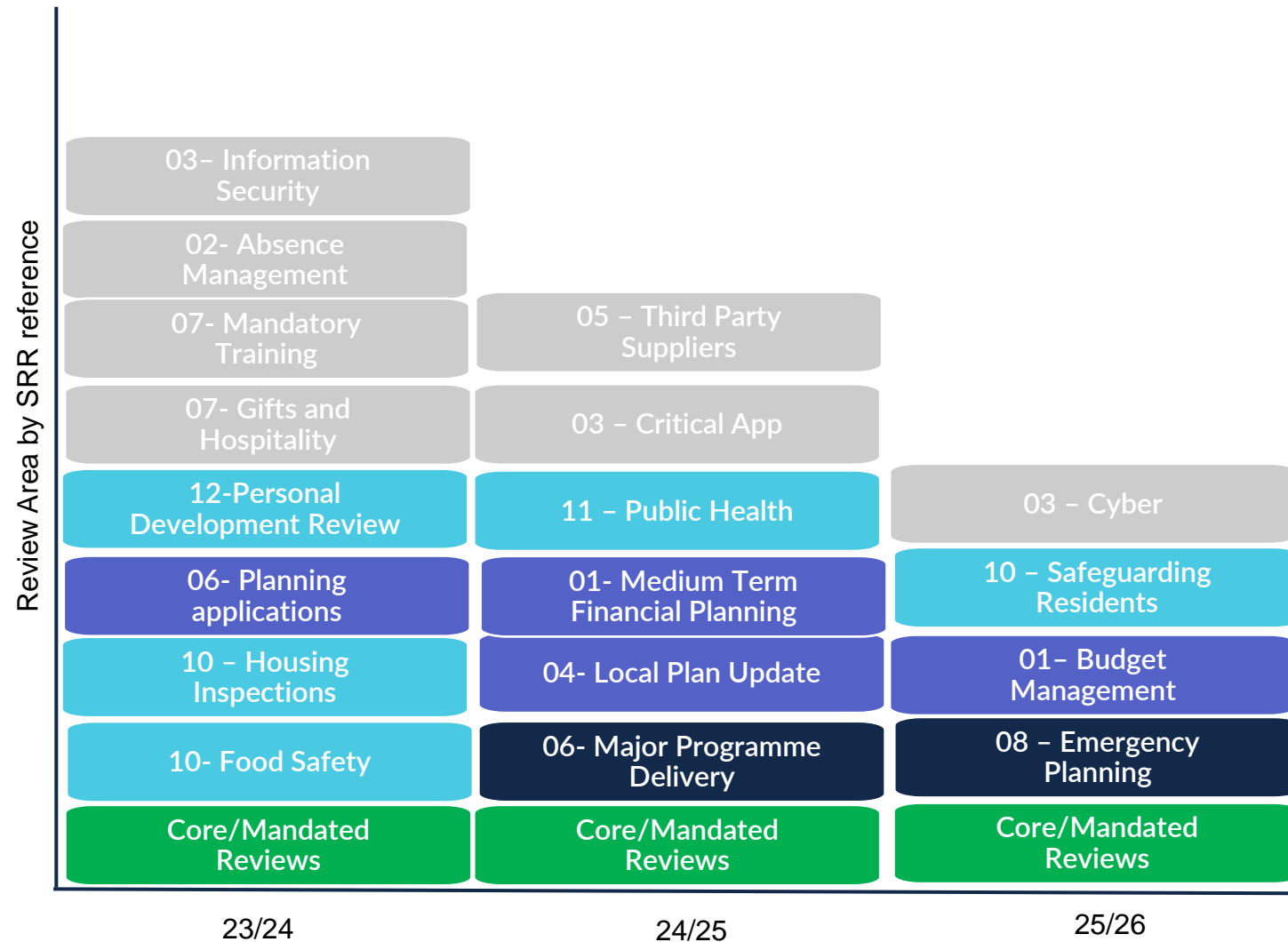
Risk Area	Review Origin	Rationale
Medium Term Financial Plan	Risk Assessment	External Audit will evaluate as part of their audit
Grants	Risk Assessment	Will consider utilising contingency for any grant audit requests
Third Party Service Delivery	Risk Assessment	Contract reviews ongoing during 2023
Public Health	Risk Assessment	Other risk areas prioritised. To be considered for future plans
Developing local workforce skills	Risk Assessment	Other risk areas prioritised. To be considered for future plans
Safeguarding residents	Risk Assessment	Other risk areas prioritised. To be considered for future plans
Recruitment and retention	Risk Assessment	Plans and actions not mature enough to be reviewed. To be considered in future plans.
Data Quality	Risk Assessment	Other risk areas prioritised. To be considered for future plans
Critical Application – Financial Systems	Risk Assessment	Other risk areas prioritised. To be considered for future plans
Cyber Security	Risk Assessment	Subject to Internal Audit Review in 21/22
Local Plan Update	Risk Assessment	Corporate plans and actions only recently updated. To be considered in future plans.
Emergency Planning	Risk Assessment	Subject to Internal Audit Review in 21/22
Major Programme Delivery	Risk Assessment	Review of Nelson Town Deal undertaken in 2022/23
Carbon Reduction	Risk Assessment	Other risk areas prioritised. To be considered for future plans.
Stakeholder/Member Engagement	Risk Assessment	Other risk areas prioritised. To be considered for future plans.

The Internal Audit Risk assessment and plan will be reviewed on an ongoing basis throughout the year and any requests for change discussed and approved via the Audit Committee. A formal 6 month review of the plan will also take place.

Appendix A – 3 Year Strategic Internal Audit Plan

We have mapped your strategic objectives and strategic risks to the 3 Year Strategic Internal Audit Plan. This will be reviewed as part of the risk assessment process to ensure that it remains focused on the Council’s key risks and challenges and adds value.

REF	Strategic Risk	Risk Score
Priority 1: Proud and Connected Communities and Places		
SRR-06	Delivery of key government programmes and major capital programmes	A2
SRR-09	Achievement of carbon neutral targets	A2
SRR-08	Ability to deal with extreme weather and civil contingencies	C2
Priority 2: Good Growth		
SRR-04	Delivery of the Local Plan	A2
SRR-01	Financial sustainability	B2
Priority 3: Healthy Communities		
SRR-11	Public Health	B2
SRR-10	Safeguarding of residents	B2
SRR-12	Local workforce skills development	B2
Priority 4: Modern and Responsive Organisation		
SRR-07	Political balance/stability	A2
SRR-02	Organisations internal capacity to deliver	B2
SRR-03	Effective ICT systems and cyber security and information governance	C2
SRR-05	Effective contract performance management	C2



Appendix B – Internal Audit Key Performance Indicators

An efficient and effective internal audit service is delivered in partnership. It is important that clear expectations are established and a range of KPIs are in place to support this. It is important that organisations ensure an effective Internal Audit Service. Whilst input and process measures offer some assurance, the focus should be on outcomes and impact from the service. Our annual Head of Internal Audit Opinion will provide you with a range of impact and effectiveness measures, as well as confirmation of our compliance with Public Sector Internal Audit Standards and accreditations.

In addition, the following operational KPIs have been proposed for you.

Operational KPI	Target	Measurement and Frequency
Agreement of Annual Plan prior to the start of the year	100%	Annual (measured as per agreed Accounts & Audit Committee date / Workplan)
Completion of Annual Plan within agreed timetable and budget	100%	Annual (measured through HOIA opinion) plus in year reporting to Accounts & Audit Committee
Presentation of the Head of Internal Audit Opinion to the Accounts & Audit Committee	100%	Annual (measured as per agreed Accounts & Audit Committee date / Accounts & Audit Committee Workplan)
Delivery of audit reports to Accounts & Audit Committee as per the plan	100%	Bi monthly (measured as per annual operational delivery plan)
Terms of reference agreed with management at least 10 working days before commencement of audit	100%	Quarterly (measured as per TeamMate system) – requires MIAA and Council to deliver KPI (for urgent requests this may be shorter depending on the nature of the request)
Draft reports issued within 10 days of completion meeting	100%	Quarterly (measured as per TeamMate system)
Final audit report issued within 10 days of receiving management response	100%	Quarterly (measured as per TeamMate system)
Final audit reports are agreed by the nominated director, who will ensure consultation has taken place with relevant Council officers	100%	Quarterly (measured as per annual operational delivery plan)
Receipt of all internal audit reports in accordance with timelines for Accounts & Audit Committee publication with completed cover sheets as required	100%	Bi monthly (measured as per agreed Accounts & Audit Committee dates)
Proportion or recommendations accepted by management	95%	Quarterly (measured as per TeamMate system) – the target allows for advisory recommendations (we would expect 100% of high risk recommendations).
Monitor and Follow Up implementation of accepted recommendations by due date	95%	Quarterly (measured through follow up reports) - requires Council and MIAA to deliver KPI
Issue of client satisfaction survey following completion of each review	100%	Quarterly (measured as per agreed Accounts & Audit Committee dates)
Operation of systems to ISO Quality Standards and compliance with Public Sector Internal Audit Standards.	100%	Bi monthly (measured as per agreed Accounts & Audit Committee dates)
Commitment to training and development of audit staff. Maintenance of 65% Qualified (CCAB, IIA etc) 35% Part Qualified	100%	Bi monthly (measured as per agreed Accounts & Committee dates)

Appendix C – MIAA – Assurance and Solutions

MIAA, as an NHS not for profit shared service provides internal audit assurance and a range of specialist advisory support. Advisory support is not restricted to audit clients. Where advisory support is provided to audit clients, there is a clear separation of duties and no interdependencies. There is however an effective interrelationship to inform planning.

MIAA Internal Audit Assurance

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

- Internal Audit operates to the Public Sector Internal Audit Standards, compliance with which is confirmed through independent external quality assessment.
- We develop risk-based plans to determine the priorities of our internal audit activity which is consistent with the organisation's goals.
- Whilst we undertake consulting/advisory activities these are completed in the context of the activities' potential to improve the management of risks, add value and improve the organisation's operations. These engagements must be reflected in the internal audit plan.
- Public sector requirement for an annual statement to be made by the Head of Internal Audit on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control
- We report to and are accountable to the Audit Committee.

MIAA Solutions

MIAA has taken the step of establishing a separate advisory service offer. Agile support to any organisation including, but not restricted to NHS organisations.

- We provide expert delivery, advice and guidance in respect of system development, known system challenges and/or subject matter expertise to address corporate challenges and transformation.
- There is no annual plan. All commissions are on an agreed project basis.
- Projects may be cross system or at scale (e.g. region wide) and delivered to any organisation. Some may be internal audit clients, many are not.
- This service is managed and delivered independently of MIAA Assurance.
- Our advisory services are commissioned by and report to Executive leads.

Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards and conforms with the International Standards for the Professional Practice of Internal Auditing.

Limitations

Our work does not provide absolute assurance that material errors, loss or fraud do not exist. Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.