



# Pendle Borough Council

Internal Audit Plan 2024/2025 (DRAFT FOR DISCUSSION)

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## Your Internal Audit Team



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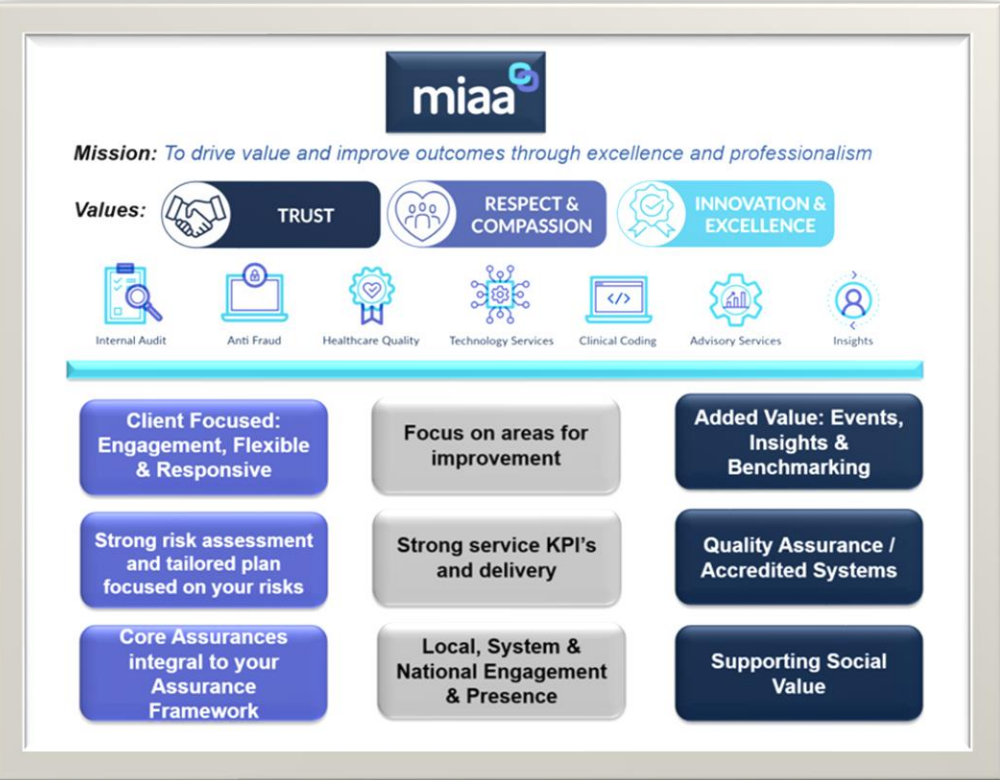


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# 1 Executive Summary

## 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.



## 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 Borough Council (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.

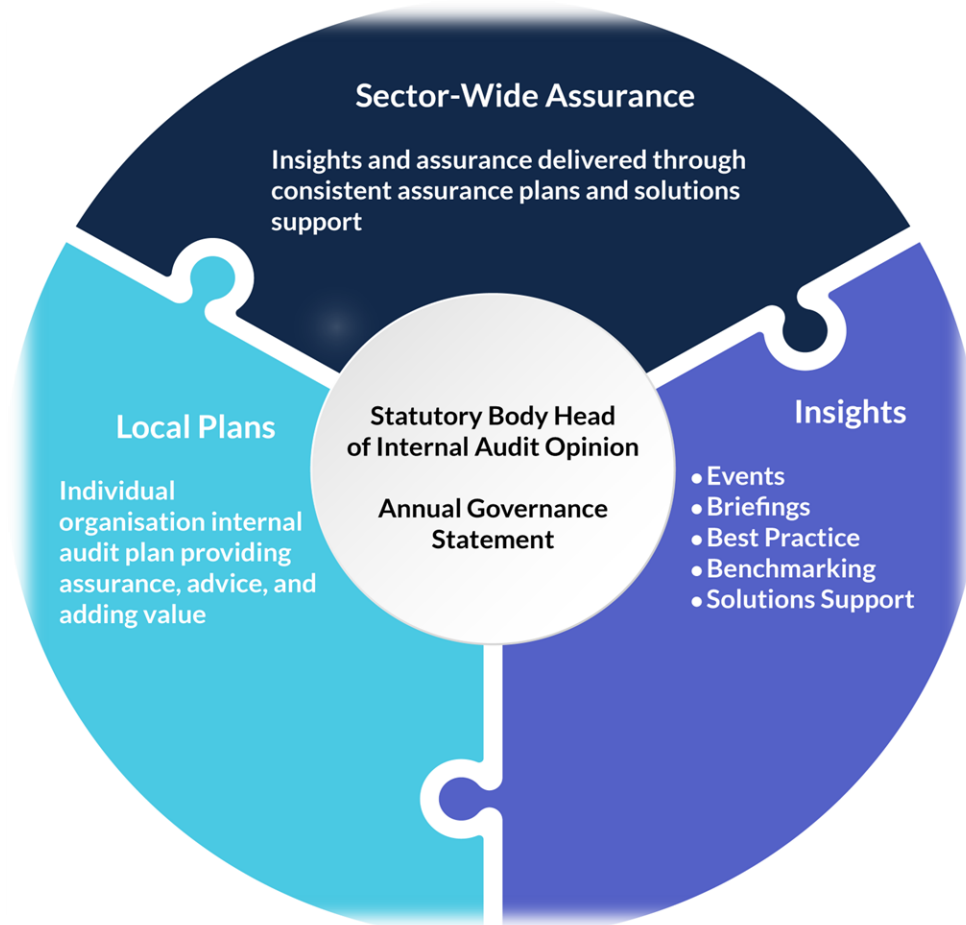
Your operational annual plan in Section 5 forms part of the Council's three year Strategic Plan (shown in Appendix A). This will be reviewed as part of our ongoing risk assessment process to ensure that it remains focused on the Council's key risks and challenges and adds value.

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.

This draft plan is based upon 23/24 fees. Fees will be lifted in line with planning guidance.

## 2 Your Assurance, Anti-Fraud 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 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 system.

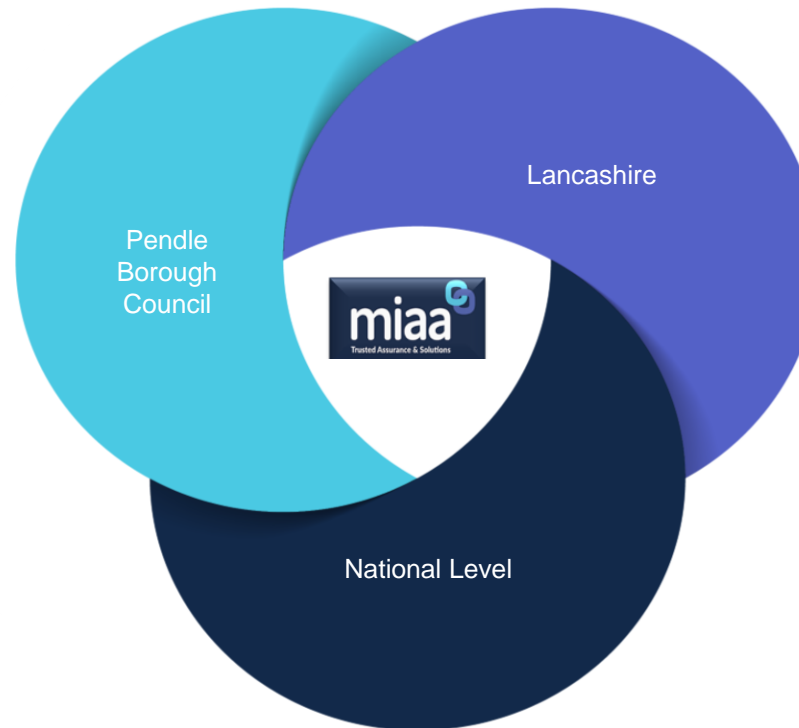
# 3 Supporting you through Adding Value

## Insights & Benchmarking

- Topical Briefings
- Assurance Checklists
- Through the Audit Committee Lens
- Benchmarking, shared learning & best practice

## Events, Groups & Networks

- TIAN: The Internal Audit Network
- GARNET: Governance, Assurance Risk Network
- System Audit Chairs Forums
- Collaborative Masterclasses
- Representation at local, regional and national level across range of networks & professional bodies



## Specialist Services

- Included within the Core IA Plan:
  - ✓ Digital
  - ✓ Capital & Estates
  - ✓ Business Intelligence & Data Analytics
- Highly experienced, professional and qualified teams
- Extensive Solutions Consultancy service

## Accreditations





# 4 Understanding Your Vision, Objectives & Risks

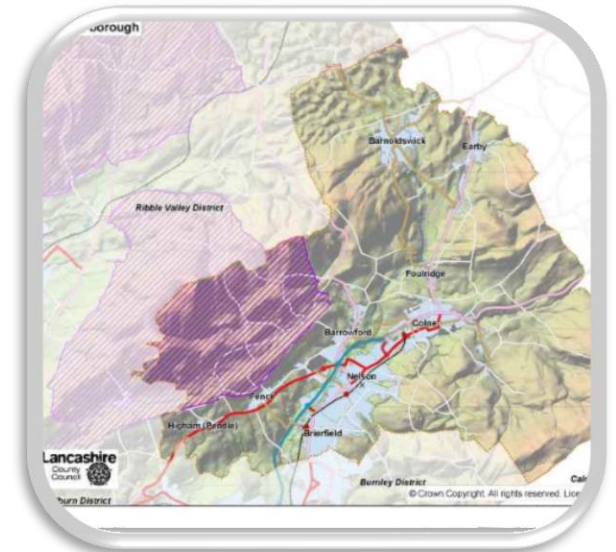
## Understanding Your Vision, Objectives and Risks

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

- Financial sustainability
- Capacity to deliver/ability deal with civil contingencies
- ICT Systems/Cyber Security/Information Governance
- Delivery of local plan
- Contract Performance Management - Liberata
- Delivery of key programme and capital projects
- Carbon neutral targets
- Safeguarding of residents
- Public Health & Wellbeing
- Local workforce skills development

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.



## 5 Internal Audit Risk Assessment

The Pendle Borough 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.

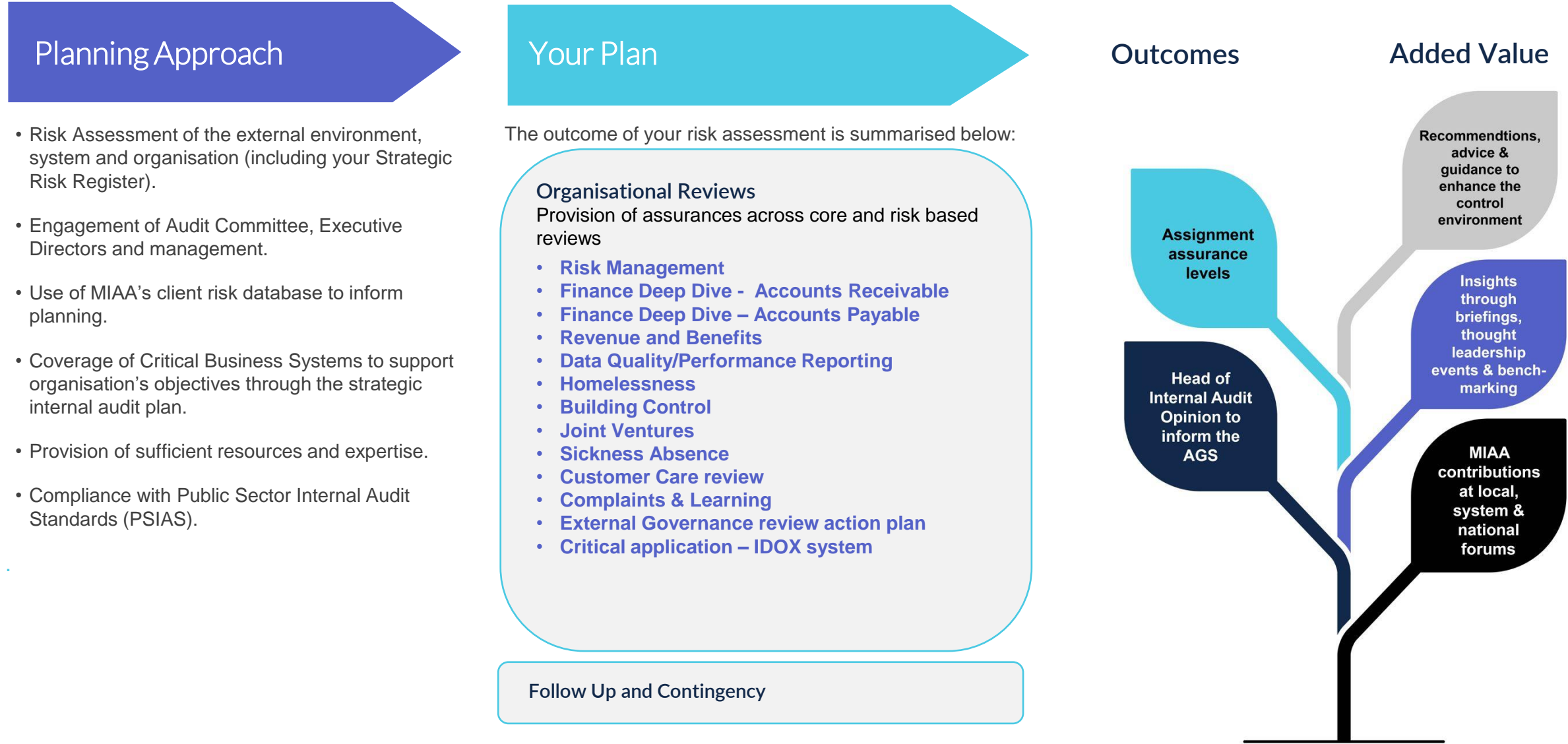
The initial strategic risk assessment and internal audit risk assessment has considered:

- **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.
- **Mandated 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.



# 6 Internal Audit Plan on a Page

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







# 7 Operational Internal Audit Plan 24/25

| Review & Scope  | BAF Risk / Rationale                               | Planned Delivery | Executive Lead                                |
|---|--|------------------|---|
| Governance & Leadership   |  |                  |   |
| <b>Risk Management – Core Controls:</b> To provide assurance that core risk management controls have established and maintained.  | <b>HOIA Opinion Requirement/ PSIAS requirement</b> | Q3               | Interim Director of Resources                 |
| <b>External Governance review response:</b> To review the Council's action plan in response to the external governance review.  | <b>Risk Assessment</b>                             | Q2 & Q4          | Chief Executive/Interim Director of Resources |
| <b>Complaints &amp; Learning:</b> To review the Council's systems and controls in place for handling complaints in a timely manner and ensuring that any learning and improvements in response to complaints is taken.  | <b>Risk Assessment SRR-02</b>                      | Q2               | Interim Director of Resources                 |
| <b>Customer Care review:</b> The overall objective is to evaluate processes and controls in place to handle, collate & respond to customer telephone requests and queries.  | <b>Risk Assessment SRR-03</b>                      | Q3               | Chief Executive/Director of Place             |
| Finance & Sustainability  |  |                  |   |
| <b>Finance Systems – Deep Dives:</b> To provide assurance that the most significant key controls are appropriately designed and operating effectively in practice. <i>Areas of focus are asset management – Accounts Payable &amp; Accounts Receivable.</i>   | <b>Core Assurance/Risk Assessment SRR-01</b>       | Q4               | Interim Director of Resources                 |
| <b>Revenue &amp; Benefits:</b> To provide assurance that the most significant key controls are appropriately designed and operating effectively in practice.  | <b>Core Assurance/Risk Assessment SRR-01</b>       | Q4               | Interim Director of Resources                 |
| <b>Performance Reporting &amp; Data Quality:</b> The overall objective of the review is to provide assurance that data quality systems and processes are in place and operating as expected and action is taken when issues are identified, so that reported performance data is reliable and accurate. | <b>Core Assurance</b>                              | Q2               | Interim Director of Resources                 |

| Review & Scope  | BAF Risk / Rationale                         | Planned Delivery | Executive Lead                |
|---|--|------------------|-------------------------------|
| Service Delivery  |  |                  |                               |
| <b>Homelessness:</b> To evaluate the design and operating effectiveness of the arrangements that the Council has in place to manage the key risks of Homelessness.  | <b>Risk Assessment SRR-011</b>               | Q1               | Director of Place             |
| <b>Joint Ventures:</b> To provide assurance that the key risks around joint ventures are being managed appropriately.   | <b>Risk Assessment SRR-06</b>                | Q2               | Director of Place             |
| <b>Building Control:</b> The overall objective of this audit is to consider the main risks in relation to building control and to review the key systems and controls in place to address these   | <b>Risk Assessment SRR-04</b>                | Q4               | Director of Place             |
| People  |  |                  |                               |
| <b>Sickness Absence Management:</b> To assess the Council's systems and controls for management of staff absence.   | <b>Risk Assessment SRR-02</b>                | Q1               | Interim Director of Resources |
| Information Technology  |  |                  |                               |
| <b>IT Critical application review: IDOX system:</b> The objective of the review is to provide an assessment of the effectiveness of the control framework being exercise by management over the systems and dataflows and highlight improvements where appropriate. | <b>Core Assurance/Risk Assessment SRR-03</b> | Q2/Q3            | Interim Director of Resources |
| Follow up & Contingency   |  |                  |                               |
| <b>Follow up and Contingency</b>  | <b>PSIAS requirement</b>                     | Q1 – Q4          | Interim Director of Resources |
| Planning & Reporting  |  |                  |                               |
| <b>Planning, Management, Reporting &amp; Meetings</b>   | <b>PSIAS requirement</b>                     | Q1 – Q4          | Interim 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  |
|---|------------------------------------|--|
| Nelson Town Deal/Colne Levelling Up         | Risk Assessment                    | Other higher risk priorities identified. External deep dive being undertaken. Last audited in 2022/23. |
| Carbon plan                                 | Risk Assessment                    | Other higher risk priorities identified.   |
| Emergency Planning                          | Risk Assessment                    | Last audited 2021/22. To consider for 2025/26.   |
| Budget setting/Financial plan               | Risk Assessment                    | Subject to audit in 2023/24.   |
| Health & Safety                             | Risk Assessment/Management request | Other higher risk priorities identified.   |
| Payroll                                     | Risk Assessment                    | Last audited 22/23. To cover in 25/26.   |
| Conflicts of Interest & Gifts & Hospitality | Risk Assessment                    | Other higher risk areas identified. :Last audited 2021/22.   |

*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.

| BAF REF   | Strategic Risk                                | Risk Score |
|---|---|------------|
| Principal Objective: Providing high quality services & facilities |   |            |
| SRR-01  | Financial Sustainability                      | 16         |
| SRR-02  | Organisation's capacity to deliver            | 16         |
| SRR-03  | Effective ICT systems                         | 12         |
| SRR-05  | Effective contract performance                | 12         |
| SRR-07  | Political balance/stability                   | 12         |
| Principal Objective: Proud & connected communities & place        |   |            |
| SRR-08  | Ability to deal extreme weather/contingencies | 12         |
| SRR-09  | Achievement of carbon neutral targets         | 15         |
| Principal Objective: Good growth                                  |   |            |
| SRR-04  | Delivery of Local plan                        | 12         |
| SRR-06  | Delivery of capital programmes                | 8          |
| Principal Objective: Healthy Communities                          |   |            |
| SRR-10  | Safeguarding of residents                     | 9          |
| SRR-11  | Public Health & Wellbeing                     | 10         |
| SRR-12  | Local workforce skills development            | 16         |

|                              |                           |                             |                          |
|------------------------------|---------------------------|-----------------------------|--------------------------|
| Review Area by BAF reference | 4.1 – Homelessness        | 4.1 – IT review             |                          |
|                              | 3.2 – Building Control    | 3.2 – Nelson Town Deal      |                          |
|                              | 3.1 – Joint Ventures      | 2.2 Emergency Planning      | 4.1 – IT review          |
|                              | 1.5 Customer Care review  | 2.1 Health & Safety         | 3.2 – Safeguarding       |
|                              | 1.4 Sickness absence      | 1.4 – Conflicts of Interest | 3.1 – Capital programmes |
|                              | 1.3 Complaints & Learning | 1.3 – Payroll               | 2.1 – Carbon Plan        |
|                              | 1.2 – Revenue & Benefits  | 1.2 –Revenue & Benefits     | 1.2 –Revenue & Benefits  |
|                              | 1.1 – Finance deep dives  | 1.1 – Finance deep dives    | 1.1 – Finance deep dives |
|                              | Core/Mandated Reviews     | Core/Mandated Reviews       | Core/Mandated Reviews    |
|                              | 24/25                     | 25/26                       | 26/27                    |
|                              |                           |                             |                          |
|                              |                           |                             |                          |

# 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 Audit Committee date / Audit Committee Workplan)   |
| Completion of annual plan within agreed timetable and budget  | 100%   | Annual (measured through HOIA opinion) plus in year reporting to Audit Committee  |
| Presentation of the Head of Internal Audit Opinion to the Audit Committee   | 100%   | Annual (measured as per agreed Audit Committee date / Audit Committee Workplan)   |
| Delivery of audit reports to audit committee as per the plan  | 100%   | Quarterly (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 executive 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 Audit Committee publication with completed cover sheets as required      | 100%   | Quarterly (measured as per agreed 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 Audit Committee dates)  |
| Operation of systems to ISO Quality Standards and compliance with Public Sector Internal Audit Standards.                                       | 100%   | Quarterly (measured as per agreed Audit Committee dates)  |
| Commitment to training and development of audit staff. Maintenance of 65% Qualified (CCAB, IIA etc) 35% Part Qualified                          | 100%   | Quarterly (measured as per agreed Audit Committee dates)  |
| Percentage of audits commenced per quarter. (PBC KPI)   | 100%   | Quarterly (measured as per agreed audit plan and progress against plan)   |
| Percentage of recommendations implemented/partially implemented.  | 100%   | Quarterly (measured by reference to follow up tracker report)   |
| No of critical and high priority recommendations not implemented by due date.   | 0      | Quarterly (measured by reference to the follow up tracker report)   |



## 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.