



Pendle Borough Council

Internal Audit Plan 2025/26 (DRAFT)

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1 Executive Summary

1.1 MIAA’s Strategy - 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. Our current MIAA wide strategy is summarised below:

Our Vision	MIAA will be the provider of choice of public and 3 rd sector clients, supporting them to deliver value and improve services for the benefit of the people and communities they serve.				
Our Mission	To drive value and improve outcomes through excellence and professionalism				
Our Values	 TRUST	 RESPECT & COMPASSION	 COMMITMENT TO INNOVATION & EXCELLENCE		
Our Strategic Objectives	FINANCE Ensure MIAA is sustainable and continues to grow its client base, products and service offers	QUALITY & ADDED VALUE SERVICES Ensure MIAA demonstrates added value, delivers quality and professional services for our clients	PEOPLE Continue to recruit, develop, support, retain and reward our people to maximise their potential	GOVERNANCE & ACCOUNTABILITY Ensure we demonstrate effective and appropriate governance and accountability to our stakeholders	INNOVATION Continue to lead and innovate across all our services

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.

Where available and appropriate we have considered the work of other assurance providers in developing your plan.

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.

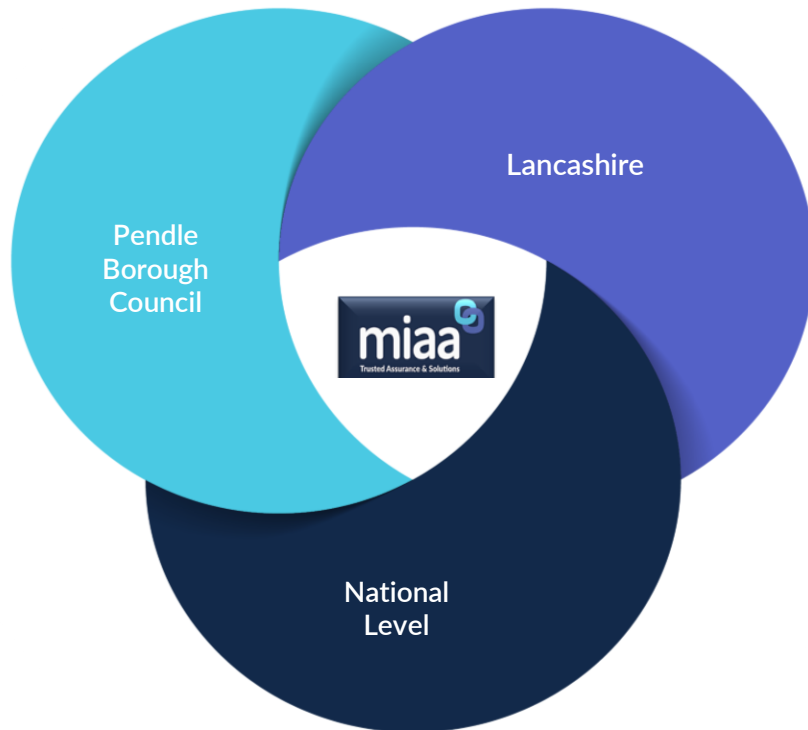
We will actively engage across the organisation to ensure we have a full and detailed understanding of your risks and can ensure we focus our work to best effect.

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

The 2025/26 fees for Internal Audit will be £82,500 and £7,500 for Anti-Fraud (see separate Anti-Fraud plan) .



2 Supporting you through Adding Value



Individual Organisation Level

- Client Focused: Relationships & Engagement
- Specialist Services
- Local presence
- Flexibility and ability to respond
- Sharing of best practice / aligning of audit review approaches and scopes where appropriate
- Access to MIAA Insights and Benchmarking, Events

System Level

- Regional based teams
- Significant experience and knowledge: extensive client base
- Benchmarking, shared learning & best practice
- Regional & System Groups, inc:
 - CIPFA North West (Audit & Risk Group)
 - IIA North West
 - HfMA North West
 - Regional Audit Chairs
 - Regional Cyber Groups

National Level

- Involvement and representation on National Bodies, inc:
 - UK Public Sector Internal Audit Standards Advisory Board
 - HfMA Audit & Governance Committee
 - HfMA System Risk Management Focus Group
 - The Internal Audit Network
 - Cyber Associates Network Development Group
 - Advisor to NHSE DSPT Team
 - One NHS Finance
- National Publications, Insights and Contributions, inc:
 - TIAN / HfMA / IIA / CIPFA /NHSE

3 Understanding Your Vision, Objectives & Risks

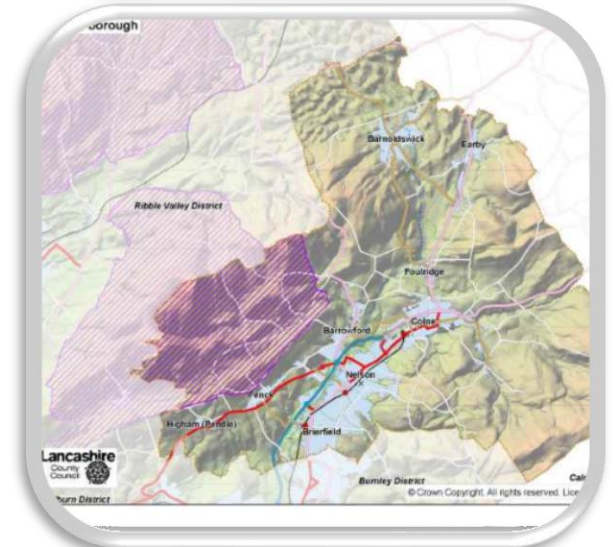
Understanding Your Vision, Objectives and Risks

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*
- *Delivery of local plan*
- *Information Governance/ICT/Cyber security*
- *Contract Management*
- *Political balance and stability*
- *Safeguarding residents/Contingency planning*
- *Carbon neutral*
- *Capital programmes/Joint Ventures*

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.



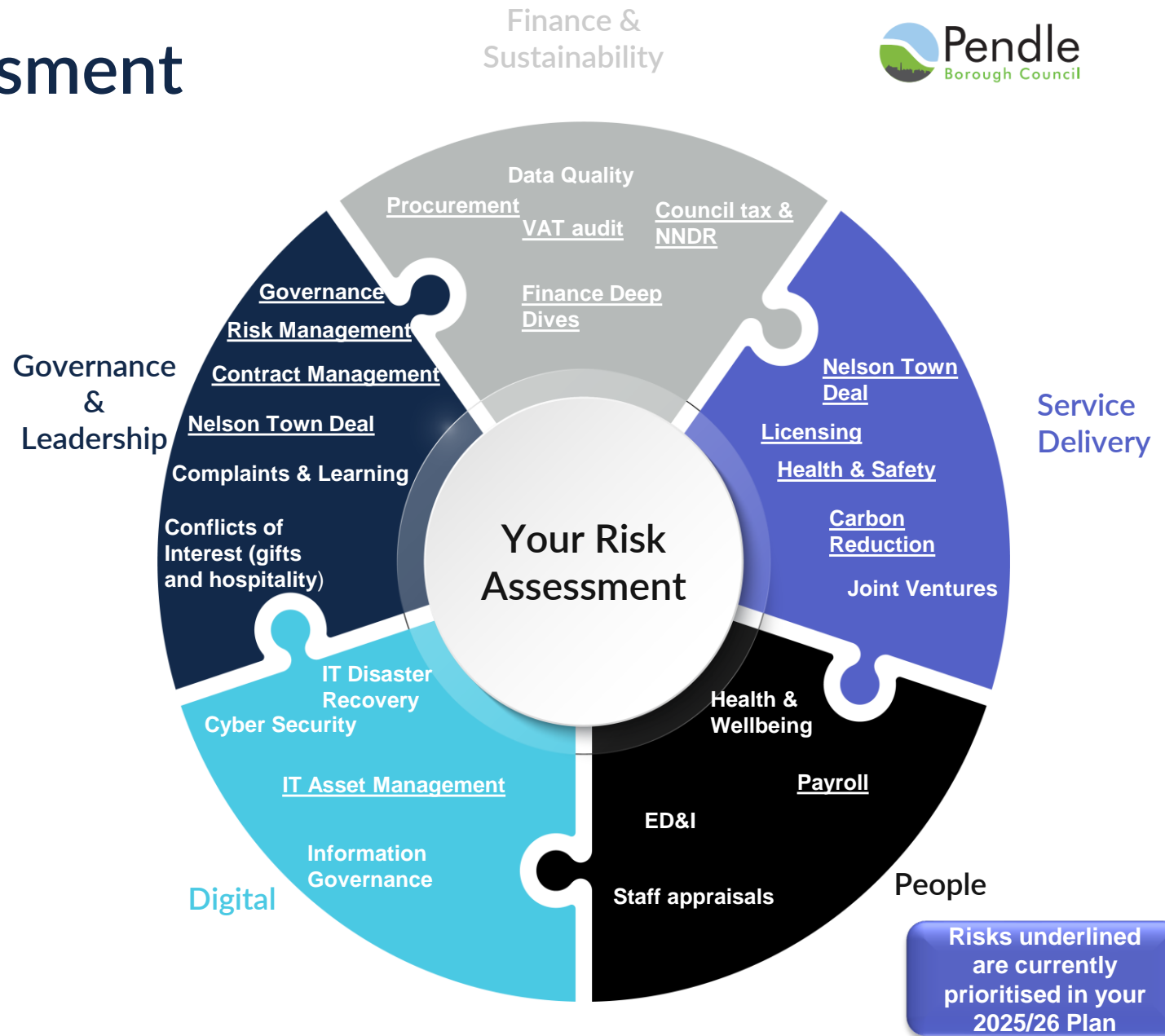
4 Internal Audit Risk Assessment

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:

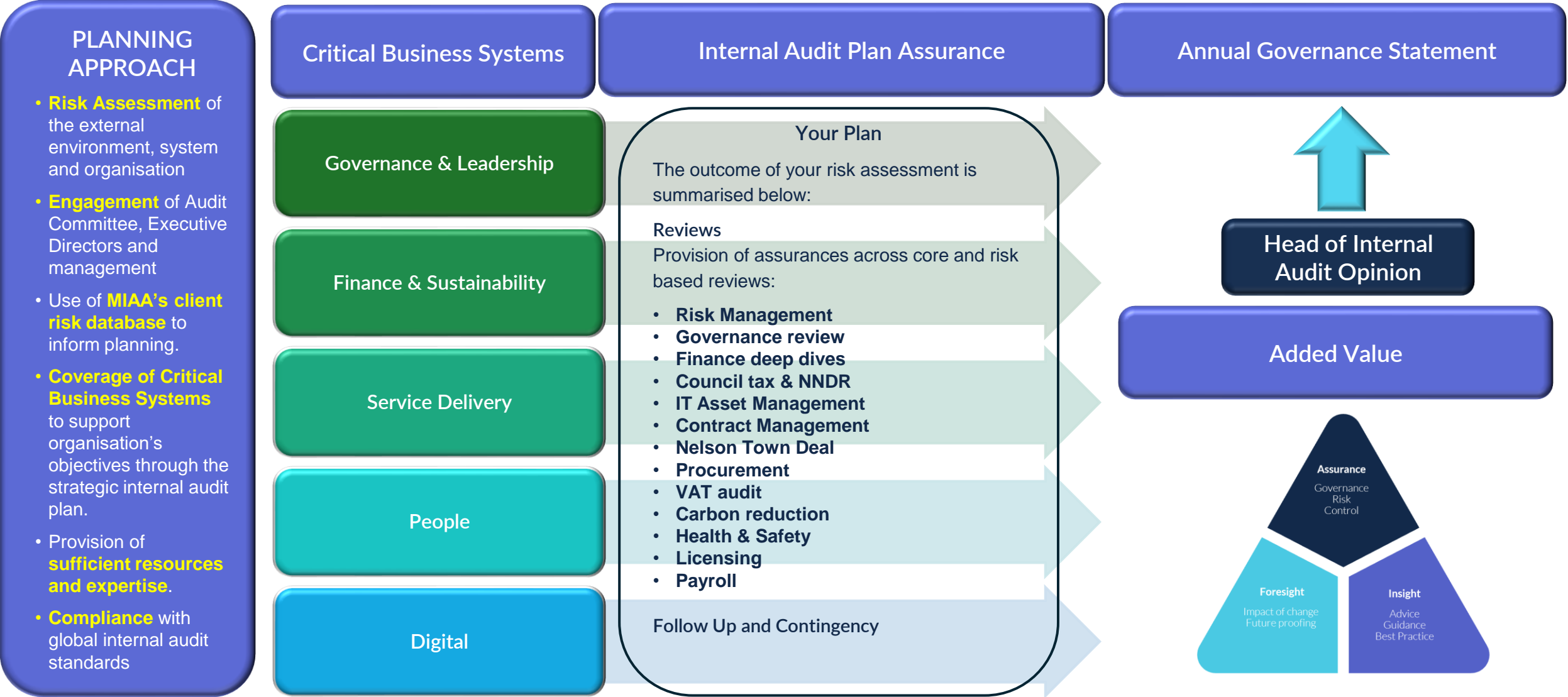
- **Organisation intelligence** – including review of your Strategic Risk Register, Strategy and committee papers.
- **Assurance mapping** – utilisation of the 3 lines of assurance model and professional standards to ensure focused coverage.
- **Mandated assurance** – including core systems assurances, and global 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.



5 Internal Audit Plan on a Page



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



6 Operational Internal Audit Plan 25/26

Review & Scope	BAF Risk / Rationale	Planned Delivery	Executive Lead
Governance & Leadership			
Risk Management – To provide assurance that the Council's Risk Management systems are appropriately designed and operating effectively.	HOIA Opinion Requirement/ PSIAS requirement	Q3	Director of Resources
Contract Management: To review the Council's processes for managing the performance of the contract with its key provider, Liberata.	Risk Assessment SRR-005	Q2	Director of Resources
Nelson Town Deal: To review the governance, reporting and monitoring arrangements for the Nelson Town Deal.	Risk Assessment SRR-006	Q3	Director of Place
Governance review: To review the Council's compliance with the CIPFA Solace Code of Governance.	Risk Assessment SRR-02	Q2	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 would be Budgetary Control & Financial Reporting.</i>	Core Assurance/Risk Assessment SRR-01	Q4	Director of Resources
Council tax & NNDR: To identify and evaluate the controls in place to manage key risks which would affect the effective operation of the system for NNDR and Council Tax.	Core Assurance/Risk Assessment SRR-01	Q4	Director of Resources
Procurement: To review the design and controls of the procurement process and ensuring that the Council has an open and transparent process to procure goods and services and achieve value for money.	Core Assurance/Risk Assessment SRR-01	Q3	Director of Resources
VAT audit: To review the design and controls of the Council's VAT accounting system.	Core Assurance/Risk Assessment SRR-01	Q2	Director of Resources

Review & Scope	BAF Risk / Rationale	Planned Delivery	Executive Lead
Service Delivery			
Carbon Reduction: To review the Council's strategy and action plan to monitor and report against its carbon reduction targets.	Risk Assessment SRR-09	Q3	Director of Place
Health & Safety: : To provide assurance processes and controls that are established and operated to identify and manage risks in relation to compliance with corporate Health and Safety requirements.	Risk Assessment SRR-08	Q2	Director of Place
Licensing: The overall objective of this audit will be to provide assurance over the adequacy and effectiveness of current controls over Licensing. Review to focus on Taxi, Alcohol and Entertainment licensing.	Risk Assessment SRR-04	Q4	Director of Place
People			
Payroll: To provide an assessment of the effectiveness of the systems of control to ensure that only employees of the Council are paid, and only for work that they perform on behalf of the Council.	Risk Assessment SRR-02	Q1	Director of Resources
Information Technology			
IT Critical application review: IT Asset Management: The objective of the review is to provide an opinion on the level and effectiveness of asset management controls operated in relation to the LA's computer hardware and software assets and identify opportunities for improvement, where appropriate.	Core Assurance/Risk Assessment SRR-03	Q3	Director of Resources
Follow up & Contingency			
Follow up and Contingency	GIAS requirement	Q1 – Q4	Director of Resources
Planning & Reporting			
Planning, Management, Reporting & Meetings	GIAS 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 Accounts & 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
Data Quality & Performance Indicators	Risk Assessment	Last covered in 2024/25, received Substantial assurance. To review in 2026/27.
Joint Ventures	Risk Assessment	Council had external review undertaken of Joint Ventures in second half 2024. To keep under review.
Complaints & Learning	Risk Assessment	Review of proposed new systems reviewed November 2024. To review 26/27 once new system has become embedded.
Staff appraisals	Risk Assessment	Review undertaken 2023/24, Limited assurance. To review 2026/27 once recommendations fully implemented.
Information Governance	Risk Assessment	Review undertaken 2023/24, Limited assurance. MIAA support being provided on this area.
IT Disaster Recovery & Business Continuity	Risk Assessment	To keep under review.
Cyber Security	Risk Assessment	Last reviewed 2023/24, Substantial assurance.
Conflicts of Interest & Gifts & Hospitality	Risk Assessment	Other higher risk areas identified. :Last audited 2021/22. To review 2026/27.

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	2025/26	2026/27	2027/28
Principal Objective: Providing high quality services & facilities					
SRR-01	Financial Sustainability	16	Finance Deep Dive Council tax/NNDR Procurement	Finance Deep Dive Revenue & Benefits	Finance Deep Dive Council tax & NNDR Budget setting & monitoring
SRR-02	Organisation's capacity to deliver	20	Payroll	Staff performance/appraisals	Mandatory Training
SRR-03a	Effective Information Governance arrangements	12	IT Asset Management	Information Governance	IT Critical application review
SRR-03b	Effective ICB systems & cyber security				
SRR-05	Effective contract performance management	12	Contract Management	Contract Management	Contract Management
SRR-07	Political balance & stability	12		Conflicts of Interest	
SRR-08	Ability to deal with extreme weather/contingencies	12	Risk Management Health & Safety	Risk Management	Risk Management
Principal Objective: Proud & connected communities & place					
SRR-09	Achievement of carbon neutral targets by 2030	20	Carbon plan/reduction		
Principal Objective: Good growth					
SRR-04	Delivery of local plan	16	Licensing	Complaints Performance reporting & data quality	Planning applications Environmental Health
SRR-06	Delivery of capital programmes	12	Nelson Town Deal		Capital programme - Nelson Town Deal

REF	Strategic Risk	Risk Score	2025/26	2026/27	2027/28
Principal Objective: Good growth (continued)					
SRR-12	Local workforce skills development	6	Payroll	Staff appraisals	Recruitment Mandatory Training
SRR-14	Joint Venture Companies	16		Joint Ventures	Capital programmes/Joint Ventures
Principal Objective: Healthy Communities					
SRR-10	Safeguarding of residents	9			
SRR-11	Public health & wellbeing	12	Risk Management	Risk Management	Risk Management Environmental Health
SRR-13	Pendle Leisure review	12		Contract Management	

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 global 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 global 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)

Global Internal Audit Standards in the UK Public Sector

This Plan is compliant with the requirements of the Global Internal Audit Standards as they apply in the UK Public Sector which came into effect on 1st April 2025.

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.

