



# Pendle Borough Council

Internal Audit Plan 2026/27 (DRAFT)

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## Your Internal Audit Team



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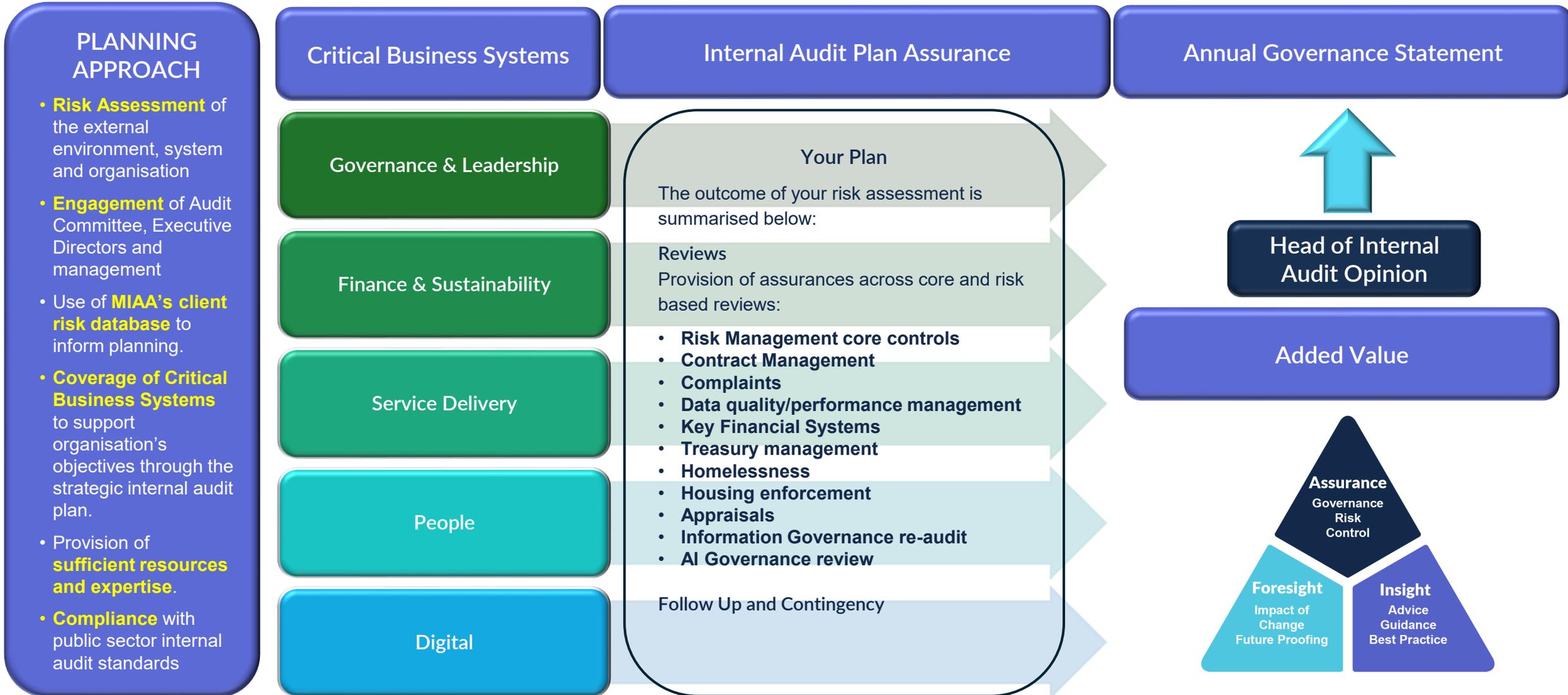
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# 1 Internal Audit Plan on a Page

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



# 2 Executive Summary

## 2.1 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:

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

## 2.2 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.

## 2.3 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 6 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.

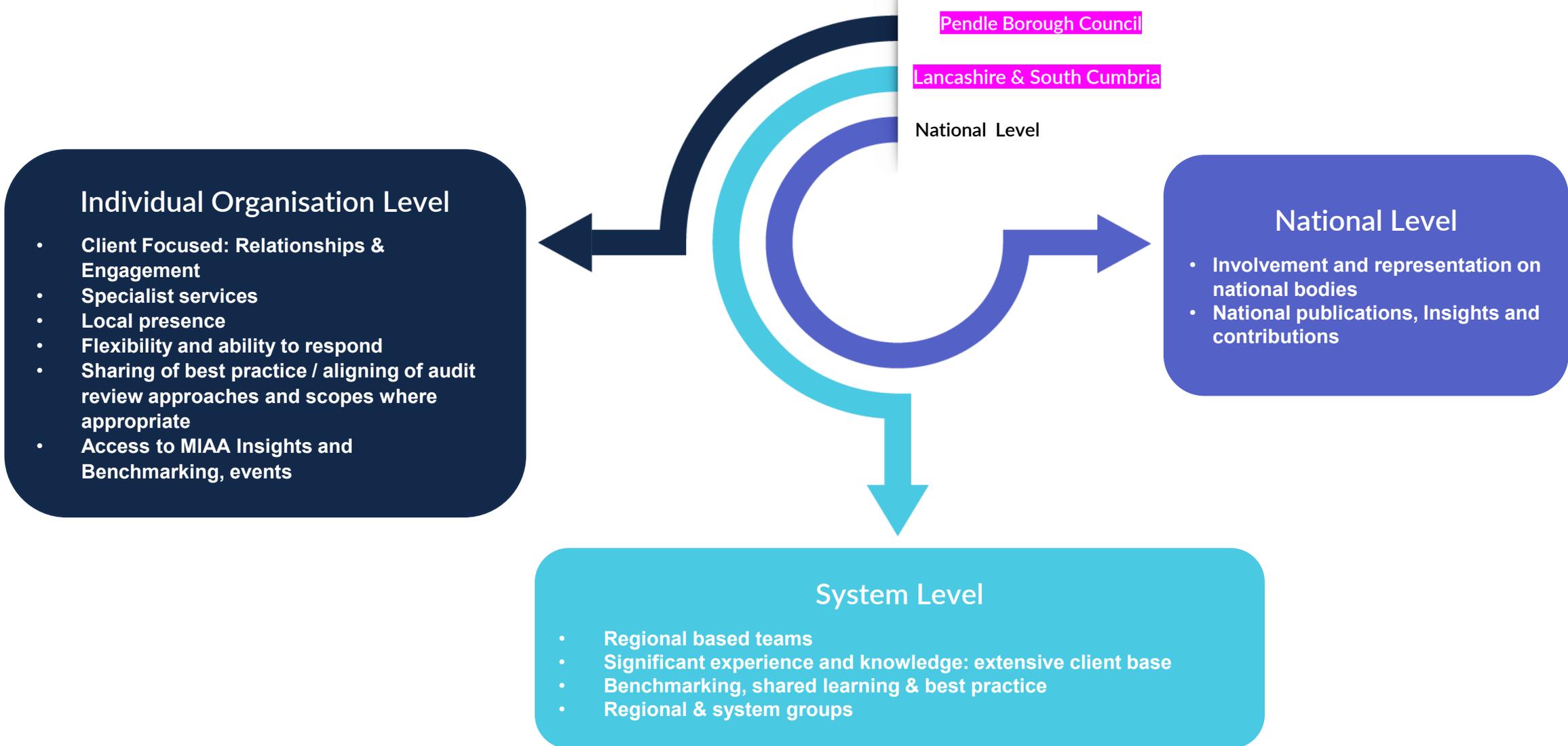
We will actively engage across the organisation to ensure we have a full and detailed understanding of your risks and can ensure we focus our work to best effect.

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

Fees for 26/27 are yet to be confirmed but will be based on 25/26 fees uplifted in line with the NHS pay award.



# 3 Supporting you through Adding Value



# 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*
- *Local Government Reorganisation*
- *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*
- *Homelessness*

We map your strategic objectives and strategic risks to the 3 Year Strategic Internal Audit Plan (Appendix A).



# 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. Where relevant, we have considered expected third party assurances to enable coordination of services and minimise duplication.
- **Previous Internal Audit coverage** – we have reviewed your previous Internal Audit coverage to ensure the proposed plan does not duplicate coverage.
- **Mandated assurance** – including core systems assurances and public sector internal audit standards requirements.
- **Follow Up** – Internal Audit coverage will also include follow up of outstanding internal audit actions.

**Prioritised risks are presented below. Non-prioritised risk areas are detailed in Section 6 of this document**



# 6 Operational Internal Audit Plan 2026/27

Review & Scope	Risk / Rationale	Planned Delivery	Indicative Days	Executive Lead
<b>Governance &amp; Leadership</b>				
<b>Strategic Risk Management – Core Controls:</b> To provide assurance that core risk management controls have established and maintained.	<b>HOIA Opinion Requirement/ Internal audit standards requirement</b>	Q4	12	Director of Resources
<b>Contract Management:</b> To review the Council's processes for managing the performance of the contract with its key provider, Liberata.	<b>Risk Assessment SRR-005</b>	Q3	15	Director of Resources
<b>Complaints:</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-002</b>	Q4	15	Director of Resources
<b>Performance management &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	16	Director of Resources
<b>Finance &amp; Sustainability</b>				
<b>Key Financial Systems – Ledger, Accounts Payable, Accounts Receivable &amp; Income Fees &amp; Charges:</b> To provide assurance that the most significant key financial controls are appropriately designed and operating effectively in practice. To ensure processes are in place to ensure fees and charges due to the Council are identified, accounted for and collected.	<b>Core Assurance/SRR-01</b>	Q2	25	Director of Resources

Review & Scope	Risk / Rationale	Planned Delivery	Indicative Days	Executive Lead
Finance & Sustainability (continued)				
<b>Treasury Management:</b> To provide assurance that the most significant key treasury management controls are appropriately designed and operating effectively in practice	<b>Core Assurance/SRR-01</b>	Q1	15	Director of Resources
Service Delivery				
<b>Homelessness:</b> To provide assurance that the Council has effective governance, systems and controls in place to discharge its statutory homelessness duties in accordance with relevant legislation.	<b>Risk Assessment SRR-16</b>	Q2	15	Director of Place
<b>Housing Enforcement:</b> To provide assurance that the Council has appropriate governance, systems, resources and controls in place to effectively implement, enforce and discharge its new statutory duties in relation to private rented sector reform.	<b>Risk Assessment SRR-11 &amp; SRR-16</b>	Q3	16	Director of Place
People				
<b>Staff performance - Appraisals:</b> To ensure systems in place for appraisals have appropriate controls in place, with effective reporting and monitoring processes.	<b>Risk Assessment SRR-02</b>	Q2	15	Director of Resources

Review & Scope	Risk / Rationale	Planned Delivery	Indicative Days	Executive Lead
Digital (continued)				
<p><b>Information Governance</b> : The overall objective of the review is to provide an assessment of the effectiveness of the controls being exercised by management regards Information Governance. Taking into consideration the legal framework governing the use of personal confidential data and the fundamental principles of GDPR and the Data Protection Act 2018 (DPA 2018). The audit will also ensure that previous audit recommendations made in this area have been fully addressed by management.</p>	<b>Risk Assessment SRR-03a</b>	Q3/Q4	16	Director of Resources
<p><b>Artificial Intelligence - Governance:</b> To benchmark the organisation's AI maturity across all five domains, using the model's subcategories, checklist questions, and evidence requirements. To identify strengths, gaps, and actionable recommendations for progressing maturity.</p>	<b>Core Assurance</b>	Q3	10	Director of Resources
Follow up & Contingency				
<b>Follow up and Contingency</b>	<b>Internal audit standards requirement</b>	Q1 – Q4	25	Director of Resources
Planning, Reporting and Added Value				
<b>Planning, Management, Reporting &amp; Meetings</b>	<b>Internal audit standards requirement</b>	Q1 – Q4	25	Director of Resources
<b>Added Value including Events and MIAA Insights programme</b>				

## Exclusion from the Internal Audit Plan 2026/27

### Potential reviews identified as part of the MIAA internal audit risk assessment process

Recommended Review	Reason for non-inclusion in the plan
None	

### Risks in the Strategic Risk Register not covered by reviews in the 2026/27 plan

Strategic Risk Reference	Reason for non-inclusion in the plan
SRR-09 Carbon reduction	Other risk areas prioritised.
SRR-14 Joint Ventures	External review undertaken of Joint Ventures.
SRR-15 – LGR readiness	Discussed with Director of Resources, too early to include anything in 2026/27 audit plan. To keep under review and consider for inclusion in 2027/28 audit plan.

### Areas requested by Audit Committee members or Council officers which have not been included in the plan

Review Area	Reason for non-inclusion in the plan
None	

*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 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 aligns to our overarching strategy referenced in Section 2. 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	2026/27	2027/28	2028/29
<b>Principal Objective: Providing High Quality Services &amp; Facilities</b>					
SRR-01	Financial Sustainability	16	Key Financial Systems Treasury management	Key Financial Systems Fixed Asset Management Council tax/NNDR	Key Financial Systems Budgetary control Procurement Payroll Council tax/NNDR
SRR-02	Organisation's Internal Capacity to Deliver (inc. Local Waste Transfer Station Closures)	12	Appraisals Complaints Data quality/performance management	Absence management Data quality/performance management	Payroll
SRR03	Effective IG/ICT Systems/Cyber Security arrangements	16/12	Information Governance re-audit Artificial Intelligence – Governance	Cyber security	Critical application review
SRR-05	Effective Contract Management – Liberata UK	12	Contract Management	Contract Management	Contract Management
SRR-07	Political Leadership	12		Conflicts of Interest	
SRR-08	Ability to deal with extreme weather and civil contingencies	12			Emergency planning
SRR-13	Leisure review	12		Contract Management	
SRR-15	Local Government Reorganisation	15		LGR readiness	
<b>Principal Objective: Proud and Connected Communities and Places</b>					
SRR-01	Financial Sustainability	16	Key Financial Systems Treasury Management	Key Financial Systems Fixed asset management Council tax/NNDR	Budgetary control Procurement Council tax/NNDR
SRR-02	Organisation's Internal Capacity to Deliver	12	Appraisals Complaints	Absence management	Payroll
SRR03	Effective IG/ICT Systems/Cyber Security arrangements	16/12	Information Governance re-audit Artificial Intelligence – Governance	Cyber Security	Critical application review

REF	Strategic Risk	Risk Score	2026/27	2027/28	2028/29
<b>Principal Objective: Proud and Connected Communities and Places (continued)</b>					
SRR-09	Achievement of carbon neutral targets by 2030	20		Carbon reduction	
SRR-10	Safeguarding of residents	9			Emergency planning
<b>Principal Objective: Good Growth</b>					
SRR-01	Financial Sustainability	16	Key Financial Systems Treasury management	Key Financial Systems Fixed asset management	Key Financial Systems Budgetary control Procurement
SRR-02	Organisation's Internal Capacity to Deliver	12	Appraisals Complaints Data quality/performance management	Absence management Data quality/performance management	Payroll
SRR-04	Delivery of Local Plan	4		Building control	
SRR-06	Delivery of key government programmes and major capital projects			Capital programme management	
SRR-09	Achievement of carbon neutral targets by 2030	20		Carbon reduction	
SRR-11	Public health & wellbeing	16	Housing enforcement	Food safety	Disabled Facilities Grant
SRR-12	Local workforce skills development	6			
SRR-14	Joint Venture Companies	12		Joint Ventures	
<b>Principal Objective: Healthy Communities</b>					
SRR-01	Financial Sustainability	16	Key Financial Systems Treasury Management	Key Financial Systems Fixed asset management Council tax/NNDR	Key Financial Systems Budgetary Control Procurement Council tax/NNDR
SRR-10	Safeguarding of residents	9			
SRR-11	Public health & wellbeing	16	Housing enforcement		Disabled Facilities Grant
SRR-13	Leisure review	12		Contract management	
SRR-16	Homelessness review	8	Homelessness		

# 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 MIAA's Electronic Working Paper (EWP) 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 MIAA's EWP system)
Final audit report issued within 10 days of receiving management response	100%	Quarterly (measured as per MIAA's EWP 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 MIAA's EWP 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)

## 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 1<sup>st</sup> 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.

