



Lancaster City Council

Internal Audit Plan 2023/2024

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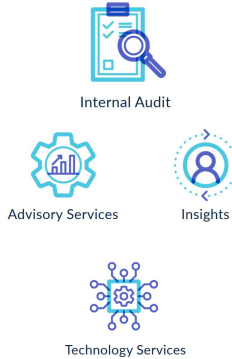
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 @MIAANHS

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 **Lancaster City 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.

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 £88.184. 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

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.

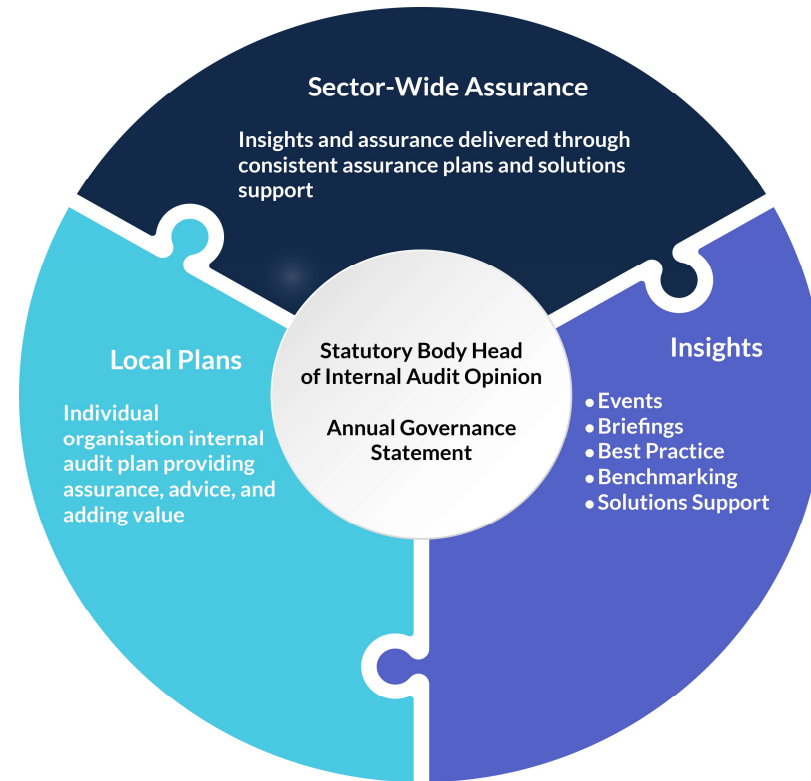
Our vision is for MIAA to continue to be a Trusted Advisor through the retention of personalised, local focus and relationships with the added benefits provided by an at scale provider.

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.

Internal Audit, Assurance and Solution Plans



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

- Financial sustainability
- Delivery of key change programmes
- Leadership and workforce
- Climate change

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.

Priorities	A Sustainable District	An Inclusive and Prosperous Local Economy	Healthy and Happy Communities	A Co-operative, Kind and Responsible Council
Strategy	Climate Emergency <i>taking action to meet the challenges of the climate emergency</i>	Community Wealth-Building <i>building a sustainable and just local economy that benefits people and organisations</i>	Increasing Wellbeing, Reducing Inequality <i>empowering and supporting healthy ways of living, and tackling the causes of inequality</i>	Community Engagement, Power and Resilience <i>drawing on the wealth of skills and knowledge in the community, and working in partnership</i>
Outcomes	net zero carbon by 2030 while supporting other individuals, <u>businesses</u> and organisations across the district to reach the same goal (Carbon Zero)	supporting the development of new skills and improved prospects for our residents within an environmentally sustainable local economy (Sustainable Skills)	supporting wellbeing and ensuring local communities are active, engaged, <u>involved</u> and connected (Community Engagement)	listening to our communities and treating everyone with equal respect, being friendly, honest, and empathetic (Listening and Empathy)
	moving towards zero residual waste to landfill and incineration (Reduced Waste)	advocating for fair employment and just labour markets that increase prosperity and reduce income inequality (Fair Work)	tackling discrimination and reducing inequality (Reducing Inequality)	working in partnership with residents, local organisations, anchor institutions and partners recognising the strengths and skills in our community to build a powerful force working for our district (Partnership)
	increasing the amount of sustainable energy produced in the district and decreasing the district's energy use (Sustainable Energy)	supporting new and existing enterprises in sustainable innovation and the strengthening of local supply networks (Sustainable Innovation)	focused on early-intervention approaches and involving our communities in service design and delivery (Early Intervention)	investing in developing the strengths and skills of our staff and councillors (Investing In Our Skills)
	transitioning to an accessible and inclusive low-carbon and active transport system (Low Carbon and Active Transport)	using our land, property, <u>finance</u> and procurement to benefit local communities and encouraging residents, businesses, organisations and anchor institutions to do the same (Social Use of Resources)	(re)developing housing to ensure people of all incomes are comfortable, <u>warm</u> and able to maintain their independence (Access to Quality Housing)	focused on serving and enabling our residents, local <u>organisations</u> and district (Enabling)
	supporting our communities to be resilient to flooding and adapt to the wider effects of climate change (Climate Resilience)	securing investment and regeneration across our district (Investment and Regeneration)	improving access to and involvement in arts, culture, <u>leisure</u> and recreation, supporting our thriving arts, culture and heritage sector (Access to Culture and Leisure)	embracing innovative ways of working to improve service delivery and the operations of the council (Innovative Public Services)
increasing the biodiversity of our district (Biodiversity)	Promoting business ownership models that empower the local workforce, such as co-operatives, <u>social enterprises</u> and community ownership (Inclusive Ownership)	keeping our district's neighbourhoods, parks, <u>beaches</u> and open space clean, well-maintained and safe (Quality Public Spaces)	providing value for money and ensuring that we are financially resilient and sustainable (Value for Money)	

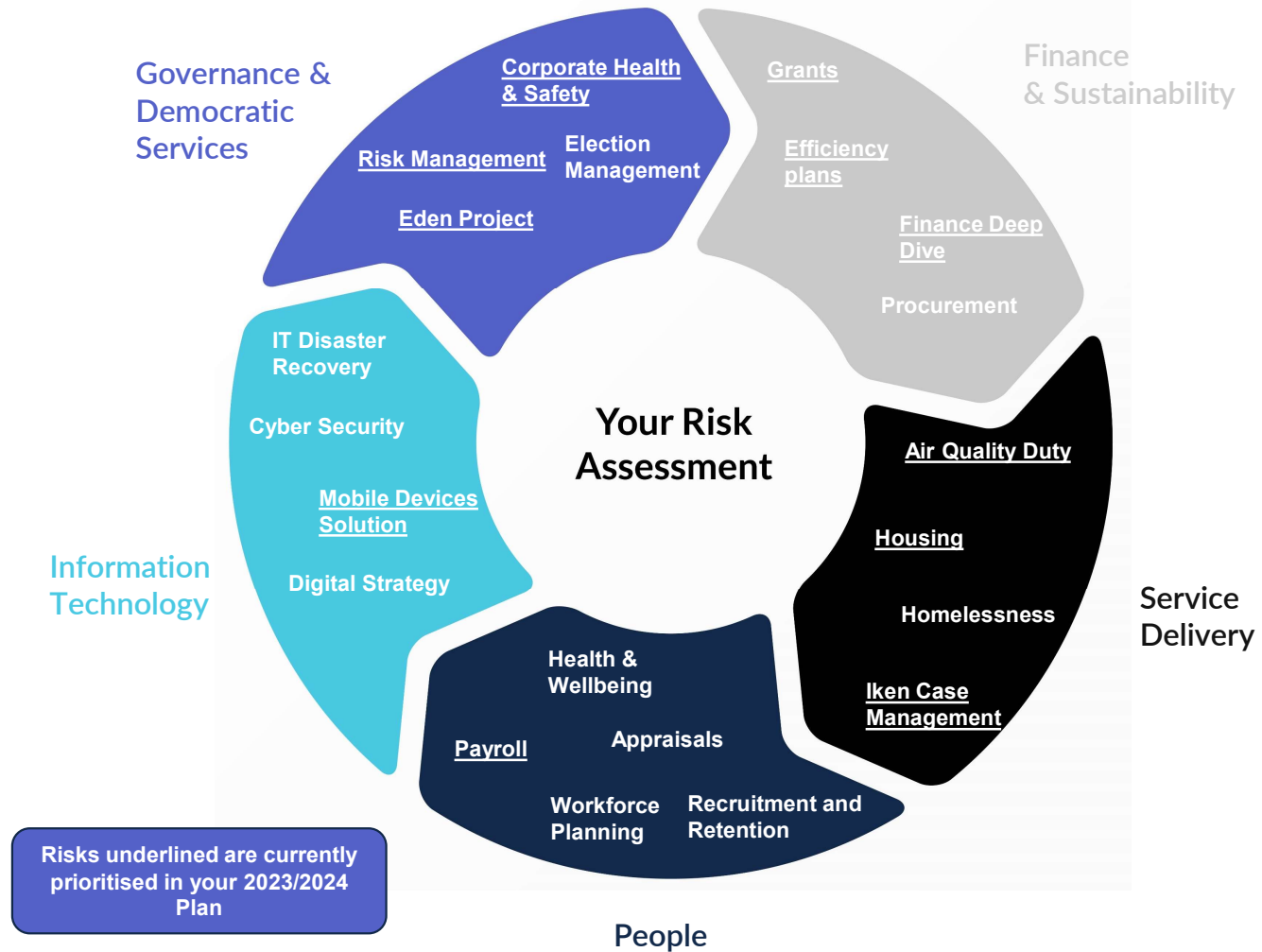
3 Internal Audit Risk Assessment

The Lancaster City 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 Lancaster City 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

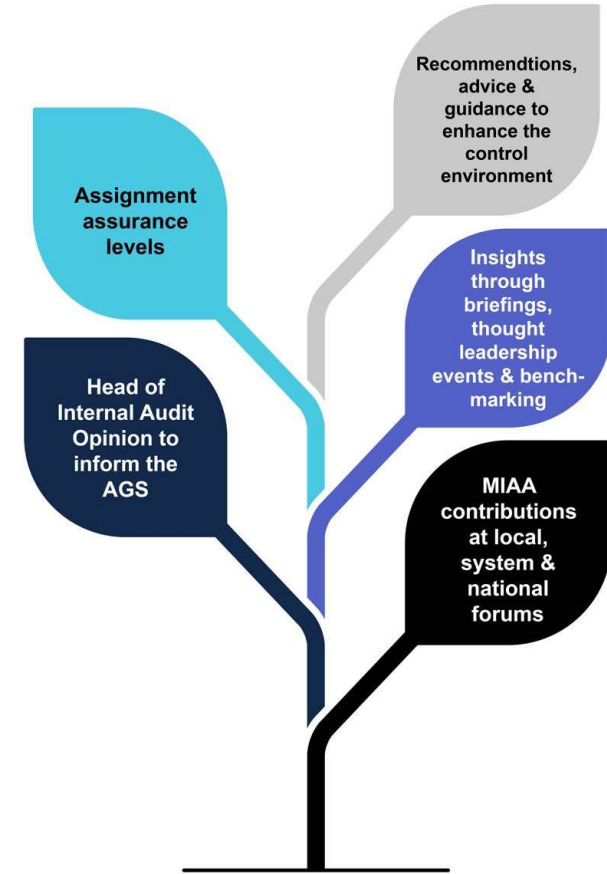
The outcome of your risk assessment is summarised below:

Organisational Reviews
Provision of assurances across core and risk based reviews

- Risk Management
- Eden Project Governance
- Financial Controls (Deep Dive)
- Grant Funding Claims (Eden Project)
- Efficiency Savings
- Corporate Health & Safety
- Iken Case Management System
- Air Quality Duty Review
- Housing Safety
- Payroll
- Mobile Devices Management Solution

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: To provide assurance that core risk management controls have established and maintained.	HOIA Opinion Requirement/ PSIAS requirement/Core Assurance	Q4	Chief Finance Officer
Eden Project Governance: To provide assurance over the design and operating effectiveness of Eden Project Management Governance at the Council.	Risk Assessment/Management Request	TBC	Chief Finance Officer
Finance & Sustainability			
Financial Controls (Deep Dive TBC): To provide assurance that the most significant key controls are appropriately designed and operating effectively in practice.	Core Assurance	Q3	Chief Finance Officer
Grant Funding Claims (Eden Project): To provide assurance that the most significant key controls are appropriately designed and operating effectively in practice for the collation, completion and submission of grant funding claims.	Risk Assessment/Management Request	Q1 – Q4	Chief Finance Officer
Efficiency Savings: To provide assurance on the adequacy and effectiveness of current systems and processes in place within the Council to support the delivery of the Councils planned cost savings.	Risk Assessment/Management Request	Q2	Chief Finance Officer
Service Delivery			
Corporate 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.	Management Request	Q2	Head of Legal Services
Iken Case Management System: To provide assurance processes and controls that are established to identify and manage risks and operate effectively, in relation to the Iken Case Management System	Management Request	Q2	Head of Legal Services
Air Quality Duty Review: To provide assurance processes and controls that are established and operated to identify and manage risks in relation to compliance with Air Quality Duty.	Risk Assessment/Management Request	Q3	Director Communities and Environment
Housing: To evaluate the design and operating effectiveness the Council has in ensuring rental properties meet statutory requirements and do not endanger residents.	Management Request	Q4	Director Communities and Environment

Review & Scope	Risk / Rationale	Planned Delivery	Executive Lead
People			
Payroll including additional salary payments: To provide assurance that the most significant key controls are appropriately designed and operating effectively in practice. Review to include a focus on additional payments including Honorariums	Risk Assessment	Q2	Head of Legal
Information Technology			
Mobile Devices Management Solution: To provide assurance processes and controls that are established and operated to identify and manage risks in relation to the new Mobile Devices Management System.	Risk Assessment	Q3	Chief Finance Officer
Follow up & Contingency			
Follow up and Contingency	PSIAS requirement	Q1 – Q4	
Planning & Reporting			
Planning, Management, Reporting & Meetings	PSIAS requirement	Q1 – Q4	

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.

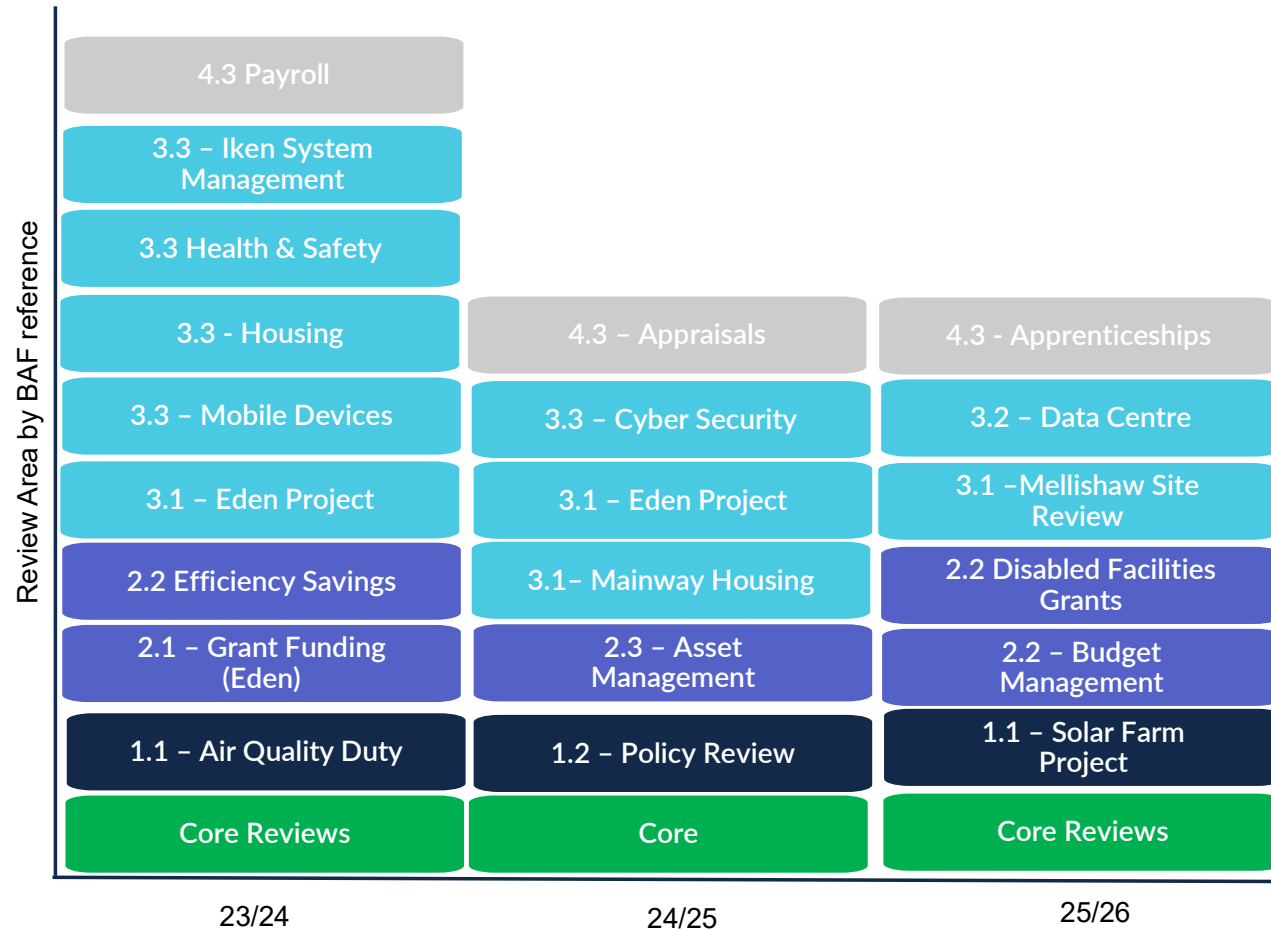
Risk Area	Review Origin	Rationale
Policy Management	Risk Assessment/Management Request	Policies are in the process of being updated to considered for 2024/2025 Audit Plan
Solar Farm Project	Risk Assessment/Management Request	Business Plan being drafted, to considered for 2024/2025 Audit Plan
Mainway Housing Scheme	Management Request	Project being scoped, to be considered for 2024/2025 Audit Plan
Mellishaw Travellers Site	Management Request	Not considered to be a priority. To be considered in future plans.
Appraisals	Risk Assessment	Not considered to be a priority. To be considered in future plans.
IT Asset Management	Risk Assessment	Not considered to be a priority. To be considered in 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	Score
Principal Objective: A sustainable district		
1.1	The Council fails to reduce its direct Co2 emissions to 'net zero' by 2030.	16
1.2	The Council fails to deliver its key priorities due to the lack of an underpinning strategy setting out expected delivery / outcomes.	9
Principal Objective: An inclusive and prosperous local economy		
2.1	International and national issues rapidly impact on the strategic and financial context of the Council and / or partners, businesses and communities.	12
2.2	Central Government funding is insufficient to provide the current level of service leaving the council unable to deliver the financial resilience initiative and achieve financial stability.	9
2.3	The use of council assets is not maximised leading to insufficient funding to meet the funding gap and deliver capital projects.	12
Principal Objective: Healthy and Happy Communities		
3.1	Changes in Government policy impact on our ability to deliver major projects and programmes that would benefit our communities.	9
3.2	Major, sudden unforeseen expenditure or income reduction arises, necessitating significant change or reduction to services.	9
3.3	Infrastructure and assets fail to meet the future needs of the organisation and the residents of the district.	9
3.4	The Council fails to deliver its key projects due to the lack of staffing capacity and resources (financial) within the Council.	9
Principal Objective: A co-operative, kind and responsible Council		
4.1	Budgetary proposals are brought forward / agreed that are then challenged, causing delays or changes to implementation.	9
4.2	Fail to meet the 2024/25 funding gap as a result of ineffective delivery of the efficiency programme and failure to deliver on key projects.	9
4.3	Fails to recruit and retain competent / key staff.	12
4.4	Council services are disrupted and / or additional services are required and costs are incurred as a result of national emergencies	9



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)

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.