



Lancaster City Council

Internal Audit Plan 2024/2025

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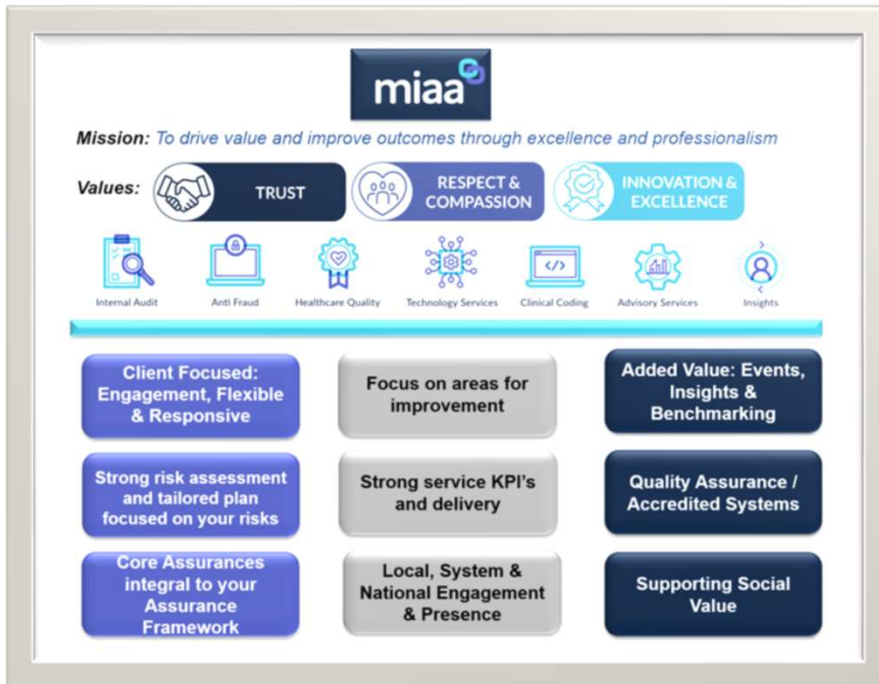
 www.miaa.nhs.uk

 @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.



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.

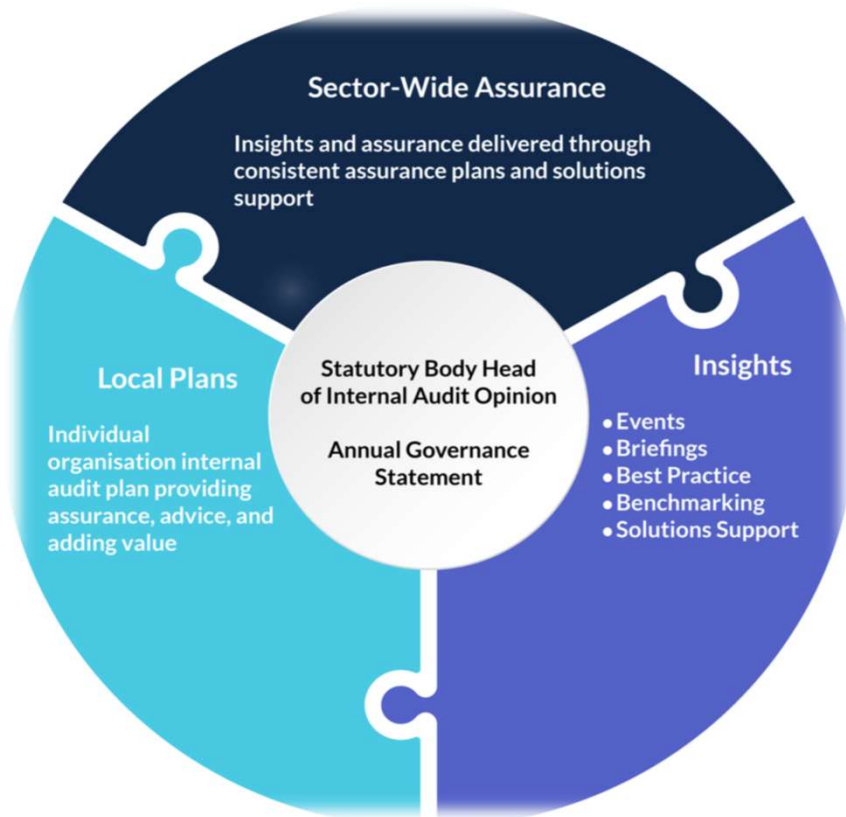
Your operational annual plan in Section 5 forms part of the Council's three year Strategic Plan (shown in Appendix A). This will be reviewed as part of our ongoing risk assessment process to ensure that it remains focused on the Council's key risks and challenges and adds value.

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.

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.

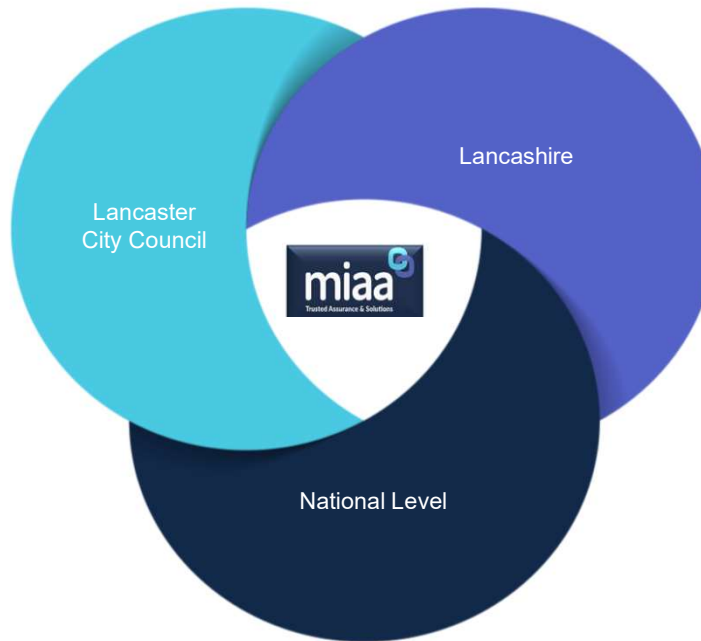
3 Supporting you through Adding Value

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
- 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.



5 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.
- **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 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.
- 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:

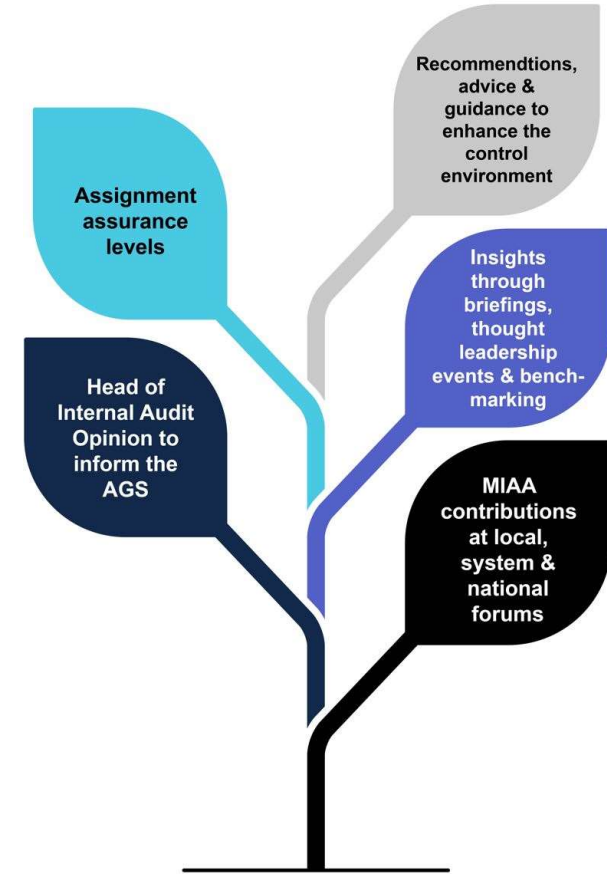
Organisational Reviews
 Provision of assurances across core and risk based reviews

- Risk Management
- Key Financial Systems
- IT Asset Management
- Appraisals
- Revenues and Benefits – Preston Shared Service
- Statutory Compliance – Buildings
- Energy Costs
- Air Quality Duty
- Markets – Festival Market
- Homelessness
- Environmental Enforcement
- Food Standards
- Community Engagement

Follow Up and Contingency

Outcomes

Added Value



7 Operational Internal Audit Plan 24/25

Review & Scope	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	Q4	Chief Officer - Resources
Statutory Compliance - Buildings: To provide assurance that building compliance is recorded and maintained in line with statutory guidance.	Risk Assessment/Management Request	Q4	Chief Officer - Housing and Property
Finance & Sustainability			
Key Financial Controls - To provide assurance that the most significant key controls are appropriately designed and operating effectively in practice.	Core Assurance	Q3	Chief Officer - Resources
Revenues and Benefits (Area TBC with Preston Shared Service) - To provide assurance that the most significant key controls are appropriately designed and operating effectively in practice.	Core Assurance	Q2	Chief Officer - Resources
Energy Costs – To provide assurance that there are strong internal controls in place for the processing of energy invoices.	Risk Assessment/Management Request	Q2	Chief Officer – Housing and Property
Service Delivery			
Air Quality Duty - To provide assurance on processes and controls that are established and operated to identify and manage risks in relation to compliance with Air Quality Duty.	Risk Assessment/Brought Forward 2023 24	Q1	Chief Officer – Planning and Climate Change
Festival Market – To provide assurance on the key controls and processes relating to the festival market including rent collection, debt management and trader engagement.	Risk Assessment/Management Request	Q2	Chief Officer – Sustainable Growth
Homelessness – To provide assurance around the management and control of homelessness payments and the accuracy of homelessness placements.	Risk Assessment/Management Request	Q1	Chief Officer – Housing and Property
Environmental Enforcement – To provide assurance around the controls and operating effectiveness of fly tipping procedures.	Risk Assessment/Management Request	Q3	Chief Officer – Environment and Place
Food Standards – To provide assurance that the council is complying with food standards and operating effectively to manage the statutory obligations of the Council.	Risk Assessment/Management Request	Q2	Chief Officer – Environment and Place
Community Engagement - To provide assurance that the council has appropriate arrangements to ensure effective engagement with key stakeholders	Risk Assessment/Management Request	Q4	Chief Officer – People and Policy

Review & Scope	BAF Risk / Rationale	Planned Delivery	Executive Lead
People			
Appraisals - To provide assurance as to whether the Councils appraisal process is operating effectively.	Core Assurance	Q2	Chief Officer – People and Policy
Information Technology			
Information Technology/Cyber (IT Asset Management) - To provide assurance on the level and effectiveness of IT asset management controls operated by the Council.	Core Assurance	Q3	Chief Officer - Resources
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.

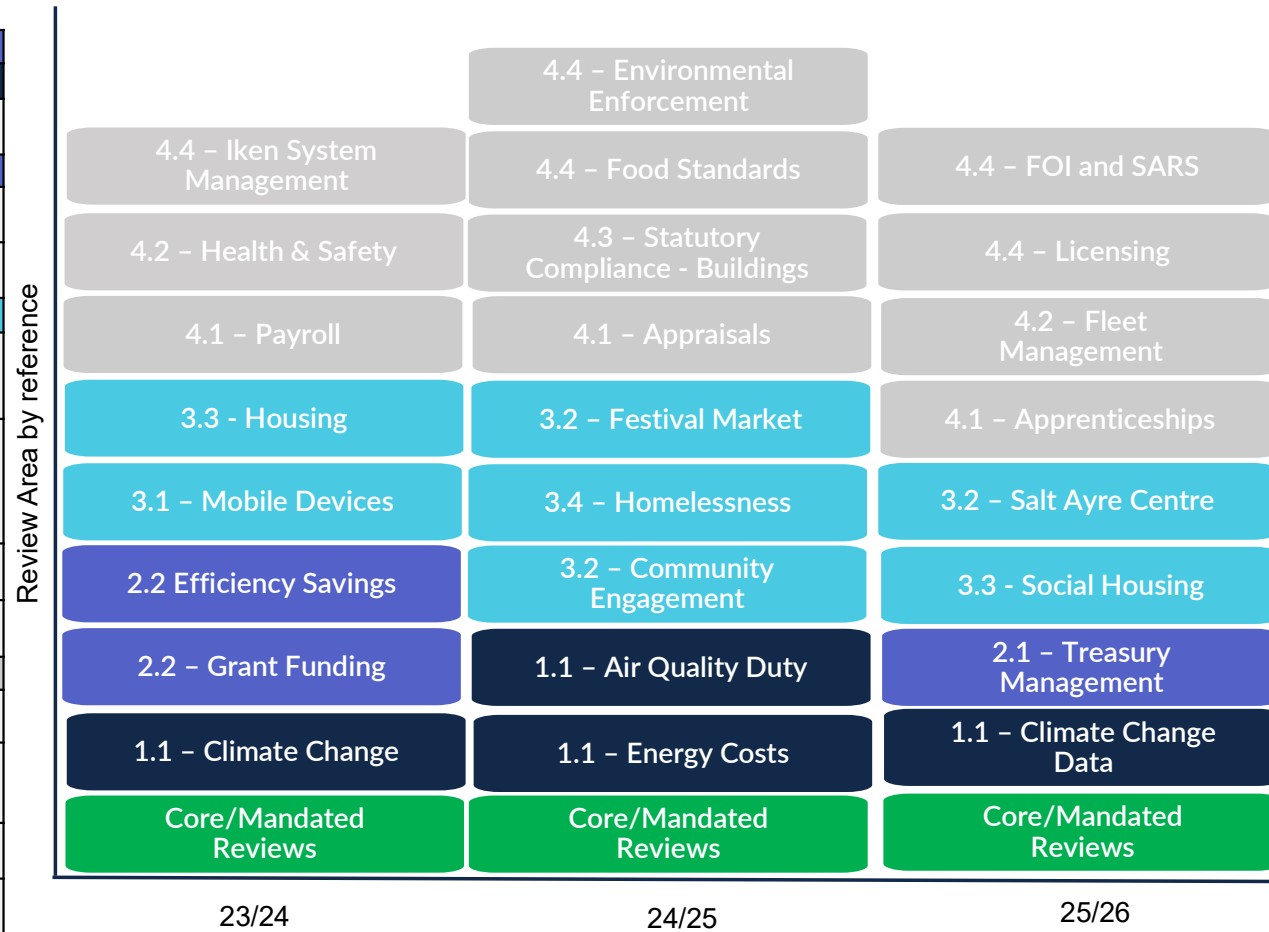
Risk Area	Review Origin	Rationale
Data Sharing Agreement	Management Request	Not considered a priority
Insurance	Risk Assessment & Management Request	Not considered a priority
Freedom of Information Requests and Subject Access Requests	Risk Assessment & Management Request	Not considered a priority
Incident Response Management	Management Request	Not considered a priority
Recruitment	Risk Assessment	Recently been completed
Workforce Planning	Risk Assessment	Not considered a priority
Non-compliance with Regulator of Social Housing Standards	Risk Assessment	Proposed review in 25/26 when the new rules have been introduced and embedded during 24/25

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
Principal Objective: A sustainable district		
1.1	The Council fails to reduce its direct Co2 emissions to 'net zero' by 2030.	12
Principal Objective: An inclusive and prosperous local economy		
2.1	Council services are disrupted due to local or national emergencies.	6
2.2	The Council fails to deliver its key projects due to the lack of capacity and resources.	6
Principal Objective: Healthy and Happy Communities		
3.1	Changes Government policy impact the Councils ability to deliver major projects and programmes that would benefit communities.	6
3.2	The Council's services fail to adapt to socioeconomic and demographic trends within the district, resulting in failure to meet the needs of local residents and businesses.	6
3.3	Non-compliance with Regulator of Social Housing Standards	6
3.4	Increasing costs of temporary accommodation for the homeless	8
Principal Objective: A co-operative, kind and responsible Council		
4.1	The Council fails to recruit and retain competent / key staff	6
4.2	The use of council assets is not maximised leading to insufficient funding to meet the funding gap and deliver capital projects.	9
4.3	LCC Property Portfolio (non housing) does not meet its Health and Safety compliance obligations	9
4.4	Negligent or unlawful action by the Council, resulting in financial or other liabilities.	6



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)

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.