



# Lancaster City Council

Internal Audit Plan 2025/26

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## Your Internal Audit Team



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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 <sup>rd</sup> 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	<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

## 1.2 Your Risk Assessment

A strong risk assessment underpins the Internal Audit Plan. This has focused upon your risk register as this represents Lancaster City Council's 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.

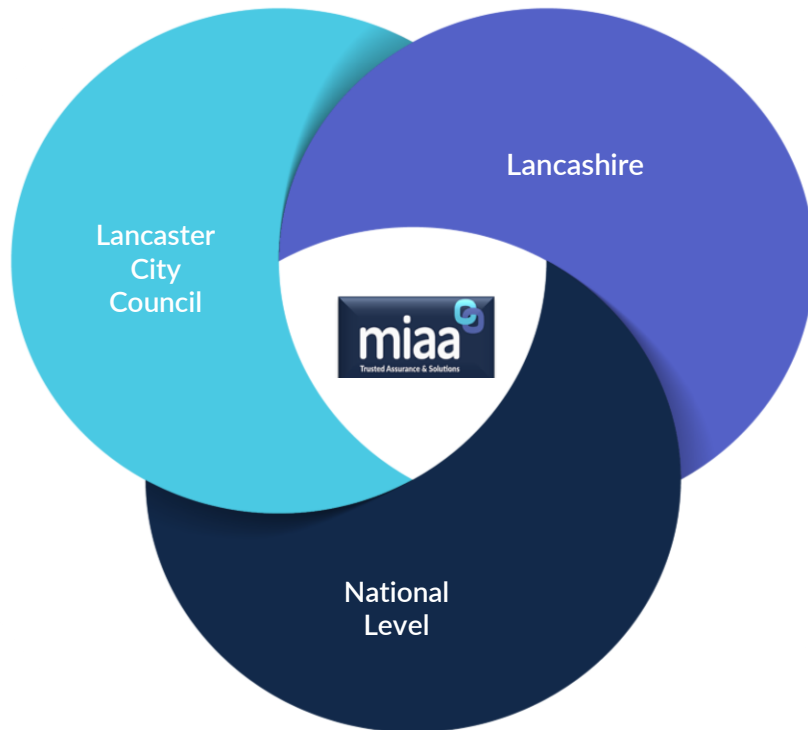
We will actively engage across the organisation to ensure we have a full and detailed understanding of your risks and can ensure we focus our work to best effect.

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

In line with national planning guidance we are uplifting our fees (internal audit / anti-fraud) by 2.15% (this consists of a 4.15% cost uplift less an efficiency factor of 2% which we are absorbing). Your fees for 2025/26 are £94,584.



## 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
  - Regional Audit Chairs
  - Regional Cyber Groups

### National Level

- Involvement and representation on National Bodies, inc:
  - UK Public Sector Internal Audit Standards Advisory Board
  - Management Focus Group
  - The Internal Audit Network
  - Cyber Associates Network Development Group
- 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
- Leadership and workforce
- Climate Change
- Funding Gap
- Cyber Security

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 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.

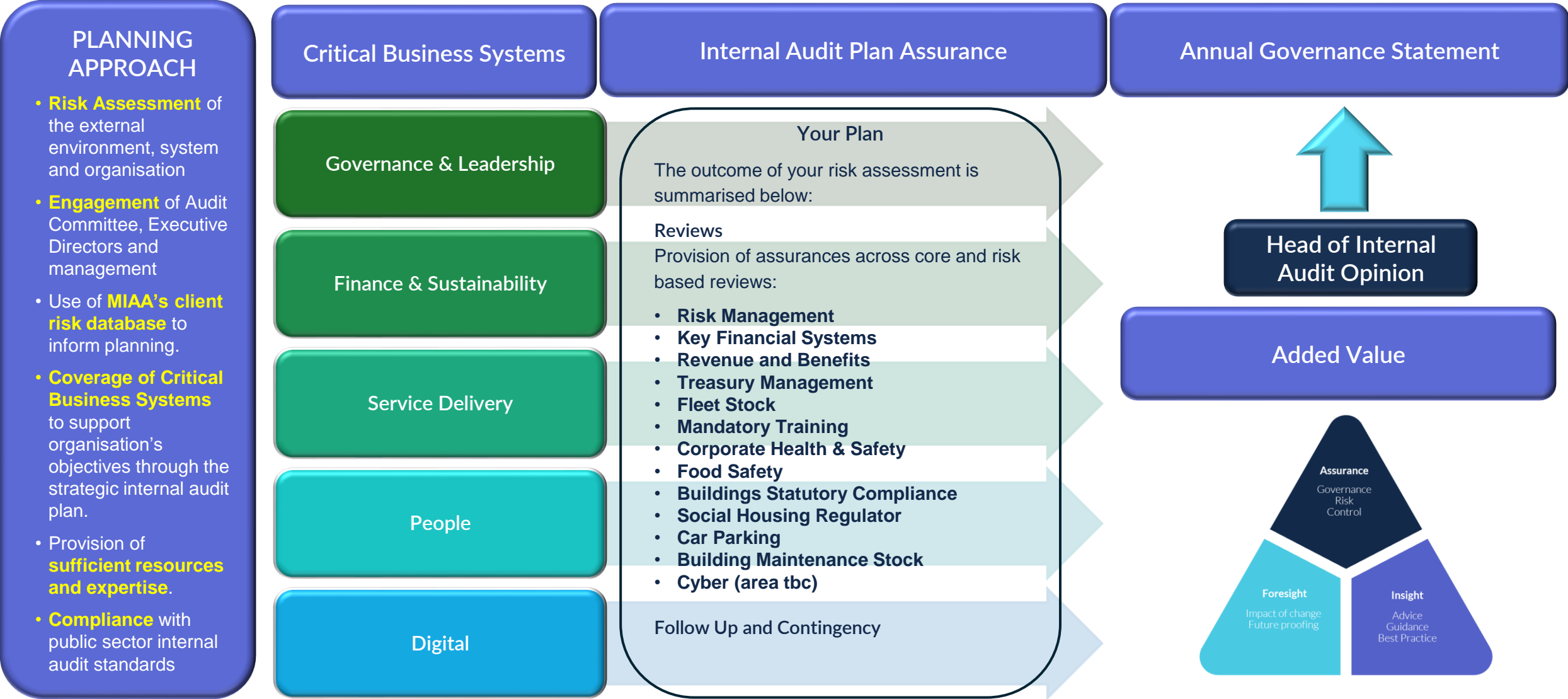
The initial strategic risk assessment and internal audit risk assessment has considered:

- **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.



# 5 Internal Audit Plan on a Page

For Lancaster City Council, this is the planning approach we will adopt:





# 6 Operational Internal Audit Plan 2025/26

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/ Internal audit standards requirement</b>	Q4	Chief Officer - Resources
Finance & Sustainability			
<b>Key Financial Controls:</b> To provide assurance that the most significant key controls are appropriately designed and operating effectively in practice.	<b>Core Assurance</b>	Q3	Chief Officer - Resources
<b>Treasury Management:</b> To provide assurance that the most significant key controls are appropriately designed and operating effectively in practice	<b>Core Review/Council Strategic Risk Register SR14</b>	Q2	Chief Officer – Resources
<b>Revenue and Benefits:</b> To provide assurance on the controls in place and that they are appropriately designed and operating effectively.	<b>Core Assurance</b>	Q3	Chief Officer - Resources
<b>Fleet Stock:</b> Review the controls in place for stock retained for fleet vehicles and personal usage and ensure they are operating effectively	<b>Management Request/ Council Strategic Risk SR04</b>	Q2	Chief Officer – Environment & Place
Service Delivery			
<b>Car Parks:</b> To provide assurance on the controls in place and that they are appropriately designed and operating effectively including collection of income, enforcement and income from apps.	<b>Management Request/Council Strategic Risk – SR04</b>	Q2	Chief Officer – Sustainable Growth
<b>Food Safety:</b> To provide assurance on the controls in place and that they are appropriately designed and operating effectively.	<b>B/FWD from 2425</b>	Q1	Chief Officer – Environment & Place
<b>Building Maintenance Stock:</b> To provide assurance on the controls in place and that they are appropriately designed and operating effectively. Review of Reactive repairs and maintenance findings being actioned.	<b>Management Request</b>	Q4	Chief Officer – Housing and Property
<b>Corporate Health and Safety:</b> To provide assurance on the controls implemented recently are appropriately designed and operating effectively.	<b>B/FWD from 2425</b>	Q1	. Chief Officer – People and Policy
<b>Social Housing Regulator:</b> To provide assurance on the controls in place for the new regulations and that they are appropriately designed and operating effectively.	<b>Management Request/Council Strategic Risk SR21</b>	Q3	Chief Officer – Housing and Property
<b>Building Statutory Compliance:</b> To provide assurance on the controls that are in place for Council Housing and Council Buildings are appropriately designed and operating effectively.	<b>B/FWD from 2425/Council Strategic Risk SR20</b>	Q1	Chief Officer – Housing and Property



Review & Scope	BAF Risk / Rationale	Planned Delivery	Executive Lead
People			
<b>Mandatory Training:</b> To provide assurance on the controls in place for mandatory training and that they are appropriately designed and operating effectively.	Core Review/Council Strategic Risk SR03	Q2	Chief Officer – People and Policy
Digital			
<b>Cyber (area tbc):</b> To provide assurance on the controls in place and that they are appropriately designed and operating effectively.	Core Review/Council Strategic Risk SR09	Q3	XXXX
Follow up & Contingency			
Follow up and Contingency	Internal audit standards requirement	Q1 – Q4	
Planning & Reporting			
Planning, Management, Reporting & Meetings	Internal audit standards 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
Freedom of Information & Subject Access Requests	Risk Register	There are currently no known concerns or risks
Complaints handling	New Guidance & Management Request	LGSCO legislation expected in early 2026. To be considered for review in 2026/27
Building Safety Levy	New Guidance & Management Request	New law expected in 2025. To be considered for review in 2026/27
Tree Management	Management Request	Not considered a priority. To be considered for review in 2026/27
Communications	Management Request	Communications officer has retired, a new officer is taking up the post in 2025. Positive assurance from Peer Review and LGA reviews.
Anti Social Behaviour Council Housing Team	Management Request	Not considered a priority. To be considered for review in 2026/27
Housing Standards – Private Rented Accommodation	Management Request	Not considered a priority. To be considered for review in 2026/27
Consumer Standards Regulations – Council Housing	Management Request	Not considered a priority. To be considered for review in 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
<b>Principal Objective: A Sustainable District</b>					
SR06	The Council fails to reduce its direct Co2 emissions to 'net zero' by 2030	8		Climate Change Data	
<b>Principal Objective: An Inclusive and Prosperous Local Economy</b>					
SR05	Council services are disrupted due to local or national emergencies.	6	Treasury Management		
SR08	The Council fails to deliver its key projects due to the lack of capacity and resources.	6	Mandatory Training		
<b>Principal Objective: Happy and Healthy Communities</b>					
SR10	Changes in Government policy impact on the ability to deliver major projects and programmes that would benefit our communities.	6	Social Housing Regulations	Procurement Act	Complaints Handling
SR16	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	Car Parks	Tree Management	
<b>Principal Objective: A Co-operative, Kind and Responsible Council</b>					
SR03	The Council fails to recruit and retain competent / key staff resulting in ineffective leadership, increased costs and failure to deliver	6	Health and Safety		
SR17	Negligent or unlawful action by the Council, resulting in financial or other liabilities	6		Communications	Housing Standards

# 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)

## 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.

