



# Lancaster City Council

Internal Audit Plan *2026/27*

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## Your Internal Audit Team



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# 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 Strategic Risks as this represents **Lancaster City Councils**, 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.

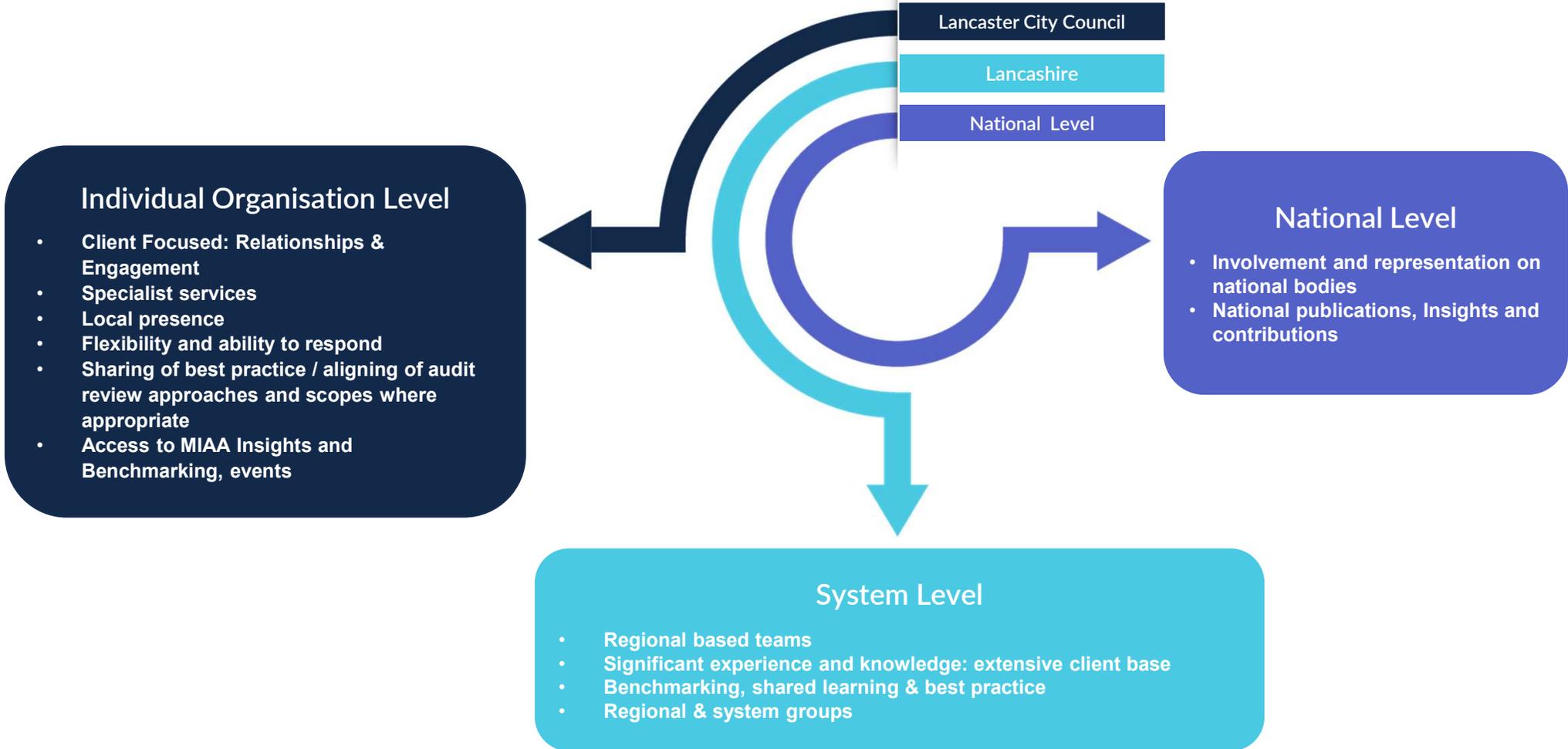
We will actively engage across the organisation to ensure we have a full and detailed understanding of your risks and can ensure we focus our work to best effect.

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*
- *Programmes and Projects*
- *Local Government Reorganisation*
- *Workforce*
- *Digital IT*

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



# 5 Internal Audit Risk Assessment

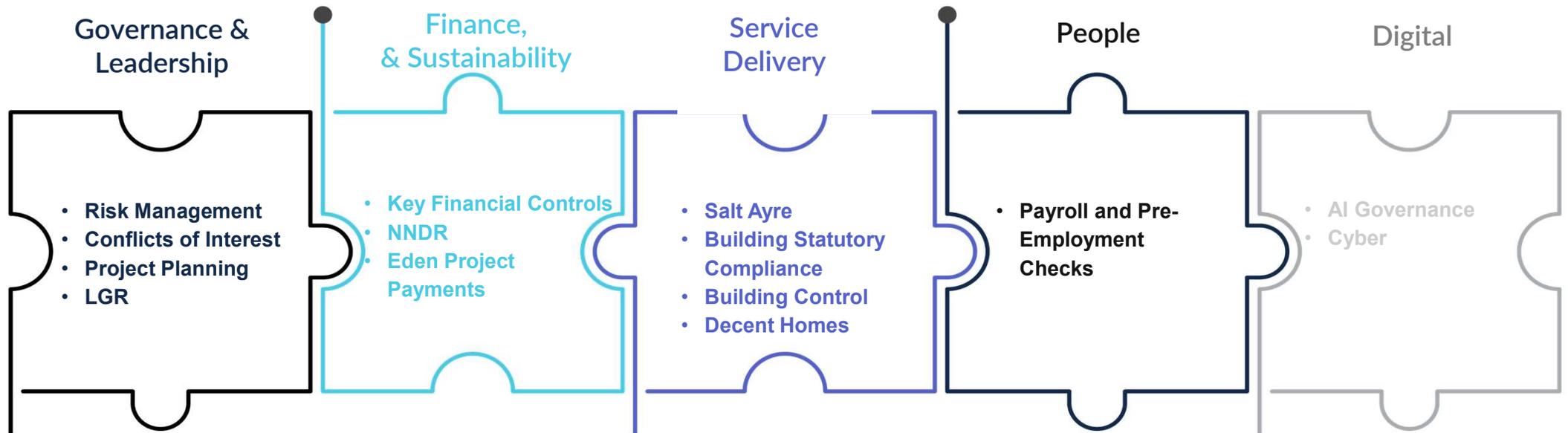
The Lancaster City Council internal audit plan is built from a risk assessment which has considered national and local system risks, place based developments and your local strategic risk assessment, along with our breadth of experience and understanding of the challenges you face.

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. 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	Executive Lead
<b>Governance &amp; Leadership</b>			
<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/Chief Officer- People & Policy
<b>Conflicts of Interest:</b> To evaluate the design and operating effectiveness of the arrangements that the Council has in place to manage conflicts of interest and gifts and hospitality.	<b>Management Request</b>	Q2	Chief Officer - Governance
<b>Project Planning:</b> To review the design and operating effectiveness of the arrangements that the Council has in place regarding Project Planning	<b>Management Request</b>	Q1	Chief Officer - Resources
<b>LGR Preparedness:</b> To evaluate the processes in place to prepare the Council for LGR.	<b>Management Request/Strategic Risk SR29</b>	TBC	Chief Officer - Resources
<b>Finance &amp; Sustainability</b>			
<b>Key Financial Controls Deep Dive – Debt Collection:</b> To evaluate the design and operating effectiveness of the arrangements that the Council has in place to manage Debt Collection.	<b>Core Assurance/Strategic Risk SR01</b>	Q3	Chief Officer - Resources
<b>Revenues &amp; Benefits – NNDR:</b> To evaluate the design and operating effectiveness of the arrangements that the Council has in place to manage NNDR.	<b>Core Assurance</b>	Q2	Chief Officer - Resources
<b>Eden Project Payment Process:</b> To provide assurance that the controls and processes around payments for the EDEN project are operating effectively..	<b>Management Request/Strategic Risk SR22</b>	Q3	Chief Officer- Sustainable Growth

Review & Scope	Risk / Rationale	Planned Delivery	Executive Lead
<b>Service Delivery</b>			
<b>Salt Ayre Leisure Centre:</b> To provide assurance that the controls and processes at Salt Ayre are operating effectively.	<b>Core Assurance/Management Request</b>	Q2	Chief Officer – Environment & Place
<b>Building Statutory Compliance:</b> To provide assurance that the Councils buildings and investment properties are statutory compliance including Health and Safety Regulations.	<b>Core Assurance/Management Request/ Strategic Risk SR20</b>	Cfwd from 2025/26 Q2	Chief Officer – Housing & Property
<b>Building Control:</b> To provide assurance that the Councils Building Control Service is compliant with the Building Regulator.	<b>Management Request</b>	Q1	Chief Officer – Planning & Climate Change
<b>Decent Homes Standard*</b> : To provide assurance that the Council is compliant with Decent Homes Standard, including confidence in data.	<b>Management Request</b>	Q3	Chief Officer – Housing & Property
<b>People</b>			
<b>Payroll &amp; Pre-employment Checks:</b> To provide an assessment of the systems of payroll and pre-employment check controls are operating effectively.	<b>Core Assurance</b>	Q2	Chief Officer – Resources/Chief Officer- People & Policy

\* This review has been requested as an additional to plan review. As such, the costs for this review are outside of the core plan and will be invoiced separately.

Review & Scope	Risk / Rationale	Planned Delivery	Executive Lead
<b>Digital</b>			
<b>Information Technology/Cyber:</b> Scope of the review to be confirmed.	<b>Core Assurance/Strategic Risk SR09</b>	Q3	Chief Officer - Resources
<b>AI Governance:</b> To benchmark the Council's AI maturity using checklist questions, and evidence requirements.	<b>Core Assurance/Strategic Risk SR09</b>	Q3/4	Chief Officer - Resources
<b>Follow up &amp; Contingency</b>			
<b>Follow up and Contingency</b>	<b>Internal audit standards requirement</b>	Q1 - Q4	
<b>Planning, Reporting and Added Value</b>			
<b>Planning, Management, Reporting &amp; Meetings</b>	<b>Internal audit standards requirement</b>	Q1 - Q4	
<b>Added Value including Events and MIAA Insights programme</b>			

## Exclusion from the Internal Audit Plan 2026/27

The following audits have been recommended by MIAA for review in 2026/27 but not included in the plan

Recommended Review	Reason for non-inclusion in the plan
Regeneration Projects	These are not at a stage where they would benefit from a review. To be considered in future years.
Licencing	There is a consultation for taxi licences to be moved to a Central Transport Authority.

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

Strategic Risk Reference	Reason for non-inclusion in the plan
SR28 Mainway	External Advisory Work is being completed.
SR06 Climate Change	Air Quality and Climate Change reviewed in prior years. Included in the Strategic 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
Museums	Other risk areas prioritised/limited resources
Complaints	Other areas prioritised. Included in the Strategic Plan
Trade Waste	Other areas prioritised. Included in the Strategic Plan

*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 (not including any confidential risk information) 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: A Sustainable District</b>					
SR06	The Council fails to reduce its direct Co2 emissions to 'net zero' by 2030.	8			Climate Change
SR02	Failure to meet 2026/27 Funding gap	6	Project Planning		Treasury Management
SR03	Failure to recruit and retain staff	6	Payroll & Pre-employment checks		Workforce Management
SR08	Failure to deliver key projects due to lack of capacity and resources	6	Project Planning Eden Payments		
SR27	Waste Strategy - Increased revenue cost burden	6		Trade Waste	
<b>Principal Objective: An Inclusive and Prosperous Local Economy</b>					
SR05	Council services are disrupted because of local and national emergencies	9	Risk Management	Business Continuity	Partnerships
<b>Principal Objective: Happy and Healthy Communities</b>					
SR29	Local Government Reorganisation	12	LGR Preparedness	LGR Governance	LGR Governance
SR20	Non compliance with Building Safety Executive	6	Building Control		
SR21	Non compliance with Regulator of Social Housing Standards	6	Decent Homes Standard	Housing Complaints	
<b>Principal Objective: A Co-operative, Kind and Responsible Council</b>					
SR11	International and national issues rapidly impact Council and/or partners, businesses and communities.	9	Key Financial Systems	Key Financial Systems	Key Financial Systems Community Engagement
SR28	Delivery of Mainway Project	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)
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.

