

London Borough of Croydon Internal Audit Annual Report for the year ended 31 March 2022

Confidentiality and Disclosure Clause

This report ("Report") was prepared by Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of London Borough of Croydon and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

Please refer to the Statement of Responsibility on the last page of this report for further information about responsibilities, limitations and confidentiality.

Contents
Page

Executive Summary	3
2021/22 Year Opinion	7
Appendix 1 – Summary of Internal Audit reports for 2021/22	13
Appendix 2 - Summary of Internal Audit reports for 2020/21	15
Appendix 3 - Follow-Up of 2017/18 Audits (Incomplete only)	16
Appendix 4- Follow-Up of 2018/19 Audits (Incomplete only)	17
Appendix 5 - Follow-Up of 2019/20 Audits	18
Appendix 6 - Follow-Up of 2020/21 Audits	21
Appendix 7 - Follow-Up of 2021/22 Audits	23
Statement of Responsibility	24

1. Introduction

The purpose of this report is to contribute to the Head of Internal Audit annual reporting requirements set out in the UK Public Sector Internal Audit Standards (PSIAS). The standards advise that the report must:

- a) include an opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control;
- b) disclose any qualifications to that opinion, together with the reasons for the qualification;
- c) present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies;
- d) draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement;
- e) compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and targets, and
- f) comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

Head of Internal Audit Opinion on the Effectiveness of Internal Control

This opinion statement is provided for the use of London Borough of Croydon (Council) in support of its Annual Governance Statement for the year ended 31 March 2022.

Scope of Responsibility

The Council is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Authority's functions and which includes arrangements for the management of risk.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. Effectiveness of the system is also conveyed by executive managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates in the annual audit letter and other reports. In this context it should be noted that the external auditors on 23 October 2020 issued a Report in the Public Interest (RIPI) highlighted 'governance failings' and 'corporate blindness'. A subsequent second

RIPi was issued on 26 January 2022 following a review of the Council’s arrangements for the refurbishment of Fairfield Hall, where concerns had been raised over the historic governance of the project.

Head of Internal Audit Annual Opinion Statement

The Head of Internal Audit Annual Opinion (Opinion) is derived from work carried out by Internal Audit during the year as part of the agreed internal audit plan for 2021/22, including our assessment of the Council’s corporate governance and risk management processes and information technology governance.

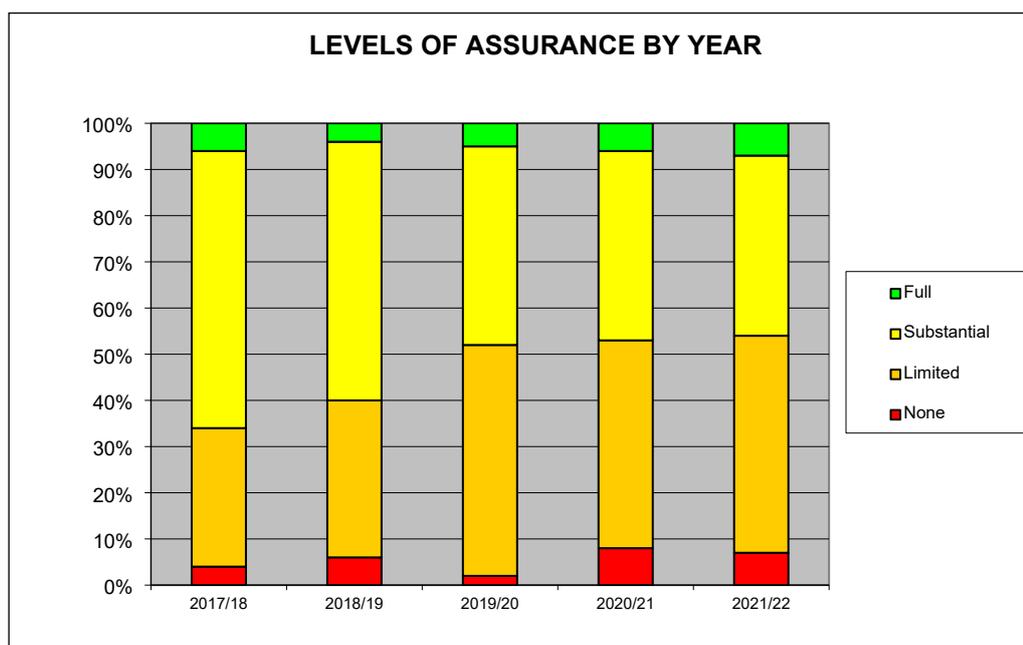
The internal audit plan for 2021/22 was developed to primarily provide management with independent assurance on the adequacy and effectiveness of the systems of internal control.

Basis of Assurance

We have conducted our audits both in accordance with the mandatory standards and good practice contained within PSIAS and additionally from our Internal Audit’s own internal quality assurance systems.

Our Opinion is limited to the work carried out by Internal Audit during the year on the effectiveness of the management of those principal risks, identified within the organisation’s Assurance Framework, that are covered by Internal Audit’s programme.

Graph 1 – Assurance Levels

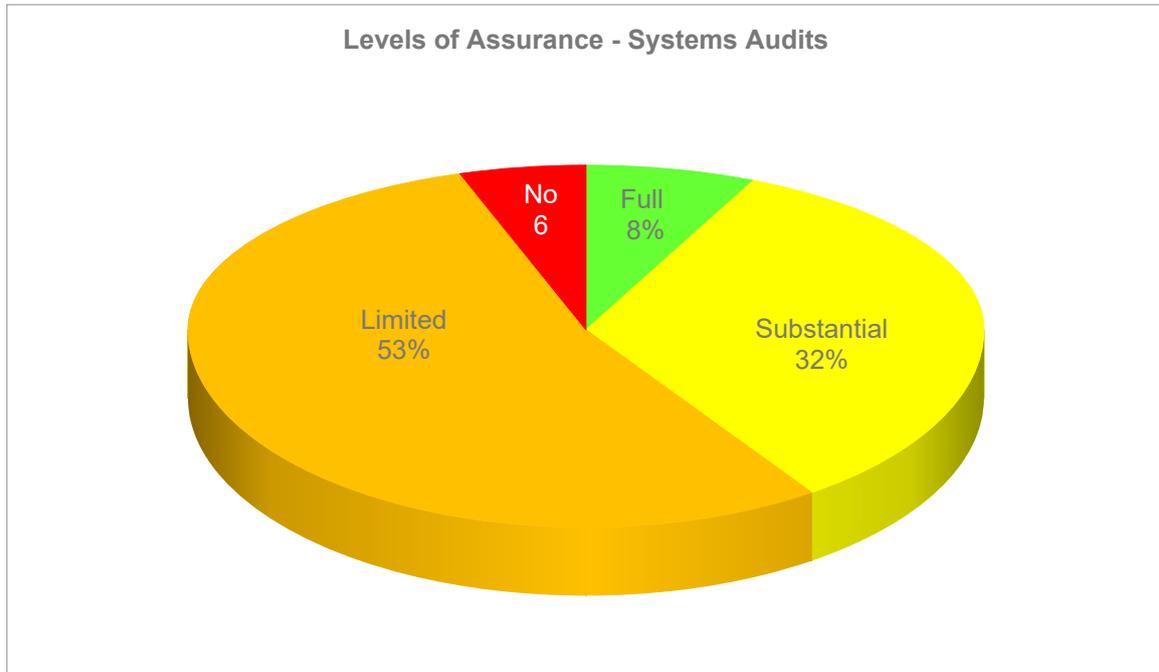


	2017/18	2018/19	2019/20	2020/21	2021/22*
Full Assurance	6%	4%	5%	6%	7%
Substantial Assurance	60%	56%	43%	42%	39%
Limited Assurance	30%	34%	50%	44%	47%
No Assurance	4%	6%	2%	8%	7%

* 2021/22 figures include any audit reports, regardless of audit plan year, issued during the 2021/22 year.

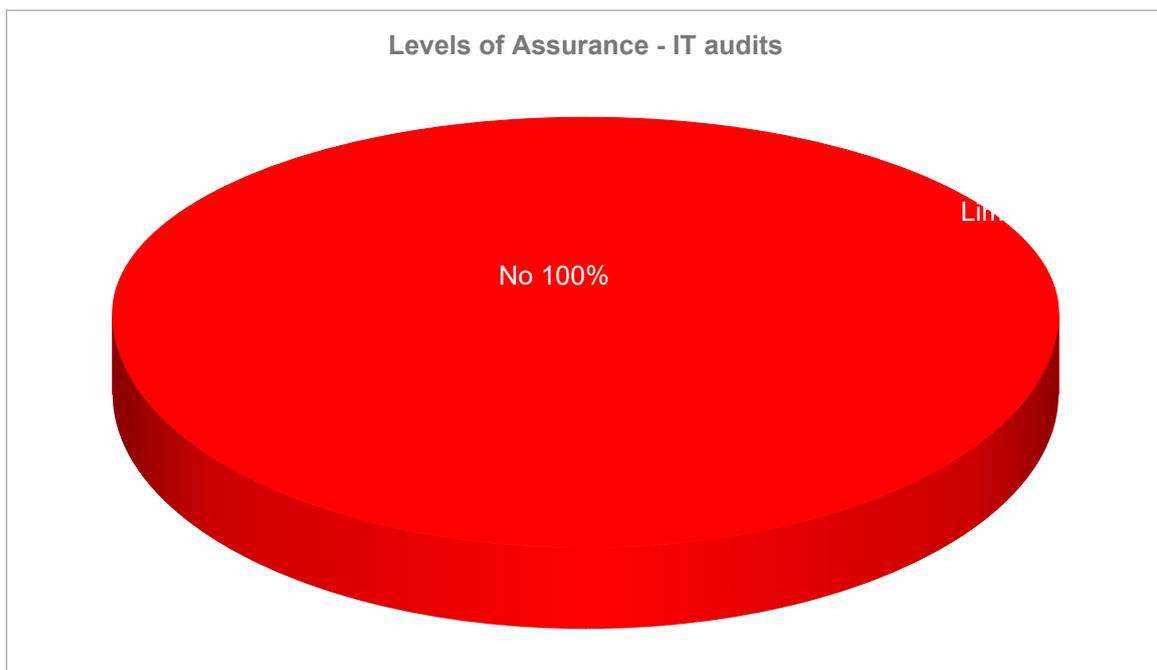
Graph 1 shows the percentage of final audit reports issued per level of assurance over the past five years. As can be seen there has been a steady year on year increase in the number of limited and no assurance audits since 2017/18, with the number of limited and no assurance reports in 2021/22 at 54%. As detailed in subsequent graphs, the impact of a high percentage of substantial assurance opinions for school audits helped reduce the Council's overall percentage of limited and no assurance reports.

Graph 2 – Levels of Assurance – Systems Audits



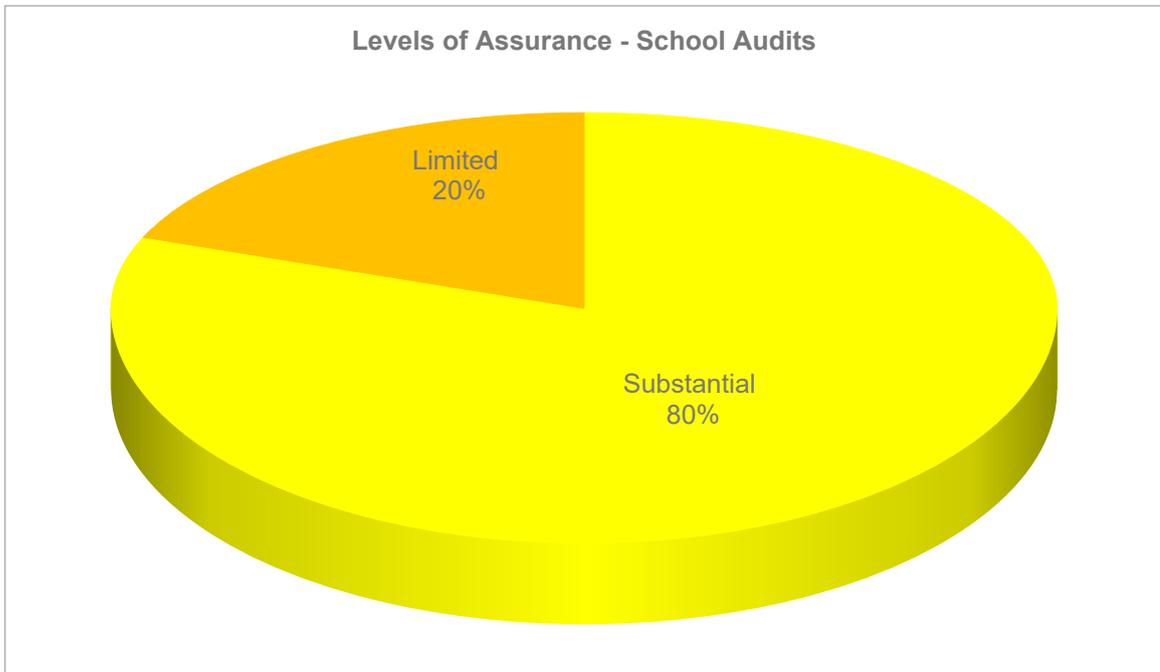
Graph 2 shows the percentage of final reports issued per level of assurance achieved on all the full systems audited. This shows that only 40% of the systems audited, including the core Council financial systems, achieved an assurance level of Substantial or Full. This is an improvement in performance on 2020/21 which was 31%.

Graph 3 – Levels of Assurance – IT Audits

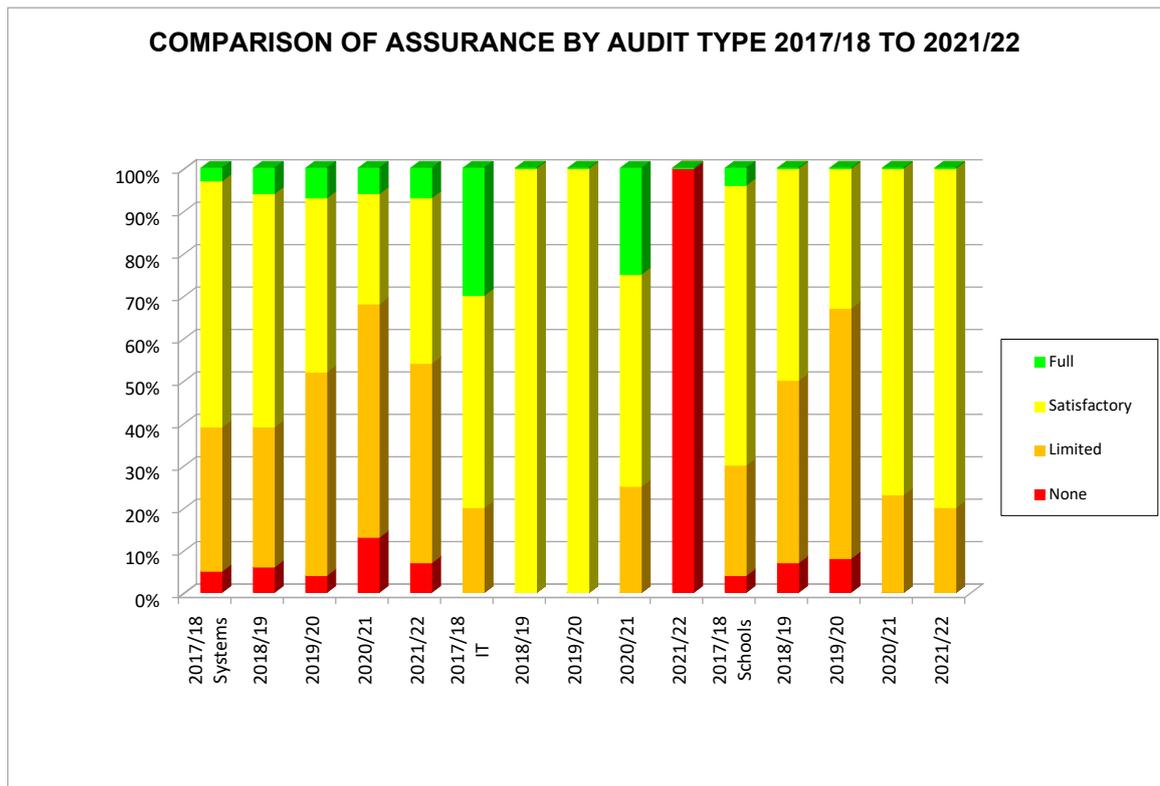


Graph 3 shows the percentage of final audit reports issued per level of assurance for the IT audit programme of work. This shows that 100% (one audit) of the computer audits achieved an assurance level of No. This is a decrease in assurance on 2020/21 (two audits) which was 100% Substantial. (Please note the comments under the heading 'Qualifications to the opinion' below regarding the difficulties in progress computer audits.)

Graph 4 – Levels of Assurance – School Audits



Graph 4 shows the results of the school's audit programme. A total of 20% of all locations visited resulted in a Limited Assurance. This is a slight improvement on the performance in 2020/21 which was 23%. Whilst the number of schools audited is similar year on year, the work also resulted in fewer recommendations year on year.



2021/22 Year Opinion

Internal Control

From the Internal Audit work undertaken in 2021/22, it is our opinion that we can provide **Limited Assurance** that the system of internal control that has been in place at London Borough of Croydon for the year ended 31 March 2022 accords with proper practice. Details of significant internal control issues are documented in the detailed report.

The assurance can be further broken down between financial and non-financial systems, as follows:



In reaching this opinion, the following factors were taken into particular consideration:

- The results of the internal audit work performed during the year, where 54% of the overall audits undertaken were 'Limited' or 'No' assurance. From a systems audit sub-category, 59% of internal audits were 'Limited' or 'No' assurance and for the computer audit sub-category, the only audit issued was a 'No' assurance.
- The two 'Reports In the Public Interest' by Grant Thornton dated 23 October 2020 and 26 January 2022, which highlighted governance failings and corporate blindness.
- The Ministry of Housing, Communities and Local Government rapid non-statutory review in October 2020 and the subsequent review titled 'One Year On' dated 21 November 2021, which highlighted the progress made, while still saying that there was some way still to go.
- The progress the Council has made in regard to achieving the recommendations set out by external auditor in the Report in the Public Interest October 2020 with 65 out of 99 actions being reported as complete at the Cabinet meeting held on 24 January 2022.
- The Executive Director Resources (Section 151 Officer's) review of the effectiveness of the internal audit function submitted to the General Purposes and Audit Committee on 7 October 2020.
- A peer review by another London Borough's Head of Internal Audit which was conducted during the course of 2015/16 to assess the extent to which the Council's internal audit service complied with the PSIAS. This showed that the Council's Internal Audit service 'Generally Conforms to the standards'.

Corporate Governance

In our opinion the corporate governance framework does not comply with the best practice guidance on corporate governance issued by CIPFA/SOLACE. This opinion is based on:

- The 'Report in the Public Interest' by Grant Thornton dated 23 October 2020, which highlighted governance failings and corporate blindness, summarising that, '*The missed opportunities represent deficiencies in financial planning, financial management, risk assessment, communication between officers and Members and challenge from Members before approving the strategies and plans that have led the Council needing in-year external financial support. Action must be taken to restore the Council to a sound financial position supported by effective governance.*'

- The 'Report in the Public Interest' by Grant Thornton dated 26 January 2022, which highlighted historic failings in the council's financial, governance and legal arrangements for the Fairfield Halls refurbishment, with the auditors finding weakness in the procurement and contract management of the project.
- The 'Croydon Finance Review – Phase 1 Report' presented to the General Purposes and Audit Committee on 7 October 2020, which detailed that, '*The council's financial governance is currently inadequate in relation to some areas of financial planning, budget setting and budget monitoring.*'
- Our annual audit plan of work, which included governance related audits and identified general compliance issues in basic areas of governance and control, where more than 50% of the audits were limited or no assurance.

Risk Management

In our opinion, we consider the risk management processes are effective and provide regular information on key risks and issues to the Council's Management and Executive Teams and through to Members. The assessment, evaluation and documentation of risks and controls were continued during the year so that risk registers are revised and updated for all Departments.

This is based on:

- Our 2019/20 audit (issued in October 2019) of the Risk Management process, for which a Substantial assurance was provided, and
- Our on-going audits of the departmental risk registers as considered as part of internal audits conducted across departments within the plan.

Information Technology

We are not able to provide assurance that the information technology of the Council supports the organisation's strategies and objectives, as the only computer audit that has being reported on in the period was a 'No' assurance and the remaining planned two audits have not yet been completed due to ongoing difficulties with Council staff in progressing these.

Acknowledgement

We would like to take this opportunity to formally record our thanks for the cooperation and support we have received from the management and staff during the year, and we look forward to this continuing over the coming years.

HEAD OF INTERNAL AUDIT

Dave Phillips (Interim Head of Internal Audit, London Borough of Croydon)

September 2022

DETAILED REPORT

Introduction

This section is a report from Internal Audit detailing:

- Any significant control failures or risk issues that have arisen and been addressed through the work of Internal Audit.
- Any qualifications to the Head of Audit opinion on the Authority's system of internal control, with the reasons for each qualification.
- The identification of work undertaken by other assurance bodies upon which Internal Audit has placed an assurance to help formulate its opinion.
- The management processes adopted to deliver risk management and governance requirements.
- Comparison of the work undertaken during the 2021/22 year against the original Internal Audit plans.
- A brief summary of the audit service performance against agreed performance measures.

Significant Control Weaknesses

Internal Audit is required to form an opinion on the quality of the internal control environment, which includes consideration of any significant risk or governance issues and control failures which arise.

During the financial year 2021/22 the following key issues were identified across our work:

- Internal audit continued to identify general compliance issues in basic areas of governance and control.
- Internal audit work during the year again identified a number of issues with contract letting, monitoring and management across the organisation.
- Internal audit continued to identify a number of instances where privacy notices relating to the collection of personal data were missing or were no longer fit for purpose.
- Internal audits identified issues over the setting and monitoring of savings plans and over the process of service budget monitoring.
- Internal audits identified issues in the area of temporary accommodation, including arrangements for repairs and maintenance.*

*Please note that Internal Audit is aware of wider repair and maintenance issues, but as Internal Audit work on this area is still ongoing and no audit reports on this yet issued, it is not included in the issues above.

The Council has action plans to address these issues and Internal Audit will be involved in further audits of these areas.

Qualifications to the opinion

Internal Audit had unfettered access to all areas and systems across the authority and in the main received appropriate co-operation from officers and Members. The exceptions were the computer audits and the Capital Budgeting and Treasury Management audit where there was either a lack of engagement or limited engagement with the audit process.

Our Internal Audit plans were based on an assessment of risk, including using the Council's risk register and were supported by the members of the Executive and Corporate Leadership Teams individually for their departments and divisions. Based on the work we have undertaken plus our knowledge of the Council, we have no other qualifications to raise as a result of our work programme.

Work in delivering the plan was completed during the government measures put in place in response to COVID-19. While our audits were performed remotely, we were able to obtain all relevant documents required to complete these, although this did add delays to the process and the responses to our audit queries.

Other assurance bodies

In formulating the overall opinion on internal control, the Head of Internal Audit also took into account the work conducted by Ofsted as considered through our School audits, the MCHLG rapid non statutory reviews and the external auditor.

Governance Processes

The key features of the framework for Corporate Governance within the Council are outlined below:

- Challenge and review by the Audit and Governance Committee (AGC).
- Monthly internal audit updates to the CMT (Corporate Management Team) and monthly CMT internal audit focus group meetings.
- Quarterly Statutory Officer meetings.
- Corporate objectives and targets have been established and are monitored.
- Implemented structures and processes.
- Standards of conduct and a Code of Conduct are in place for Members and officers.
- The Constitution, which was adopted by the Council on 21 May 2012 and subsequently amended in July and October 2012, January and July 2014, May 2015, January, May and September 2016 January, June and September 2017, May, July, November and December 2018, February, April and August 2019, January, March, April and June 2020 and February, March August and September 2021 and May 2022.
- The Council's Tenders and Contract Regulations, which form part 4.1 of the Constitution of the London Borough of Croydon and were adopted by the Council on 23 March 2022.
- Financial Regulations are reviewed and revised on an annual basis under delegated authority (by the Corporate Director of Resources and S151 Officer). The current version of the Financial Regulations was issued during June 2020 and last amended on 13 December 2021. Day to day guidance is provided via the Financial Procedures maintained by the Governance Team.
- Mandatory training on key processes at prescribed intervals, including that information management, good governance awareness and cyber security.

Risk Management Process

The principal features of the risk management process are described below:

Members: The AGC receives regular reports on risk issues including 'deep dives' on specific risk entries and 'Red rated' Strategic, Governance and Operational Corporate Risks are formally reviewed on a quarterly basis by AGC. All Cabinet members are briefed on risks by the respective Corporate Directors. All major risks are aligned to specific categories of risk to enable further analysis for example risks related to Technology, Human Resources, Finance etc.

Corporate Management Team: Regular risk updates are provided to CMT by the Head of Insurance, Anti-Fraud and Risk.

Departmental Leadership Team: All risks appear on DLT (Departmental Leadership Team) meeting agendas on a quarterly basis facilitated by a member of the Risk team.

Head of Insurance, Anti-Fraud and Risk: Responsibility for developing, introducing and maintaining Risk Management rests with the Head of Insurance, Anti-Fraud and Risk. He has taken the lead on developing and introducing risk registers, defining processes, documentation and standards, and providing the drive for its implementation. The JCAD Risk computer system is used to facilitate this process.

This includes:

- Quarterly risk challenge through Departmental Leadership Teams is provided, supported by the Risk function,
- Support for self-service on the JCAD Risk computer system provided to Directors/Corporate Directors and their Executive Support Officers to embed risk management in the organisation and ensure on-going review and updating and dynamic usage.

- The running of risk workshops by agreement with Project and internal control Boards and at Departmental Team Meetings to support robust Programme and Project Management standards.

A Risk Management toolkit is available on the intranet providing an information source for all Council staff.

Internal Audit Plan

The Internal Audit Plan for 2021/22 was compiled using the Council's Risk Registers as the key drivers in developing audit coverage, as well as detailed discussions with CMT members and departmental management teams. The 2021/22 plan was presented to the General Purposes and Audit Committee on 17 March 2021.

Due to the knock-on impact following the Covid-19 lockdown restrictions, the nature of remote auditing and our reliance on Council staff providing information, some incomplete and/or deferred 2020/21 internal audits (21 audits) were still being completed in 2021/22. In order to minimise the impact on the delivery of the 2021/22 internal audit plan (and subsequent years), the audit plans were critically reviewed during quarter 4 to formally defer these (three audits) to the 2022/23 Internal Audit plan or to remove any audits not yet commenced where there was scope overlap with recently completed audits (two audits) or where due to organisational and other changes the audits were no longer appropriate (15 audits).

Table 1 below summarises the changes to the internal audit plan.

Table 1

	Original 2021/22 approved plan	Amended 2021/22 plan
Key financial systems	7	5
Corporate risk audits	7	6
Departmental risk audits	30	20
Computer audits	5	2
Contract audits	2	1
School audits	14	11
Total	65	45

There were no material scope impairments or restrictions on internal audit in 2021/22, except for with the computer audits and the Capital Budgeting and Treasury Management audit where there was either a lack of engagement or limited engagement with the audit process.

The amended 2021/22 Internal Audit plan is provided in Appendix 1 for information. The schedule shows the number of recommendations raised in each audit during 2021/22 where a report has been issued, as well as the details of the 2020/21 audits reported during the year. (Please note that the names of the departments have been abbreviated in the schedules as follows: ACE – ACE; SCRER – SCRER; Children Young People and Education – CYP&E; Health Wellbeing & Adults – HW&A.)

Internal Audit Performance

Table 2 below sets out the pre-agreed performance criteria for the Internal Audit service. The table shows the actual performance achieved against any targets that were set.

Table 2

Performance Measure	Target	Actual
Percentage of the 2021/22 Internal Audit Plan completed	100%	83%
Percentage of staff with full qualifications used to deliver the service	40%	40%
% of draft reports issued within 2 weeks of exit meeting with the Client	85%	86%
Number of 2021/22 draft reports	45	37

The Council's internal and external auditors co-operate and liaise where possible to aid greater harmonisation of internal and external audit work, with a view to external audit placing reliance on the work of internal audit.

Council's Performance with respect to Internal Audit

Under the internal audit follow-up protocol, follow-up audits are undertaken to establish whether the issues identified have been successfully resolved according to the action plans agreed with the service managers. The Council's minimum target for audit issues resolved at the time of the follow-up audit is 90% for priority 1 issues and 80% for all priority 2 & 3 issues.

Table 3 sets out the performance for the Council's response to Internal Audits. The table shows the actual performance achieved against any targets that were set in advance.

Table 3

Performance Objective	Target	Performance 2017-18 (to date*)	Performance 2018/19 (to date*)	Performance 2019/20 (to date*)	Performance 2020/21 (to date*)	Performance 2021/22 (to date*)
Percentage of priority one issues resolved at the time of the follow up audit	90%	100%	98%	93%	71%	100%
Percentage of all issues resolved at the time of the follow up audit	80%	91%	91%	90%	78%	77%

* The results of those 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22 audits that have been followed up are included in Appendices 3, 4, 5, 6 and 7, respectively.

The progress of each of the follow ups in the appendices has been RAG rated as follows:

-  - Follow up target achieved and no further follow up action planned
-  - Good progress has been made and is ongoing to resolve issues
-  - Limited progress has been made, but actions are ongoing to resolve issues
-  - No or inadequate progress has been made

Quality and Compliance with the Public Sector Internal Audit Standards

Internal Audit has comprehensive quality control and assurance processes in place and operates in accordance with the PSIAS. This provides an independent assurance of the performance, quality and effectiveness at both the individual audit level and the internal audit service as a whole.

The statement of compliance with the PSIAS is detailed in the covering report by the Interim Head of Internal Audit.

Appendix 1 – Summary of Internal Audit reports for 2021/22

2021/22 Audit Plan	Department	Assurance	Issues			Total Raised
			Priority			
			1	2	3	
KEY FINANCIALS/ IAS 315 REVIEWS						
Business Rates (and Business Rates Grants)	Resources	Substantial	0	1	0	1
Parking Enforcement: Pay and Display	Resources	Limited	1	2	1	4
Payments to Schools (Include licensed deficit process) (Draft)	Resources	Limited	2	2	2	6
Continuous auditing Q1 and Q2	Resources	Limited	7	4	0	11
Continuous auditing Q3 and Q4	Resources	Limited	7	11	0	18
Total Issues Raised			17	20	3	40

CORPORATE RISK AUDITS						
Service Based Budget Monitoring: Across the Organisation	Corporate (Lead Dept. – Resources)	Limited	2	3	0	5
Standard Operating Procedures: DLTs, DMTs and Departmental Communications (Draft)	Corporate (Lead Dept. – ACE)	Limited	1	2	1	4
Sundry Expenditure: Compliance Checks (Draft)	Corporate (Lead Dept. – Resources)	Substantial	0	2	0	2
Savings Plans - Formulation and Monitoring (Draft)	Corporate (Lead Dept. – Resources)	Limited	0	6	0	6
Fees and Charges (Draft)	Corporate (Lead Dept. – Resources)	Limited	2	4	0	6
Staff Expenses – Compliance checks (Draft)	Corporate (Lead Dept. – ACE)	Limited	2	6	0	8
Total Issues Raised			7	23	1	31

DEPARTMENTAL RISK REGISTER AUDITS						
Early Years and Parenting (Draft)	CYP&E	Substantial	0	3	0	3
UASC - Value for Money (Draft)	CYP&E	Substantial	0	3	1	4
In-House Foster Carer Recruitment	CYP&E	Audit in progress				
Youth Offending	CYP&E	Substantial	0	0	3	3
Children with Disabilities – Placement Costs and Spend Review (Draft)	CYP&E	Substantial	0	1	2	3
Housing Forecasting and Allocations	Housing	Audit in progress				
CALAT - Income generation and controls	SCRER	Substantial	0	1	2	3
Traffic Management	SCRER	Substantial	0	1	1	2
Food Safety (Draft)	SCRER	Limited	1	1	0	2
Fire Safety	Housing	Audit in progress				
PMO – Structures and Processes (Draft)	ACE	Limited	3	2	0	5
Community Fund: Contracts	ACE	Limited	1	2	1	4
My Resources – HR Modules (Draft)	ACE	Limited	1	3	0	4

2021/22 Audit Plan	Department	Assurance	Issues			Total Raised
			Priority			
			1	2	3	
Pension Improvement Plan	Resources	Substantial	0	1	0	1
Community Equipment Service - Governance	HW&A	Full	0	0	0	0
Information Management	ACE	Limited	1	1	1	3
Capital Budgeting and Treasury Management	Resources	No	Lack of engagement prevented audit from progressing			
Capitalisation Funding, Capital Receipts and Revenue funding of Capital	Resources	Audit in progress				
Reserves: General and Earmarked	Resources	Audit in progress				
HRA – Accounting (Housing Revenue Account) (Draft)	Resources	Limited	2	1	2	5
Total Issues Raised			10	20	13	43

COMPUTER AUDITS

IT Asset Management	ACE	Audit in progress
Cyber Security	ACE	Audit in progress

CONTRACT AUDIT

Alternate Education	CYP&E	Audit in progress
---------------------	-------	-------------------

SCHOOLS AUDITS

Purley Nursery (Draft)	CYP&E	Limited	2	3	1	6
Beaumont Primary	CYP&E	Substantial	0	1	2	3
Downsview Primary School	CYP&E	Substantial	0	2	0	2
Elmwood Junior School	CYP&E	Substantial	0	1	2	3
Gresham Primary School	CYP&E	Substantial	0	4	3	7
Howard Primary School	CYP&E	Substantial	0	1	1	2
Norbury Manor Primary (Draft)	CYP&E	Limited	3	10	3	16
Rockmount Primary School	CYP&E	Substantial	0	3	0	3
St John's C of E School	CYP&E	Substantial	0	2	1	3
Thomas More Catholic School	CYP&E	Audit in progress				
Saffron Valley (Draft)	CYP&E	Substantial	0	1	0	1
Total Recommendations			5	28	13	46

Appendix 2 – Summary of Internal Audit reports for 2020/21

2020/21 Audit Plan	Department	Assurance	Issues			Total Raised
			Priority			
			1	2	3	
KEY FINANCIALS/ IAS 315 REVIEWS						
Business Rates	Resources	Substantial	0	1	0	1
Adults Social Care Payment Process (Draft)	HW&A	Limited	4	5	0	9
Children's Social Care Payment Processes (Draft)	CYP&E	Limited	1	3	0	4
Total Issues Raised			5	9	0	14
DEPARTMENTAL RISK REGISTER AUDITS						
End to end Placement process (including disabilities)	CYP&E	Substantial	0	1	1	2
'Ordinary Residents'	HW&A	Substantial	0	1	1	2
Out of Borough Adult Social Care Placements	HW&A	Limited	1	4	0	5
Transforming Care	HW&A	Full	0	0	0	0
Placement Deposits	CYP&E	Limited	1	3	1	5
Croydon Affordable Homes: Contract Management	Resources	Limited	4	2	0	6
Emissions Based Parking Charges (Draft)	SCRER	Limited	2	0	1	3
SLWP – Payments and Recharging Processes (Draft)	SCRER	Limited	2	1	0	3
Long Term Sick and Maternity Sick leave	ACE	Limited	1	3	0	4
New Supplier Set up	Resources	Limited	1	4	1	6
Supplier relief under covid-19 (Draft)	Resources	No	2	0	0	2
Total Issues Raised			14	19	5	38
COMPUTER AUDIT						
CDS (IT) Contract Management (Draft)	ACE	No	1	0	0	1
Total Issues Raised			1	0	0	1
CONTRACT AUDITS						
CCTV Procurement	SCRER	Full	0	0	0	0
Telephony Procurement (Pre-tender processes)	ACE	Full	0	0	0	0
Emergency and Temporary Accommodation (Phase 3) (Draft)	Housing	Substantial	0	1	0	1
Contract Management – Facilities Management Hard Surfaces (Draft)	Resources	Limited	1	0	0	1
GLL Leisure Contracts Management	SCRER	Substantial	0	0	1	1
Contract Management – Health and Work Programme	SCRER	Substantial	0	1	0	1
Total Issues Raised			1	2	1	4

Appendix 3 - Follow-up of 2017/18 audits (Incomplete only)

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2017/18	Admitted Bodies	Resources	Substantial (10 th follow up in progress)	4	3	75%
Recommendations and implementation from audits that have had responses				431	391	91%
Priority 1 Recommendations from audits that have had responses				46	46	100%

Appendix 4 - Follow-up of 2018/19 audits (incomplete only)

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
Non School Audits						
2018/19	Energy Recharges	Resources	No (2 nd follow up in progress)	7	4	57%
2018/19	Air Quality Strategy, Implementation and Review	SCRER	Limited (6 th follow up in progress)	8	6	75%
2018/19	Council Investment and Operational Properties – Income Maximisation	Resources	Substantial (7 th follow up in progress)	4	3	75%
Non-School Audits Sub Total: Recommendations and implementation from audits that have had responses				222	198	88%
Non-School Audits Sub Total: Priority 1 Recommendations from audits that have had responses				32	31	97%
School Audits Sub Total: Recommendations and implementation from audits that have had responses				150	143	95%
School Audits Sub Total: Priority 1 Recommendations from audits that have had responses				19	19	100%
Recommendations and implementation from audits that have had responses				372	340	91%
Priority 1 Recommendations from audits that have had responses				51	50	98%

Appendix 5 - Follow-up of 2019/20 audits

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
Non School Audits						
2019/20	Housing Rent	Housing	Limited (No further follow up)	3	3	100%
2019/20	Staff Debt	ACE	Limited (No further follow up)	8	7	87%
2019/20	Age Assessment Judicial Review	HW&A	Limited (No further follow up)	6	6	100%
2019/20	Alternative School Provisioning	CYP&E	Limited (No further follow up)	6	6	100%
2019/20	Special Educational Needs and Disability (SEND)	CYP&E	Limited (No further follow up)	2	2	100%
2019/20	Lettings Allocations and Assessments	Housing	Limited (3 rd follow up in progress)	3	1	33%
2019/20	Placements in Private Housing Accommodation	Housing	Limited (5 th follow up in progress)	4	2	50%
2019/20	Adult Social Care (ASC) Waiting List	HW&A	Limited (No further follow up)	4	4	100%
2019/20	Care Market Failure	HW&A	Limited (No further follow up)	10	10	100%
2019/20	Financial Planning and Forecasting Adult's Services	HW&A	Limited (No further follow up)	5	4	80%
2019/20	Occupational Therapy	HW&A	Limited (10 th follow up in progress)	4	3	75%
2019/20	Bringing Services In-House – Parks Service	SCRER	Limited (No further follow up)	8	8	100%
2019/20	External funding	SCRER	Limited (No further follow up)	3	3	100%
2019/20	Food Safety – Data Quality	SCRER	Limited (No further follow up)	5	4	80%
2019/20	Parks Health and Safety	SCRER	Limited (No further follow up)	8	8	100%
2019/20	Brick by Brick Governance	Resources	Limited (No further follow up)	2	2	100%
2019/20	Community Equipment Service (Wheelchair Service)	HW&A	Limited (4 th follow up in progress)	3	2	66%
2019/20	Fairfield Halls Delivery (BxB Management)	Resources	Limited (No further follow up)	3	3	100%
2019/20	Freedom of Information and Subject Access Requests	ACE	Limited (4 th follow up in progress)	3	2	66%
2019/20	Staff Debt	ACE	Limited (No further follow up)	8	7	87%
2019/20	Enforcement Agents - Procurement	Resources	Limited (6 th follow up in progress)	6	3	50%
2019/20	Business Rates	Resources	Substantial (No further follow up)	1	1	100%

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2019/20	Debtors	Resources	Substantial (No further follow up)	10	9	90%
2019/20	Housing Benefit	Resources	Substantial (No further follow up)	2	2	100%
2019/20	Pensions	Resources	Substantial (No further follow up)	2	2	100%
2019/20	Pay and Display Meter Maintenance and Income	SCRER	Substantial (No further follow up)	4	4	100%
2019/20	Section 17 Payments	CYP&E	Substantial (No further follow up)	5	5	100%
2019/20	Sheltered Accommodation (Extra Care Service)	HW&A	Substantial (No further follow up)	3	3	100%
2019/20	Growth Zone – Performance Management	SCRER	Substantial (No further follow up)	4	4	100%
2019/20	Highways Contract Management	SCRER	Substantial (No further follow up)	4	4	100%
2019/20	Debt Recovery – In house	Resources	Substantial (No further follow up)	1	1	100%
2019/20	Enforcement Agents	Resources	Substantial (No further follow up)	3	3	100%
2019/20	Risk Management	Resources	Substantial (No further follow up)	4	4	100%
2019/20	Staff Code of Contact	ACE	Substantial (No further follow up)	5	4	80%
2019/20	IT Policies Review	ACE	Substantial (3 rd follow up in progress)	5	0	0%
2019/20	Uniform IT Application	ACE	Substantial (8 th follow up in progress)	4	2	50%
2019/20	Northgate iWorld Application	ACE	Substantial (No further follow up)	1	1	100%
2019/20	Microsoft Direct Access Operating System	ACE	Substantial (No further follow up)	4	4	100%
2019/20	Peoples ICT Application	ACE	Substantial (3 rd follow up in progress)	7	4	57%
Non-School Audits Sub Total: Recommendations and implementation from audits that have had responses				173	147	85%
Non-School Audits Sub Total: Priority 1 Recommendations from audits that have had responses				38	33	87%
School Audits						
2019/20	Winterbourne Nursery and Infants	CYP&E	No (No further follow up)	22	22	100%
2019/20	Beulah Junior School	CYP&E	Limited (No further follow up)	14	13	92%
2019/20	Kenley Primary School	CYP&E	Limited (No further follow up)	11	10	91%

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2019/20	Margaret Roper Catholic Primary School	CYP&E	Limited (No further follow up)	11	10	91%
2019/20	Minster Infant School	CYP&E	Limited (No further follow up)	16	13	81%
2019/20	Norbury Manor Primary School	CYP&E	Limited (No further follow up)	13	13	100%
2019/20	St Joseph's Federation	CYP&E	Limited (No further follow up)	14	13	93%
2019/20	Virgo Fidelis Convent Senior School	CYP&E	Limited (No further follow up)	19	19	100%
2019/20	Crosfield Nursery and Selhurst Early Years	CYP&E	Substantial (No further follow up)	8	7	87%
2019/20	All Saints C of E Primary School	CYP&E	Substantial (No further follow up)	12	12	100%
2019/20	Elmwood Infant School	CYP&E	Substantial (No further follow up)	6	6	100%
2019/20	Heavers Farm School	CYP&E	Substantial (No further follow up)	13	13	100%
2019/20	Selsdon Primary School	CYP&E	Substantial (No further follow up)	3	3	100%
School Audits Sub Total: Recommendations and implementation from audits that have had responses				162	154	95%
School Audits Sub Total: Priority 1 recommendations from audits that have had responses				31	31	100%
Recommendations and implementation from audits that have had responses				338	303	90%
Priority 1 Recommendations from audits that have had responses				69	64	93%

Appendix 6 - Follow-up of 2020/21 audits

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
Non School Audits						
2020/21	Banking	Resources	Limited (2 nd follow up in progress)	4	3	75%
2020/21	Creditors – Procure to Pay	Resources	Limited (2 nd follow up in progress)	12	3	25%
2020/21	Main Accounting System	Resources	Limited (No further follow up)	2	2	100%
2020/21	Overtime Payments	ACE	Limited (No further follow up)	5	5	100%
2020/21	Clinical Governance	HW&A	Limited (4 th follow up in progress)	6	3	50%
2020/21	Disabled Facilities Grants	Housing	Limited (No further follow up)	4	4	100%
2020/21	Contracts Management – Sexual Health Services – Public Health	HW&A	Limited (No further follow up)	7	7	100%
2020/21	Temporary Accommodation: Standards in Private Sector	Resources	Limited (4 th follow up in progress)	6	1	17%
2020/21	Placement Deposits	CYP&E	Limited (No further follow up)	5	5	100%
2020/21	Overtime Payments – Parking Services	ACE	Limited (No further follow up)	6	5	83%
2020/21	SEN Transport - Safeguarding	SCRER	Limited (4 th follow up in progress)	4	3	75%
2020/21	New Supplier Set up	Resources	Limited (No further follow up)	6	6	100%
2020/21	Right to work checks	ACE	Limited (3 rd follow up in progress)	3	2	66%
2020/21	Cyber Security	ACE	Limited (3 rd follow up in progress)	9	2	28%
2020/21	Financial Assessments – Charging Policy	HW&A	Limited (No further follow up)	5	5	100%
2020/21	Freedom of Information and Subject Access	ACE	Limited (4 th follow up in progress)	3	2	66%
2020/21	SLWP/Veolia	SCRER	Substantial (No further follow up)	3	3	100%
2020/21	Ordinary Residents	HW&A	Substantial (No further follow up)	2	2	100%
2020/21	Blue Badges	ACE	Substantial (No further follow up)	4	4	100%
2020/21	Corporate Estate: Building Compliance	Resources	Substantial (4 th follow up in progress)	6	2	33%

London Borough of Croydon

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
Non-School Audits Sub Total: Recommendations and implementation from audits that have had responses				106	69	65%
Non-School Audits Sub Total: Priority 1 Recommendations from audits that have had responses				26	18	69%
Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
School Audits						
2020/21	Tunstall Nursery	CYP&E	Substantial (No further follow up)	3	3	100%
2020/21	Thornton Heath Nursery	CYP&E	No (No further follow up)	14	13	93%
2020/21	Forestdale Primary School	CYP&E	Substantial (No further follow up)	11	11	100%
2020/21	Greenvale Primary School	CYP&E	Substantial (No further follow up)	10	8	80%
2020/21	Purley Oaks Primary School	CYP&E	Substantial (No further follow up))	9	9	100%
2020/21	Smitham Primary School	CYP&E	Substantial (No further follow up)	5	4	80%
2020/21	Winterbourne Nursery and Infants School	CYP&E	Substantial (No further follow up)	5	5	100%
2020/21	Archbishop Tenison's C of E High School	CYP&E	Limited (No further follow up)	11	10	91%
2020/21	Thomas More Catholic School	CYP&E	Limited (4 th follow up in progress)	14	13	93%
2020/21	St Giles	CYP&E	Substantial (No further follow up)	3	3	100%
2020/21	St Nicholas	CYP&E	Substantial (No further follow up)	7	6	86%
2020/21	Red Gates	CYP&E	Substantial (No further follow up)	5	5	100%
School Audits Sub Total: Recommendations and implementation from audits that have had responses				97	90	93%
School Audits Sub Total: Priority 1 recommendations from audits that have had responses				5	4	80%
Recommendations and implementation from audits that have had responses				203	159	78%
Priority 1 Recommendations from audits that have had responses				31	22	71%

Appendix 7- Follow-up of 2021/22 audits

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
Non School Audits						
2021/22	Community Fund: Contracts	ACE	Limited (2 nd follow up in progress)	4	2	50%
Non-School Audits Sub Total: Recommendations and implementation from audits that have had responses				4	2	50%
Non-School Audits Sub Total: Priority 1 Recommendations from audits that have had responses				1	1	100%
School Audits						
Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2021/22	Beaumont Primary School	CYP&E	Substantial (1 st follow up in progress)	3	-	-
2021/22	Downsview Primary School	CYP&E	Substantial (No further follow up)	2	2	100%
2021/22	Elmwood Junior School	CYP&E	Substantial (1 st follow up in progress)	3	-	-
2021/22	Gresham Primary School	CYP&E	Substantial (No further follow up)	7	6	86%
2021/22	Howard Primary School	CYP&E	Substantial (1 st follow up in progress)	2	-	-
2021/22	St John's C of E School	CYP&E	Substantial (1 st follow up in progress)	3	-	-
School Audits Sub Total: Recommendations and implementation from audits that have had responses				9	8	89%
School Audits Sub Total: Priority 1 recommendations from audits that have had responses				0	0	0
Recommendations and implementation from audits that have had responses				13	10	77%
Priority 1 Recommendations from audits that have had responses				1	1	100%

Statement of Responsibility

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

Registered office: 30 Old Bailey, London EC4M 7AU, United Kingdom. Registered in England and Wales No 0C308299.