

# London Borough of Croydon

## Internal Audit Report

### 1<sup>st</sup> April 2021 to 31<sup>st</sup> July 2021

#### 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 in Appendix 6 of this report for further information about responsibilities, limitations and confidentiality.**

## 1. Internal Audit Performance

- 1.1 As previously reported to General Purposes and Audit Committee, there has been significant disruption to the delivery of internal audit services as a result of the Covid-19 pandemic and government restrictions. These delays in completing the 2019/20 internal audit plan and commencing the 2020/21 internal audit plan both impacted on the delivery of the 2021/22 internal audit plan, with work in completing the 2020/21 audit plan still ongoing. Despite the pause in conducting internal audits, follow up work continued with good performance in this area.
- 1.2 The 2021/22 internal audit plan was approved by the General Purposes and Audit Committee on 4 March 2021. In addition to the ongoing work to complete the 2020/21 audit plan, work has also commenced on the 2021/22 internal audit plan, with the first draft audit reports being issued.
- 1.3 Due to changes in government requirements, including the School's Financial Value Standard (SFVS), the standard audit test programme used for school audits was revised for 2021/22, with the revised programme being presented to the School's Forum in July 2021. This has delayed the commencement of school audits, which will commence from September 2021.
- 1.4 The table below details the performance for both the 2020/21 and 2021/22 internal audit plans against the Council's targets. Please note that all 2020/21 audits are in progress, with most now nearing completion or under management review.

Performance Objective	Annual Target	Year to Date Target	Year to Date Actual	Performance
% of planned 2021/22 plan days delivered	100%	24%	16%	▼
Number of 2021/22 planned days delivered	999	240	156	▼
% of 2021/22 planned draft reports issued	100%	8%	4%	▼
Number of 2021/22 planned draft reports issued	71	6	3	▼
% of planned 2020/21 plan days delivered	100%	100%	86%	▼
Number of 2020/21 planned days delivered	880	880	758	▼
% of 2020/21 planned draft reports issued	100%	100%	59%	▼
Number of 2020/21 planned draft reports issued	65	65	38	▼
% of draft reports issued within 2 weeks of exit meeting	85%	85%	100%	▲
% of qualified staff engaged on audit	40%	40%	41%	▲

## 2. Audit Assurance

### 2.1 Internal Audit provides four levels of assurance as follows:

<b>Full</b>	The systems of internal control are sound and achieve all systems objectives and that all controls are being consistently applied.
<b>Substantial</b>	The systems of internal control are basically sound, there are weaknesses that put some of the systems objectives at risk and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
<b>Limited</b>	Weaknesses in the systems of internal control are such as to put the systems objectives at risk, and/or the level of non-compliance puts the system objectives at risk.
<b>No</b>	The system of internal control is generally weak leaving the system open to significant error or abuse and /or significant non-compliance with basic controls leaves the system open to error or abuse.

### 2.2 The table below lists the internal audits for which final reports were issued from 1 April to 31 July 2021. Details of the key issues arising from these reports are shown in Appendix 1.

Internal Audit Title	Assurance Level	Planned Year	Previously Reported in Annual Report √ / X
<b>Non-School Internal Audits</b>			
Creditors (inc P2P)	Limited	2019/20	√
Financial Assessments – Charging Policy	Limited	2019/20	X
Freedom of Information and Subject Access Requests	Limited	2019/20	X
Agency Staff – Tenure and Monitoring	Substantial	2019/20	X
Staff Expenses – Compliance checks	No	2020/21	√
Payments to Schools	Limited	2020/21	√
Overtime Payments	Limited	2020/21	√
Clinical Governance	Limited	2020/21	√
Public Health: Contracts Management (Sexual Health)	Limited	2020/21	√
Temporary Accommodation: Standards in Private Sector	Limited	2020/21	√
Overtime Payments – Parking Services	Limited	2020/21	√

Internal Audit Title	Assurance Level	Planned Year	Previously Reported in Annual Report √ / X
SEN Transport - Safeguarding	Limited	2020/21	√
Cyber Security	Limited	2020/21	√
Corporate Estate: Building Compliance	Substantial	2020/21	√
Council Tax	Full	2020/21	√
<b>School Internal Audits</b>			
Thomas More Catholic School	Limited	2020/21	√
Selsdon Primary School	Substantial	2019/20	√
Purley Oaks Primary School	Substantial	2020/21	√
Smitham Primary School	Substantial	2020/21	√
St Giles	Substantial	2020/21	√
St Nicholas	Substantial	2020/21	√
Red Gates	Substantial	2020/21	√

### 3. Continuous Auditing

3.1 In order to help maximise internal audit coverage and focus on key controls, the 2020/21 and 2021/22 Internal Audit Plans replaced a number of key financial audits with a single 'continuous audit'. This being a quarterly audit of key controls across those key financial audit areas being replaced, which is reported in a dashboard format. The outcome from the 2020/21 continuous audit showed an improvement as the year progressed, with less issues being identified in later quarters. Notwithstanding, some issues were consistently identified across all 4 quarters, as follows:

- Housing occupancy checks were not being consistently conducted within 3 weeks of the rent start dates as required.
- Reconciliations of the Housing Repairs system to MyResources were not always conducted monthly and were not evidenced as checked.
- The monthly reconciliations of the Payroll system to MyResources were not being checked in a timely manner, with those for April to September 2020 being checked in January 2021 and those for October 2020 to March 2021 being checked in April 2021.

The other significant issues identified in quarter 4 related to:

- Reconciliations of parking income to MyResources for January to March 2021 had not been conducted.

- Evidence of the investments and withdrawals made from January to March 2021, although requested, were not provided and therefore Internal Audit was unable to verify that investments had been made with an approved counterparty, were within the credit limits and were supported by CHAPS proformas and trade tickets or that withdrawals were appropriately authorised and made for valid reasons.

#### 4. Follow-up audits – effective resolution of recommendations/issues

- 4.1 During 2021/22 in response to the Council's follow-up requirements, Internal Audit has continued following-up the status of the implementation of agreed actions for audits carried out during 2017/18, 2018/19, 2019/20 and 2020/21.
- 4.2 Follow-up audits are undertaken to ensure that all the recommendations/issues raised have been successfully resolved according to the action plans agreed with the service managers. The Council's target for internal audit recommendations/issues to be resolved at the time of the follow-up audit is 80% for all priority 2 & 3 recommendations/issues and 90% for priority 1 recommendations/issues.

Performance Objective	Target	Performance (to date)			
		2017/18	2018/19	2019/20	2020/21
Percentage of priority one actions implemented at the time of the follow up audit	90%	100%	96%	87%	55%
Percentage of all actions implemented at the time of the follow up audit	80%	94%	92%	90%	72%

- 4.3 The results of those for 2017/18, 2018/19, 2019/20 and 2020/21 audits that have been followed up are included in Appendixes 2, 3, 4 and 5 respectively.
- 4.4 Appendix 2 shows the incomplete 2017/18 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 94% of the total recommendations/issues were found to have been implemented and 100% of the priority 1 recommendations/issues which have been followed up have been implemented.
- 4.6 Appendix 3 shows the incomplete 2018/19 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 92% of the total recommendations/issues were found to have been implemented and 96% of the priority 1 recommendations/issues which have been followed up have been implemented. The outstanding priority 1 recommendations/issues are detailed below:

Audit Title	Assurance Level	Summary of recommendations/issues arising in priority 1 recommendations/issues
Air Quality Strategy, Implementation and Review	Limited	<p>A priority 1 issue was identified as there was a lack of evidence that the Air Quality Action Plan actions were being regularly monitored.</p> <p><b>Response April 2021:</b></p> <p>Prior to COVID-19 we had quarterly steering group meetings and the action plan table was distributed prior to the meeting for quarterly updates. Due to lack of staff</p>

Audit Title	Assurance Level	Summary of recommendations/issues arising in priority 1 recommendations/issues
		we were unable to continue with the meetings and also had to prioritise other work. The meetings have now been set up for 2021. One meeting has already been held and a pollution support officer is now attending to take minutes. The Director will also be sending out the action plan table to ensure other teams make their responses within a certain timescales. We will be investigating using MS Teams to make comments on the action plan table without having to go through the plan for comments
Asbestos Management	Limited	<p>A priority 1 issue was identified as there were some 7,762 housing assets, assets for which there was no identifier of whether asbestos was either identified, strongly presumed, presumed or was not found. Discussion established that this number included assets such as roads; however, examination of the listing noted that there were also general rent dwellings, service tenancies and garages included</p> <p><b>Update June 2021:</b></p> <p>There has been a delay with the contract award.</p> <p>This is now subject to a New Procurement Strategy which was agreed at CCB on 20/5/21.</p>

4.7 Appendix 4 shows the 2019/20 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 90% of the total recommendations/issues were found to have been implemented and 87% of the priority 1 recommendations/issues which have been followed up have been implemented. The outstanding priority 1 recommendations/issues are detailed below:

Audit Title	Assurance Level	Summary of recommendations/issues arising in priority 1 recommendations/issues
SEND	Limited	<p>A priority 1 issue was raised as 79 out of 302 (26%) EHC plans issued in 2019/20 were not completed and issued within the statutory 20 week period.</p> <p><u>Response provided August 2021:</u></p> <p>Reviewed through data monitoring. Staffing pressures continue within 0-11 and assistants teams – this has resulted in inconsistent improvement. Appointments underway to bring back to full staffing.</p>
Lettings Allocations and Assessments	Limited	<p>A priority 1 issue was raised as the application forms (on line and in hardcopy) in use were not compliant with the Data Protection Act 2018 or the General Data Protection Regulation.</p> <p><u>Response provided December: 2020:</u></p> <p>No handover or discussion. I will speak to digital and information services as well as interim operational manager to find out where we are with this and update with my findings and hopefully sign off.</p>
Occupational Therapy	Limited	<p>A priority 1 issue was raised as the apportionment of costs, including any over or underspends, for the Adult Community Occupational Therapy Service between the Croydon Clinical Commission Group and the Council was not formally agreed.</p> <p><u>Response provided February 2021:</u></p> <p>The local authority is reviewing and re-negotiating risk share for the period of notice. The Sprint sessions are now completed and the service specification is being worked on to be put into a section 75 agreement. Work in progress to be completed by end March.</p> <p>A priority 1 issue was raised as the 'Waiting List Report' as at 18 September 2019 detailed that there were 197 waiting clients, 180 of whom had been on the waiting list more than 3 months.</p> <p><u>Response provided February 2021:</u></p> <p>Waiting lists remain high due to increase in demand, Covid-19 and staff shortage, although interim arrangements have helped reduce waiting lists. We have gone to spend control panel for recruitment for OTs been agreed for permeant and for locums while permanent recruitment is completed. This will help with reduction on waiting lists.</p>

Audit Title	Assurance Level	Summary of recommendations/issues arising in priority 1 recommendations/issues
Wheelchair Service – Community Equipment Service	Limited	<p>A priority 1 issue was raised as the follow up of the recommendations raised in the 2017 ad hoc report identified that the recommendation relating to the BACs files being open to amendment had still not been implemented, meaning that any of the BACs payments during the last 2 years may have been manipulated. As about £1m of payments is made per month, this is a significant issue.</p> <p><u>Updated response August 2021:</u></p> <p>No progress has been made. We have taken all the steps with the bank as described in the process above. Unfortunately the Head of Treasury has been unresponsive to our multiple attempt to get progress on this. I previously alerted the audit team that this risk will not be addressed until the Head of Treasury agrees to complete their part of the process. A meeting has now been set up with the Head of Treasury and inviting the interim S151 Officer and other senior managers to attend so that this can be progressed.</p>
Fairfield Hall Delivery (BxB Management)	No	<p>A priority 1 issue was raised as the licence for access to carry out works in respect of property at Fairfield, College Green issued to BXB did not include specific contract conditions relating to quality or deadline for delivery.</p>
Enforcement Agents - Procurement	No	<p>A priority 1 issue was raised as an individual scoresheet and the record of moderation are missing for the tender evaluation of January 2018.</p> <p>Contemporaneous records of the reasons and reasoning for the allocation of scores in moderation for both lots of the tender evaluations of August 2019 could not be provided. Attempts have also been made to recreate the reasons and reasoning at a later date</p> <p><u>Response May 2021:</u></p> <p>The live procurement trial was successfully completed, and now the implementation is being rolled out. The commissioning framework and procurement handbooks have not yet been reviewed. This is in our project pipeline for Q1/Q2 of 2021/22.</p> <p>Pending this, we are undertaking additional management action.</p> <p>A priority 1 issue was raised as a number of formal agreements extending the arrangements with the service providers could not be provided.</p> <p><u>Response May 2021:</u></p> <p>The commissioning framework and procurement handbooks have not yet been reviewed. This is in our project pipeline for Q1/Q2 of 2021/22.</p> <p>Pending this, we are undertaking additional management action.</p>

4.8 Appendix 5 shows the 2020/21 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 72% of the total recommendations/issues were found to have been implemented and 55% of the priority 1 recommendations/issues which have been followed up have been implemented. The outstanding priority 1 recommendations/issues are detailed below:

Audit Title	Assurance Level	Summary of recommendations/issues arising in priority 1 recommendations/issues
Staff Expenses – Compliance Checks	No	<p>Priority 1 issues were raised as:</p> <ul style="list-style-type: none"> <li>Compulsory Car User Forms were not located for 11 of the sample of 15 staff on the car allowance scheme tested.</li> </ul> <p><u>Response August 2021:</u></p> <p>The audit has been delayed but is being planned to be complete by end March 2022.</p> <ul style="list-style-type: none"> <li>Testing of a sample of 30 approved expense claims found that nine of these should not have been approved (seven where appropriate supporting documentation was not provided, one for a parking fine and one for membership) and that nine of these had been incorrectly categorised.</li> </ul>

Internal Report to July 2021

Audit Title	Assurance Level	Summary of recommendations/issues arising in priority 1 recommendations/issues
		<p><u>Response August 2021:</u>            Communications are in the process of being drafted in preparation for the proposed annual reminder of the expenses policy due in September 2021.</p> <ul style="list-style-type: none"> <li>Analysis of a report of expenses claimed identified 12 instances where overpayment had occurred as a result of duplicate expense claims.</li> </ul> <p><u>Response August 2021:</u>            Communications are in the process of being drafted in preparation for the proposed annual reminder of the expenses policy due in September 2021.</p> <ul style="list-style-type: none"> <li>Analysis of a report of expenses claimed identified that 240 expense items were authorised outside of the 90 days eligibility timeframe as defined by Expenses Management Policy. Furthermore, the required director written approval was not available for 14 out the sample of 15 (out of a total of 105) expense items submitted more than 60 days (and less than 90 days) after the expense being incurred.</li> </ul> <p><u>Response August 2021:</u>            Communications are in the process of being drafted in preparation for the proposed annual reminder of the expenses policy due in September 2021.</p>
Clinical Governance	Limited	<p>A priority 1 issue was raised as there was no evidence of an overall clinical governance policy being in place for the Council and consequently the clinical governance framework and systems in place were unclear.</p> <p><u>Response august 2021:</u>            Workshop being organised to coordinate pulling together all the relevant information to produce a clinical governance policy. Stakeholders include: Commissioners, Public Health, Designated Safeguarding leads, SWL CCG.</p>

## Appendix 1: Summary from finalised audits of Key (Priority 1) issues

Year	Internal Audit Title	Assurance Level & Number of Issues	Summary of Key Issues Raised
<b>Non-School Internal Audits</b>			
2019/20	Creditors	Limited (Four priority 1, seven priority 2 and one priority 3 issue)	Priority 1 issues were raised as: <ul style="list-style-type: none"> <li>Examination of the documentation retained for a sample of 17 transactions identified that for five of these the order was raised either after delivery or after the invoice date.</li> <li>Examination of the documentation retained for a sample of 17 transactions identified that for four of these the goods or services received check preceded actual delivery.</li> <li>Examination of the documentation retained for a sample of 17 transactions identified that five of the invoices included client names (including children in care) thus potentially breaching the Data Protection Act 2018.</li> <li>As at 28 September 2020 the Council had invoices totalling £25,757,492 on hold, of which £7,220,978 related to previous financial years (i.e. 2019/20 and prior) with oldest invoice on hold dating 8 May 2014.</li> </ul>
2019/20	Financial Assessments – Charging Policy	Limited (Two priority 1 and three priority 2 issues)	Priority 1 issues were raised as: <ul style="list-style-type: none"> <li>Five of the sample of ten financial assessments sampled had not been completed in a timely manner.</li> <li>Five of the sample of ten financial assessments sampled were only requested after care had commenced and three, although requested prior to care commencing, were only completed after the care had commenced.</li> </ul>
2019/20	Freedom of Information (FOI) and Subject Access Requests (SARs)	Limited (One priority 1 issue and 2 priority 3 issues)	A priority 1 issue was raised as FOI requests were not being responded to within the 20 working day statutory timeframe, with the percentage of FOI requests responded to with 20 days varying between 49% in November 2019 and 83% in December 2019.
2020/21	Staff Expenses – Compliance checks	No (Four priority 1 and one priority 2 issue)	Priority 1 issues were raised as: <ul style="list-style-type: none"> <li>Compulsory Car User Forms were not located for 11 of the sample of 15 staff on the car allowance scheme tested.</li> <li>Testing of a sample of 30 approved expense claims found that nine of these should not have been approved (seven where appropriate supporting documentation was not provided, one for a parking fine and one for membership) and that nine of these had been incorrectly categorised.</li> <li>Analysis of a report of expenses claimed identified 12 instances where overpayment had occurred as a result of duplicate expense claims.</li> <li>Analysis of a report of expenses claimed identified that 240 expense items were authorised outside of the 90 days eligibility timeframe as defined by Expenses Management Policy. Furthermore, the required director written approval was not available for 14 out the sample of 15 (out of a total of 105) expense items submitted more than 60 days (and less than 90 days) after the expense being incurred.</li> </ul>
2020/21	Payments to Schools	Limited (one priority 1, one priority 2 and three priority 3 issues)	A priority 1 issue was raised as, although statutory guidance issued by the Secretary of State requires that School deficits are cleared in 3 years and do not continue indefinitely, four (out of six) of the licensed deficits in 2020/21 were agreed for schools which did not plan for their deficits to be eliminated within 3 years as required.
2020/21	Overtime Payments	Limited	Limited Assurance with no priority 1 issues.

Year	Internal Audit Title	Assurance Level & Number of Issues	Summary of Key Issues Raised
2020/21	Clinical Governance	Limited (Two priority 1 and four priority 2 issues)	Priority 1 issues were raised as: <ul style="list-style-type: none"> <li>There was no evidence of an overall clinical governance policy being in place for the Council and consequently the clinical governance framework and systems in place were unclear.</li> <li>Examination of the contracts for a sample of three contractors providing clinical services (from the list provided of 15 outsourced clinical services) confirmed that reference to clinical governance arrangements and monitoring was to varying degrees. In addition, all three of the contracts had expired.</li> </ul>
2020/21	Public Health: Contracts Management (Sexual Health)	Limited Four priority 1 and two priority 2 issues)	Priority 1 issues were raised as: <ul style="list-style-type: none"> <li>Whilst Sexual Health services are being delivered in the borough, a signed electronic copy of the Section 75 Agreement with Croydon Health Services (CHS) to provide an integrated sexual health service was not held, although an electronic unsigned copy of the contract was provided. The contract also expired on 31 March 2021, following completion of the two year extension term and no evidence of a subsequent contract being in place was provided.</li> <li>The Lead Commissioner – Public Health &amp; Prevention confirmed that signed electronic copies of contracts with the 45 GP surgeries and pharmacies to provide support within the community were not held, although electronic copies of the templates for a chlamydia screening contract and a long-acting reversible contraception (LARC) contract and an enhanced sexual health (ESH) contract were provided.</li> <li>Evidence of monitoring against the performance indicators in integrated sexual health service was limited to minutes of S75 Partnership Board meetings held in June and September 2020 and an e-mail dated September 2020 titled 'S75 &amp; KPI reporting' which only provided monthly 'kit' requests and did not fully reflect the key service outcomes within the contract. No evidence of monitoring of the chlamydia screening, LARC or ESH contracts was provided.</li> <li>Management confirmed that there was monitoring of the budget and service usage, but while we were provided with details of summary sexual health charges for both Croydon and 'Out of Area' providers for 2020/21, this did not include any budget details. A Sexual Health tracker is also maintained, to help monitor services (i.e. LARC, ESH and Chlamydia services) provided by and payments made to the GP surgeries and pharmacies.</li> </ul>
2020/21	Temporary Accommodation: Standards in Private Sector	Limited Two priority 1 and four priority 2 issues)	Priority 1 issues were raised as: <ul style="list-style-type: none"> <li>Electrical, gas and energy certificates were not located for some of the sample of Croydon properties and most of the sample of Croylease properties checked.</li> <li>Decent Homes Inspection' reports were not available for eight of the sample of 15 property records checked.</li> </ul>
2020/21	Overtime Payments – Parking Services	Limited (Three priority 1 and three priority 2 issues)	Priority 1 issues were raised as: <ul style="list-style-type: none"> <li>Parking Services staff eligibility for overtime was being determined based on the number of penalty charges notices (PCNs) issued, in breach of statutory guidance.</li> <li>The Enforcement Manager had authorised 101 hours of overtime for his brother in March 2020.</li> <li>Analysis of the overtime paid forms between 1 January and 31 August 2020 identified 10 Parking Services staff who had on average worked more than 48 hours a week</li> </ul>

Year	Internal Audit Title	Assurance Level & Number of Issues	Summary of Key Issues Raised
			for the period. This is not in line with the Staff Handbook, which requires that staff only work more than 48 hours a week for a limited period of time and on an exceptional basis.
2020/21	SEN Transport - Safeguarding	Limited Two priority 1 and two priority 2 issues)	Priority 1 issues were raised as: <ul style="list-style-type: none"> <li>The 'Application Form: Home to School Travel Assistance (for ages 5-16)' although obtaining consent to process the personal data of the parent/carer and child did not also obtain consent for the processing of the personal data of the emergency contact</li> <li>Examination of a sample of ten contracts found that seven had not been evidenced as signed or dated, two contracts were signed but had not been dated and one contract could not be located on SharePoint.</li> </ul>
2020/21	Cyber Security	Limited (One priority 1, six priority 2 and two priority 3 issues)	A priority 1 issue was raised as the Council has not undertaken recent penetration testing across the network and infrastructures. Such testing is commonly undertaken by the Council's peers at least annually and more frequently if significant changes are proposed to the IT environment.
<b>School Audits</b>			
2020/21	Thomas More Catholic School	Limited (One priority 1, eight priority 2 and five priority 3 recommendations)	A priority 1 recommendation was raised as the School did not have a plan to eliminate its deficit within three years as required by the Croydon Scheme for Financing Schools.

## Appendix 2 - Follow-up of 2017-18 audits (incomplete follow up only)

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
<b>Non School Internal Audits</b>						
2017/18	Admitted Bodies	Resources	Substantial (4 <sup>th</sup> follow up in progress)	4	3	75%
<b>Recommendations and implementation from internal audits that have had responses</b>				421	396	94%
<b>Priority 1 Recommendations from internal audits that have had responses</b>				47	47	100%

## Appendix 3 - Follow-up of 2018/19 audits (Incomplete only)

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2018/19	Energy Recharges	Resources	No (1 <sup>st</sup> follow up in progress)	7	-	-
2018/19	Air Quality Strategy, Implementation and Review	Place	Limited (3 <sup>rd</sup> follow up in progress)	8	4	50%
					One priority 1 issue not yet resolved	
2018/19	Asbestos Management (Beyond the Corporate Campus)	Place	Limited (7 <sup>th</sup> follow up in progress)	12	9	75%
					One priority 1 issue not yet resolved	
2018/19	School Deficits and Surpluses (Conversion to Academy)	CFE	Substantial (3 <sup>rd</sup> follow up in progress)	4	3	75%
2018/19	Mortuary	Resources	Substantial (5 <sup>th</sup> follow up in progress)	4	3	75%
2018/19	New Legal Services Model	Resources	Substantial (3 <sup>rd</sup> follow up in progress)	7	5	71%
2018/19	Council Investment and Operational Properties – Income Maximisation	Resources	Substantial (4 <sup>th</sup> follow up in progress)	4	3	75%
<b>Recommendations and implementation from internal audits that have had responses</b>				<b>357</b>	<b>328</b>	<b>92%</b>
<b>Priority 1 Recommendations from internal audits that have had responses</b>				<b>49</b>	<b>47</b>	<b>96%</b>

## Appendix 4 - Follow-up of 2019/20 audits

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
<b>Non School Internal Audits</b>						
2019/20	Creditors – Procure to Pay	Resources (Finance)	Limited (1 <sup>st</sup> follow up in progress)	12	-	-
2019/20	Housing Rent (Reduced Scope)	HWA	Limited (No further follow up)	3	3	100%
2019/20	Staff Debt	Resources	Limited (1 <sup>st</sup> follow up in progress)	8	-	-
2019/20	Age Assessment Judicial Review	HWA	Limited (No further follow up in)	6	6	100%
2019/20	Alternative School provisioning	CFE	Limited (No further follow up)	6	6	100%
2019/20	Partnership Governance – Children and Families	CFE	Limited (1 <sup>st</sup> follow up in progress No priority 1 issues)	5	-	-
2019/20	SEND Special Educational Needs and Disability	CFE	Limited (2 <sup>nd</sup> follow up in progress)	2	1	50%
				One priority 1 issue not yet resolved		
2019/20	Financial Assessments – Charging Policy	ASC&H	Limited (No further follow up)	5	5	100%
2019/20	Lettings Allocations and Assessments	HWA	Limited (3 <sup>rd</sup> follow up in progress)	3	1	33%
				One priority 1 issue not yet resolved		
2019/20	Placements in Private Housing Accommodation	HWA	Limited (2 <sup>nd</sup> follow up in progress)	4	2	50%
2019/20	Adult Social Care (ASC) Waiting Lists	HWA	Limited (No further follow up)	4	4	100%
2019/20	Care Market Failure	Resources / HWA	Limited (No further follow up)	10	10	100%
2019/20	Financial Planning and Forecasting Adult's Services	HWA	Limited (No further follow up)	5	4	80%

Internal Report to July 2021

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2019/20	Occupational Therapy	HWA	Limited	4	2	50%
			(3rd follow up in progress)	Two priority 1 issues not yet resolved		
2019/20	Bringing Services in-house – Parks Services	Place	Limited (No further follow up)	8	8	100%
2019/20	External Funding	Place	Limited (No further follow up)	3	3	100%
2019/20	Food Safety – Data Quality	Place	Limited	5	4	80%
			(No further follow up)			
2019/20	Parks Health and Safety	Place	Limited (3 <sup>rd</sup> follow up in progress)	8	8	100%
2019/20	Brick by Brick Governance	Resources Finance	Limited (No further follow up)	2	2	100%
2019/20	Wheelchair Service – Community Equipment Service	Resources	Limited	3	2	67%
			(4 <sup>th</sup> follow up in progress)	One priority 1 issue not yet resolved		
2019/20	Fairfield Hall Delivery (BxB Management)	Place	Limited	3	2	66%
			(1 <sup>st</sup> follow up in progress) Not included – implemented at final report	One priority 1 issue not yet resolved		
2019/20	Freedom of Information and Subject Access Requests	Resources	Limited (1 <sup>st</sup> follow up in progress)	3	-	-
2019/20	Enforcement Agents - Procurement	Resources	Limited	6	3	50%
			(2 <sup>nd</sup> follow up in progress)	Two priority 1 issues not yet resolved		
2019/20	Business Rates	Resources	Substantial (No further follow up)	1	1	100%
2019/20	Debtors	Resources (Finance)	Substantial (1 <sup>st</sup> follow up in progress)	10	-	-
2019/20	Housing Benefit	Resources	Substantial	2	2	100%

Internal Report to July 2021

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
			(No further follow up)			
2019/20	Pensions	Resources	Substantial (No further follow up)	2	2	100%
2019/20	Pay and Display Meter Maintenance	Place	Substantial (No further follow up)	4	4	100%
2019/20	Section 17 payments	HWA	Substantial (No further follow up)	5	5	100%
2019/20	Sheltered Accommodation (Extra Care Service)	HWA	Substantial (No further follow up)	3	3	100%
2019/20	Fire Safety (Housing Stock)	Place	Substantial (5 <sup>th</sup> follow up in progress)	1	0	0
2019/20	Growth Zone – Performance Manager	Place	Substantial (No further follow up)	4	4	100%
2019/20	Highways Contract Management	Place	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 (Finance)	Substantial (2 <sup>nd</sup> follow up in progress)	3	1	33%
2019/20	Risk Management	Resources	Substantial (No further follow up)	4	4	100%
2019/20	Staff Code of Conduct	Resources	Substantial (2 <sup>nd</sup> follow up in progress)	5	3	60%
2019/20	IT Policies Review		Substantial (1 <sup>st</sup> follow up in progress)	5	-	-
2019/20	Uniform IT Application	Resources	Substantial (3 <sup>rd</sup> follow up in progress)	4	2	50%
2019/20	Northgate iWorld Application	Resources	Substantial (No further follow up)	1	1	100%

Internal Report to July 2021

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2019/20	Microsoft Direct Access Operating System	Resources	Substantial (No further follow up)	4	4	100%
2019/20	Peoples ICT Application	Resources	Substantial (1 <sup>st</sup> follow up in progress)	7	-	-
<b>Non-School Internal Audits Sub Total: Recommendations and implementation from internal audits that have had responses</b>				<b>138</b>	<b>117</b>	<b>84%</b>
<b>Non-School Internal Audits Sub Total: Priority 1 Recommendations from internal audits that have had responses</b>				<b>32</b>	<b>24</b>	<b>75%</b>
<b>School Internal Audits</b>						
2019/20	Winterbourne Nursery and Infant School	CFE	No (No further follow up)	22	22	100%
2019/20	Beulah Junior School	CFE	Limited (No further follow up)	14	13	93%
2019/20	Kenley Primary School	CFE	Limited (No further follow up)	11	10	91%
2019/20	Margaret Roper Catholic Primary School	CFE	Limited (No further follow up)	11	10	91%
2019/20	Minster Infant School	CFE	Limited (No further follow up)	16	13	81%
2019/20	Norbury Manor Primary School	CFE	Limited (No further follow up)	13	13	100%
2019/20	St Joseph's Federation	CFE	Limited (No further follow up)	14	13	93%
2019/20	Virgo Fidelis Convent Senior School	CFE	Limited (No further follow up)	19	19	100%
2019/20	Crosfield Nursery and Selhurst Early Years	CFE	Substantial (No further follow up)	8	7	87%
2019/20	All Saints C of E Primary School	CFE	Substantial (No further follow up)	12	12	100%
2019/20	Elmwood Infant School	CFE	Substantial (No further follow up)	6	6	100%

Internal Report to July 2021

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2019/20	Heavers Farm School	CFE	Substantial (No further follow up)	13	13	100%
2019/20	Selsdon Primary School	CFE	Substantial (1 <sup>st</sup> follow up in progress)	3	-	-
<b>School Internal Audits Sub Total: Recommendations and implementation from internal audits that have had responses</b>				<b>159</b>	<b>151</b>	<b>95%</b>
<b>School Internal Audits Sub Total: Priority 1 Recommendations from internal audits that have had responses</b>				<b>31</b>	<b>31</b>	<b>100%</b>
<b>Recommendations and implementation from internal audits that have had responses</b>				<b>297</b>	<b>268</b>	<b>90%</b>
<b>Priority 1 Recommendations from internal audits that have had responses</b>				<b>63</b>	<b>55</b>	<b>87%</b>

## Appendix 5 - Follow-up of 2020/21 audits

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
<b>Non School Internal Audits</b>						
2020/21	Payments to School	Resources Finance	Limited (1 <sup>st</sup> follow up in progress)	5	-	-
2020/21	Staff Expenses – Compliance Checks	Resources	N (2nd follow up in progress)	5	0	0%
				4 priority 1 issues not yet resolved		
2020/21	Clinical Governance	ASC&H	Limited (2nd follow up in progress)	6	1	17%
				1 priority 1 issue not yet resolved		
2020/21	Overtime Payments – Parking Services	Resources	Limited (No further follow up)	6	5	83%
2020/21	Cyber Security	Resources	Limited (1 <sup>st</sup> follow up in progress)	9	-	-
<b>Non-School Internal Audits Sub Total:</b>						
<b>Recommendations and implementation from internal audits that have had responses</b>				<b>17</b>	<b>6</b>	<b>35%</b>
<b>Non-School Internal Audits Sub Total:</b>						
<b>Priority 1 Recommendations from internal audits that have had responses</b>				<b>9</b>	<b>4</b>	<b>44%</b>
<b>School Internal Audits</b>						
Financial Year	Audit Followed up	Department	Assurance Level & Status	Total Raised	Total	Percentage
2020/21	Tunstall Nursery School	CFL	Substantial (No further follow up)	3	3	100%
2020/21	Thornton Heath Nursery School	CFL	No (1 <sup>st</sup> follow up in progress)	14	-	-
2020/21	Forestdale Primary School	CFL	Substantial (No further follow up)	11	11	100%
2020/21	Greenvale Primary School	CFL	Substantial (No further follow up)	10	8	80%
2020/21	Purley Oaks Primary School	CFL	Substantial	9	7	78%

Internal Report to July 2021

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
			(2 <sup>nd</sup> follow up in progress)			
2020/21	Smitham Primary School	CFL	Substantial	5	4	80%
2020/21	Winterbourne Nursery and Infants School	CFL	(No further follow up)	5	5	100%
2020/21	Archbishop Tenison's CofE High School	CFL	Limited (No further follow up)	11	10	91%
2020/21	Thomas More Catholic High School	CFL	Limited (1 <sup>st</sup> follow up in progress)	14	-	-
2020/21	St Giles	CFL	Substantial (No further follow up)	3	3	100%
2020/21	St Nicholas	CFL	Substantial (2 <sup>nd</sup> follow up in progress)	7	3	43%
2020/21	Red Gates	CFL	Substantial (2 <sup>nd</sup> follow up in progress)	5	2	40%
<b>School Internal Audits Sub Total:</b>				<b>69</b>	<b>56</b>	<b>81%</b>
<b>Recommendations and implementation from internal audits that have had responses</b>						
<b>School Internal Audits Sub Total:</b>				<b>2</b>	<b>2</b>	<b>100%</b>
<b>Priority 1 Recommendations from internal audits that have had responses</b>						
<b>Recommendations and implementation from internal audits that have had responses</b>				<b>86</b>	<b>62</b>	<b>72%</b>
<b>Priority 1 Recommendations from internal audits that have had responses</b>				<b>11</b>	<b>6</b>	<b>55%</b>

## Appendix 6 - Statement of Responsibility

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis

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: Tower Bridge House, St Katharine's Way, London E1W 1DD, United Kingdom.  
Registered in England and Wales No 0C308299.