

London Borough of Croydon Internal Audit Annual Report for the year ended 31 March 2023

Confidentiality and Disclosure Clause

This report ("Report") was prepared by the Head of Internal Audit of London Borough of Croydon based on the internal audit work undertaken by Mazars LLP. The matters raised in this Report are only those which came to our attention during the 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.

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1. Introduction

The purpose of this report is to contribute to the Head of Internal Audit's 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 2023.

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 Interim Reports issued in April 2023 for the financial years 2019-20, 2020-21 and 2021-22 pending completion of their final assessments found for 2019/20 an adverse conclusion; for 2020/21 'significant weaknesses identified', and for 2021/22 'significant weaknesses identified'.

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 2022/23 including our assessment of the Council's corporate governance and risk management processes and information technology governance.

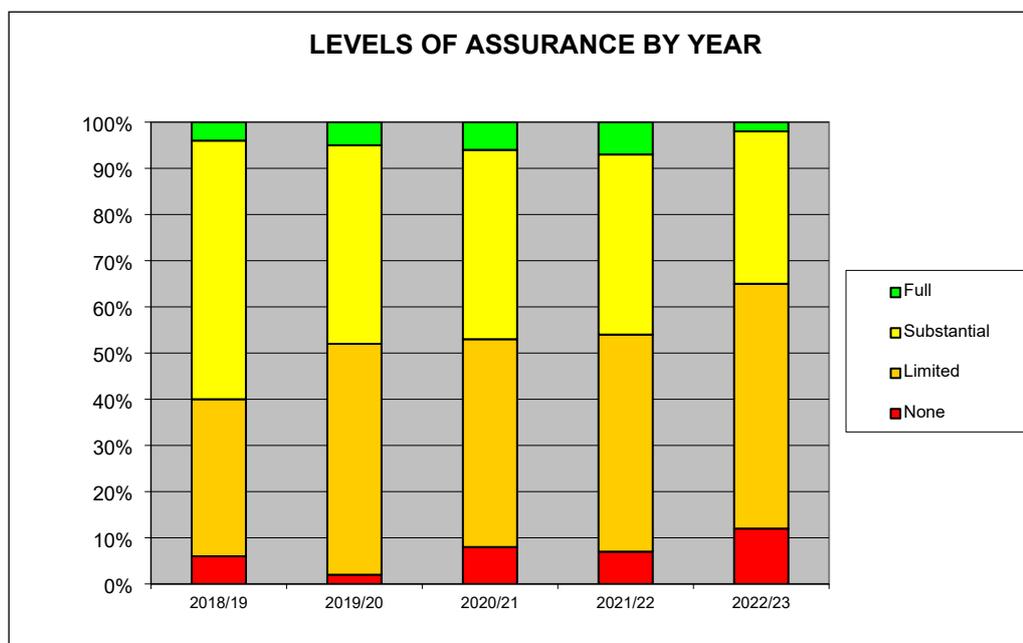
The internal audit plan for 2022/23 was developed to primarily provide management with independent assurance on the adequacy and effectiveness of the systems of internal control.

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.

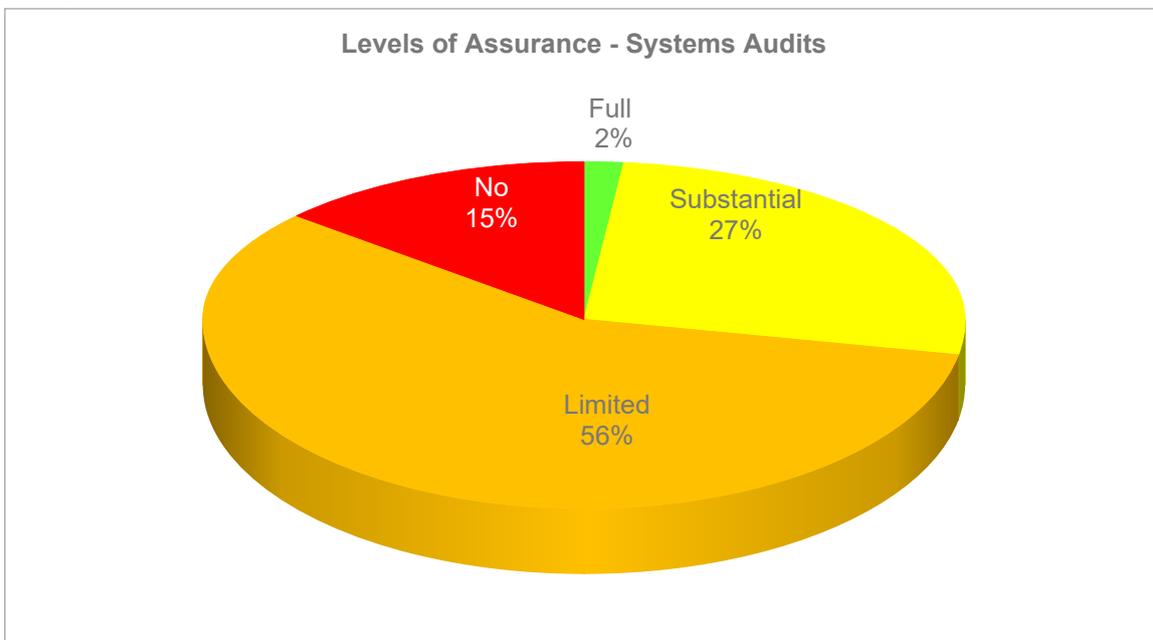
Graph 1 – Assurance Levels



	2018/19	2019/20	2020/21	2021/22	2022/23 *
Full Assurance	4%	5%	6%	7%	2%
Substantial Assurance	56%	43%	42%	39%	34%
Limited Assurance	34%	50%	44%	47%	53%
No Assurance	6%	2%	8%	7%	11%

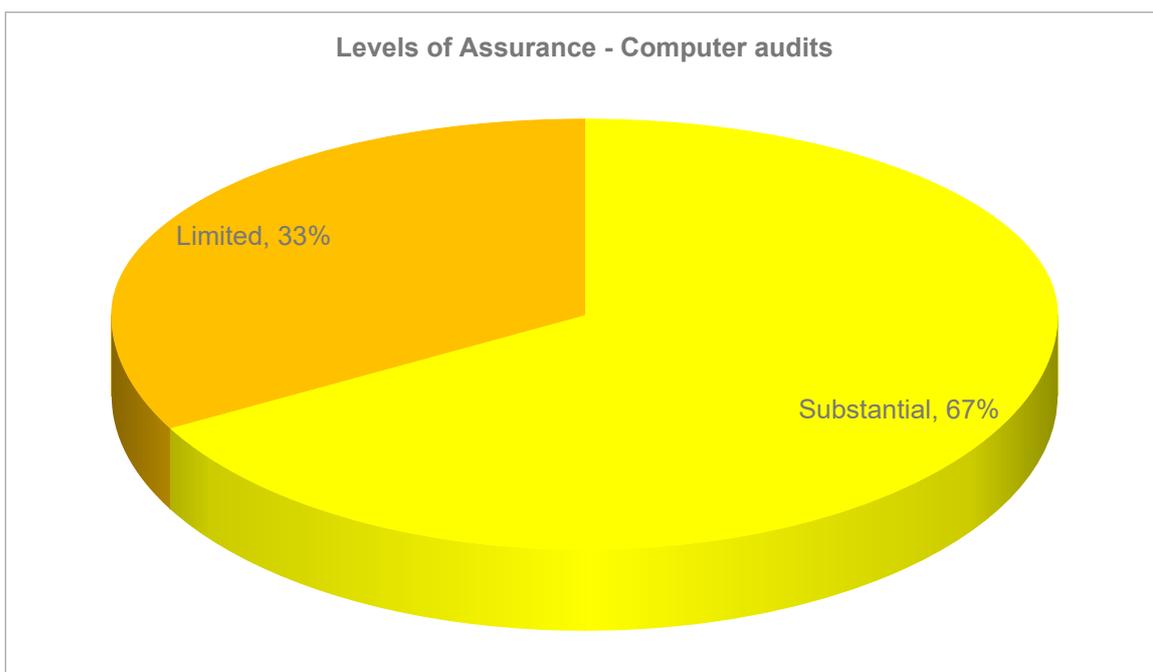
Graph 1 and the corresponding table above shows the percentage of final audit reports issued per level of assurance over the past five years. As can be seen there has been a steady year on year increase in the number of limited and no assurance audits since 2018/19, with the number of limited and no assurance reports in 2022-23 at 64%. Details of these can be found in Appendix 1: Summary of Internal Audits 2022/23. Review of this appendix should also note that a significant number of audits remain in draft due to slow responses from auditees and a need to chase in order to finalise the reports.

Graph 2 – Levels of Assurance – Systems Audits



Graph 2 above shows the percentage of final reports issued per level of assurance achieved on all the full systems audited. This shows that only 29% of the systems audited, including the core Council financial systems, achieved an assurance level of Substantial or Full. This is a deterioration in performance on 2021/22 which was 40%.

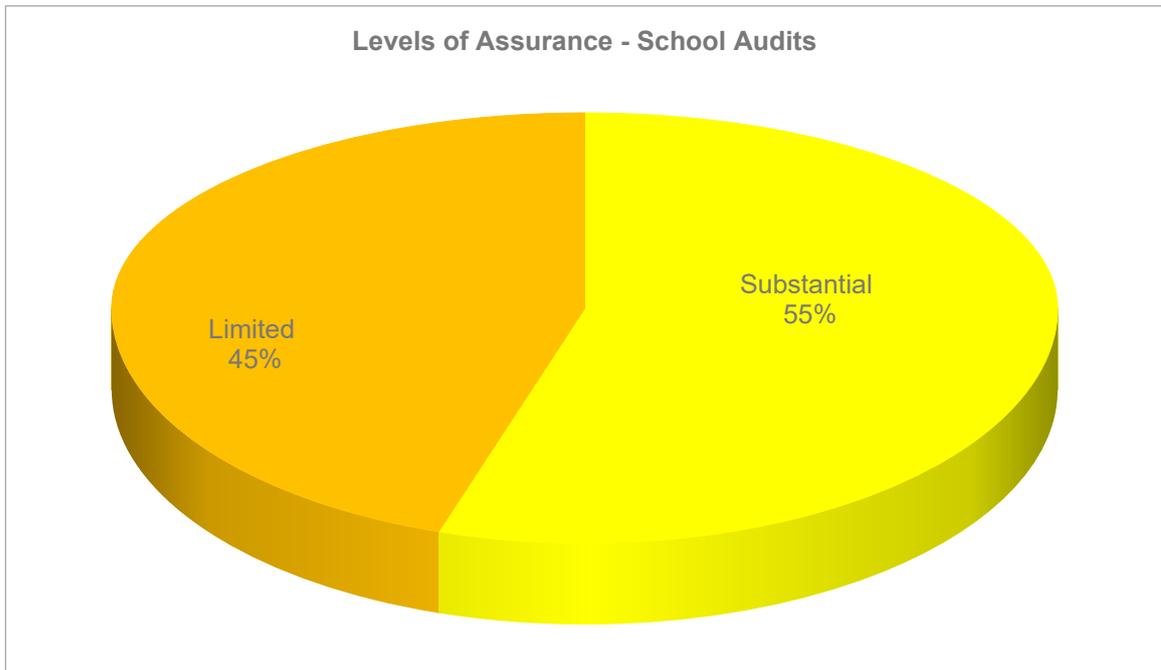
Graph 3 – Levels of Assurance – Computer Audits



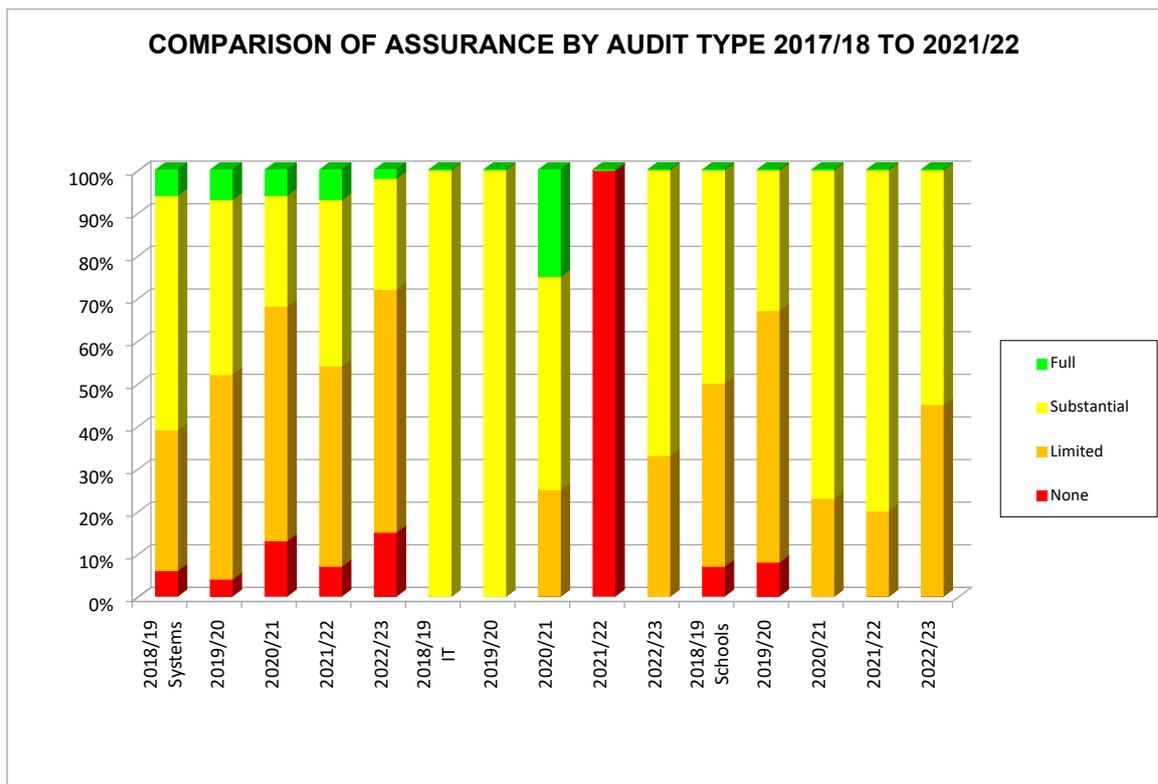
Graph 3 above shows the percentage of final audit reports issued per level of assurance for the Computer audit programme of work. This shows that 67% (two audits) of the computer audits achieved an assurance level of Substantial Assurance and 33% (one audit) achieved an assurance level of Limited Assurance. This is an

improvement compared to 2021/22 where there was only one audit (due to auditee engagement issues) which achieved No Assurance.

Graph 4 – Levels of Assurance – School Audits



Graph 4 shows the results of the school's audit programme. A total of 45% of all locations visited resulted in a Limited Assurance. This is a deterioration on the performance in 2021/22 which was 20%. Whilst the number of schools audited is similar year on year, the work also resulted in a significantly higher number of recommendations year on year (104 in 2022/23 compared to 46 in 2021/22.)



2022/23 Year Opinion

Internal Control

From the Internal Audit work undertaken in 2022/23, 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 2023 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 64% of the overall audits (38) undertaken were 'Limited' or 'No' assurance. From a systems audit sub-category, 71% of internal audits (32) were 'Limited' or 'No' assurance, whereas for the computer audit sub-category, of the two audits issued, one was 'Substantial assurance and one Limited assurance.
- 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 77 out of 99 actions being reported as complete at the Cabinet meeting held on 21 March 2022. (The remaining actions were subsequently amalgamated in the Council's 2021/22 Annual Governance Statement action plan reported to Audit and Governance Committee on 19 January 2023.)
- The Grant Thornton Interim External Auditor's Reports issued in April 2023 for the financial years 2019-20, 2020-21 and 2021-22 pending completion of their final assessments, which found for 2019/20 an adverse conclusion; for 2020/21 'significant weaknesses identified', and for 2021/22 'significant weaknesses identified'.
- The Section 24 Schedule 7 Local Audit and Accountability Act 2014 Recommendation Report, published by the Council's External Auditors Grant Thornton in March 2023, on the Council's historically inadequate arrangements and capacity in the financial years 2019/20, 2020/21 and 2021/22.
- The Independent Investigation Report by Richard Penn published in February 2023 which, amongst other issues, considered the culture, behaviours and practices of both chief officers and elected members that led to the Council's governance and financial collapse, and the Council's subsequent referral of these issues and the Kroll report to the police and professional bodies of these identified.
- The report issued under Section 114 (3) of the Local Government Finance Act 1988 by the Chief Financial Officer in November 2022 that the Council's available resources were unlikely to meet planned budgetary demands in the financial year 2023/24 and beyond.
- The Executive Mayor's 'Opening the Books' project, launched in July 2022, which identified substantial financial accounting corrections that have had a significant impact on the Council's budget and clarified how structural issues in the Council's finances were impacting the Council's financial recovery.
- The Parliamentary Under Secretary of State for Local Government and Building Safety, Lee Rowley MP, announcing in a written ministerial statement on 16 March 2023 that the Secretary of State was 'minded to' intervene in the London Borough of Croydon.

- The sixth report by the Improvement and Assurance Panel, dated 22 November 2022 (published 16 March 2023), which summarised the improvements the Council has been making in its governance structures.

Corporate Governance

In our opinion the corporate governance framework of the Council complies with the best practice guidance on corporate governance issued by CIPFA/SOLACE. This opinion is based on the sixth report by the Improvement and Assurance Panel, dated 22 November 2022 (published 16 March 2023), which summarised the improvements the Council has been making in its governance structures and the progress the Council has made in regard to achieving the recommendations set out by external auditor in the Reports in the Public Interest.

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,
- The 'Enterprise Risk Management Health Check' commissioned from Zurich Resilience Services (reported to the Audit and Governance Committee on 24 November 2022), which had an overall assessment of 'in development', 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

The three computer audits that have been reported on in the period achieved two 'Substantial' (Legal Services Case Management System Review and Azure Cloud Usage) and one 'Limited' Assurance (Vulnerability Management).

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 (Head of Internal Audit, London Borough of Croydon)

August

2023

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 2022/23 year against the original Internal Audit plans; and
- 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 2022/23 the following key issues were identified across our work, most of which had been raised in previous years:

- general compliance issues in basic areas of governance and control;
- a number of issues with contract letting, monitoring and management across the organisation;
- issues over information governance, including the role of the data protection officer and the process for responding to freedom of information requests;
- issues over budget monitoring and management, and
- issues over housing and temporary accommodation tenancies, including the over the allocation, recording and checking of these and arrangements for repairs and maintenance.

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 Council and in the main received appropriate co-operation from officers and Members. However, there were some audits where there was either a lack of and/or slow and limited engagement with the internal audit process. These included:

- Housing Disrepairs
- Legal Services
- CAH Contract Management
- Facilities Management
- Children leaving Care

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.

While our audits were performed remotely, we were able to obtain all relevant documents required to complete the reviews. We acknowledge the ongoing pressures on the Council and the challenges it faces. As a result, Internal Audit has adopted new processes to try and drive greater engagement in 2023/24, such as the Head of

Internal Audit attending CMT meetings, feeding back on status of draft reports and follow up work, and escalating audits for which there has been no or limited progress. In addition, our planning approach for 2023/24 has been amended to provide more advance notice of upcoming audits, including scheduling the fieldwork stages directly into auditees' diaries. Whilst at the early stage of this approach, this does appear to be achieving improved engagement.

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:

- 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, May and September 2022, and April 2023;
- 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.
- 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; and
- Quarterly Statutory Officer meetings;

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. They have 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 is provided to Directors/Corporate Directors and their Executive Support Officers to embed risk management in the organisation and ensure on-going review, updating and dynamic usage; and
- 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 (Plan) for 2022/23 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 Plan 2022/23 was presented to the Audit and Governance Committee on 7 July 2022.

Although there was a knock-on impact on the Plan in the previous year, following the Covid-19 lockdown restrictions, internal audit activity has caught up during 2022/23, although there were a number of in-year changes to the Plan as summarised in the following Table 1.

Table 1

	Original Plan 2022/23	Amended Plan 2022/23
Key financial systems	8	8
Corporate risk audits	6	4
Departmental risk audits	39	33
Computer audits	6	3
Contract audits	3	1
School audits	11	11
Total	73	60

The reduction in number of audits in the Plan was due to:

- consolidation of the planned computer audits. Whilst the original Plan included six computer audits, it was decided during the year to do three for operational reasons.
- Consolidation of the three contracts audits planned to deliver one larger fact finding audit.
- Consolidation of the 'Use of Legal Services in SCRER: Knowledge Management and Lessons Learned' and the 'Legal Recharges' into one single audit.
- Deferring the 'Savings Plan Proposals: Assumptions, Calculations and Timelines', 'Children Leaving Care', 'Budgeting Children Looked After', 'Facilities Management Contracts (including Off Contract Spending)', 'Borough of Culture – project Management' and the 'Supported Living' audits into 2022/23 for operational reasons.
- Splitting the Adult and Children Social Care Payment process audit into two separate audits.
- Narrowing the focus of the Housing Repairs audit to Housing Disrepair
- Removing the Programme Management audit.

There were no material scope impairments or restrictions on internal audit in 2022/23, except for some audits where there was either a lack and/or limited engagement with the audit process.

The amended Plan 2022/23 is provided in **Appendix 1** for information. This also shows the number of recommendations raised in each audit during 2022/23 where a report has been issued, as well as the details of the 2022/23 audits reported during the year. *(Please note that the names of the departments have been abbreviated in the schedules as follows: ACE – Assistant Chief Executive; SCRER – Sustainable Communities, Regeneration and Economic Recovery; CYP&E – Children Young People and Education; ASC&H; Adults, Social Care & Health).*

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 Plan 2022/23 completed	100%	100%
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 2022/23 draft reports	61	61

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.

In order to carry out follow up reviews, management are requested to provide an update on their responses to the original audit reports and proposed actions. It should be noted that implementation of management action plans is predominantly assessed on management responses provided by the service and not on supporting documentary evidence.

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 2018/19 (to date*)	Performance 2019/20 (to date*)	Performance 2020/21 (to date*)	Performance 2021/22 (to date*)	Performance 2022/23 (to date*)
Percentage of priority one issues resolved at the time of the follow up audit	90%	98%	99%	75%	50%	-
Percentage of all issues resolved at the time of the follow up audit	80%	94%	93%	82%	72%	54%

* The results of those 2018/19, 2019/20, 2020/21, 2021/22 and 2022/23 audits that have been followed up are included in Appendices 2, 3, 4, 5, and 6 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 Head of Internal Audit.

Appendix 1 – Summary of Internal Audit reports for 2022/23

2022/23 Audit Plan	Department	Assurance	Issues			Total Raised
			Priority			
			1	2	3	
KEY FINANCIALS/ IAS 315 REVIEWS						
Adult Social Care Payment Processes (in draft)	Resources	Limited	2	1	2	5
Children's Social Care Payment Processes (in draft)	Resources	Limited	1	1	2	4
Parking Enforcement (inc. Budget Modelling and Reconciliations (in draft)	Resources	Limited	2	1	2	5
Payments to Schools (Include Licensed Deficit Process) (in draft)	Resources	Limited	2	2	1	5
Continuous Auditing Q1/Q2 (two audits)	Resources	Limited	9	5	0	14
Continuous Auditing Q3/Q4 (two audits)	Resources	Limited	8	6	0	14
Total Issues Raised			24	16	7	47

CORPORATE RISK AUDITS						
Agency Use and IR35	(Lead Dept. – ACE)	Limited	3	0	0	3
Capital Spend Projections and Monitoring	(Lead Dept. – Resources)	Substantial	0	2	1	3
Journals: Impact on Budget Management	(Lead Dept. – Resources)	No	3	3	0	6
Health and Safety: Incident Reporting (in draft)	(Lead Dept. – Resources)	No	2	2	1	5
Total Issues Raised			8	7	2	17

DEPARTMENTAL RISK REGISTER AUDITS						
DBS Renewals	ACE	Substantial	0	2	2	4
Information Governance: SARs/Fols (in draft)	ACE	Limited	2	2	0	4
IT Services – Project Management (in draft)	ACE	Limited	4	5	0	9
Members / Officer Protocol – Staff Training (in draft)	ACE	Substantial	0	2	2	4
Mental Health / Staff Wellbeing (Processes and Procedures)	ACE	Full	0	0	0	0
The Role of the DPO (in draft)	ASC&H	Limited	5	2	0	7
Adult Social Care Transportation Costs: Recordkeeping (Recording) and Allocation (in draft)	ASC&H	Substantial	0	3	1	4
CES – Banking Compliance (in draft)	ASC&H	Limited	1	1	0	2
SUFMT – Appointeeships/ Deputyships	ASC&H	Substantial	0	2	1	3
Brokerage (Quality of Care Market) (in draft)	ASC&H	Limited	1	6	2	9
SGO Allowances (in draft)	CYPE	Limited	3	6	1	10
Children' Services: Performance Management Data Quality	CYPE	Substantial	0	2	1	3
Fostering: Governance over Foster Carers	CYPE	Substantial	0	2	0	2
NRPF: Assessments of Finances (in draft)	CYPE	Substantial	0	3	0	3
Safeguarding – Partnerships & LADO	CYPE	Limited	0	8	1	9
School Admissions (Including Appeals) (in draft)	CYPE	Limited	3	2	0	5

2022/23 Audit Plan	Department	Assurance	Issues			Total Raised
			Priority			
			1	2	3	
Traded Services – Education (in draft)	CYPE	Limited	1	2	1	4
HEAT – Assessment Management (Emergency Accommodation Assessment) (in draft)	Housing	No	4	1	1	6
Housing – Leaseholder Service Charge	Housing	Limited	1	4	2	7
Housing – Tenancy Checks (in draft)	Housing	No	5	1	0	6
Housing Register – Assessments (in draft)	Housing	Limited	3	6	0	9
Housing Rents – Tenant Service Charge Calculations	Housing	Substantial	0	0	1	1
Housing Disrepairs (in draft)	Housing	No	3	7	0	10
Fire Safety (FRAs) (in draft)	Housing	Limited	4	5	2	11
CAH – Contract Management (Croydon Affordable Homes) (in draft)	Resources	No	5	3	0	8
Legal Recharges	Resources	No	2	6	0	8
Anti-Social Behaviour: Referrals and Case Management (in draft)	SCRER	Limited	3	2	1	6
CALAT – Finance Planning	SCRER	Substantial	0	1	0	1
Food Safety – FSA Reporting (Food Standards Agency)	SCRER	Substantial	0	3	0	3
Planning Enforcement – DM Systems Link to Systems and Processes in Enforcement (in draft)	SCRER	Limited	2	3	0	5
SEN Transport – Resilience and Demand Management (in draft)	SCRER	Substantial	0	2	0	2
SLWP Income Collection and Payment of Funds (in draft)	SCRER	Limited	2	0	0	2
TFL Reclaims (in draft)	SCRER	Limited	3	2	2	7
Total Issues Raised			57	96	21	174

COMPUTER AUDITS						
Azure Cloud Usage (in draft)	ACE	Substantial	0	2	0	2
IT Vulnerability Management (in draft)	ACE	Limited	1	2	0	3
Legal Services Case Management System Review (in draft)	Resources	Substantial	0	2	2	4
Total Issues Raised			1	6	2	9

CONTRACT AUDITS						
PMI General Building Works (Mullalleys)	Housing		N/a - Fact finding review			
Total Issues Raised			0	0	0	0

SCHOOLS AUDITS						
Crosfield Nursery School and Children's Centre (in draft)	CYPE	Limited	7	7	5	19
All Saints' C of E Primary School	CYPE	Limited	1	9	9	19
Beulah Junior School	CYPE	Substantial	0	2	4	6
Couldson C of E School I (in draft)	CYPE	Limited	1	6	8	15
Heavers Farm Primary School	CYPE	Substantial	0	1	5	6
Regina Coeli Primary School	CYPE	Substantial	0	2	1	3

Winterbourne Junior Girls' School	CYPE	Substantial	0	2	5	7
Thomas More Catholic School	CYPE	Limited	1	4	2	7
Coloma Convent Girls' School	CYPE	Limited	3	9	2	14
Priory School	CYPE	Substantial	0	3	1	4
Bensham Manor School	CYPE	Substantial	0	2	1	3
Total Recommendations			13	47	43	103

Appendix 2 - Follow-up of 2018/19 audits (incomplete only)

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented / Resolved	
					Total	Percentage
Non School Audits						
2018/19	Air Quality Strategy, Implementation and Review	SCRER	Limited (6 th follow up in progress)	8	6	75%
Grand Total: Issues/Recommendations and resolution/implementation from internal audits that have had responses				364	342	94%
Grand Total: Priority 1 Issues/Recommendations and resolution/implementation from internal audits that have had responses				51	50	98%

Appendix 3 - Follow-up of 2019/20 audits (incomplete only)

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented / Resolved	
					Total	Percentage
Non School Audits						
2019/20	Lettings Allocations and Assessments	Housing	Limited (3 rd follow up in progress)	3	1	33%
				One priority 1 issue not yet resolved		
2019/20	Placements in Private Housing Accommodation	Housing	Limited (5 th follow up in progress)	4	2	50%
2019/20	Freedom of Information and Subject Access Requests	ACE	Limited (4 th follow up in progress)	3	2	66%
2019/20	IT Policies Review	ACE	Substantial (4 th follow up in progress)	5	1	20%
Grand Total: Issues /Recommendations and resolution/implementation from internal audits that have had responses				337	314	93%
Grand Total: Priority 1 Issues/Recommendations and resolution/implementation from internal audits that have had responses				69	68	99%

Appendix 4 - Follow-up of 2020/21 audits (incomplete only)

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					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%
				Four priority 1 issues not yet resolved		
2020/21	Out of Borough Placements	ASC&H	Limited (1 st follow up in progress)	5	-	-
2020/21	Clinical Governance	ASC&H	Limited (4 th follow up in progress)	6	3	50%
				One priority 1 issue not yet resolved		
2020/21	Temporary Accommodation: Standards in Private Sector	Housing	Limited (4 th follow up in progress)	6	1	17%
				Two priority 2 issues not yet resolved		
2020/21	Cyber Security	ACE	Limited (5 th follow up in progress)	9	5	56%
2020/21	End to end Placements – Children with Disabilities	CYP&E	Substantial (1 st follow up in progress)	3	-	-
2020/21	Corporate Estate Building Compliance	Resources	Substantial (6 th follow up in progress)	6	4	67%
Non-School Audits Sub Total:				93	68	73%
Issues and resolution from internal audits that have had responses						
Non-School Audits Sub Total:				24	17	71%
Priority 1 Issues and resolution from internal audits that have had responses						
School Audits Sub Total: Recommendations and implementation from audits that have had responses				83	77	93%
School Audits Sub Total: Priority 1 recommendations and implementation from internal audits that have had responses				4	4	80%
Grand Total: Issues/Recommendations and resolution / implementation from internal audits that have had responses				176	145	82%
Grand Total: Priority 1 Issues/Recommendations and resolution / implementation from internal audits that have had responses				28	21	75%

Appendix 5 - Follow-up of 2021/22 audits

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
Non School Audits						
2021/22	Parking Enforcement - Pay and Display	SCRER	Limited (1 st follow up in progress)	4	-	-
2021/22	Service Based Monitoring – Across the Organisation	Resources	Limited (2 nd follow up in progress)	5	2	40%
				One priority 1 issue not yet resolved		
2021/22	Fees and Charges	Resources	Limited (3 rd follow up in progress)	6	3	50%
				One priority 1 issue not yet resolved		
2021/22	Staff Expenses – Compliance Checks	Resources	Limited (3 rd follow up in progress)	8	6	75%
2021/22	Community Fund: Contracts	ACE	Limited (No further follow up)	4	4	100%
2021/22	Information Management	ACE	Limited (3 rd follow up in progress)	3	0	0%
				One priority 1 issue not yet resolved		
2021/22	HRA Accounting	Housing	Limited (2 nd follow up in progress)	5	0	0%
				Two priority 1 issues not yet resolved		
2021/22	Business Rates and Business Grants	Resources	Substantial (1 st follow up in progress)	1	-	-
2021/22	Early Help and Parenting	CYP&E	Substantial (1 st follow up in progress)	3	-	-
2021/22	Unaccompanied Asylum Seeking Children (UASC) – Value for Money	CYP&E	Substantial (1 st follow up in progress)	3	-	-
2021/22	Youth Offending	CYP&E	Substantial (No further follow up)	3	3	100%
2021/22	Children with Disabilities – Placement Costs and Spend Review	CYP&E	Substantial (No further follow up)	3	3	100%
2021/22	CALAT Income Collection	SCRER	Substantial (No further follow up)	3	3	100%
2021/22	Traffic Management	SCRER	Substantial (1 st follow up in progress)	2	-	-
2021/22	Contract Management – Work and Health Programme	SCRER	Substantial (No further follow up)	2	2	100%
Non-School Audits Sub Total: Issues and resolution from audits that have had responses				42	26	62%
Non-School Audits Sub Total: Priority 1 Issues and resolution from audits that have had responses				10	5	50%
School Audits						
Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2021/22	Purley Nursery	CYP&E	Substantial (No further follow up)	5	5	100%

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Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
2021/22	Beaumont Primary School	CYP&E	Substantial (No further follow up)	3	3	100%
2021/22	Downsview Primary School	CYP&E	Substantial (No further follow up)	2	2	100%
2021/22	Elmwood Junior School	CYP&E	Substantial (No further follow up)	3	3	100%
2021/22	Gresham Primary School	CYP&E	Substantial (No further follow up)	7	6	86%
2021/22	Howard Primary School	CYP&E	Substantial (No further follow up)	2	2	100%
2021/22	Norbury Manor Primary School	CYP&E	Limited (1 st follow up in progress)	14	-	-
2021/22	Rockmount Primary School	CYP&E	Substantial (2 nd follow up in progress)	2	-	0%
2021/22	St John's C of E School	CYP&E	Substantial (No further follow up)	3	3	100%
School Audits Sub Total: Recommendations and implementation from internal audits that have had responses				27	24	89%
School Audits Sub Total: Priority 1 recommendations and implementation from internal audits that have had responses				0	0	0
Grand total: Issues / Recommendations and resolution / implementation from internal audits that have had responses				69	50	72%
Priority 1 Issues / Recommendations and implementation / resolution from internal audits that have had responses				10	5	50%

Appendix 6 - Follow-up of 2022/23 audits

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
Non School Audits						
2022/23	Safeguarding – LADO and Partnerships	CYP&E	Limited (3 rd follow up in progress)	9	5	56%
2022/23	Housing - Leaseholder Service Charges	Housing	Limited (1 st follow up in progress)	7	3	43%
2022/23	DBS Renewals	ACE	Substantial (1 st follow up in progress)	4	-	-
2022/23	Appointeeships and Deputyships	ASC&H	Substantial (1 st follow up in progress)	3	-	-
2022/23	Performance Management Data Quality – Children’s Services	CYP&E	Substantial (1 st follow up in progress)	3	-	-
2022/23	Fostering – Governance over Foster Carers	CYP&E	Substantial (1 st follow up in progress)	2	-	-
2022/23	Tenant Service Charges	Housing	Substantial (2 nd follow up in progress)	1	0	0%
Non-School Audits Sub Total: Issues and resolution from audits that have had responses				17	8	47%
Non-School Audits Sub Total: Priority 1 Issues and resolution from audits that have had responses				-	-	-
School Audits						
Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2022/23	Beulah Junior School	CYP&E	Substantial (1 st follow up in progress)	6	1	20%
2022/23	Heavers Farm Primary School	CYP&E	Substantial (1 st follow up in progress)	6	-	-
2022/23	Winterbourne Junior Girls’ School	CYP&E	Substantial (2 nd follow up in progress)	7	4	57%
2022/23	Priory School	CYP&E	Substantial (No further follow up)	4	4	100%
2022/23	Bensham Manor	CYP&E	Substantial (1 st Follow up in progress)	3	3	100%
2022/23	Thomas More Catholic School	CYP&E	Limited (1 st follow up in progress)	7	-	-
2022/23	Coloma Convent Girls’ School	CYP&E	Limited (1 st follow up in progress)	14	-	-
School Audits Sub Total: Recommendations and implementation from internal audits that have had responses				20	12	60%
School Audits Sub Total: Priority 1 recommendations and implementation from internal audits that have had responses				-	-	-
Grand total: Issues/Recommendations and resolution/implementation from internal audits that have had responses				37	20	54%

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Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
Priority 1 Issues/Recommendations and implementation/resolution from internal audits that have had responses				-	-	-

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.

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