

## General Release

REPORT TO:	GENERAL PURPOSES & AUDIT COMMITTEE 25 <sup>th</sup> June 2014
AGENDA ITEM:	10
SUBJECT:	Head of Internal Audit Annual Report 2013/14
LEAD OFFICER:	Head of Governance
CABINET MEMBER	Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	ALL
<b>CORPORATE PRIORITY/POLICY</b>  Internal Audit's work helps the Council to improve its corporate capacity through sound and robust governance structures, financial management and risk management within the organisation. Strengthening corporate capacity is critical in improving the Council's ability to deliver services helping the Council achieve its vision and aims for the community as a whole.	
<b>FINANCIAL SUMMARY:</b>  The Internal Audit contract for 2013/14 was a fixed price contract of £497,000 and the appropriate provision was made within the budget for 2013/14. The cost of the service compares well with other boroughs as demonstrated through recent benchmarking studies.	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.:</b>	

### 1. RECOMMENDATION

- 1.1 The Committee is asked to note the Head of Internal Audit Report 2013/14 (Appendix 1) and the overall satisfactory level of assurance of the Council's systems of internal control.

### 2. EXECUTIVE SUMMARY

- 2.1 This report details the work completed by Internal Audit in 2013/14 and the overall levels of assurance for the Council's internal control environment to support the Annual Governance Statement (AGS).
- 2.2 From the Internal Audit work undertaken in 2013/14, it is the Head of Internal Audit's opinion that Internal Audit can provide **Satisfactory Assurance** in relation to the system of internal control, and that the internal controls within financial and non-financial systems operating throughout the year were fundamentally sound.

### 3. DETAIL

3.1 The Public Sector Internal Audit Standards require the Head of Internal Audit to prepare an annual written report to members that includes:

- an opinion on the overall effectiveness of the organisation's framework for governance, risk management and control;
- disclosure of any qualifications on that opinion; and
- any issues the Head of Internal Audit judges relevant to the preparation of the Annual Governance Statement.

3.2 Appendix 1 details the annual report for the period 2013/14. From the work undertaken, the head of Internal Audit is giving a **satisfactory assurance** in that the Council's framework for governance, risk management and control accords with proper practice except for the control weaknesses identified in the report.

3.3 The satisfactory level of assurance reflects that 64% of individual audits received either Full or Satisfactory assurance levels. This is deterioration on the previous year (75%).

3.4 Internal audit has identified risks and agreed with service managers recommendations to mitigate those risks. The Council now needs to ensure that the action is taken to implement audit recommendations particularly in relation to priority one recommendations.

#### Implementation of Audit recommendations

3.5 The Council has set targets for the implementation of audit recommendations. Implementation is assessed at the time of follow-up audits. The targets are 80% for all priority 2 & 3 recommendations and 85% for priority 1 recommendations. The table below shows achievement against these targets for the follow-up audits carried out to date. Indications are that the targets for recommendations for 2013/14 will be achieved when the follow up programme is completed over the coming year.

#### Implementation of agreed recommendations

Performance Objective	Target	Performance 2010/11 (to date)*	Performance 2011/12	Performance 2012/13 (to date)*	Performance 2013/14 (to date)*
Percentage of priority one recommendations implemented at the time of the follow up audit	85%	93%	100%	95%	85%
Percentage of all recommendations implemented at the time of the follow up audit	80%	88%	93%	90%	84%

\* audits are still being followed up for 2010/11, 2012/13 & 2013/14 and therefore the percentage will change.

- 3.6 Internal Audit continues to work with departments to help improve implementation timescales. This includes reports to all Departmental Management Teams highlighting where recommendations are not being implemented and agreeing the way forward.

### **Significant Control Weaknesses**

- 3.7 Internal Audit is required to form an opinion on the quality of the framework for governance, risk management and control, which includes consideration of any significant risk or governance issues and control failures which arise. During the financial year 2013/14, three key issues were identified.

- A number of audits evidenced a lack of compliance with the Council's Schemes of Delegation, including authority to act and retrospective authorisation.
- Over 50% of the schools audited during 2013/14 were given a limited or no assurance (11 'limited' and 3 'No' out of 25 schools). Significant recommendations raised as a result of these audits related primarily to the recruitment processes and checks and compliance with procurement requirements.
- An emerging theme noted is that there is poor control over the collection and reconciliation of cash in some service areas, although no problems were found in those reconciliations carried out by corporate finance.

- 3.8 Recommendations have been made to address these weaknesses and internal audit will be involved in further audit work in these areas.

## **4. CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

- 4.1 The internal audit function at the Council **Generally Conforms** with the Public Sector Internal Audit Standards. Further details are contained in a separate report elsewhere on this agenda.

## **5. CONSULTATION**

- 5.1 The outcome of all audit work is discussed and agreed with the lead service managers. On a quarterly basis Departmental Management Teams consider progress on audit recommendations in liaison with the Governance Team. Details of this report are circulated and discussed with all Directors.

## **6. FINANCIAL AND RISK CONSIDERATIONS**

- 6.1 The fixed price for the Internal Audit Contract was £497,000 for 2013/14 and there was adequate provision within the budget. There are no additional financial considerations relating to this report.

- 6.2 Internal Audit’s planning methodology is based on risk assessments that include using the Council risk registers processes and ensure the integration with the risk management framework.

(Approved by: Head of Finance and Deputy S151 Officer)

**7. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER**

- 7.1 The Council Solicitor advises that the Council’s Financial Regulations, as part of the Constitution, require the preparation of an annual Head of Audit Report and AGS.

(Approved by: Gabriel MacGregor, Head of Corporate Law, on behalf of the Council Solicitor & Monitoring Officer)

**8. HUMAN RESOURCES IMPACT**

- 8.1 There are no human resources impacts arising from this report.

(Approved by: Hansa Bharadia, HR Business Partner)

**9. CUSTOMER FOCUS, EQUALITIES, ENVIRONMENTAL, HUMAN RIGHTS & FREEDOM OF INFORMATION IMPACTS**

- 9.1 When internal Audit is developing the Annual Audit Plan or individual audit programmes the impacts of the issues above are considered depending on the nature of the area of service being reviewed. Issues relating to these impacts would be reflected in the audit reports and recommendations.

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**CONTACT OFFICER:** Simon Maddocks, Head of Governance

**BACKGROUND DOCUMENTS:** None



# London Borough of Croydon

## London Borough of Croydon Internal Audit Annual Report for the year ended 31 March 2014

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This report has been prepared on the basis of the limitations set out on page 30.



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## Executive Summary

### Introduction

The purpose of this report is to meet the Head of Internal Audit annual reporting requirements set out in the Public Sector Internal Audit Standards. 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
- 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 in support of its Annual Governance Statement 2014 that is published with the statement of accounts for the year ended 31 March 2014.

### 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. London Borough of Croydon 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, London Borough of Croydon 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 Croydon'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 London Borough of Croydon has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors, who during the year analysed the Council's adherence to CIPFA guidelines regarding the Annual Governance Statement and found no major issues. 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.

## Head of Internal Audit Annual Opinion Statement

Our opinion is derived from work carried out by Internal Audit during the year as part of the agreed internal audit plan for 2013/14, including our assessment of the London Borough of Croydon corporate governance and risk management processes and information technology governance.

The internal audit plan for 2013/14 was developed to primarily provide management with independent assurance on the adequacy and effectiveness of the systems of internal control.

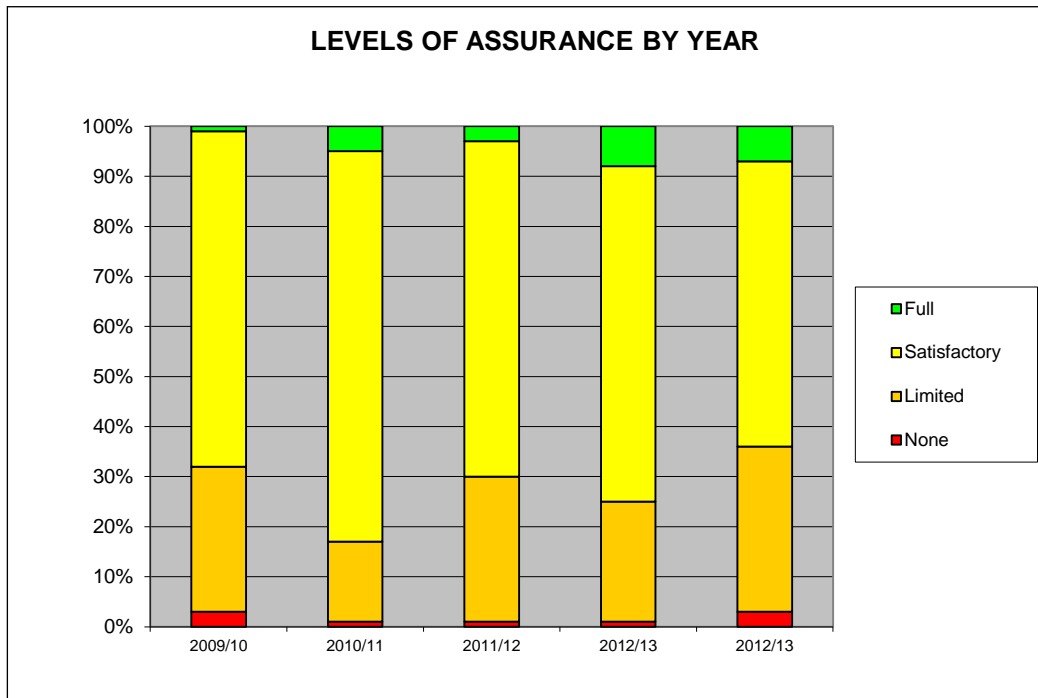
## Basis of Assurance

We have conducted our audits both in accordance with the mandatory standards and good practice contained within the Public Sector Internal Audit Standards and additionally from our 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 organisations Assurance Framework, that are covered by Internal Audit's programme. Where principal risks are identified within the organisation's framework that do not fall under Internal Audit's coverage or that are not included in Internal Audit's coverage, we are satisfied that an Assurance Framework is in place that provides reasonable assurance that these risks are being managed effectively.

Our work for the year to 31 March 2014 was completed in line with the operational plan.

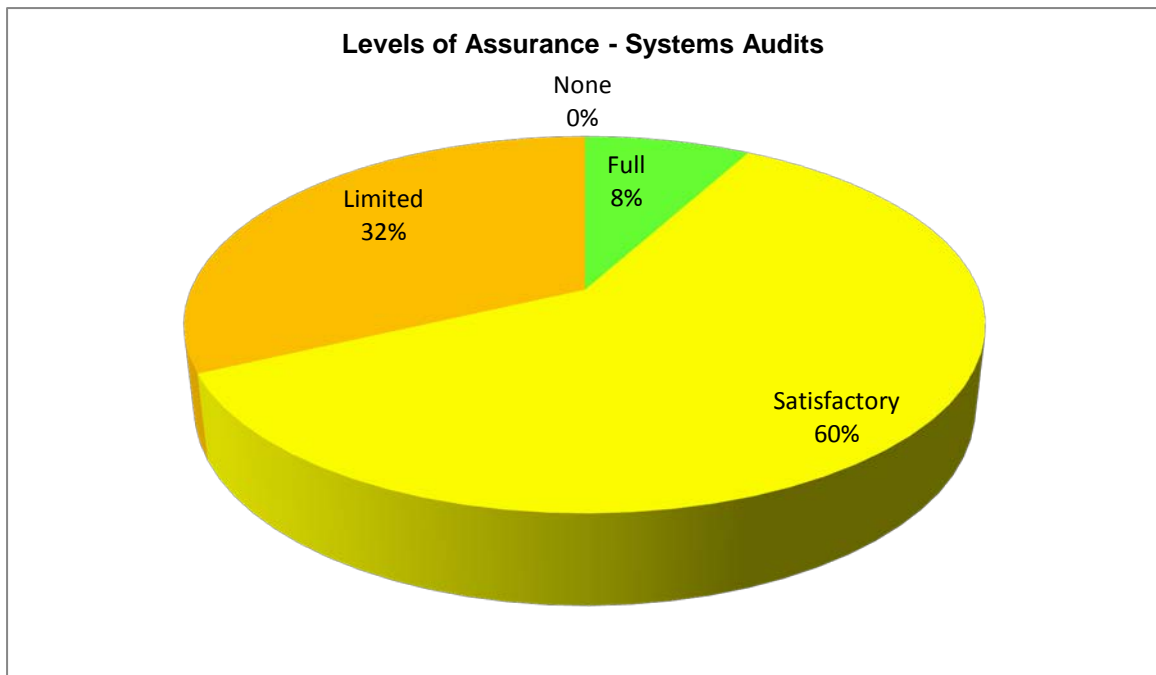
**Graph 1 – Assurance Levels**



	2010/11	2011/12	2012/13	2012/13	2013/14
Full Assurance	5%	3%	8%	8%	7%
Satisfactory Assurance	79%	67%	67%	67%	57%
Limited Assurance	15%	29%	24%	24%	33%
No Assurance	1%	1%	1%	1%	3%

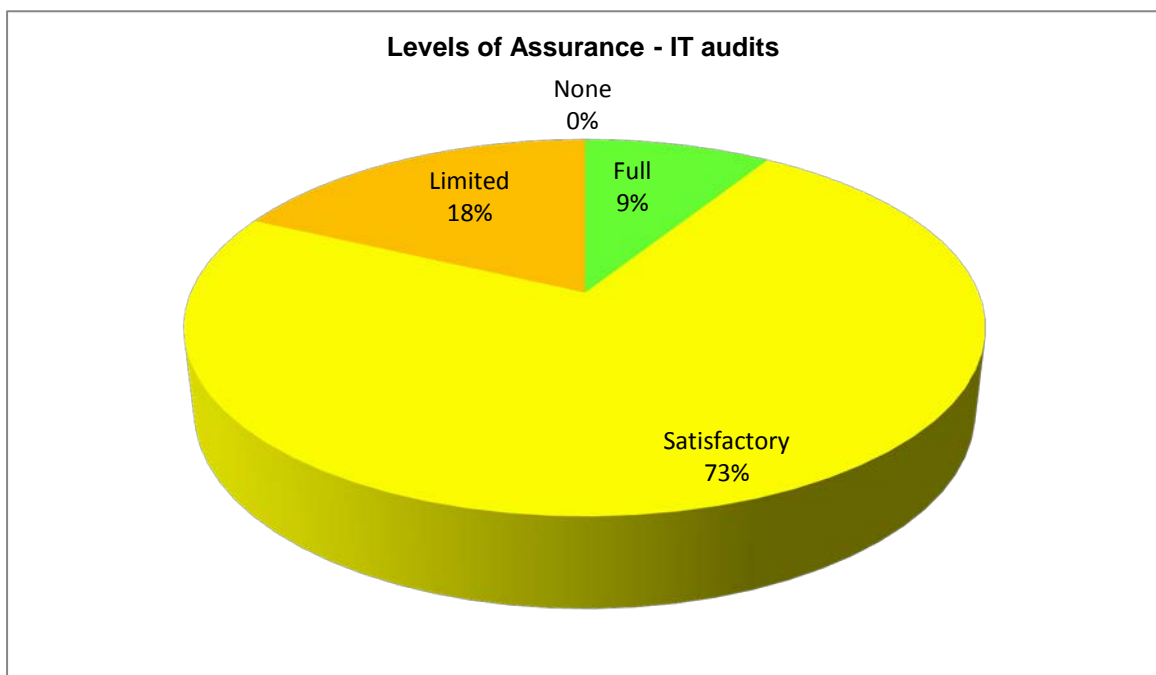
**Graph 1** shows the percentage of audit reports issued per level of assurance over the past five years. As can be seen the number of limited assurance and no assurance reports has increased from those issued during 2012/13.

**Graph 2 – Levels of Assurance – Systems Audits**



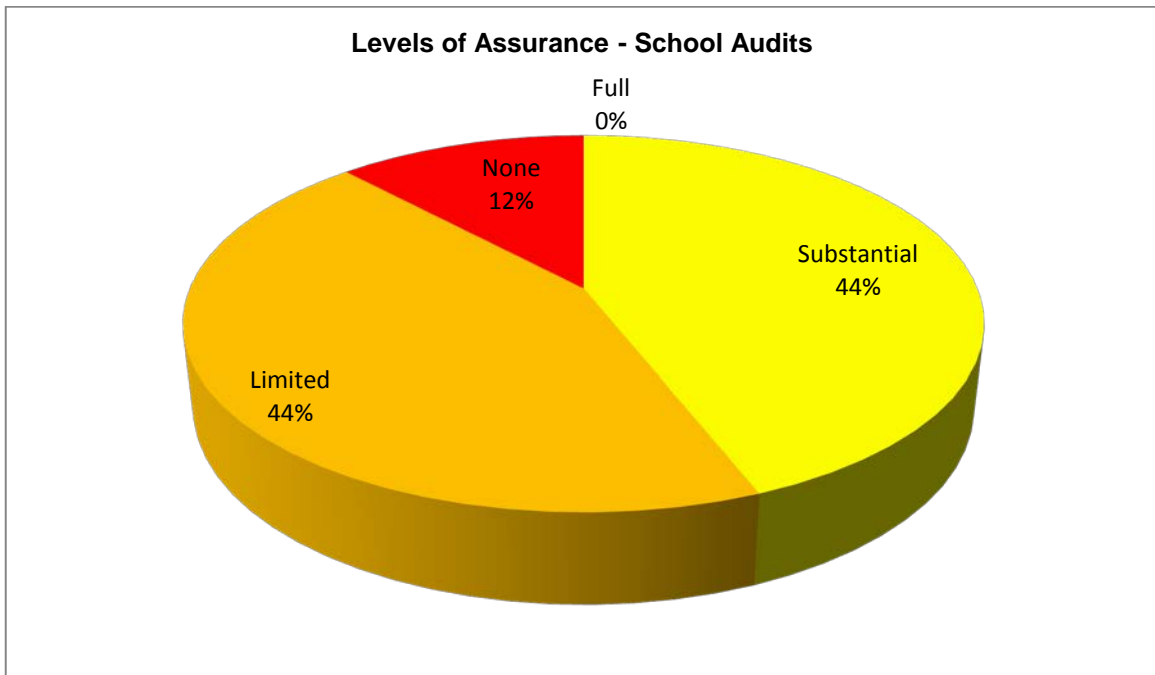
**Graph 2** shows the percentage levels of assurance achieved on all the full systems audited. This shows that 68% of the systems audited, including the core Council financial systems, achieved an assurance level of Satisfactory or Full. This is a marked decrease in performance from 2012/13 which was 87%.

**Graph 3 – Levels of Assurance – IT Audits**



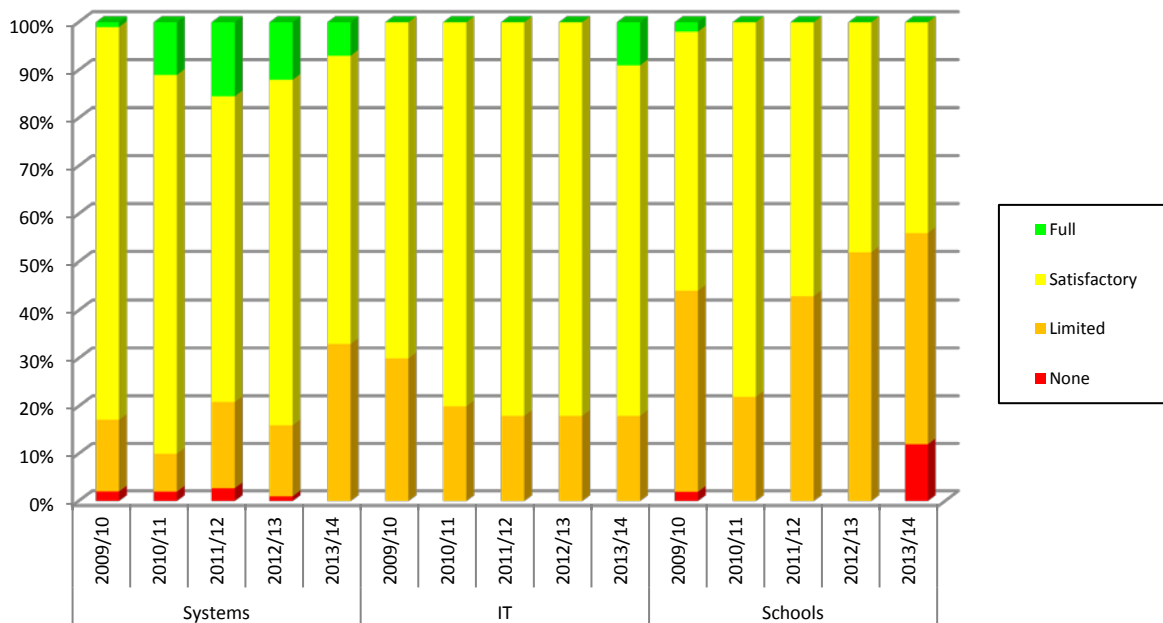
**Graph 3** shows the results of the computer audit programme of work. This shows that 82% (9 out of 11 audits) of the computer audits achieved an assurance level of Satisfactory or Full. This is in line with the performance of 2012/13 which was 82%.

**Graph 4 – Levels of Assurance – School Audits**



**Graph 4** shows the results of the schools audit programme. A total of 44% of all locations visited resulted in a Satisfactory Assurance. This is a continued decrease in the performance from 2012/13 which was 48% and 2011/12 which was 57%. Three no assurance reports were issued, which is worse than 2012/13 when only one was issued.

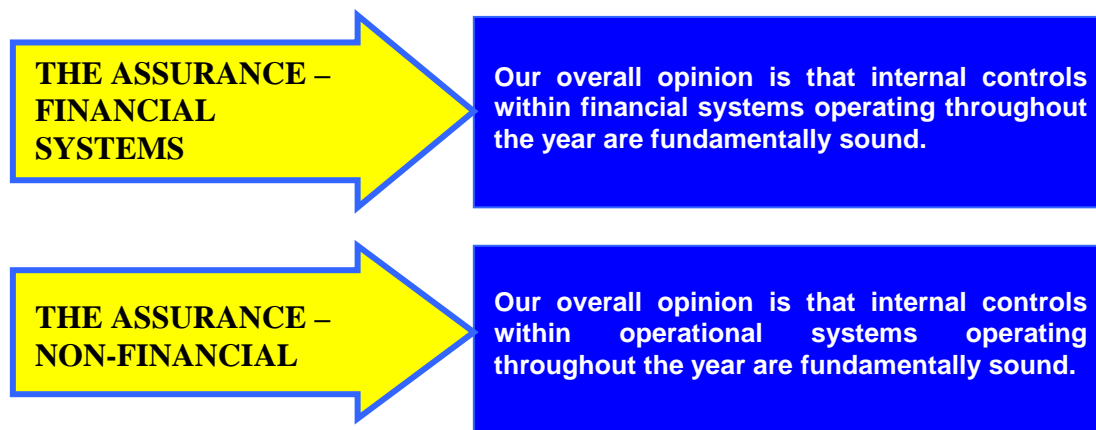
**COMPARISON OF ASSURANCE BY AUDIT TYPE 2008/09 TO 2012/13**



## 2012/13 Year Opinion

### Internal Control

From the Internal Audit work undertaken in 2013/14, it is our opinion that we can provide **Satisfactory Assurance** that the system of internal control that has been in place at London Borough of Croydon for the year ended 31 March 2014 accords with proper practice, except for any details of significant internal control issues as 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 Annual Audit Letter', by the Grant Thornton for its 2012/13 Audit which issued:
  - an unqualified opinion on the accounts which give a true and fair view of the Councils financial position as at 31 March 2013 and your income and expenditure for the year
  - an unqualified conclusion in respect of the Councils arrangements for securing economy, efficiency and effectiveness in your use of resources
  - an unqualified opinion on the council's Whole of Government Accounts submission
- The statement provided by the external auditors in their 'Review of the Council's Arrangements for Securing Financial Resilience for Croydon Council' that, 'There is an effective internal audit which has the proper profile within the organisation. Agreed Internal Audit recommendations are routinely implemented in a timely manner.'
- The Director of Finance & Assets and Section 151 Officer 2012/13 assessment of the Internal Audit function submitted to the Audit advisory Committee on 25 June 2013.

### Corporate Governance

In our opinion the corporate governance framework complies with the best practice guidance on corporate governance issued by CIPFA/SOLACE. This opinion is based on:

- The external auditor's annual audit letter 2012/13, where no significant weaknesses in the internal control arrangements were identified, and
- Our audit of the Council's Corporate Governance Arrangements that provided an overall satisfactory assurance rating.

## Risk Management

In our opinion, based on:

- assurance provided by the external auditors in their annual audit letter 2012/13, in which Grant Thornton, issued an unqualified conclusion in respect of the Councils arrangements for securing economy, efficiency and effectiveness in your use of resources.
- our audit of the Risk Management process, for which a satisfactory assurance was provided.
- our on-going audits of the departmental risk registers.

We consider the risk management processes are effective and provide regular information on key risks and issues to the Council Management Team 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.

## Information Technology Governance

In our opinion the information technology governance of the Council supports the organisation's strategies and objectives. This opinion is based on:

- The statement provided by the external auditors in their 'Review of the Council's Arrangements for Securing Financial Resilience for Croydon Council' that, 'Our information systems specialist undertook a review of network controls and the main accounting system in March 2013 and we concluded that, from the work undertaken, there were no material weaknesses.'
- our ongoing programme of computer audits, as well as other departmental and corporate audits, which did not identify any material weaknesses with information technology governance.

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

**Simon Maddocks** (Head of Governance - Chief Executive's Department, London Borough of Croydon)  
**Mike Clarkson** (Managing Director - Mazars Public Sector Internal Audit Ltd)

May 2014

# 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 2013/14 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 2013/14, three key issues were identified.

- A number of audits evidenced a lack of compliance with the Council's Schemes of Delegation, including authority to act and retrospective authorisation.
- Over 50% of the schools audited during 2013/14 were given a limited or no assurance (11 'limited' and 3 'No' out of 25 schools). Significant recommendations raised as a result of these audits related primarily to the recruitment processes and checks and compliance with procurement requirements.
- An emerging theme noted is that there is poor control over the collection and reconciliation of cash in some service areas, although no problems were found in those reconciliations carried out by corporate finance.

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 received appropriate co-operation from officers and members. Our Internal Audit plans were based on an assessment of risk, including using the Council's risk register and were agreed by the members of the Corporate Management Team individually for their departments as well as the Executive Director of Corporate Resources & Customer Services for the overall plans; these have been reviewed and updated in year in agreement with the Council. We have delivered the agreed Internal Audit annual plans and based on the work we have undertaken plus our knowledge of the Council, we have no qualifications to raise as a result of our work programme.

## Other assurance bodies

In formulating the overall opinion on internal control, the Head of Internal Audit took into account the work conducted by Ofsted and the external auditor.

## Governance Processes

The key features of the framework for Corporate Governance within London Borough of Croydon are outlined below:

- Challenge and review by the Audit Advisory Committee, which was noted by the Audit Commission for its notable practice;
- Corporate objectives and targets have been established and are monitored;;
- Implemented structures and processes that reflect good practice guidance, are well documented and are flexible to accommodate change;
- Standards of conduct and a Code of Conduct are in place for Members;
- Financial Regulations are reviewed and revised on an annual basis by Corporate Finance and the Governance teams under delegated authority (by the Chief Executive and Director Corporate Finance and Assets). The current version of the Financial Regulations was issued during May 2013. Day to day guidance is provided via the Financial Procedures maintained by the Governance Team. Training on the Financial Regulations and Procedures forms part of the governance training currently available to managers and staff under the banner of ‘Doing the Right Thing’..

## Risk Management Process

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

**Members:** The Council has a member risk champion. The Audit Advisory Committee receives regular reports on risk issues and ‘Red rated’ Strategic, Governance and Operational Risks are formally reviewed on a quarterly basis by the Audit Advisory Committee. All Cabinet members have been trained and have access to the live risk management software. Leadership receives regular reports.

**Corporate Leadership Team:** All ‘Red Risks’ (rating of 20 or above) automatically appear on Corporate Management Team meeting agendas on a monthly basis, and furthermore, on a quarterly basis those risks rated 16. The top risks form an integral part of the CLT agenda.

**Head of Risk & Corporate Programme Office:** Responsibility for developing, introducing and maintaining Risk Management rests with the Head of Risk & Corporate Programme Office. 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.

**Strategy, Commissioning, Policy and Performance Division (SCPP):** This includes:

- Officer Risk Champion role established with Heads of SCPP for service Departments.
- Projects supported by named SCPP support officer role for risk management and other support services.
- Quarterly risk challenge through DMTs is provided by the Heads of SCPP.
- The running of risk workshops with a with a number of Project Boards, Project Managers and at Departmental Team Meetings by SCPP during 2011/12 to embed robust Programme and Project Management standards.

**Risk Management Activities:** A number of risk management activities are undertaken on a regular basis. All major risks are now reviewed quarterly by each Director and their management team through a facilitated risk challenge session provided by the Risk & CPO team. Corporate red risks are escalated on a monthly basis to CLT and onwards to Members at Audit Advisory Committee. An on-going process of developing and publishing risk logs via the corporate risk system is maintained for major projects. This work is part of a more significant review of the way that projects and programmes are delivered and how information including risks are reported in the organisation. The Risk & CPO team has increased the risk management intranet presence by improving and refreshing the Risk Management Homepage which has included a review of the Risk Management Policy Statement & Strategy and the Practical Guide to Risk Management. The revisions have focused on formalising the role of the Corporate Leadership Team as the main officer group reviewing risk and the process for the



escalation of risk. Guidance and useful documents are now present on the intranet providing an information source for all Council staff.

**Audit Feedback:** An assessment of whether key risks have been identified, evaluated and monitored on the risk register is conducted as part of each systems audit and is fed back to the Head of Risk & Corporate Programme Office and respective departmental risk champions in order for the risk registers, where appropriate, to be reviewed.

## Audit Plan

The Audit Plan for 2013/14 was compiled using the Council's Risk Registers as the key drivers in developing audit coverage, as well as detailed discussions with CLT members, departmental management teams, and the External Auditors. The 2013/14 audit plan was approved by the Audit Advisory Committee on 26<sup>th</sup> March 2013.

All audit fieldwork is complete for audits relating to the 2013/14 year programme. The 2013/14 Internal Audit plan is provided in Appendix 1 for information. The schedule shows the number of recommendations raised in each audit during 2013/14.

## Internal Audit Performance

Table 1 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 1**

Performance Measure	Target	Actual
Percentage of the Internal Audit Plan completed	100%	100%
Percentage of staff with full qualifications used to deliver the service	40%	43%
% of draft reports issued within 2 weeks of exit meeting with the Client	85%	85%
Number of draft reports	93	93

The Council's internal and external auditors have agreed an audit protocol and have liaised with each other in formulating their audit plans, which has resulted in the greater harmonisation of internal and external audit work, with a view to external audit placing greater reliance on the work of internal audit. The feedback that has been received from the External Auditors on the work of Internal Audit is that they will, where appropriate, rely on the work undertaken by 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 recommendations raised have been successfully implemented according to the action plans agreed with the service managers. The Council's minimum target for audit recommendations implemented at the time of the follow-up audit is 80% for all priority 2 & 3 recommendations and 85% for priority 1 Recommendations.

Table 2 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 2**

Performance Objective	Target	Performance 2009/10	Performance 2010/11 (to date*)	Performance 2011/12	Performance 2012/13 (to date*)	Performance 2013/14 (to date*)
Percentage of priority one recommendation implemented at the time of the follow up audit	85%	100%	93%	100%	95%	85%
Percentage of all recommendations implemented at the time of the follow up audit	80%	86%	88%	93%	90%	84%

\* All audits for 2009/10 and 2011/12 have reached the implementation targets and no more follow-ups relating these years will be conducted. Other than one audit, where implementation is in-progress, the follow ups for 2010/11 are complete. The 2012/13 audits are still on-going, with some audits that have been followed up still being subject to further review. Not all 2013/14 audits have yet been subject to follow up action (the results of those 2010/11, 2012/13 and 2013/14 audits that have been followed up are included in Appendixes 3, 4 and 5 respectively).

### Quality and Compliance with the Public Sector Internal Audit Standards

Internal Audit has comprehensive quality control and assurance processes in place and is ISO 9001:2008 accredited. ISO 9001:2008 is an internationally recognised standard for an organisations internal quality management. 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 Public Sector Internal Audit Standards is detailed in the covering report by the Head of Governance.

## Appendix 1 – Work against audit plan

2013-14 Audit Plan	System Priority	Assurance	Department	Recommendations			Total Raised
				Priority			
				1	2	3	

KEY FINANCIALS/ IAS 315 REVIEWS							
Cash & Banking	High	Satisfactory	CED	0	4	0	4
Council Tax	High	Full	CED	0	0	1	1
Creditors	High	Limited	CED	1	2	1	4
Debtors (Including recovery)	High	Satisfactory	CED	0	2	2	4
Housing Benefits	High	Satisfactory	CED	0	1	3	4
Main Accounting System	High	Satisfactory	CED	0	2	1	3
NNDR	High	Satisfactory	CED	0	0	2	2
Payroll	High	Satisfactory	CED	0	4	0	4
Pensions	High	Satisfactory	CED	0	2	0	2
Community Care Payments	High	Limited	DASHH	1	1	0	2
Housing Repairs	High	Satisfactory	DASHH	0	0	1	1
Payments to Schools	High	Satisfactory	CED	0	2	1	3
Parking Enforcement & Tickets	High	Limited	D&E	1	4	4	9
<b>Total Key Financials Audits</b>				<b>3</b>	<b>24</b>	<b>16</b>	<b>43</b>

CORPORATE RISK REGISTER AUDITS							
Assessment of the Council against 'Towards a Tipping Point' Best Practice, (including Financial Strategy)	High	Satisfactory	CED	0	1	0	1
Corporate Governance	High	Satisfactory	CED	0	2	1	3
Debt Recovery function	High	Satisfactory	CED	0	5	2	7
Information Management	High	Satisfactory	CED	0	1	2	3
Members Enquiries Framework	High	N/A	CED	0	5	0	5
Non Comensura Interims and Consultants	High	Limited	CED	1	5	0	6
Programme and Project Management	High	Satisfactory	CED	0	5	0	5
Recharging	High	Satisfactory	CED	0	2	1	3
Red File	High	Satisfactory	CED	0	6	0	6
Staff Declarations of Gifts and Hospitality	High	Satisfactory	CED	0	5	1	6
<b>Total Corporate Risk Register Audits</b>				<b>1</b>	<b>37</b>	<b>7</b>	<b>45</b>

DEPARTMENTAL RISK REGISTER AUDITS							
Risk Management	High	Satisfactory	CED	0	2	0	2
Academies Transition Management	High	Limited	CFL	3	6	2	11
Libraries Post Outsourcing	High	Satisfactory	CFL	0	1	1	2
School Places: Prediction and Management	High	Satisfactory	CFL	0	2	2	4
SEN Outer Borough Placements	High	N/A	CFL	0	1	0	1

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Unaccompanied Minors	High	Limited	CFL	5	12	0	17
Brokerage	High	Limited	DASHH	2	6	0	8
Data Quality - Social Care	High	Satisfactory	DASHH	0	6	0	6
Housing Tenancy	High	Satisfactory	DASHH	0	4	0	4
Public Health - Contracts	High	Satisfactory	DASHH	0	1	0	1
Public Health - Transition of Financial Management to the Council	High	Satisfactory	DASHH	0	5	1	6
CCURV (Croydon Council Urban Regeneration Vehicle)	High	Full	D&E	0	0	0	0
Vehicle Removals	High	Limited	D&E	1	4	1	6
Biking the Borough	High	Limited	D&E	1	3	0	4
Community Infrastructure Levy (and Section 106)	High	Satisfactory	D&E	0	1	1	2
Pay and Display meter cash collection	High	Limited	D&E	4	3	3	10
Environmental Enforcement	High	Limited	D&E	2	1	1	4
Fuel Management	High	Limited	CED	1	4	3	8
Street Lighting : Recharging	High	Limited	D&E	4	7	1	12
Waste Collection (Contract Management)	High	Limited	D&E	2	4	0	6
Waste Disposal (Contract Management)	High	Satisfactory	D&E	0	3	0	3
Administration of Localised Council Tax Support	High	Full	CED	0	0	0	0
Business Support	High	Full	CED	0	0	0	0
CapGemni : Exit Strategy and Procedures	High	Satisfactory	CED	0	1	0	1
Facilities Management (Interserve Contract Procurement)	High	Limited	CED	1	2	0	3
Social Fund Reform - Croydon Discretionary Support Scheme (CDS)	High	Satisfactory	CED	0	3	2	5
<b>Total Departmental Risk Register Audits</b>				<b>26</b>	<b>82</b>	<b>18</b>	<b>126</b>

<b>COMPUTER AUDITS</b>							
Cohort	High	Limited	CED	0	11	1	12
Data Warehouse Migration	High	Satisfactory	CED	0	1	0	1
E-mail (and EGRESS)	High	Satisfactory	CED	0	2	0	2
LiquidLogic (Childrens Services)	High	Satisfactory	CFL	0	5	5	10
MetaCompliance	High	Satisfactory	CED	0	5	0	5
Microsoft Lync Deployment Project	High	Satisfactory	CED	0	2	1	3
Microsoft Office 2010 Upgrade Project	High	Full	CED	0	0	3	3
Mobile Flex Project	High	Satisfactory	CED	0	5	6	11
Network Infrastructure (New Town Hall - Infrastructure & Wifi)	High	Limited	CED	1	0	7	8
Uniform OS Review (Windows)	High	Satisfactory	CED	0	3	1	4
Incase OS Review (Windows)	High	Satisfactory	CED	0	3	1	4
<b>Total Computer Audits</b>				<b>1</b>	<b>37</b>	<b>25</b>	<b>63</b>

<b>CONTRACT AUDITS</b>							
Kensington Avenue Primary School Exp Improvement Works (Vertical contract audit)	High	Limited	D&E	1	9	2	12
Refoofing Monks Orchard Primary School Vertical contract audit)	High	Limited	D&E	2	2	1	5
Supporting People Eldon Extra Care Schemes (Vertical contract audit)	High	Satisfactory	DASHH	0	5	0	5

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Town Centre High Street Improvement Project (Vertical contract audit)	High	Full	D&E	0	0	0	0
Contract Management - Residential Care (Vertical contract audit)	High	Satisfactory	DASHH	0	5	0	5
South Norwood Country Park Landscape works	High	Satisfactory	P&D	0	6	1	7
Procurement Strategy, Governance and Communications	High	Satisfactory	CED	0	5	1	6
Public Services (Social Value) Act 2012	High	Satisfactory	CED	0	1	0	1
<b>Total Contract Audit</b>				<b>3</b>	<b>33</b>	<b>5</b>	<b>41</b>

<b>SCHOOLS AUDITS</b>							
All Saints Federated School	Medium	Limited	CFL	2	11	5	18
Forestdale Primary School	Medium	Substantial	CFL	0	16	4	20
Greenvale Primary School	Medium	Limited	CFL	2	17	7	26
Gresham Primary School	Medium	Substantial	CFL	0	10	0	10
Kesington Avenue School	Medium	None	CFL	12	15	11	38
Regina Coeli RC Primary School	Medium	Limited	CFL	4	14	9	27
Rowdown Primary School	Medium	Substantial	CFL	0	15	4	19
Ryelands Nursery and Primary School	Medium	Limited	CFL	2	13	2	17
Selsdon Primary School	Medium	Substantial	CFL	0	9	4	13
St Aidan's Catholic Primary School	Medium	Limited	CFL	3	10	3	16
St Chads RC Primary School	Medium	Limited	CFL	2	3	6	11
St Josephs RC Federation	Medium	Substantial	CFL	0	9	3	12
St Peters Primary School	Medium	Substantial	CFL	0	11	8	19
Thorton Heath Childrens Centre	Medium	None	CFL	5	13	6	24
Winterbourne Junior Boys School	Medium	Substantial	CFL	0	7	4	11
Woodside Primary School and Children's Centre	Medium	Substantial	CFL	0	6	2	8
The Achbishop Lanfranc School	Medium	Limited	CFL	5	13	7	25
Achbishop Tenisons CofE School	Medium	Limited	CFL	1	13	7	21
Edenham High School	Medium	None	CFL	5	23	5	33
Virgo Fidelis High School	Medium	Limited	CFL	4	6	7	17
Beckmead Special School	Medium	Substantial	CFL	0	3	6	9
Bensham Manor MLD Secondary	Medium	Limited	CFL	3	17	6	26
Red Gates SLD and Autism	Medium	Substantial	CFL	1	2	2	5
St Giles School	Medium	Limited	CFL	2	6	8	16
St Nicholas MLD and Autism Primary School	Medium	Substantial	CFL	0	9	5	14
<b>Total Schools Audits</b>				<b>53</b>	<b>271</b>	<b>131</b>	<b>455</b>
<b>Total Recommendations</b>				<b>87</b>	<b>484</b>	<b>202</b>	<b>773</b>

## Appendix 2 – Summary of Priority One Recommendations

Audit Title	Risk Level	Assurance Level & Number of Issues	Summary of key issues raised.
<b>KEY FINANCIALS/ IAS 315 REVIEWS</b>			
Creditors	High	Limited (One Priority 1, two Priority 2 and one Priority 3)	A priority 1 recommendation has been raised relating to a number of instances on the 'Supplier Set Up Requests for Individuals' record where individuals should have been set up via Payroll in accordance with HMRC regulations and not as suppliers.
Community Care Payments	High	Limited (One Priority 1 and one Priority 2)	A priority 1 recommendation was raised as, for more than half of the sample selected, the commitment form had been raised retrospective to the start date input on SWIFT.
Parking Enforcement & Tickets	High	Limited (One Priority 1, four Priority 2 and four Priority 3)	A priority 1 recommendation was raised as a number of write offs had been processed without being evidenced as approved in line with the Councils Scheme of Delegation.
<b>CORPORATE RISK REGISTER AUDITS</b>			
Non Comensura Interims and Consultants	High	Limited (One Priority 1 and five Priority 2 recommendations)	A priority 1 recommendation has been raised relating to interim contract and contract extensions not being retained by the Workforce division and the terms of engagement were those of the respective suppliers.
<b>DEPARTMENTAL RISK REGISTER AUDITS</b>			
CFL - Academies Transition Management	High	Limited (Three Priority 1, six Priority 2 and two Priority 3 recommendations)	Three priority 1 recommendations have been raised as, although an Academies Board had been set up, there were inadequate governance arrangements in place to manage and monitor the conversion process, for one of the instances sampled the bank account closure mandate had been circumvented and the required authorisation not obtained and the return of P-Cards had not been adequately monitored on a consistent basis to verify that all Council owned cards had been returned.
CFL - Unaccompanied Minors	High	Limited (Five Priority 1 and twelve Priority 2 recommendations)	Five priority 1 recommendations were raised as age assessments had not completed in a timely manner for most of the clients tested, resulting in possible failure to achieve the UKBA grant funding conditions, SWIFT numbers and information on client records could not be matched between different systems for three out of ten children tested, evidence was not available to confirm that the placement provider choice had been reviewed and authorised as appropriate prior to placement for any of the sample tested, Placement Finance Agreements (PFA) or equivalent documents could not be located for most of the sample and evidence was not available to confirm that financial authorisation for the placement was given prior to placement, for more than half of the sample tested.
DASH - Brokerage	High	Limited (Two Priority one and six Priority 2 recommendations)	Two priority 1 recommendations have been raised relating to the process for selecting service users to visit had not been finalised and the contracts for the providers not being signed and sealed by the Council.
P&D - Vehicle Removals	High	Limited (One Priority 1, four Priority 2 and one Priority 3 recommendations)	One priority 1 recommendation has been raised relating to reconciliations between the cash collected from the Pound and income banked not being conducted.

P&D - Biking the Borough	High	Limited (One Priority 1 and three Priority 2 recommendations)	A priority 1 recommendation was raised as a substantial amount of the grant funding for 2013/14, which is required to be incurred by 31 March 2014, relates to the creation of a secure cycle parking 'station' at East Croydon Station, construction of which is only due to commence in September 2014.
P&D - Pay and Display meter cash collection	High	Limited (Four Priority 1, three Priority 2 and three Priority 3 recommendations)	Four priority 1 recommendations have been raised relating to a health and safety risk assessment not being conducted and a number of key safety measures not being implemented, the Council not being insured for the pay and display cash collection operation, a lack of control over the pay and display meter keys and cash tins being unloaded in an unsecure area.
P&D - Environmental Enforcement	High	Limited (Two Priority 1, one Priority 2 and one Priority 3 recommendations)	Two priority one recommendations were raised relating to a significant number of 2013-14 Fixed Penalty Notices that had not been paid or chased up with offenders and reconciliations not being carried out for cash collected and banked.
CED - Fuel Management	High	Limited (One Priority 1, four Priority 2 and three Priority 3 recommendations)	A priority one recommendation has been raised relating to health and safety equipment checks not being regularly conducted.
P&D - Street Lighting : Recharging	High	Limited (Four Priority 1, seven Priority 2 and one Priority 3 recommendations)	<p>A priority 1 recommendation was raised as an invoice could not be located and three of the invoices did not reconcile to the corresponding Final Payment Reports.</p> <p>Priority 1 recommendations were also raised as a copy of the Annual Investment Programme for the third payment Year of the contract (2013/14) was not available, accurate performance figures for April and May 2013 were yet to be produced and there have been no Revenue Sharing Equity IRR calculations submitted by the Service Provider or produced by the Authority.</p> <p>A further priority 1 recommendation was raised as although the Authority had the right to deduct £4,175.51, for April and May 2013 Payment Adjustments had not been applied to the corresponding Final Payment Reports for PS9 Target A in accordance with the Payment Mechanism, nor were the non-application of the Adjustments approved in accordance with the scheme of delegation.</p>
P&D - Waste Collection (Contract Management)	High	Limited (Two Priority1 and four Priority 2 recommendations)	Priority 1 recommendations have been raised relating to two large invoices being paid despite being in dispute and the relevant contractors not having been formally notified and all six orders sampled having been raised subsequent to the invoice being received.
RCS -Facilities Management (Interserve Contract Procurement)	High	Limited (One Priority 1 and two Priority 2 recommendations)	A priority 1 recommendation has been raised relating to a number of the Councils Payment Procedures and P2P processes not being complied with.
<b>CONTRACT AUDITS</b>			
Kensington Avenue Primary School Exp Improvement Works (Vertical contract audit)	High	Limited (One Priority 1, nine Priority 2 and two Priority 3 recommendations)	A priority 1 recommendation was raised as, although requested, the scores to the first stage responses and a breakdown of how these were subsequently treated in the tender evaluation calculations were not provided.
Refoofing Monks Orchard Primary School Vertical contract audit)	High	Limited (Two Priority 1, two Priority 2 and one Priority 3 recommendations)	Priority 1 recommendations were raised as the contract award was not authorised by the CCB as required, the contract, although signed by the contractor, had not yet been signed or sealed on behalf of the Council, evidence of a CDM Co-ordinator being appointed was not provided and there was no evidence of a contract instruction being issued to delete provisional items from the contract sum, and, where used, to add these back at the actual agreed costs.

SCHOOL AUDITS			
All Saints Federated School	Medium	Limited (Two Priority 1, eleven Priority 3 and five Priority 3 recommendations)	Priority 1 recommendations were raised due to most of the purchase orders out of the sample tested not being evidenced as appropriately approved and goods or services received checks not being evidenced for most of the transactions sampled.
Greenvale Primary School	Medium	Limited (Two Priority 1, eight Priority 3 and five Priority 3 recommendations)	Priority 1 recommendations were raised due to the terms of reference for the 'Policy Review' 'Premises', 'Health and Safety' and 'Education' Committees not being available or evidenced in the Governing Body meeting minutes as approved and due to goods or services received checks were not evidenced for the majority of the sample tested.
Kensington Avenue School	Medium	No (Twelve Priority 1, fifteen Priority 2 and eleven Priority 3 recommendations)	<p>A priority 1 recommendation was raised relating to the School being unable to provide evidence of registration with the Information Commissioners Office.</p> <p>Three priority 1 recommendations were raised relating to no evidence of right to work being obtained for one new starter, two references were not held on file for 3 new starters and no record of a DBS check for three governors and some DBS checks for staff and governors over three years old.</p> <p>Priority 1 recommendations were also raised relating to the raising of appropriately authorised purchase orders, a number of invoices not evidenced as appropriately approved and supporting documentation not available for a leaving gift cash collection which was exchanged for a cheque payment from the School and school meal debt totalling £5,600.00.</p> <p>Further Priority 1 recommendations were raised relating to the Resources Committee not having met for over a year, the Financial Policies and Procedures Manual not evidenced as approved by the Governing Body, the School not having a register of pecuniary interests and a ledger of the School Fund not being maintained, no supporting documentation available and no evidence of the School Fund being audited.</p>
Regina Coeli RC Primary School	Medium	Limited (Four Priority 1, fourteen Priority 2 and nine Priority 3 recommendations)	<p>A priority 1 recommendation was raised relating to two written references not being retained on file for the two of the new starters sampled.</p> <p>Priority 1 recommendations were also raised relating to the raising of appropriately authorised purchase orders, the segregation of duties for goods / service received checks and transactions being authorised in line with the School's Financial Policy and Organisation document.</p>
Ryelands Nursery and Primary School	Medium	Limited (Two Priority 1, Thirteen Priority 2 and two Priority 3 recommendations)	Two priority 1 recommendations were raised due to nine instances of retrospective purchase order generation and there being no evidence that approval by the Governing Body for the award of the current Catering Contract had been sought.
St Aidan's Catholic Primary School	Medium	Limited (Three Priority 1, ten Priority 2 and three Priority 3 recommendations)	Three priority 1 recommendations have been raised relating to 8 instances where the audit findings were contrary to the Schools completed School Financial Value Standard (SFVS) assessment, orders for nine of the 15 transaction sampled had been raised retrospectively to the corresponding invoice and goods or services received checks were not evidenced for ten out of the 15 transactions sampled.
St Chads RC Primary School	Medium	Limited (Two Priority 1, three Priority 3 and six Priority 3 recommendations)	Two priority 1 recommendations were raised relating to purchase orders being raised subsequent to corresponding invoices being received and goods/services not being evidenced as received.
Thorton Heath Childrens Centre	Medium	No (Five Priority 1, thirteen Priority 2 and six Priority 3 recommendations)	<p>Two priority 1 recommendations were raised relating to occupational health checks not being conducted and no evidence of right to work being obtained for the three new starters sampled.</p> <p>Priority 1 recommendations were also raised relating to the raising of appropriately authorised purchase orders, goods / service received checks being evidenced and transactions</p>



			being authorised in line with the Centre's Best Value Statement Finance Policy and Procedures document.
The Achbishop Lanfranc School	Medium	Limited (Five Priority 1, thirteen Priority 3 and seven Priority 3 recommendations)	Two priority 1 recommendations were raised due to two references not being evidenced as obtained prior to employment of all of the three starters sampled and a number of instances where the staff DBS checks had not been renewed and DBS checks for three governors were not evident.  Priority 1 recommendations were also raised relating to the appropriate raising of purchase orders, the evidencing of goods received checks and the school debit card, which it was stated was not in use.
Achbishop Tenisons CofE School	Medium	Limited (One Priority 1, fourteen Priority 3 and six Priority 3 recommendations)	A priority 1 recommendation was raised due to a number of purchase orders out of the sample tested being raised subsequent to the corresponding invoices.
Edenham High School	Medium	No (Five Priority 1, twenty three Priority 2 and five Priority 3 recommendations)	Three priority 1 recommendations were raised due to several one-off payments having been made to teaching staff, which were not in line with the School's Pay Policy or evidenced as approved by the Staff Committee; instances being identified where two references were not evidenced as obtained prior to employment and retained on file and the Principal's salary being increased from the wrong date and not with effect from 1 September as required for 2010/11 and 2011/12. In addition, the 'Pension Return of Salary and Service Information' returns submitted for the same periods contained errors and did not correctly represent the salary changes.  Priority 1 recommendations were also raised as the Clerk to the Governors was a staff member at the School with authority to sign cheques and as orders had been raised subsequent to the receipt of the respective invoices and were not evidenced as authorised in accordance with the School's Scheme of Delegation.
Virgo Fidelis High School	Medium	Limited (Four Priority 1, six Priority 2 and seven Priority 3 recommendations)	Four priority 1 recommendations were raised relating to references and health checks being obtained for new staff, some DBS checks being long outstanding and some instances where petty cash expenditure was not in line with the 'Guidance for schools relating to the acceptable use of school (public) monies'.
Bensham Manor MLD Secondary	Medium	Limited (Three Priority 1, seventeen Priority 2 and six Priority 3 recommendations)	Priority 1 recommendations were raised relating to occupational health checks and evidence of Right to Work checks not being retained for all three new starters sampled and some purchase orders being raised subsequent to corresponding invoices received and some orders not being appropriately authorised.
Red Gates SLD and Autism	Medium	Substantial (One Priority 1 recommendation, two Priority 2 and two Priority 3 recommendations)	One Priority 1 recommendation has been raised relating to 'right to work' checks being evidenced for the staff sampled.
St Giles School	Medium	Limited (Two Priority 1, six Priority 2 and eight Priority 3 recommendations)	Two priority 1 recommendations have been raised relating to evidence of a Right to Work check not being retained on file for all three new starters sampled and purchase orders being raised subsequent to the corresponding invoices being received and purchase orders not being appropriately invoiced.

## Appendix 3 - Follow-up of 2010/11 audits (Incomplete only)

Financial Year in which initial audit performed	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Total Implemented	Percentage Implemented
2010/11	Stubbs Mead Depot	Jo Negrini	High	Limited (Follow ups still in progress)	2	0	0%
<b>Recommendations and implementation from audits that have had responses</b>					<b>793</b>	<b>695</b>	<b>88%</b>
<b>Priority 1 Recommendations from audits that have had responses</b>					<b>15</b>	<b>14</b>	<b>93%</b>

## Appendix 4 - Follow-up of 2012/13 audits

Audit Plan	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Total Implemented	Percentage Implemented
2012/13	Dataease	Paul Greenhalgh	High	No (No further follow up)	8		
2012/13	Community Care Payments	Hannah Miller	High	Limited (No further follow up planned)	6	6	100%
2012/13	Emergency and Business Continuity Planning	Nathan Elvery	High	Limited (No further follow up planned)	7	7	100%
2012/13	Leavers Process	Nathan Elvery	High	Limited (No further follow up planned)	11	11	100%
2012/13	The Crescent Primary School Expansion (Phase 2)	Jo Negrini	High	Limited (No further follow up planned)	6	5	83%
2012/13	Registrars	Nathan Elvery	High	Limited (1 <sup>st</sup> follow up completed)	11	8	73%
2012/13	Waddon Ponds	Jo Negrini	High	Limited (No further follow up planned)	6	6	100%
2012/13	Right to Buy	Hannah Miller	High	Limited (No further follow ups planned)	4	4	100%
2012/13	LGf12 Fronter	Nathan Elvery	High	Limited (1 <sup>st</sup> follow up in progress)	7	-	-
2012/13	Facilities Management	Nathan Elvery	High	Limited (No further follow up planned)	3	3	100%
2012/13	Cash and Banking	Nathan Elvery	High	Satisfactory (3 <sup>rd</sup> follow up progress)	3	2	66%
2012/13	Creditors (inc P2P)	Nathan Elvery	High	Satisfactory (No further follow up – superseded by 13/14 audit)	3	2	67%
2012/13	Housing Benefits	Nathan Elvery	High	Satisfactory (No further follow ups planned)	6	5	84%
2012/13	Debtors	Nathan Elvery	High	Satisfactory (No further follow ups planned)	5	5	100%
2012/13	Housing Rents	Hannah Miller	High	Satisfactory (No further follow up)	4	4	100%

Audit Plan	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Total Implemented	Percentage Implemented
				planned)			
2012/13	Main Accounting System	Nathan Elvery	High	Satisfactory (No further follow ups planned)	1	1	100%
2012/13	Treasury Management	Nathan Elvery	High	Satisfactory (No further follow ups planned)	1	1	100%
2012/13	Budget Monitoring	Nathan Elvery	High	Satisfactory (3 <sup>rd</sup> follow up in progress)	4	2	50%
2012/13	Information Governance CFL and DASHH	Nathan Elvery/ Paul Greenhalgh/ Hannah Miller	High	Satisfactory (No further follow up planned)	2	2	100%
2012/13	Information Governance	Nathan Elvery	High	Satisfactory (No further follow up planned)	7	6	86%
2012/13	Contract Management Framework	Nathan Elvery	High	Satisfactory (3 <sup>rd</sup> follow up in progress)	3	1	33%
2012/13	Third Sector Grants	Nathan Elvery	High	Satisfactory (No further follow up planned)	5	5	100%
2012/13	Performance Management Data Quality	Nathan Elvery	High	Satisfactory (No further follow up planned)	2	2	100%
2012/13	CHRIS Data	Nathan Elvery	High	Satisfactory (2 <sup>nd</sup> follow up in progress)	1	0	0%
2012/13	Equality Act	Nathan Elvery	High	Satisfactory (No further follow up planned)	9	8	89%
2012/13	CALAT	Paul Greenhalgh	High	Satisfactory (No further follow up planned)	3	3	100%
2012/13	Early Years	Paul Greenhalgh	High	Satisfactory (No further follow up planned)	1	1	100%
2012/13	School Improvement	Paul Greenhalgh	High	Satisfactory (No further follow ups planned)	8	8	100%
2012/13	School Admissions	Paul Greenhalgh	High	Satisfactory (No further follow ups planned)	7	6	86%
2012/13	Homelessness	Hannah Miller	High	Satisfactory	8	8	100%

Audit Plan	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Total Implemented	Percentage Implemented
				(No further follow ups planned)			
2012/13	Landlord Services	Hannah Miller	High	Satisfactory (No further follow ups planned)	4	4	100%
2012/13	Careline	Hannah Miller	High	Satisfactory (No further follow ups planned)	3	3	100%
2012/13	Planning Enforcement	Jo Negrini	High	Satisfactory (No further follow ups planned)	7	7	100%
2012/13	Building Control	Jo Negrini	High	Satisfactory (2 <sup>nd</sup> follow up in progress)	2	1	50%
2012/13	Economic Development Plan	Jo Negrini	High	Satisfactory (No further follow ups planned)	8	8	100%
2012/13	Bridges and Infrastructure	Jo Negrini	High	Satisfactory (No further follow ups planned)	4	4	100%
2012/13	Post Riot Funding	Nathan Elvery	High	Satisfactory (No further follow up planned)	1	1	100%
2012/13	Food Safety	Jo Negrini	High	Satisfactory (No further follow up planned)	4	4	100%
2012/13	Highways	Jo Negrini	High	Satisfactory (2 <sup>nd</sup> follow up in progress)	4	3	75%
2012/13	Leisure Contract Management	Jo Negrini	High	Satisfactory (No further follow up planned)	4	4	100%
2012/13	E-GENDA Application	Nathan Elvery	High	Satisfactory (2 <sup>nd</sup> follow up in progress)	5	2	40%
2012/13	Croydon Design Studio	Nathan Elvery	High	Satisfactory (No further follow ups planned)	2	2	100%
2012/13	Preparations for the Localisation of Business Rates	Nathan Elvery	High	Satisfactory (No further follow ups planned)	2	2	100%
2012/13	i-GRASP Application	Nathan Elvery	High	Satisfactory (No further follow up planned)	6	5	83%

Audit Plan	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Total Implemented	Percentage Implemented
2012/13	Corporate GIS Allocation Phase 2	Nathan Elvery	High	Satisfactory (No further follow ups planned)	5	5	100%
2012/13	Electronic Social Care Records (ESCR)	Nathan Elvery	High	Satisfactory (No further follow ups planned)	7	6	86%
2012/13	Jeanette Wallace Building Data Centre Review	Nathan Elvery	High	Satisfactory (No further follow ups planned)	5	5	100%
2012/13	SharePoint Windows Operating System	Nathan Elvery	High	Satisfactory (2 <sup>nd</sup> follow up in progress)	9	7	78%
2012/13	Contender Windows Operating System (computer audit)	Nathan Elvery	High	Satisfactory (2 <sup>nd</sup> follow up in progress)	4	3	75%
2012/13	Independent Travel Training Service	Nathan Elvery	High	Satisfactory (No further follow ups planned)	4	4	100%
2012/13	35 Salem Place	Hannah Miller	High	Satisfactory (No further follow ups planned)	6	6	100%
2012/13	Old Town Door Entry System	Hannah Miller	High	Satisfactory (No further follow ups planned)	2	2	100%
2012/13	Gatestone Court Door Entry	Hannah Miller	High	Satisfactory (No further follow ups planned)	3	3	100%
2012/13	ICT Procurement	Nathan Elvery	High	Satisfactory (No further follow ups planned)	1	1	100%
2012/13	BWH Contract Compliance	Nathan Elvery	High	Satisfactory (No further follow ups planned)	1	1	100%
2012/13	Third Sector Contracts	Nathan Elvery	High	Satisfactory (No further follow ups planned)	5	4	80%
<b>Recommendations and implementation from audits that have had responses</b>					<b>245</b>	<b>219</b>	<b>89%</b>
<b>Priority 1 Recommendations from audits that have had responses</b>					<b>19</b>	<b>18</b>	<b>95%</b>

School audits							
Audit Plan	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Total Implemented	Percentage Implemented
2012/13	Purley Nursery	Paul Greenhalgh	Medium	Limited (No further follow up planned)	15	14	94%
2012/13	Tunstall Nursey	Paul Greenhalgh	Medium	Limited (No further follow up planned)	25	20	80%
2012/13	Cypress Primary	Paul Greenhalgh	Medium	Limited (No further follow up planned)	19	18	95%
2012/13	Kenley Primary	Paul Greenhalgh	Medium	Limited (No further follow up planned)	15	13	87%
2012/13	St Mary's Catholic High School	Paul Greenhalgh	Medium	Limited (3 <sup>rd</sup> follow up in progress)	22	15	69%
2012/13	Priory School	Paul Greenhalgh	Medium	Limited (No further follow up planned)	13	13	100%
2012/13	Roke Primary	Paul Greenhalgh	Medium	Limited (No further follow up planned)	8	7	88%
2012/13	Addington High School	Paul Greenhalgh	Medium	Limited (No further follow up planned)	12	11	92%
2012/13	Westwood Girls' College	Paul Greenhalgh	Medium	Limited (No further follow up planned)	22	20	91%
2012/13	The Crescent Primary School	Paul Greenhalgh	Medium	Limited (No further follow up planned)	15	13	87%
2012/13	Winterbourne Junior Girls' School	Paul Greenhalgh	Medium	Limited (No further follow up planned)	19	18	95%
2012/13	Benson Primary and Nursery	Paul Greenhalgh	Medium	Substantial (No further follow up planned)	10	10	100%
2012/13	Beulah Junior	Paul Greenhalgh	Medium	Limited (No further follow up planned)	14	13	93%
2012/13	Castle Hill Primary	Paul Greenhalgh	Medium	Substantial (No further follow up planned)	10	10	100%
2012/13	Courtwood Primary	Paul Greenhalgh	Medium	Substantial (No further follow up planned)	11	10	91%
2012/13	Davidson Primary	Paul Greenhalgh	Medium	Substantial (No further follow up planned)	17	16	95%
2012/13	Orchard Way	Paul Greenhalgh	Medium	Substantial (No further follow up planned)	9	8	89%

2012/13	Norbury Manor Primary	Paul Greenhalgh	Medium	Substantial (No further follow up planned)	13	12	93%
2012/13	Purley Oaks Primary	Paul Greenhalgh	Medium	Substantial (No further follow up planned)	10	10	100%
2012/13	St Mark's C of E Primary	Paul Greenhalgh	Medium	Substantial (No further follow up planned)	9	9	100%
2012/13	St Mary's RC Junior School	Paul Greenhalgh	Medium	Substantial (No further follow up planned)	5	4	80%
2012/13	Wolsey Infant School	Paul Greenhalgh	Medium	Substantial (No further follow up planned)	9	9	100%
2012/13	Victoria House PRU	Paul Greenhalgh	Medium	Substantial (No further follow ups)	12	11	92%
<b>Recommendations and implementation from school audits that have had responses</b>					<b>314</b>	<b>284</b>	<b>90%</b>
<b>Priority 1 Recommendations from school audits that have had responses</b>					<b>18</b>	<b>17</b>	<b>94%</b>
<b>Recommendations and implementation from all audits that have had responses</b>					<b>559</b>	<b>503</b>	<b>90%</b>
<b>Priority 1 Recommendations from all audits that have had responses</b>					<b>37</b>	<b>35</b>	<b>95%</b>



## Appendix 5 - Follow-up of 2013/14 audits

Audit Plan	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Total Implemented	Percentage Implemented
2013/14	Creditors	Nathan Elvery	High	Limited (2 <sup>nd</sup> follow up in progress)	4	2	50%
2013/14	Non Comensura Interims & Consultants	Nathan Elvery	High	Limited (1 <sup>st</sup> follow up in progress)	6	-	-
2013/14	Academies Conversion	Paul Greenhalgh	High	Limited (No follow up required)	11	11	100%
2013/14	Brokerage	Hannah Miller	High	Limited (No further follow up planned)	8	8	100%
2013/14	Vehicle Removals	Jo Negrini	High	Limited (No further follow ups planned)	6	5	84%
2013/14	Pay and Display Cash Collections	Jo Negrini	High	Limited (No further follow up planned)	10	9	90%
2013/14	Environmental Enforcement	Jo Negrini	High	Limited (No further follow up planned)	4	4	100%
2013/14	Fuel Management	Jo Negrini	High	Limited (No further follow ups planned)	8	7	88%
2013/14	Waste Collection	Jo Negrini	High	Limited (No further follow ups planned)	6	5	84%
2013/14	Facilities management (Interserve Contract Procurement)	Nathan Elvery	High	Limited (No further follow up planned)	3	3	100%
2013/14	Main Accounting	Nathan Elvery	High	Satisfactory (1 <sup>st</sup> follow up in progress)	3	-	-
2013/14	Payroll	Nathan Elvery	High	Satisfactory (No further follow up planned)	4	4	100%
2013/14	Recharging	Nathan Elvery	High	Satisfactory (1 <sup>st</sup> follow up in progress)	3	-	-
2013/14	Housing Tenancy	Hannah Miller	High	Satisfactory (No further follow ups planned)	4	4	100%
2013/14	Public Health Transition of Financial Management	Hannah Miller	High	Satisfactory (No further	6	6	100%

Audit Plan	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Total Implemented	Percentage Implemented
				follow ups planned)			
2013/14	Community Infrastructure Levy	Jo Negrini	High	Satisfactory (No further follow ups planned)	2	2	100%
2013/14	Social Fund Reform (CDS)	Nathan Elvery	High	Satisfactory (No further follow ups planned)	4	4	100%
<b>Recommendations and implementation from audits that have had responses</b>					<b>80</b>	<b>74</b>	<b>92%</b>
<b>Priority 1 Recommendations from audits that have had responses</b>					<b>17</b>	<b>16</b>	<b>94%</b>
<b>School audits</b>							
Audit Plan	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Total Implemented	Percentage Implemented
2013/14	Thornton Heath Children's Centre	Paul Greenhalgh	Medium	No (No further follow up planned)	24	23	96%
2013/14	Kensington Avenue Primary	Paul Greenhalgh	Medium	No (2nd follow up in progress)	38	21	56%
2013/14	Edenham High School	Paul Greenhalgh	Medium	No (No further follow up planned)	33	32	98%
2013/14	All Saints C of E Primary School	Paul Greenhalgh	Medium	Limited (no further follow up planned)	18	17	95%
2013/14	Greenvale Primary	Paul Greenhalgh	Medium	Limited (no further follow up planned)	26	21	81%
2013/14	Ryelands Primary School and Nursery	Paul Greenhalgh	Medium	Limited (No further follow up as converted to Academy )	17	11	65%
2013/14	Regina Coeli Catholic Primary	Paul Greenhalgh	Medium	Limited (no further follow up planned)	27	23	86%
2013/14	The Archbishop Lanfranc	Paul Greenhalgh	Medium	Limited (4th follow up in progress)	25	15	60%
2013/14	St Aidan's Catholic Primary	Paul Greenhalgh	Medium	Limited (Follow-ups still in progress)	16	12	75%
2013/14	St Chads	Paul Greenhalgh	Medium	Limited (3rd follow up	11	7	64%

Audit Plan	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Total Implemented	Percentage Implemented
				in progress)			
2013/14	St Giles	Paul Greenhalgh	Medium	Limited (No further follow up planned)	16	16	100%
2013/14	Archbishop Tenison's C of E High School	Paul Greenhalgh	Medium	Limited (No further follow up planned)	21	19	91%
2013/14	Bensham Manor School	Paul Greenhalgh	Medium	Limited (No further follow up planned)	26	22	85%
2013/14	Gresham Primary	Paul Greenhalgh	Medium	Satisfactory (No further follow up planned)	10	8	80%
2013/14	Forestdale Primary	Paul Greenhalgh	Medium	Satisfactory (No further follow up planned)	20	20	100%
2013/14	Rowdown Primary	Paul Greenhalgh	Medium	Satisfactory (No further follow up planned)	19	18	95%
2013/14	St Joseph's Federation	Paul Greenhalgh	Medium	Satisfactory (1 <sup>st</sup> follow up in progress)	12	-	-
2013/14	St Peters Primary School	Paul Greenhalgh	Medium	Satisfactory (2 <sup>nd</sup> follow up in progress)	19	15	79%
2013/14	Winterbourne Junior Boys	Paul Greenhalgh	Medium	Satisfactory (No further follow up as converted to Academy 1/4/14)	11	7	64%
2013/14	Woodside Primary School and Children's Centre	Paul Greenhalgh	Medium	Satisfactory (No further follow up planned)	8	8	100%
2013/14	St Nicholas	Paul Greenhalgh	Medium	Satisfactory (No further follow up planned)	14	13	93%
2013/14	Red Gates	Paul Greenhalgh	Medium	Satisfactory (No further follow up planned)	5	5	100%
<b>Recommendations and implementation from school audits that have had responses</b>					<b>404</b>	<b>333</b>	<b>82%</b>
<b>Priority 1 Recommendations from school audits that have had responses</b>					<b>48</b>	<b>39</b>	<b>81%</b>
<b>Recommendations and implementation from all audits that have had responses</b>					<b>484</b>	<b>407</b>	<b>84%</b>

Audit Plan	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Total Implemented	Percentage Implemented
<b>Priority 1 Recommendations from all audits that have had responses</b>					<b>65</b>	<b>55</b>	<b>85%</b>

## Appendix 6 - Statement of Responsibility

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

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. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

### **Mazars Public Sector Internal Audit Limited**

**London**

**May 2014**

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