



## London Borough of Croydon

# London Borough of Croydon Internal Audit Annual Report for the year ended 31 March 2015

This report and the work connected therewith are subject to the Terms and Conditions of the contract dated 1 April 2008 between London Borough of Croydon and Mazars Public Sector Internal Audit Limited. The report is produced solely for the use of the London Borough of Croydon. Therefore you should not, without our prior written consent, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

This report has been prepared on the basis of the limitations set out on page 28.

# Contents

## Page

EXECUTIVE SUMMARY	2
2014/15 YEAR OPINION	7
APPENDIX 1 – WORK AGAINST AUDIT PLAN	13
APPENDIX 2 – SUMMARY OF PRIORITY ONE RECOMMENDATIONS	17
APPENDIX 3 - FOLLOW-UP OF 2012/13 AUDITS (INCOMPLETE ONLY)	22
APPENDIX 4 - FOLLOW-UP OF 2013/14 AUDITS	23
APPENDIX 4 - FOLLOW-UP OF 2014/15 AUDITS	27
APPENDIX 5 - STATEMENT OF RESPONSIBILITY	28

# Executive Summary

## Introduction

The purpose of this report is to contribute to 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, 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 in support of its Annual Governance Statement 2015 that is published with the statement of accounts for the year ended 31 March 2015.

## 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 2014/15, including our assessment of the London Borough of Croydon corporate governance and risk management processes and information technology governance.

The internal audit plan for 2014/15 was developed to primarily provide management with independent assurance on the adequacy and effectiveness of the systems of internal control.

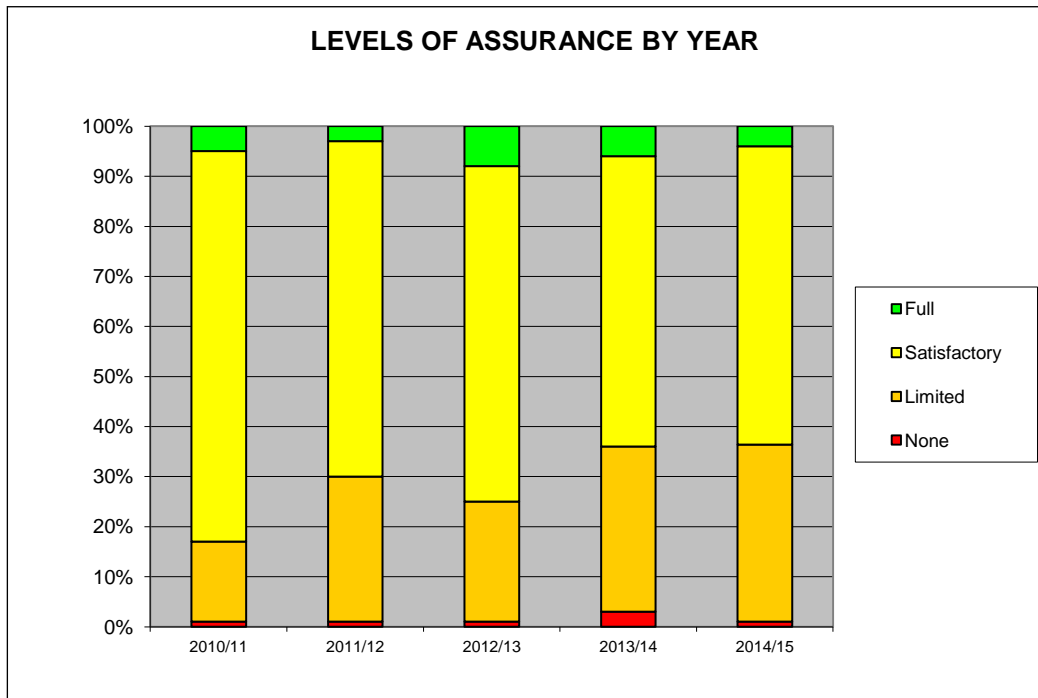
## Basis of Assurance

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 2015 was completed in line with the operational plan.

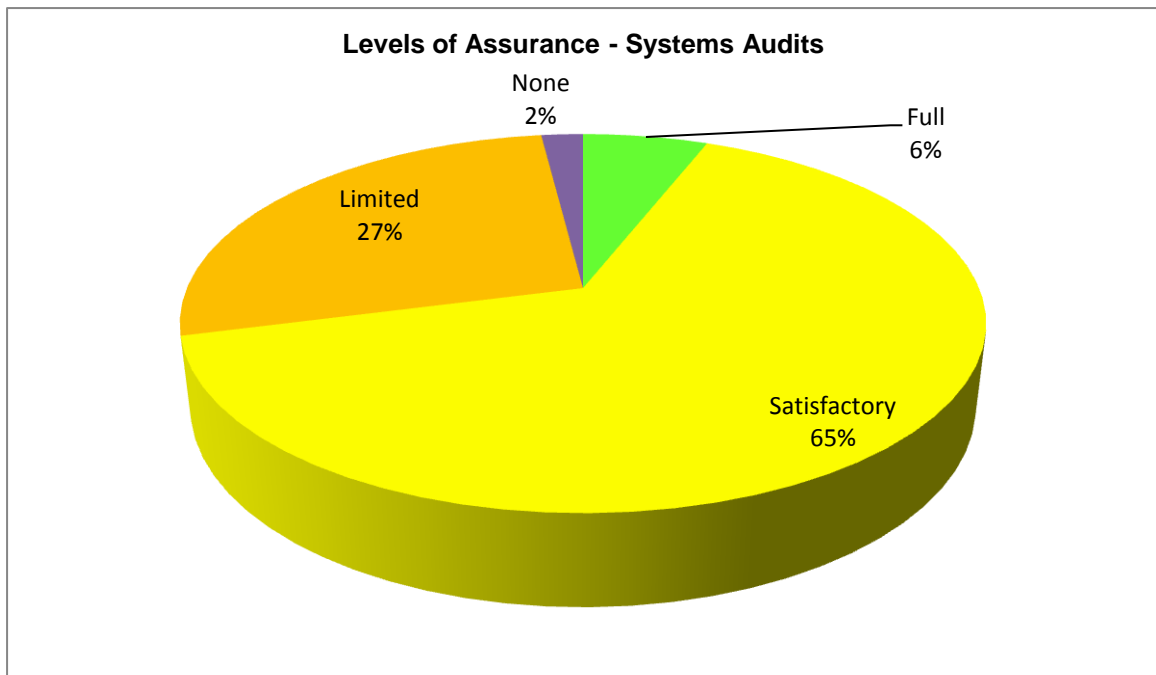
**Graph 1 – Assurance Levels**



	2010/11	2011/12	2012/13	2013/14	2014/15
Full Assurance	3%	3%	8%	6%	5%
Satisfactory Assurance	67%	67%	67%	57%	59%
Limited Assurance	29%	29%	24%	34%	35%
No Assurance	1%	1%	1%	3%	1%

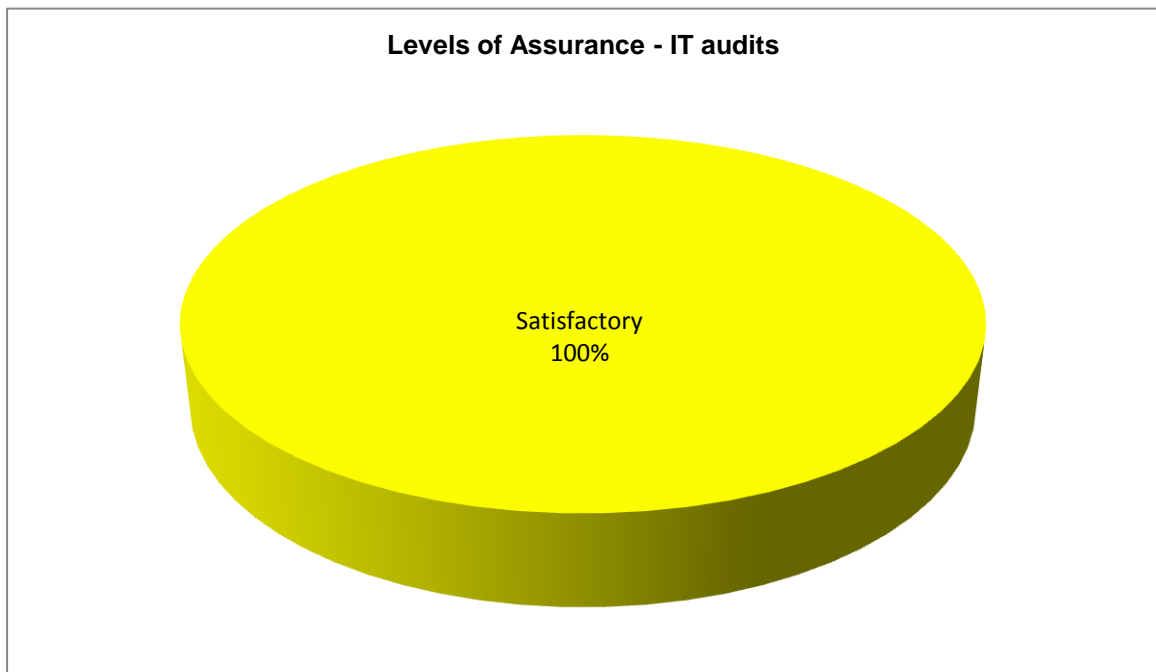
**Graph 1** shows the percentage of final audit reports issued per level of assurance over the past five years. As can be seen the number of limited and no assurance reports is marginally less than those issued during 2013/14.

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



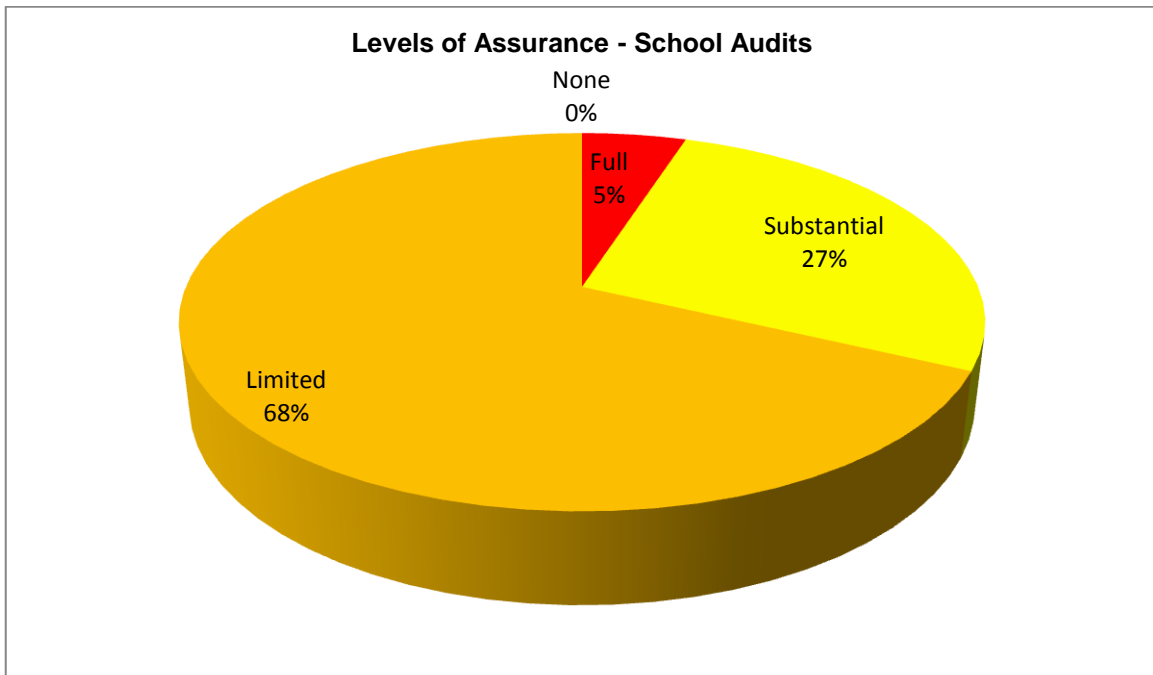
**Graph 2** shows the percentage of final reports issued per level of assurance achieved on all the full systems audited. This shows that 71% of the systems audited, including the core Council financial systems, achieved an assurance level of Satisfactory or Full. This is an improvement in performance from 2013/14 which was 67%. (It should be noted that 4 out of the 6 contract audits were either limited (3) or no assurance (1), which has impacted on the overall performance.)

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



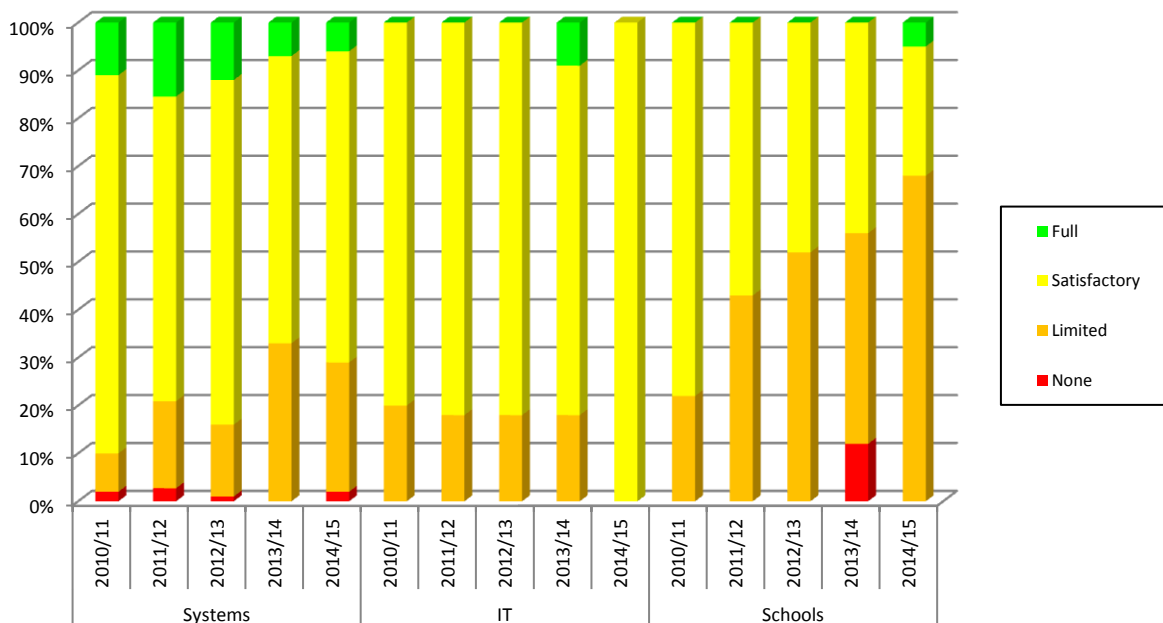
**Graph 3** shows the percentage of final audit reports issued per level of assurance for the computer audit programme of work. This shows that 100% of the computer audits achieved an assurance level of Satisfactory. This is an improvement on the performance of 2013/14 which was 82% (9 out of 11 audits).

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



**Graph 4** shows the results of the schools audit programme. A total of 32% of all locations visited resulted in a Substantial Assurance. This is a continued decrease in the performance from 2013/14, which was 44%, 2012/13 which was 48% and 2011/12 which was 57%. However, unlike 2013/14 when three no assurance audit reports were issued, no 'no' assurance reports were issued. In addition, Woodcote Primary School received a Full assurance – the first school to receive this level of assurance in Croydon.

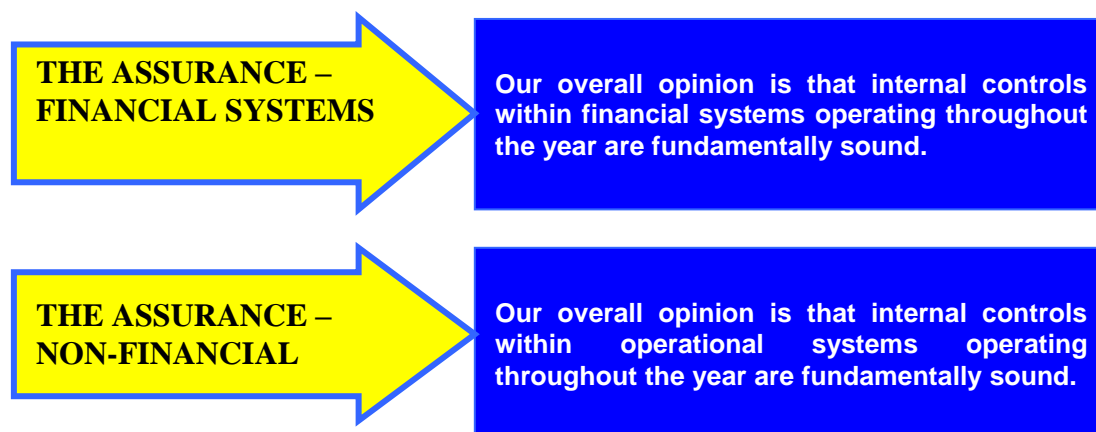
**COMPARISON OF ASSURANCE BY AUDIT TYPE 2010/11 TO 2014/15**



## 2014/15 Year Opinion

### Internal Control

From the Internal Audit work undertaken in 2014/15, 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 2015 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 Grant Thornton for its 2013/14 Audit which issued:
  - an unqualified opinion on the accounts which give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council;
  - an unqualified VfM (Value for Money) conclusion, where they were satisfied that in all significant respects the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014, and
  - an unqualified opinion on the council's Whole of Government Accounts submission, stating that the pack was consistent with the audited financial statements
- The statement provided by Grant Thornton in their 'The Audit Plan for Croydon Council' issued in June 2014, where based on the 'Results of interim audit work' that, 'The overall arrangements for internal audit are considered appropriate. We have concluded that the Internal Audit service continues to provide you with an independent and satisfactory service and that we can take assurance from their work in contributing to an effective internal control environment. Reports provided to date will be used to inform our approach at year end.'
- The Director of Finance & Assets and Section 151 Officer 2013/14 assessment of the Internal Audit function submitted to the General Purposes and Audit Committee on 25 June 2014.

### 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 2013/14, where no significant weaknesses in the internal control arrangements were identified, and



- Our 2013/14 audit of the Council's Corporate Governance Arrangements that provided an overall satisfactory assurance rating.

## Risk Management

In our opinion, based on:

- our 2013/14 audit of the Risk Management process, for which a satisfactory assurance was provided, and
- 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'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.

## 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 Grant Thornton in their 'The Audit Plan for Croydon Council' issued in June 2014, where based on the 'Results of interim audit work' that, 'Our work to date has identified no material weaknesses which are likely to adversely impact on your financial statements. IT (information technology) controls were observed to have been implemented in accordance with our documented understanding.'
- 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 - Resources Department, London Borough of Croydon)  
**Mike Clarkson** (Managing Director - Mazars Public Sector Internal Audit Ltd)

May 2015

# 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 2014/15 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 2014/15, six 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 68% of the schools audited during 2014/15 were given a limited assurance (15 out of 22 schools). Significant recommendations raised as a result of these audits related primarily to compliance with procurement requirements;
- Significant recommendations were raised due to a lack of compliance with the Councils Contracts and Tenders regulations, including contract formalities and the retention and availability of key documents;
- A number of audits identified that reconciliations to General Ledger were not being conducted in a timely manner. Some of these instances were due to the transition to One Oracle;
- In addition to reports necessary for budget managers to carry out the responsibilities properly, there are some important other specific One Oracle reports that are not available including: Aged debtor analysis, Exception reporting and Vacation rules, and
- Significant recommendations were raised relating to contract management, including weaknesses in active monitoring and physical checking.

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 supported by the members of the Corporate Management Team individually for their departments as well as the Chief Executive 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 General Purposes & Audit Committee (GPAC);
- 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 and officers, and
- Financial Regulations are reviewed and revised on an annual basis under delegated authority (by the Director of Finance and Assets and S151 Officer). The current version of the Financial Regulations was issued during May 2014. 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 GPAC receives regular reports on risk issues and ‘Red rated’ Strategic, Governance and Operational Risks are formally reviewed on a quarterly basis by GPAC. All Cabinet members receive regular reports in relation to their portfolio.

Departmental Leadership Team: All risks automatically appear on DLT (Departmental Leadership Team) meeting agendas on a quarterly basis.

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.

This includes:

- Officer Risk Champion role established via Strategy & Planning Managers for service Departments;
- Projects supported by named Risk & CPO support officer role for risk management and other support services;
- Quarterly risk challenge through Divisional and Departmental MTs is provided by the Risk & CPO function, and
- The running of risk workshops with a number of Project Boards, Project Managers and at Departmental Team Meetings by Risk & CPO 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 aligned to the new Corporate priorities as well as Croydon Vision Theme and Strategy. Ongoing liaison with the Challenge Croydon Programme to support with risk identification on both a programme and project level. An on-going process of developing and publishing risk logs via corporate risk system for major projects. This work to be 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. Guidance and useful documents are 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 2014/15 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 2014/15 audit plan was approved by the Audit Advisory Committee on 25<sup>th</sup> March 2014.

All audit fieldwork is complete for audits relating to the 2014/15 year programme. The 2014/15 Internal Audit plan is provided in Appendix 1 for information. The schedule shows the number of recommendations raised in each audit during 2014/15.

## 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%	39%
% of draft reports issued within 2 weeks of exit meeting with the Client	85%	85%
Number of draft reports	99	99

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 90% 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 2010/11	Performance 2011/12	Performance 2012/13 (to date*)	Performance 2013/14 (to date*)	Performance 2014/15 (to date*)
Percentage of priority one recommendation implemented at the time of the follow up audit	90%	100%	100%	97%	98%	71%
Percentage of all recommendations implemented at the time of the follow up audit	80%	88%	93%	92%	89%	81%

\* All audits for 2010/11 and 2011/12 have reached the implementation targets and no more follow-ups relating these years will be conducted. The follow ups of 2012/13 audits are almost complete, with 4 audits still being followed up. The follow ups of 2013/14 audits are still ongoing, with some audits that have been followed up still subject to further review. Not all 2014/15 audits have yet been subject to follow up action (the results of those 2012/13, 2013/14 and 2014/15 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

2014-15 Audit Plan	System Priority	Department	Assurance	Recommendations			Total Raised
				Priority			
				1	2	3	

KEY FINANCIALS/ IAS 315 REVIEWS							
Council Tax	High	Resources	Satisfactory	0	2	2	4
Creditors (inc P2P)	High	Resources	Satisfactory	0	4	2	6
Debtors	High	People	Draft	-	-	-	-
Housing Benefits	High	Resources	Satisfactory	0	1	0	1
Housing Rents & Accounting	High	Place	Satisfactory	0	4	1	5
Main Accounting System	High	Resources	Satisfactory	0	3	5	8
NNDR	High	Resources	Satisfactory	0	1	3	4
Payroll	High	Resources	Full	0	0	0	0
Pensions	High	Resources	Satisfactory	0	2	2	4
Treasury Management	High	Resources	Full	0	0	0	0
Community Care Payments	High	People	Limited	3	3	1	7
Housing Repairs	High	Place	Satisfactory	0	2	1	3
Payments to Schools	High	Resources	Satisfactory	0	1	2	3
Parking Enforcement & Tickets	High	Place	Limited	2	4	1	7
<b>Total Key Financials Audits</b>				<b>5</b>	<b>27</b>	<b>20</b>	<b>52</b>

CORPORATE RISK REGISTER AUDITS							
Capital programmes	High	Resources	Satisfactory	0	3	0	3
Third Sector Commissioning	High	Resources	Draft	-	-	-	-
Establishment Control	High	Resources	Satisfactory	0	3	0	3
HMRC Compliance	High	Resources	Satisfactory	0	3	0	3
Management of Corporate and Departmental Assets	High	Resources	Limited	1	8	0	9
People Strategy	High	Resources	Satisfactory	0	2	0	2
SharePoint rollout and usage	High	Resources	Satisfactory	0	3	4	7
Programme and Projects - Wandle Road Surface Car Park	High	Place	Satisfactory	0	5	1	6
Programme and Projects - West Croydon Interchange	High	Place	Satisfactory	0	1	1	2
Programme and Projects - New Addington Phase 2	High	Place	Satisfactory	0	0	2	2
Programme and Projects - The Infrastructure Delivery Plan	High	Place	Satisfactory	0	3	0	3
Programme and Projects - Fairfield Halls Refurbishment	High	Place	Satisfactory	0	4	0	4
Programme and Projects - SEN	High	Resources	Draft	-	-	-	-
Business Support Integration	High	Resources	Satisfactory	0	5	0	5
Staff Declarations of Gifts and Hospitality	High	Resources	Satisfactory	0	7	4	11
<b>Total Corporate Risk Register Audits</b>				<b>1</b>	<b>47</b>	<b>12</b>	<b>60</b>

<b>DEPARTMENTAL RISK REGISTER AUDITS</b>							
BWH Facilities Management	High	Resources	Draft	-	-	-	-
Electoral Registration	High	People	Satisfactory	0	5	1	6
Registrars	High	People	Draft	-	-	-	-
Schools Recruitment	High	Resources	Satisfactory	0	6	1	7
Agency use and new recruitment drive	High	People	Draft	-	-	-	-
Appointment of Independent Social Workers and commissioning of expert and family assessment work	High	People	Draft	-	-	-	-
Domestic Violence	High	People	Draft	-	-	-	-
Education Mutual	High	People	Satisfactory	0	2	1	3
Multi Agency Safeguarding Hub	High	People	Limited	3	8	0	11
SEN Transport	High	Resources	Draft	-	-	-	-
Commissioning of Public Health Service	High	People	Full	0	0	0	0
Community Wellbeing (Sexual Health, Health Checks, Obesity and smoking cessation)	High	People	Draft	-	-	-	-
Coroners Office	High	Resources	Draft	-	-	-	-
Direct payments	High	People	Limited	3	2	0	5
Disabled Facilities Grants	High	People	Satisfactory	0	6	9	15
Gas Safety Checks	High	Place	Satisfactory	0	2	0	2
Graffiti	High	Place	Draft	-	-	-	-
Financial Management of Bed and Breakfast Accommodation	High	People	Limited	2	7	0	9
Houses with Multiple Occupancy Licensing	High	People	Satisfactory	0	3	3	6
Integrated Commissioning (CCG)	High	People	Satisfactory	0	6	0	6
Better Care Fund	High	People	Draft	-	-	-	-
Substance Misuse	High	People	Limited	2	5	0	7
Abandoned Vehicles	High	Place	Satisfactory	0	2	0	2
Cashless Parking	High	Place	Draft	-	-	-	-
Crematorium and Cemeteries	High	Place	Limited	1	3	1	5
Home Energy Conservation Act	High	Resources	Limited	2	2	0	4
Housing Development – Affordable Housing	High	Place	Draft	-	-	-	-
Waste Contract Management	High	Place	Limited	3	4	0	7
Highways Clienting	High	Place	Satisfactory	0	3	4	7
<b>Total Departmental Risk Register Audits</b>				<b>16</b>	<b>66</b>	<b>20</b>	<b>102</b>

<b>COMPUTER AUDITS</b>							
Express Individual Electoral Registration	High	Resources	Satisfactory	0	4	1	5
ICT Asset Management	High	Resources	Satisfactory	0	6	0	6
Social Media	High	Resources	Satisfactory	0	1	1	2
Parking application	High	Place	Satisfactory	0	8	1	9
Liquidlogic	High	People	Satisfactory	0	7	2	9
AIS	High	People	Satisfactory	0	6	0	6
ICT Service Delivery	High	Resources	Draft	-	-	-	-

London Borough of Croydon – Internal Audit Annual Report

One Oracle (Local Arrangements)	High	Resources	Satisfactory	0	6	0	6
UNIX - Revs and Bens Operating system	High	Resources	Satisfactory	0	5	2	7
Windows Operating System Security	High	Resources	Satisfactory	0	3	1	4
<b>Total Computer Audits</b>				<b>0</b>	<b>46</b>	<b>8</b>	<b>54</b>

<b>CONTRACT AUDITS</b>							
Vertical Contract Audit- Automated Sprinkler Systems	High	Place	Draft	-	-	-	-
Vertical Contract Audit - 43 Carmichael Road - WC Evans & Sons (Eng.) Ltd	High	Place	No	5	3	1	9
Vertical Contract Audit - Council New Build Phase 4, Batches A&B: Design & Construction of 33 new homes - Westridge Construction	High	Place	Draft	-	-	-	-
Vertical Contract Audit - Lansdowne Rd Public Realm - Hobart Paving Company	High	Place	Draft	-	-	-	-
Vertical Contract Audit - Town Hall Basement works CALAT accommodation - Overbury	High	Resource	Limited	2	1	0	3
Close down and final account of CapGemni	High	Resource	Satisfactory	0	3	0	3
Contract Management Framework	High	Resource	Satisfactory	0	5	2	7
Procurement (Significant Spend Analysis) - Compliance Audit	High	Resource	Limited	4	1	0	5
School Building programme	High	People	Limited	3	4	1	8
<b>Total Contract Audit</b>				<b>14</b>	<b>17</b>	<b>4</b>	<b>35</b>

<b>SCHOOLS AUDITS</b>							
Davidson Primary	Medium	People	Substantial	0	6	6	12
Heavers Farm Primary	Medium	People	Substantial	0	4	3	7
Kensington Avenue Primary	Medium	People	Limited	4	15	5	24
Monks Orchard Primary School	Medium	People	Limited	3	3	5	11
Park Hill Junior	Medium	People	Limited	2	4	3	9
Priory School	Medium	People	Substantial	0	13	5	18
Regina Ceoli	Medium	People	Limited	4	6	10	20
Ridgeway Primary	Medium	People	Limited	3	7	5	15
Smitham Primary	Medium	People	Limited	4	4	4	12
St Marys Catholic Infants	Medium	People	Limited	4	10	4	18
The Hayes Primary	Medium	People	Limited	3	7	5	15
Thornton Heath Early Years	Medium	People	Limited	2	12	2	16
Woodcote Primary	Medium	People	Full	0	0	5	5
Coloma Convent High School	Medium	People	Limited	1	9	2	12
Thomas More	Medium	People	Limited	4	14	7	25
Edenham High	Medium	People	Substantial	0	2	9	11
Virgo Fidelis High	Medium	People	Substantial	0	11	6	17
St Marys Catholic High School	Medium	People	Substantial	0	15	5	20
Conningsby Centre PRU	Medium	People	Limited	1	4	7	12
Phil Edwards Centre PRU	Medium	People	Limited	1	3	7	11
Moving on	Medium	People	Limited	1	7	5	13



Cotelands Centre PRU	Medium	People	Limited	1	5	4	10
<b>Total Schools Audits</b>				<b>38</b>	<b>161</b>	<b>114</b>	<b>313</b>
<b>Total Recommendations</b>				<b>74</b>	<b>364</b>	<b>178</b>	<b>616</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>			
Community Care Payments	High	Limited (Three Priority 1, three Priority 2 and one Priority 3 recommendation raised)	Priority 1 recommendations were raised as sample testing identified delays in a number of instances of more than three weeks in authorising commitment forms, as weekly payment runs for Domiciliary Care services were not being authorised before being exported to Oracle for payment and as changes to service provider bank account details were not being checked in a timely manner.
Parking Enforcement & Tickets	High	Limited (Two Priority 1, four Priority 2 and one Priority 3 recommendation raised)	Priority 1 recommendations were raised as, since the introduction of One Oracle in August 2014, the Management Accountant has been unable to generate the required OBIE reports to enable him to reconcile income received from PCNs between the Oracle and Si-Dem systems and as Write-offs had been processed since September 2013 on the Si-Dem system without being submitted for approval in line with the Council's Scheme of Financial Delegation.
<b>CORPORATE RISK REGISTER AUDITS</b>			
Management of Corporate and Departmental Assets	High	Limited (One Priority 1 and eight Priority 2 recommendations)	A Priority 1 recommendation was raised as no audits of 'Hard Services' had been conducted since April 2012.
<b>DEPARTMENTAL RISK REGISTER AUDITS</b>			
Multi Agency Safeguarding Hub	High	Limited (Three Priority 1 and eight Priority 2 recommendations)	<p>A priority 1 recommendation was raised due to the MASH core partners only being co-located for two out of five days a week at the time of the audit. Access to two core partner's databases was not available on one of the two fully functional MASH days for the week commencing 16th June 2014, resulting in no contribution from these partners on this day.</p> <p>A priority 1 recommendation was raised due to the children's service contact centre missing 18% of phone calls received in June 2014.</p> <p>A further priority 1 recommendation was raised due to examination of five MASH intelligence forms identifying that three had not been completed within the required 3 days, with the longest process time being eight working days.</p>
Direct Payments	High	Limited (Three Priority 1 and two Priority 2 recommendations raised)	<p>A priority 1 recommendation was raised due to four out of a sample of five recent AIS Payment and Commitment Forms examined not being passed to the Direct Payments Team for payment processing in a timely manner, with the longest delay being 10 months.</p> <p>A recommendation was raised as, although checks were undertaken on changes made to bank account details on Swift, these were made retrospectively and were thus not sufficient to prevent payments being made to inappropriate accounts.</p> <p>A further priority 1 recommendation was raised due to a large backlog of outstanding quarterly returns that had not been returned by the clients at the time of the audit.</p>
Homelessness (6 week requirement and pressure relief)	High	Limited (Two Priority 1 and seven Priority 2 recommendations raised)	<p>A priority 1 recommendation was raised due to bed and breakfast accommodation arrears growing significantly and there being no systematic approach to the chasing of arrears payments and outstanding amenities charges.</p> <p>A priority 1 recommendation was raised due to sample testing identifying instances where rent accounts had not been set up in a timely manner, with one account not being set up at all and another taking 6 months to set up.</p>
Substance Misuse	High	Limited (Two Priority 1 and five Priority 2)	Priority 1 recommendations were raised as care file reviews were not carried out for cases on the AIS system and as no exception reports were being run on the AIS system, despite

		recommendations raised)	there being the functionality for this.
Crematorium and Cemeteries	High	Limited (One Priority 1, three Priority 2 and one Priority 3 recommendation raised)	A priority 1 recommendation was raised due to testing of a sample of payments identifying instances where organists, who are engaged to perform regular services during burials and cremations, had been paid through P2P system based on timesheets and invoices submitted. No NI or PAYE deduction in respect of these payments was evident.
Home Energy Conservation Act	High	Limited (Two Priority 1 and two Priority 2 recommendations raised)	A priority 1 recommendation was raised due to there being no monitoring of the HECA 'Further Report' and action plan since its initial submission in March 2013, because it was not considered a high priority within Sustainability team. A priority 1 recommendation was raised due to initial discussions with various housing officers identified as key contacts for the Council's HECA action plan identifying that they were not aware of the HECA action plan's existence, nor were they aware of the requirement to submit a report to HECA every two years.
Waste Management Contract	High	Limited (Three Priority 1 and four Priority 2 recommendations raised)	A priority 1 recommendation was raised due to the Council (client management) not having access to the ECHO application used by Veolia for recording missed collections; and the Council not challenging the 'unjustified' collections reported. Further priority 1 recommendations were raised as orders were being raised subsequent to the receipt of the invoices and no rectification or default notices had been issued to Veolia, despite there being 420 cases of 'justified' missed collections since April 2014.
<b>CONTRACT AUDITS</b>			
Vertical Contract Audit - 43 Carmichael Road - WC Evans & Sons (Eng.) Ltd	High	No (Five Priority 1, three Priority 2 and one Priority 3 recommendations raised)	Priority 1 recommendations were raised as overspends were not reported to the relevant senior authority, valuations of work were not provided, the Council did not execute the returned contracts in a timely manner and the decision to award the contract to the selected contractor was not signed by the appropriate delegated authority as stated within the London Borough of Croydon's Tender and Contracts Regulations. Furthermore, pre-tender estimates were not prepared in detail to support the approved budget figure and individual items within the quality specification essential to satisfying the business need were 'value engineered' out and held as client risk items only to be instructed back in.
Vertical Contract Audit - Town Hall Basement works CALAT accommodation - Overbury	High	No assurance was provided (One Priority 1 and one Priority 2 recommendations raised)	A priority 1 recommendation was raised as a number of key documents were not available.
Procurement (Significant Spend Analysis) - Compliance Audit	High	Limited (Four Priority 1 and one Priority 2 recommendations raised)	Priority 1 recommendations were raised as a contract was awarded without competition and there was no formal contract in place for this work for a period of four years, as electrical repairs works were procured without complying with relevant EU procurement legislation and as copies of key contracts documents were not available for some services provide.
School Building Programme	High	Limited (Three Priority 1, four Priority 2 and one Priority 3 recommendations raised)	A priority 1 recommendation was raised due to regular and timely School site condition surveys not being undertaken. A priority 1 recommendation was raised due to work on the new build on the Haling Road site starting 2 December 2013 but the development agreement not being signed by representatives of the Council until September 2014. A further priority 1 recommendation was raised due to the February 2014 minutes of the Education Estates Operational Board recording an individual would: "...find out which two projects costing [£]400,000 combined, went forward without financial approval." The outcome of this action appeared not to be recorded in the subsequent action points for the March 2014 meeting. Furthermore, it was minuted in the March 2014 Education Estates Strategy Board that there are "no matters arising" out of the previous Education Estates Operational Board.

SCHOOL AUDITS			
Kensington Avenue	Medium	Limited (Four Priority 1, fifteen Priority 2 and five Priority 3 recommendations)	<p>A priority 1 recommendation was raised due to the Resources Committee not meeting termly as required and thus not reviewing all relevant key financial obligations and recording relevant actions and not including and recording declarations of interests as an opening item.</p> <p>A priority 1 recommendation was raised due to only one reference being obtained (as opposed to the two required) for two of the three new starters sampled.</p> <p>A priority 1 recommendation was raised due to the majority of the purchase orders sampled not being evidenced as appropriately authorised and a number of orders being raised after the invoice had been received.</p> <p>A priority 1 recommendation was raised due goods/services received checks not being evidenced as conducted for the majority of the transactions sampled.</p>
Monks Orchard	Medium	Limited (Three Priority 1, three Priority 2 and five Priority 3 recommendations)	<p>A priority 1 recommendation was raised due to instances where DBS checks were more than three years old. (It was highlighted by the School that the application process had been delayed as Strictly Education had run out of forms).</p> <p>A priority 1 recommendation was raised relating to tendering for building work.</p> <p>A further priority 1 recommendation was raised as the school's laptops had not been encrypted to safeguard data.</p>
Park Hill Junior	Medium	Limited (Two Priority 1, four Priority 2 and three Priority 3 recommendations)	<p>Priority 1 recommendations were raised due to sample testing identifying that for a number of the transactions tested purchase orders had been raised subsequent to the receipt of the respective invoices and that goods/services received checks were not always evidenced.</p>
Regina Coeli Catholic Primary	Medium	Limited (Four Priority 1, six Priority 2 and ten Priority 3 recommendations)	<p>A priority 1 recommendation was raised due to one IEB member not documented as DBS checked.</p> <p>A priority 1 recommendation was raised due to sample testing establishing that purchase orders were not consistently produced in advance of the corresponding invoice being received or evidenced as appropriately approved.</p> <p>A priority 1 recommendation was raised due to sample testing establishing that the person evidencing that the goods/services had been conducted was not always independent from the person authorising the invoice.</p> <p>A further Priority 1 recommendation was raised due to sample testing establishing that invoices are not always being authorised in accordance with the Finance Policy and Procedures Manual.</p>
Ridgeway Primary	Medium	Limited (Three Priority 1, seven Priority 2 and five Priority 3 recommendations)	<p>A priority 1 recommendation was raised due to purchase orders not being consistently raised in advance of the corresponding invoices or evidenced as appropriately authorised.</p> <p>A priority 1 recommendation was raised due to goods/services received checks not being evidenced for most of the transactions sampled.</p> <p>A priority 1 recommendation was raised due to School laptops, which were loaned to staff and taken off site, not being encrypted to safeguard data.</p>
Smitham Primary	Medium	Limited (Four Priority 1, four Priority 2 and four Priority 3 recommendations)	<p>A priority 1 recommendation was raised due to purchase orders not consistently being produced in advance of the corresponding invoices being received or evidenced as being appropriately authorised.</p> <p>A priority 1 recommendation was raised due to goods/services received checks not being conducted for the majority of the transactions sampled.</p> <p>A priority 1 recommendation was raised due to invoices not being consistently authorised in accordance with the School's Finance Policy and Procedures Manual.</p> <p>A priority 1 recommendation was raised due to lap tops on</p>

			loan to staff not being encrypted to safeguard data.
St Mary's Catholic Infants	Medium	Limited (Four Priority 1, ten Priority 2 and four Priority 3 recommendations)	<p>A priority 1 recommendation was raised due to discrepancies being noted between the School's "Policy and Procedure for Finance" and the School's "Scheme of Delegation for Schools – Financial Matters, 2014-2015 Financial Year".</p> <p>A priority 1 recommendation was raised due to the Clerk to the Governing Body being identified as the School Business Manager, therefore presenting a conflict of interest. Furthermore, a number of issues with the quality of the meeting minutes were noted.</p> <p>A priority 1 recommendation was raised due to the majority of purchase orders sampled either not being appropriately authorised or raised after the corresponding invoices were received by the School and a purchase order over £5,000 that was not appropriately authorised.</p> <p>A priority 1 recommendation was raised due to sample testing noting that ten purchases did not evidence a goods or service received check.</p>
The Hayes Primary	Medium	Limited (Three Priority 1, seven Priority 2 and five Priority 3 recommendations)	<p>Priority 1 recommendations were raised due to sample testing identifying for a number of the transactions tested that purchase orders were raised retrospectively of goods/services and invoices being received and that goods/services received checks were not always evidenced.</p> <p>In addition, a Priority 1 recommendation was raised as some instances were identified where the School had made payments on behalf of the PTA and, although reimbursed by the PTA, the reimbursements had excluded the VAT element not claimable by the School.</p>
Thornton Health Early Years	Medium	Limited (Two Priority 1, twelve Priority 2 and two Priority 3 recommendations)	<p>Priority 1 recommendations were raised due to sample testing identifying for a number of the transactions tested that purchase orders were raised retrospectively of goods/services and invoices being received and that goods/services received checks were not always evidenced.</p>
Coloma Convent High School	Medium	Limited (One Priority 1, nine Priority 2 and one Priority 3 recommendations)	<p>A priority 1 recommendation was raised due to sample testing identifying that for a number of the transactions tested that purchase orders were raised retrospectively of goods/services and invoices being received.</p>
Thomas More Catholic School	Medium	Limited (Four Priority 1, fourteen Priority 2 and seven Priority 3 recommendations)	<p>A priority 1 recommendation was raised due to references not being held on the personnel files, for two of the sample of three new starters examined.</p> <p>A priority 1 recommendation was raised due to List 99 and DBS renewal checks not always being conducted as required.</p> <p>A priority 1 recommendation was raised due to orders not being raised for most of the sample of transactions examined.</p> <p>A further priority 1 recommendation was raised as a school debit card was held at the time of the audit.</p>
Coningsby PRU	Medium	Limited (One Priority 1, four Priority 2 and seven Priority 3 recommendations)	<p>A priority 1 recommendation was raised due to sample testing identifying that a number of purchase orders did not have a goods/services received check evidenced.</p>
Phil Edwards PRU	Medium	Limited (One Priority 1, three Priority 2 and seven Priority 3 recommendations)	<p>A priority 1 recommendation was raised due to sample testing identifying for a number of the transactions tested that goods/services received checks were not always evidenced.</p>
Moving On PRU	Medium	Limited (One Priority 1, seven Priority 2 and five Priority 3 recommendations)	<p>A priority 1 recommendation was raised as two references had not been obtained for two of the new starters sampled prior to their start dates.</p>

Cotelands Centre PRU	Medium	<p>Limited                      (One Priority 1, five                      Priority 2 and four                      Priority 3                      recommendations)</p>	<p>A priority 1 recommendation was raised as the School's laptops had not been encrypted to safeguard data.</p>
----------------------	--------	--	---

## Appendix 3 - Follow-up of 2012/13 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
<b>Non School Audits</b>							
2012/13	Building Control	Jo Negrini	High	Satisfactory (3 <sup>rd</sup> follow up in progress)	2	1	50%
2012/13	E-GENDA Application	Nathan Elvery	High	Satisfactory (4 <sup>th</sup> follow up in progress)	5	2	40%
2012/13	Contender Windows Operating System (computer audit)	Nathan Elvery	High	Satisfactory (4 <sup>th</sup> follow up in progress)	4	3	75%
<b>Non School Audits Sub Total: Recommendations and implementation from audits that have had responses</b>					<b>240</b>	<b>226</b>	<b>94%</b>
<b>Non School Audits Sub Total: Priority 1 Recommendations from audits that have had responses</b>					<b>19</b>	<b>19</b>	<b>100%</b>
<b>School Audits</b>							
2012/13	St Mary's Catholic High School	Paul Greenhalgh	Medium	Limited (4 <sup>th</sup> follow up in progress)	22	17	78%
<b>School Audits Sub Total: Recommendations and implementation from audits that have had responses</b>					<b>314</b>	<b>286</b>	<b>92%</b>
<b>School Audits Sub Total: Priority 1 Recommendations from audits that have had responses</b>					<b>18</b>	<b>17</b>	<b>95%</b>
<b>Recommendations and implementation from audits that have had responses</b>					<b>554</b>	<b>509</b>	<b>92%</b>
<b>Priority 1 Recommendations from audits that have had responses</b>					<b>37</b>	<b>36</b>	<b>97%</b>

## Appendix 4 - Follow-up of 2013/14 audits

Financial Year	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Implemented	
						Total	Percentage
<b>Non School Audits</b>							
2013/14	Creditors	Nathan Elvery	High	Limited (No further follow ups planned)	4	4	100%
2013/14	Community Care Payments	Paul Greenhalgh	High	Limited (No further follow ups planned)	2	2	100%
2013/14	Non Comensura Interims & Consultants	Nathan Elvery	High	Limited (3 <sup>rd</sup> follow up in progress)	6	3	50%
2013/14	Academies Conversion	Paul Greenhalgh	High	Limited (No further follow ups planned)	11	11	100%
2013/14	Unaccompanied Minors (Asylum Seekers)	Paul Greenhalgh	High	Limited (No further follow ups planned)	17	15	89%
2013/14	Brokerage	Paul Greenhalgh	High	Limited (4 <sup>th</sup> follow up in progress)	8	6	75%
2013/14	Vehicle Removals	Jo Negrini	High	Limited (No further follow ups planned)	6	5	83%
2013/14	Pay and Display Cash Collections	Jo Negrini	High	Limited (No further follow ups planned)	10	10	100%
2013/14	Environmental Enforcement	Jo Negrini	High	Limited (No further follow ups 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	83%
2013/14	Facilities Management	Nathan Elvery	High	Limited (No further follow ups planned)	3	3	100%
2013/14	Reroofing Monks Orchard Primary School	Jo Negrini	High	Limited (No further follow ups planned)	5	4	80%
2013/14	Biking the Borough	Jo Negrini	High	Limited (3 <sup>rd</sup> follow up in progress)	4	2	50%
2013/14	Cash and Banking	Nathan Elvery	High	Satisfactory (No further follow ups planned)	4	4	100%
2013/14	Housing Benefits	Nathan Elvery	High	Satisfactory (No further follow ups planned)	4	4	100%
2013/14	Pensions	Nathan Elvery	High	Satisfactory	2	2	100%



London Borough of Croydon – Internal Audit Annual Report

Financial Year	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Implemented	
						Total	Percentage
				(No further follow ups planned)			
2013/14	Payments to Schools	Nathan Elvery	High	Satisfactory (No further follow ups planned)	3	3	100%
2013/14	Payroll	Nathan Elvery	High	Satisfactory (No further follow ups planned)	4	4	100%
2013/14	Towards a Tipping Point	Nathan Elvery	High	Satisfactory (No further follow ups planned)	1	1	100%
2013/14	Information Management	Nathan Elvery	High	Satisfactory (2 <sup>nd</sup> follow up in progress)	3	1	33%
2013/14	Programme and Project Management	Nathan Elvery	High	Satisfactory (4 <sup>th</sup> follow up in progress)	5	1	20%
2013/14	Recharging	Nathan Elvery	High	Satisfactory (1 <sup>st</sup> follow up in progress)	3	-	-
2013/14	Red File Scheme	Nathan Elvery	High	Satisfactory (No further follow ups planned)	7	7	100%
2013/14	School Places – Prediction and Management	Paul Greenhalgh	High	Satisfactory (No further follow ups planned)	4	4	100%
2013/14	Data Quality – DASHH - Social Care	Paul Greenhalgh	High	Satisfactory (2 <sup>nd</sup> follow up in progress)	7	2	28%
2013/14	Housing Tenancy	Jo Negrini	High	Satisfactory (No further follow ups planned)	4	4	100%
2013/14	Public Health Transition of Financial Management	Nathan Elvery	High	Satisfactory (No further follow ups planned)	6	6	100%
2013/14	Waste Disposal (Contract Management)	Jo Negrini	High	Satisfactory (No further follow ups planned)	3	3	100%
2013/14	Community Infrastructure Levy	Jo Negrini	High	Satisfactory (No further follow ups planned)	2	2	100%
2013/14	Social Fund Reform	Nathan Elvery	High	Satisfactory (No further follow ups planned)	4	4	100%
2013/14	E-mail	Nathan Elvery	High	Satisfactory (No further follow ups planned)	2	2	100%
2013/14	Metacompliance Application	Nathan Elvery	High	Satisfactory (No further follow ups planned)	5	4	80%
2013/14	Microsoft Office 2010 Upgrade Project	Nathan Elvery	High	Full (No further follow ups planned)	3	3	100%
2013/14	Procurement – Strategy, Governance and	Nathan Elvery	High	Satisfactory	3	0	0%

Financial Year	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Implemented	
						Total	Percentage
	Communication			(3 <sup>rd</sup> follow up in progress)			
2013/14	South Norwood Country Park	Jo Negrini	High	Satisfactory (No further follow ups planned)	7	7	100%
2013/14	Public Services (Social Value) Act 2012	Nathan Elvery	High	Satisfactory (No further follow ups planned)	1	1	100%
<b>Non School Audits Sub Total: Recommendations and implementation from audits that have had responses</b>					<b>178</b>	<b>49</b>	<b>84%</b>
<b>Non School Audits Sub Total: Priority 1 Recommendations from audits that have had responses</b>					<b>27</b>	<b>26</b>	<b>96%</b>
<b>School Audits</b>							
2013/14	Thornton Heath Children's Centre	Paul Greenhalgh	Medium	No (No further follow ups planned)	24	23	96%
2013/14	Edenham High School	Paul Greenhalgh	Medium	No (No further follow ups planned)	33	32	98%
2013/14	All Saints' C of E High School	Paul Greenhalgh	Medium	Limited (No further follow ups planned)	18	17	95%
2013/14	Greenvale Primary	Paul Greenhalgh	Medium	Limited (No further follow ups planned)	26	21	81%
2013/14	Regina Coeli	Paul Greenhalgh	Medium	Limited (No further follow ups planned)	27	23	86%
2013/14	Archbishop Tension's C of E High School	Paul Greenhalgh	Medium	Limited (No further follow ups planned)	21	19	91%
2013/14	Bensham Manor	Paul Greenhalgh	Medium	Limited (No further follow ups planned)	26	23	89%
2013/14	St Aidan's Catholic Primary	Paul Greenhalgh	Medium	Limited (No further follow ups planned)	16	14	88%
2013/14	St Chad's	Paul Greenhalgh	Medium	Limited (No further follow ups planned)	11	10	91%
2013/14	St Giles'	Paul Greenhalgh	Medium	Limited (No further follow ups planned)	16	16	100%
2013/14	Gresham Primary	Paul Greenhalgh	Medium	Substantial (No further follow ups planned)	10	8	80%
2013/14	Forestdale Primary	Paul Greenhalgh	Medium	Substantial (No further follow ups planned)	20	20	100%
2013/14	Rowdown Primary	Paul Greenhalgh	Medium	Substantial (No further follow ups planned)	19	18	95%
2013/14	Selsdon Primary and Nursery	Paul Greenhalgh	Medium	Substantial (1 <sup>st</sup> follow up in	13	0	-

Financial Year	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Implemented	
						Total	Percentage
				progress)			
2013/14	St Joseph's Federation	Paul Greenhalgh	Medium	Substantial (No further follow ups planned)	12	11	91%
2013/14	St Peter's Primary School	Paul Greenhalgh	Medium	Substantial (No further follow ups planned)	18	15	84%
2013/14	Woodside Primary School and Children's Centre	Paul Greenhalgh	Medium	Substantial (No further follow ups planned)	8	8	100%
2013/14	Beckmead	Paul Greenhalgh	Medium	Substantial (No further follow ups planned)	9	9	100%
2013/14	St Nicholas	Paul Greenhalgh	Medium	Substantial (No further follow ups planned)	14	13	93%
2013/14	Red Gates School	Paul Greenhalgh	Medium	Substantial (No further follow ups planned)	5	5	100%
<b>School Audits Sub Total: Recommendations and implementation from audits that have had responses</b>					<b>333</b>	<b>305</b>	<b>88%</b>
<b>School Audits Sub Total: Priority 1 Recommendations from audits that have had responses</b>					<b>30</b>	<b>30</b>	<b>100%</b>
<b>Recommendations and implementation from audits that have had responses</b>					<b>511</b>	<b>455</b>	<b>89%</b>
<b>Priority 1 Recommendations from audits that have had responses</b>					<b>57</b>	<b>56</b>	<b>98%</b>

## Appendix 5 - Follow-up of 2014/15 audits

Financial Year	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Implemented	
						Total	Percentage
<b>Non School Audits</b>							
2014/15	Multi Agency Safeguarding Hub.	Paul Greenhalgh	High	Limited (2 <sup>nd</sup> follow up in progress)	11	7	64%
2014/15	Direct Payments	Paul Greenhalgh	High	Limited (2 <sup>nd</sup> follow up in progress)	5	1	20%
2014/15	Programme and Projects Management – West Croydon Interchange	Jo Negrini	High	Satisfactory (No further follow ups planned)	2	2	100%
<b>Non-School Audits Sub Total: Recommendations and implementation from audits that have had responses</b>					<b>18</b>	<b>10</b>	<b>56%</b>
<b>Non-School Audits Sub Total: Priority 1 Recommendations from audits that have had responses</b>					<b>6</b>	<b>3</b>	<b>50%</b>
<b>School Audits</b>							
2014/15	Monks Orchard	Paul Greenhalgh	Medium	Limited (3 <sup>rd</sup> follow up in progress)	11	8	73%
2014/15	Park Hill Junior	Paul Greenhalgh	Medium	Limited (No further follow ups planned)	9	9	100%
2014/15	Thomas More Catholic School	Paul Greenhalgh	Medium	Limited (No further follow ups planned)	25	22	88%
2014/15	Coningsby Pru	Paul Greenhalgh	Medium	Limited (No further follow ups planned)	12	12	100%
2014/15	Cotelands	Paul Greenhalgh	Medium	Limited (No further follow ups planned)	10	10	100%
2014/15	Heavers Farm	Paul Greenhalgh	Medium	Substantial (2 <sup>nd</sup> follow up in progress)	7	2	28%
2014/15	Moving On Pru	Paul Greenhalgh	Medium	Limited (No further follow ups planned)	13	12	93%
<b>School Audits Sub Total: Recommendations and implementation from audits that have had responses</b>					<b>87</b>	<b>75</b>	<b>86%</b>
<b>School Audits Sub Total: Priority 1 Recommendations from audits that have had responses</b>					<b>8</b>	<b>7</b>	<b>88%</b>
<b>Recommendations and implementation from audits that have had responses</b>					<b>105</b>	<b>85</b>	<b>81%</b>
<b>Priority 1 Recommendations from audits that have had responses</b>					<b>14</b>	<b>10</b>	<b>71%</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 2015**

This document is confidential and prepared solely for your information. Therefore you should not, without our prior written consent, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

In this document references to Mazars are references to Mazars Public Sector Internal Audit Limited.

Registered office: Tower Bridge House, St Katharine's Way, London E1W 1DD, United Kingdom. Registered in England and Wales No 4585162.

Mazars Public Sector Internal Audit Limited is a subsidiary of Mazars LLP. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales to carry out company audit work.