

Audit & Governance Committee Agenda



To: Dr Olu Olasode (Independent Chair)
Councillor Matt Griffiths (Vice-Chair)
Councillors Claire Bonham, Simon Brew, Sherwan Chowdhury,
Patricia Hay-Justice, Endri Llabuti and Nikhil Sherine Thampi

Reserve Members: Sean Fitzsimons, Simon Fox, Mark Johnson,
Enid Mollyneaux and Stella Nabukeera

A meeting of the **Audit & Governance Committee** which you are hereby invited to attend, will be held **Thursday, 2 February 2023 at 6.30 pm. Council Chamber, Town Hall, Katherine Street, Croydon, CR0 1NX.**

Katherine Kerswell
Chief Executive and Head of Paid Service
London Borough of Croydon
Bernard Weatherill House
8 Mint Walk, Croydon CR0 1EA

Hannah Cretney, Democratic Services
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www.croydon.gov.uk/meetings

Members of the public are welcome to attend this meeting.

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If you require any assistance, please contact Hannah Cretney, Democratic Services as detailed above

AGENDA

1. Apologies for Absence

To receive any apologies for absence from any members of the Committee.

2. Disclosure of Interests

Members are invited to declare any disclosable pecuniary interests (DPIs) they may have in relation to any item(s) of business on today's agenda.

3. Urgent Business (if any)

To receive notice of any business not on the agenda which in the opinion of the Chair, by reason of special circumstances, be considered as a matter of urgency.

4. Internal Audit Update (Pages 5 - 36)

This report details the work completed by Internal Audit so far during 2022/23 and the progress made in implementing recommendations from audits completed in previous years.

The Committee is asked to note the Internal Audit Report to 31 December 2022 (Appendix 1).

5. Corporate Risk Register (Pages 37 - 76)

The report updates the Audit & Governance Committee Members on the corporate risk register (the register) as at January 2023.

The Committee is asked to note the contents of the corporate risk register as at January 2023.

6. Section 114 Notice Assurance (Pages 77 - 88)

The purpose of this report is to provide a response to the issues raised by the Independent Chair of the Audit and Governance Committee at the Cabinet meeting on 30 November 2022 in relation to the issuance by the Corporate Director of Resources of a Section 114 Notice on 22 November 2022.

The Committee is asked to note, consider and comment on the assurances provided by the Corporate Director of Resources in relation to the areas raised by the Independent Chair of the Audit and Governance Committee regarding the issuance of the S114 Notice.

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LONDON BOROUGH OF CROYDON

REPORT:	Audit and Governance Committee	
DATE OF DECISION	2 February 2023	
REPORT TITLE:	Council's Assurance Framework	
CORPORATE DIRECTOR / DIRECTOR:	Jane West, Corporate Director of Resources and S151 Officer	
LEAD OFFICER:	Dave Phillips, Head of Internal Audit Dave.Phillips@croydon.gov.uk	
LEAD MEMBER:	Jason Cummings, Cabinet Member for Finance	
KEY DECISION? [Insert Ref. Number if a Key Decision]	No	REASON: N/a
CONTAINS EXEMPT INFORMATION?	No	Public
WARDS AFFECTED:	N/a	

1. SUMMARY OF REPORT

- 1.1 This report details the work completed by Internal Audit so far during 2022/23 and the progress made in implementing recommendations from audits completed in previous years.

2. RECOMMENDATION

- 2.1 The Committee is asked to note the Internal Audit Report to 31 December 2022 (Appendix 1).

3. REASONS FOR RECOMMENDATION

- 3.1 In line with the Sector Internal Audit Standards, the Head of Internal Audit is required to provide the Audit and Governance Committee with regular reports on the internal audit activity's performance relative to its plan and other matters.

4. BACKGROUND AND DETAILS

- 4.1 Internal Audit is responsible for conducting an independent appraisal of all the Council's activities, financial and otherwise. It provides a service to the whole

Council, including Members and all levels of management. It is not an extension of, nor a substitute for, good management. The Internal Audit Service is responsible for giving assurance on all control arrangements to the Full Council through the Audit and Governance Committee and the Chief Financial Officer (also known as the Section 151 Officer). It also assists management by evaluating and reporting to them the effectiveness of the controls for which they are responsible.

4.2 The Internal Audit report (Appendix 1) includes the following:

- a list of all audits completed so far in 2022/23, including audits relating to prior audit plans, but finalised after the start of the current year, and
- lists of follow up audits completed and the percentage of priority one, and other audit recommendations implemented.

4.3 Of the 9 Internal Audit reports finalised since the Head of Internal Audit Report, 2 (22%) are limited or no assurance.

FOLLOW-UP REVIEWS

4.4 When Internal Audit identifies risks, recommendations are made and agreed with service managers to mitigate these. The Council then needs to ensure that action is taken to implement audit recommendations. The Council's targets for audit recommendations implemented are 80% for all priority 2 and 3 recommendations and 90% for priority 1 recommendations. The performance in relation to the targets for 2017/18 to 2021/22 audits are shown Table 1.

Table 1: Implementation of Audit Recommendations

	Target	2017/18	2018/19	2019/20	2020/21	2021/22
Implementation of priority one recommendations at follow-up	90%	100%	98%	94%	69%	50%
Implementation of all recommendations at follow-up	80%	91%	93%	90%	82%	61%

PROGRESS AGAINST THE AUDIT PLAN

4.5 By 31 December 2022 the contractor has reported that 25% audits have been issued as draft or final reports, with a further 20% expected to be issued by the end of January 2023. Of the remaining audits, a further 25% are currently in progress, 12% have ToRs issued and are awaiting the start date and the remaining 18% of audits are being planned (ToRs being written) and booked in for the remainder of quarter 4. The contractor remains confident that the audit plan will be delivered by 31 March 2023.

FINALISED INTERNAL AUDIT REPORTS

- 4.6** All finalised internal audit reports are published on the Council's public internet site and these can be found at:

<https://www.croydon.gov.uk/democracy/budgets/internal-audit-reports/introduction>

- 4.7** In addition, the tables below set out the priority 1 and 2 issues identified at each audit finalised since the last update report to this committee. (Please note that, although some of these audits were included in the annual Head of Internal Audit Report in September 2021 (although still in draft at that stage), these have been included here as the Committee would not have seen the breakdown of the priority 1 and 2 issues for these.)

4.8

Fees and Charges (Limited Assurance)
<p>Priority 1 Issues</p> <ul style="list-style-type: none">• Fees and charges were not reviewed during 2019/20 and 2020/21.• Testing a sample of 152 fees and charges (out of 970) confirmed that proposed charges for 2021-22 had not been applied for 45 of these on the Council's website.
<p>Priority 2 Issues</p> <ul style="list-style-type: none">• There was a lack of an overarching policy or procedure notes relating to fees and charges.• Internal Audit was unable to confirm whether 15 of the sample of 21 fees and charges (out of 970 fees and charges) were supported by an adequate information base for cost attribution because the named Lead Officers did not respond to Internal Audit's requests for evidence.• Although requested, we were not provided with evidence of an action plan in response to the findings from the LG Futures benchmarking of fees and charges against other London local authorities.• There was incomplete information in the master data listing for fees and charges.

4.9

Staff Expenses – Compliance Checks (Limited Assurance)
<p>Priority 1 Issues</p> <ul style="list-style-type: none">• Testing of a sample of 30 approved expense items identified ten instances in which no documentation was provided, ten instances where the documentation attached was obscured or blurred, one instance where there was only partial documentation and three instances where the expense was

incorrectly categorised.

- Examination of a sample of 15 expense claims that were submitted between 60 and 90 days after the incurrence of the expense found that none were evidenced as approved by an Executive Director as required. Furthermore, analysis of the PCard and expense report from August 2021 - February 2022 found that 234 expense items (97 expense reports), which were submitted 90 days after the incurred expense, were incorrectly approved. Last year's audit identified 240 expense items that were authorised outside of the 90 days eligibility timeframe

Priority 2 Issues

- A report of staff expense claims could not be provided.
- Testing of the documentation retained for a sample of 10 compulsory car users identified that there was missing documentation for three of these.
- Testing of a sample of 30 expense claims identified two claims which had 'Tax Classification Codes' of GB ZERO or GB EXEMPT, but the invoices/receipts attached to these claims demonstrated that VAT had been incurred.
- While the 'expenses auditor' should help to highlight any issues with expense claims directly with the member of staff that submitted the expense item, there was no evidence of the line managers who had already approved these claims also being notified.
- Eight (all for mileage claims) of the sample of ten potential duplicate expense items tested could not be resolved because of insufficient details and/or a lack of supporting documentation being attached to the claims.
- Analysis of the procurement card and staff expenses report for the period August 2021 to February 2022 found that 233 expense claims (31 Expense Reports) were approved by managers at least 30 days after the claim was submitted.

4.10

Early Help and Parenting (Substantial Assurance)

There were no Priority 1 Issues

Priority 2 Issues

- The Early Help Practice Standard requires review and, where appropriate, updating.
- Performance information on delivery and overdue supervision in the Early Help team contains gaps in the data.
- Inadequate controls over case and performance monitoring for the Parenting Programme.

4.11

UASC – Value for Money (Substantial Assurance)
There were no Priority 1 Issues
Priority 2 Issues <ul style="list-style-type: none"> Two instances were observed (from a sample of 33 payments towards placement of UASC) where payments for emergency clothing were not supported by receipts and prior agreement Two instances were observed (from a sample of 12 payments to travel providers) where parking tickets totalling £120 were invoiced to (and paid by) the Council despite not being obliged to pay for parking tickets.

4.12

Food Safety (Limited Assurance)
Priority 1 Issue <ul style="list-style-type: none"> Insufficient food safety inspections had been conducted (based on figures at 25 February 2022) during 2021/22 to meet the requirements of the FSA Code.
Priority 2 Issue <ul style="list-style-type: none"> Sample testing highlighted that food safety inspections were not being carried out in a timely manner.

4.13

HRA Accounting (Limited Assurance)
Priority 1 Issues <ul style="list-style-type: none"> The A lack of evidence existed to verify that discrepancies in reconciliations between the HRA Control Cash and the Ohms Cash Balance were being investigated and resolved. Examination of the HRA recharges identified that the basis for calculating the recharges to the General Fund had not been reviewed in the current year. It was unclear from evidence retained when the last review was completed.
Priority 2 Issue <ul style="list-style-type: none"> A review of the HRA Business Plan and the associated documentation found that performance against the business plan was not being evidenced as monitored and reviewed.

4.14

Reserves – General and Earmarked (Substantial Assurance)

There were no Priority 1 Issues
Priority 2 Issues <ul style="list-style-type: none"> • Evidence of a Reserves Policy was not made available to Internal Audit.

4.15

Children with Disabilities - Placement Costs and Spend Review (Substantial Assurance)
There were no Priority 1 Issues
Priority 2 Issue <ul style="list-style-type: none"> • The Head of Social Work with Families and CWD did not consistently obtain and review monthly budget performance reports.

4.16

Children Services – Performance Management Data Quality (Substantial Assurance)
There were no Priority 1 Issues
Priority 2 Issues <ul style="list-style-type: none"> • There was no internal policy or guidance in relation to Performance Management and Data Quality in place at the Council. • There was not a sufficient number of KPIs in place and measured in relation to the 'Workforce', as advised within published government guidance.

4.17

Tenant Service Charge Calculations (Substantial Assurance)
There were no Priority 1 or 2 Issues

4.18

Leasehold Service Charge (Limited Assurance)
Priority 1 Issues <ul style="list-style-type: none"> • An error was identified in the 2021/22 service charge calculation relating to the repairs and maintenance element of the service charge.

Priority 2 Issues

- The departmental policy and procedures need to be reviewed and updated to reflect current practice and legislation.
- Webforms and guidance was unavailable for leaseholders wanting to raise comments, complaints and complements.
- Service charge calculations were only reviewed by a junior officer and evidence of this check was not recorded.
- The major works consultation process was not available to leaseholders on the Council's website.

4.19

Purely Nursery School (Substantial Assurance)

There were no Priority 1 Issues

Priority 2 Issues

- Only one reference was held by the School for one (a meal supervisor) of the three new starters sampled.
- Evidence of appropriate medical clearance was not provided by the School for any of the sample of three new starters.
- Examination of the supporting documents for a sample of 15 purchases found that six payments had purchase orders dated after the corresponding invoices.
- Examination of the completed 'Croydon Schools Health & Safety Questionnaire' by the School noted some 'red' and 'amber' status areas, which the School will need to address.

4.20

Priory School (Substantial Assurance)

There were no Priority 1 Issues

Priority 2 Issues

- For The Headteacher's appraisal was completed on the 10 January 2022, which was after the stipulated deadline of 31 December.
- On 13 July 2022 Internal Audit reviewed five equipment Loan Device Agreement forms dated between July 2021 and June 2022, two for teachers and three for students. It was found that one teacher equipment loan document did not have the signatures of the IT Manager or Head Teacher. Furthermore, one of the student equipment loan documents was not fully completed, missing key information such

as parent contact details and the equipment serial number.

- Internal Audit reviewed the school's self-assessed health and safety compliance check list which revealed areas of incomplete or unsatisfactory testing.

4.21

Bensham Manor (Substantial Assurance)
There were no Priority 1 Issues
Priority 2 Issues <ul style="list-style-type: none">• Examination of the documentation relating to 15 purchases made by the School during the period 14 April to 2 August 2022 found that in 9 instances a purchase order was not raised prior to funds being committed. We noted that a non-order form was generated after the transaction had taken place.• The School procurement card holders did not have a Procurement Card agreement outlining the responsibilities and expectations of the card's use.

5. CONTRIBUTION TO COUNCIL PRIORITIES

- 5.1 This process directly contributes to '*OUTCOME 1: The Council balances its books, listens to residents and delivers good, sustainable services*' and part 4 to '*Ensure good governance is embedded and adopt best practice.*'

6. IMPLICATIONS

6.1 FINANCIAL IMPLICATIONS

- 6.1.1 The fixed price for the Internal Audit Contract is £368,000 for 2022/23 and there is adequate provision within the budget. The Finance team will need to ensure recommendations flagged by the internal audit are implemented to build a robust and efficient finance function.
- 6.1.2 In light of the recent financial challenges faced by the Council the finance function is engaging with Internal Audit to ensure the Council acts upon its recommendations to improve financial management and value for money.
- 6.1.3 Comments approved by Lesley Shields, Head of Finance for Assistant Chief Executive and Resources on behalf of the Director of Finance. (09/01/2023)

6.2 LEGAL IMPLICATIONS

- 6.2.1** The Head of Litigation & Corporate Law comments on behalf of the Director of Legal Services and Monitoring Officer that the Council should be taking steps to improve the Assurance level within the Council.
- 6.2.2** Information provided in this report is necessary to demonstrate the Council's compliance with requirements imposed by Regulation 5 of the Accounts and Audit Regulations 2015. The Council is required to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards or guidance.
- 6.2.3** The Committee should also note the Council are under a duty (s3(1) Local Government Act 1999) as a best value authority 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.
- 6.2.4** When undertaking its Audit functions this Committee's role includes the following responsibilities:
- Oversee internal and external audit, helping to ensure that efficient and effective assurance arrangements are in place
 - To review (but not direct) internal audit's risk-based strategy, plan and resource requirements
 - To review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary
 - To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- 6.2.5** In considering the recommendation in this report the Committee should have regard to the Council's overall governance and financial position.
- 6.2.6** The contents of this report, and of the Internal Audit Report 1st April 2022 to 31 December 2022 should be carefully considered, in particular in relation to those Audits where the Assurance Level is Limited, and in relation to the implementation of recommendations.
- 6.2.7** Comments approved by Sandra Herbert, the Head of Litigation & Corporate Law on behalf of the Director of Legal Services and Monitoring Officer. (Date 25/01/2023)

6.3 HUMAN RESOURCES IMPLICATIONS

- 6.3.1** There are no immediate HR impacts arising from this report for Council employees or staff. Actions identified as part of the Expenses audit have been implemented. If any matters should arise these will be managed through the appropriate HR policies and procedures.

6.3.2 Approve by Gillian Bevan, Head of HR Resources and Assistant Chief Executives on behalf of the Chief People Officer (18/1/2023)

6.4 EQUALITIES IMPLICATIONS

6.4.1 The Council is required to comply with the Public Sector Equality Duty [PSED], as set out in the Equality Act 2010. The PSED requires the Council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. Failure to meet these requirements may result in the Council being exposed to costly, time consuming and reputation-damaging legal challenges.

6.4.2 Comments approved by Gavin Handford on behalf of the Equalities Manager. (Date 25/01/2022)

7. APPENDICE

7.1 Appendix 1 – Internal Audit Report to 31 December 2022

8. BACKGROUND DOCUMENTS

8.1 None

9. URGENCY

9.1 There is none.

London Borough of Croydon

Internal Audit Report

1st April 2022 to 31st December 2022

Confidentiality and Disclosure Clause

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

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

Please refer to the Statement of Responsibility in Appendix 9 of this report for further information about responsibilities, imitations and confidentiality.

1. Internal Audit Performance

- 1.1 The 2022/23 internal audit plan (Plan) was approved by the Audit and Governance Committee on 7 July 2022 and work in delivering the Plan is now well underway.
- 1.2 As reported in the annual Head of Internal Audit report 2021/22 to the Audit and Governance Committee (at the meeting held on 13 October 2022), the prior year audit plans were critically reviewed in quarter 4 of 2021/22. This was to help minimise the impact on delivery of the 2022/23 Plan from slippage of prior year audit plans. All 2020/21 and 2021/22 draft reports have been issued, although work is still ongoing to finalise some of these.
- 1.3 In terms of the 2022/23 Plan, 25% audits have been issued as draft or final reports, with a further 20% expected to be issued by the end of January 2023. Of the remaining audits, a further 25% are currently in progress, 12% have ToRs issued and are awaiting the start date and the remaining 18% of audits are being planned (ToRs being written) and booked in for the remainder of quarter 4.

2. Audit Assurance

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

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

- 2.2 The table below lists the internal audits for which final reports were issued from 1 November to 31 December 2022 (i.e., since the last report). Some of these reports were also included in the annual Head of Internal Audit Report for 2021/22 (although still at draft stage at that date). A list of all final reports issued since 1 April is shown in Appendix 1 with details of the key issues arising from these reports shown in Appendix 2.

Internal Audit Title	Assurance Level	Planned Year	Included in the annual Head of Internal Audit Report √ / X
Non-School Internal Audits			
Fees and Charges	Limited	2021/22	√
Staff Expenses-Compliance Checks	Limited	2021/22	√
Early Years and Parenting	Substantial	2021/22	√
UASC – Value for Money	Substantial	2021/22	√
Food Safety	Limited	2021/22	√
HRA Accounting	Limited	2021/22	√
Reserves – General and Earmarked	Substantial	2021/22	√
Children with Disabilities - Placement Costs and Spend Review	Substantial	2021/22	√
Children Services – Performance Management Data Quality	Substantial	2022/23	X
Housing Rents: Service Charge Calculations - (Tenant Service Charge)	Substantial	2022/23	X
Leaseholder Service Charge	Limited	2022/23	X
School Audits			
Purley Nursery School	Substantial	2021/22	√
Priory School	Substantial	2022-23	X
Bensham Manor	Substantial	2022-23	X

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

- 3.1 During 2022/23 in response to the Council's follow-up requirements, Internal Audit has continued following-up the status of the implementation of agreed actions for audits carried out during 2017/18, 2018/19, 2019/20, 2020/21 and 2021/22. There are no responses due for follow-up audits for 2022/23 audits to date.
- 3.2 Follow-up audits are undertaken to ensure that all the recommendations/issues raised have been successfully implemented/resolved according to the action plans agreed with the service managers. The Council's target for internal audit recommendations/issues to be resolved at the time of the follow-up audit is 80% for all priority 2 & 3 recommendations/issues and 90% for priority 1 recommendations/issues.

Performance Objective	Target	Performance (to date)				
		2017/18	2018/19	2019/20	2020/21	2021/22
Percentage of priority one actions implemented at the time of the follow up audit	90%	100%	98%	94%	69%	50%
Percentage of all actions implemented at the time of the follow up audit	80%	91%	93%	90%	82%	61%*

* 61% represents a reduction when compared to the last report when an implementation rate of 76% was reported. This is due to an increased number of follow ups in progress and not yet completed due to agreed management actions not having been implemented.

- 3.3 In order to help progress long outstanding and significant agreed actions arising from internal audits, a series of 'audit focus' workshops were set up by the Corporate Management Team. The first such meeting was held on 19 January 2022 and these have been subsequently ongoing.
- 3.4 The results of 2017/18, 2018/19, 2019/20, 2020/21, 2021/22 and 2022/23 audits that have been followed up are included in Appendixes 3, 4, 5, 6, 7 and 8 respectively.
- 3.4 Appendix 3 shows the one incomplete 2017/18 follow-up audit. For 2017/18, 91% of the total recommendations/issues were found to have been implemented and 100% of the priority 1 recommendations/issues which have been followed up have been implemented.
- 3.5 Appendix 4 shows the incomplete 2018/19 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 93% of the total recommendations/issues were found to have been implemented and 98% of the priority 1 recommendations/issues which have been followed up have been implemented. The outstanding priority 1 recommendation/issue is detailed below:

Audit Title	Assurance Level	Summary of recommendations/issues arising in outstanding priority 1 recommendations/issues
Energy Recharges	No	<p>A priority 1 issue was raised as no energy costs for 2017/18 had been invoiced and some were still outstanding for 2016/17 amounting to over £4m. In addition, no costs had yet been invoiced for 2018/19.</p> <p><u>Current position:</u></p> <p>The response to the follow up detailed that, 'Provision has now been made in the 2019/20 accounts for c£4.5m as it is clear that the previously stated debt of £6.5m is incorrect. This provision is against debt up to 2018/19 and invoicing post this date has not been made.</p> <p>A process has been agreed for tackling the schools' debt and work is underway to engage additional resource to help deal with this.'</p>

3.6 Appendix 5 shows the 2019/20 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 90% of the total recommendations/issues were found to have been implemented and 94% of the priority 1 recommendations/issues which have been followed up have been implemented. The outstanding priority 1 recommendations/issues are detailed below:

Audit Title	Assurance Level	Summary of recommendations/issues arising in outstanding priority 1 recommendations/issues
Lettings Allocations and Assessments	Limited	<p>A priority 1 issue was raised as the application forms (on line and in hardcopy) in use were not compliant with the Data Protection Act 2018 or the General Data Protection Regulation.</p> <p><u>Current position:</u></p> <p>A new Head of Service is now in place. Her response to the follow up was that, 'I will speak to digital and information services as well as interim operational manager to find out where we are with this and update with my findings and hopefully sign off.'</p>
Wheelchair Service – Community Equipment Service	Limited	<p>A priority 1 issue was raised as the follow up of the recommendations raised in the 2017 ad hoc report identified that the recommendation relating to the BACs files being open to amendment had still not been implemented, meaning that any of the BACs payments during the last 2 years may have been manipulated. As about £1m of payments is made per month, this is a significant issue.</p> <p><u>Current position October 2022</u></p> <p>Actively working on completing all activities included in the timeline, this comes on top of normal BAU activities making it really challenging.</p> <p>The first payment run using the new process is expected to be done in W/C 7/11/22.</p> <p>(Please note: The 2022-23 Internal Audit Plan includes an audit 'CES Banking Compliance' which will supersede this issue.)</p>
Enforcement Agents - Procurement	No	<p>A priority 1 issue was raised as an individual scoresheet and the record of moderation are missing for the tender evaluation of January 2018.</p> <p>Contemporaneous records of the reasons and reasoning for the allocation of scores in moderation for both lots of the tender evaluations of August 2019 could not be provided. Attempts have also been made to recreate the reasons and reasoning at a later date.</p> <p><u>Current position May 2022</u></p> <p>No change. The review and update of the Procurement handbook is within the Procurement Improvement Plan, and the person that will undertake this has only just started with the Council.</p> <p>A priority 1 issue was raised as a number of formal agreements extending the arrangements with the service providers could not be provided.</p> <p><u>Current position</u></p> <p>The commissioning framework and procurement handbooks have not yet been reviewed. This is in our project pipeline for Q1/Q2 of 2021/22.</p> <p>Pending this, we are undertaking additional management action, such as:</p> <ul style="list-style-type: none"> • introducing bite-size training sessions to provide additional training and support for procurement officers – the first session covering Procurement Do's and Don'ts. • increased oversight at CCB • Improved Quality Assurance of award reports, with weekly pre-meets in advance of CCB with Head of Commissioning and Procurement and legal services.

3.7 Appendix 6 shows the 2020/21 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 82% of the total recommendations/issues were found to have been implemented and 69% of the priority 1 recommendations/issues which have been followed up have been

implemented. The outstanding priority 1 recommendations/issues are detailed below:

Audit Title	Assurance Level	Summary of outstanding recommendations/issues arising in priority 1 recommendations/issues
Creditors – Procure to Pay	Limited	<p>Priority 1 issues were raised as:</p> <ul style="list-style-type: none"> Examination of the documentation retained for a sample of 17 transactions identified that, for five of these, the order was raised either after delivery or after the invoice date. Examination of the documentation retained for a sample of 17 transactions identified that, for four of these, the goods or services received check preceded actual delivery. Examination of the documentation retained for a sample of 17 transactions identified that five of the invoices included client names (including children in care) thus potentially breaching the Data Protection Act 2018. As at 28 September 2020, the Council had invoices totalling £25,757,492 on hold, of which £7,220,978 related to previous financial years (i.e., 2019/20 and prior) with oldest invoice on hold dated 8 May 2014. <p><u>Current position:</u> A working party chaired by the Assistant Chief Executive was set up in August 2022 to deal with the above and other issues ranging from supplier set up through to the payment of invoices. This working party meets monthly.</p>
Clinical Governance	Limited	<p>A priority 1 issue was raised as there was no evidence of an overall clinical governance policy being in place for the Council and consequently the clinical governance framework and systems in place were unclear.</p> <p>Workshop being organised to coordinate pulling together all the relevant information to produce a clinical governance policy. Stakeholders include Commissioners, Public Health, Designated Safeguarding leads and SWL CCG.</p> <p><u>Current position:</u> The last update provided in January 2022 was that <i>'Draft document to be presented at Adult Social Care (ASC) SMT; with the recommendation that a task and finish group is established from the One Croydon Risk Working Group. This group will ensure that the LA policy is linked to other key partners/ stakeholders policies and procedures where joint working arrangements are in place for certain ASC services and PH contracts.'</i></p>
Temporary Accommodation: Standards in Private Sector	Limited	<p>Priority 1 issues were raised as:</p> <ul style="list-style-type: none"> Electrical, gas and energy certificates were not located for some of the sample of Croydon properties and most of the sample of Croylease properties checked. 'Decent Homes Inspection' reports were not available for eight of the sample of 15 property records checked. <p><u>Current position</u> An update provided in May 2022 detailed, for each of the above respectively, that:</p> <ul style="list-style-type: none"> <i>'The procedure has now been completed and is being rolled out to the team. The next step is to set up the checking procedure for the Quality team. A percentage of cases will be checked and any issues noted and reported back to the team and the manager. The cases will continue to be checked until the correct documentation is in place.'</i> <i>'The procedure has now been revised and the Quality team will now introduce periodic checks with the new Head of Service and team manager. Also discussed will be the periodic visits made to Croylease properties to check on any issues with the property which will then be reported through for any repairs issues noted.'</i> <p>Internal Audit has asked for confirmation of checks and visits being in place before closing this follow up.</p>
SEN Transport Safeguarding	Limited	<p>A priority 1 issue was raised as examination of a sample of ten contracts found that seven had not been evidenced as signed or dated, two contracts were signed but had not been dated and one contract could not be located on SharePoint.</p> <p><u>Current position:</u></p>

Audit Title	Assurance Level	Summary of outstanding recommendations/issues arising in priority 1 recommendations/issues
		<p>The response provided in July 2022 detailed that:</p> <p><i>It hasn't been completed.</i></p> <p><i>It requires some fairly intricate financial analysis spanning 3 years, that then needs to be then forwarded to Procurement colleagues, and then sent to CCB for acknowledgement before there can be any movement.</i></p> <p><i>The whole issue is a fairly ridiculous set of self-reporting criteria which were set when this DPS was initiated, (and the Council was new to DPS) whereby we suggested that we would report quarterly to CCB, all of the contractor spend, broken down by contractor. In SEND transport this was never going to be practical as we were awarding around 600 DPS contracts per year, alongside approx. £10m spend.</i></p> <p><i>Without the CCB reports, the criteria we have set ourselves then stated that we would be unable to issue contracts as we hadn't followed these criteria with CCB, and therefore there have been no contracts issued to all DPS taxi companies since Round 3 of the DPS, around 3.5 years ago.</i></p> <p><i>We don't have to do the reporting (legally or via PCR) and were at the time already reporting the spend through a Board Structure which included Cllrs and Exec Directors, where the spend was being scrutinised on a monthly basis.</i></p> <p><i>Really, we should waiver the requirement to do this.</i></p> <p><i>Otherwise, I will need to produce a report as attached (I need to do 6 of these) and they are at the limit of my Excel Pivot skills, and therefore take me quite a lot of time to produce. With some finance resource, I estimate that this would only take around half a day to complete.</i></p>
<p>Thomas More Catholic High School</p> <p>This will be superseded by upcoming 2021/22 audit</p>	Limited	<p>The School should continue to work to reduce the cumulative deficit with a view to achievement of a surplus position by the end of 2022/23 in order to comply with the three year rule detailed in the Croydon Scheme for Financing Schools.</p> <p>Update June 2022:</p> <p>Jun22 – Recent budget projections are forecasting a potential removal of the deficit and a surplus by 2024-25.</p> <p>Audit comment:</p> <p>Please provide a copy of these current budget projections and the submitted budget plan for 2022/23, which should be taking account of these projections.</p>

3.8 Appendix 7 shows the 2021/22 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 61% of the total recommendations/issues were found to have been implemented and 50% of the priority 1 recommendations/issues which have been followed up have been implemented. The outstanding priority 1 recommendations/issues are detailed below:

Audit Title	Assurance Level	Summary of outstanding recommendations/issues arising in priority 1 recommendations/issues
Service Based Budget Monitoring Across the Organisation	Limited	<p>A priority 1 issue was raised as there is a lack of guidance and training provided to budget holders in relation to budget setting and monitoring processes.</p> <p><u>Current position:</u></p> <p>The response to the follow up detailed that, 'First level of training has been provided to all budget holders. CIPFA were commissioned to provide detailed Budget Holder training which was tailored for Croydon.'</p> <p>Internal Audit comment: Internal Audit, being included in the staff being trained, can confirm that the training has taken place. However, the issue relating to a lack of guidance is still in progress and therefore this will be followed up further.</p>
Fees and Charges	Limited	<p>A priority 1 issue was raised as Fees and charges were not reviewed during 2019/20 and 2020/21.</p> <p><u>Current position:</u></p> <p>On target</p>

Audit Title	Assurance Level	Summary of outstanding recommendations/issues arising in priority 1 recommendations/issues
		<p>A priority 1 issue was raised as testing a sample of 152 fees and charges (out of 970) confirmed that proposed charges for 2021-22 had not been applied for 45 of these on the Council's website.</p> <p><u>Current position:</u></p> <p>The delivery of the Fees and Charges for 21.22 had a breakdown in communication. The fees assumed as part of the budget did not feed into services and so there is the discrepancy identified.</p> <p>In 22.23 a more bottom up approach is being applied and so by the start of 23.24 the fee and charges schedule should match the fees applied.</p>
Information Management	Limited	<p>A priority 1 issue was raised as Information Asset Registers (IARs) were not subject to regular review.</p> <p><u>Current position:</u></p> <p>The response to the follow up in October 2022 detailed that, <i>'The DPO is reviewing this and starting to compile this information to ensure that the IAR is created and relevant.'</i></p> <p>(Please note: The 2022-23 Internal Audit Plan includes an audit 'The role of the DPO' which will supersede this issue.)</p>
HRA Accounting	Limited	<p>A priority 1 issue was raised as a lack of evidence existed to verify that discrepancies in reconciliations between the HRA Control Cash and the OHMS Cash Balance were being investigated and resolved.</p> <p><u>Current position:</u></p> <p>Monthly reconciliations of OHMS to the general ledger are carried out.</p> <p>Audit comment:</p> <p>Please confirm that discrepancies, if identified, are being investigated and resolved and that this is being evidenced.</p> <p>A priority 1 issue was raised as examination of the HRA recharges identified that the basis for calculating the recharges to the General Fund had not been reviewed in the current year. It was unclear from evidence retained when the last review was completed.</p> <p><u>Current position:</u></p> <p>HRA recharges update paper is being presented to CMT on the 13 December 2022.</p> <p>Project is continuing and agreement has been reached that without an SLA there will be no recharge to the HRA budget in 2023-24.</p>

- 3.9 Appendix 8 shows the 2022/23 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. To date no responses are due for 2022/23 follow ups.

Appendix 1 – Final reports issued between 1 April 2022 and 31 December 2022

Internal Audit Title	Assurance Level	Planned Year	Included in the annual Head of Internal Audit Report √ / X
Non-School Internal Audits			
Out of Borough Adult Social Care Placements	Limited	2020/21	√
Croydon Affordable Homes – Contract Management	Limited	2020/21	√
Long Term Sick and Maternity Leave	Limited	2020/21	√
Right to Work Checks	Limited	2020/21	X
End to end Placement Process (including disabilities)	Substantial	2020/21	√
Contract Management – Health and Work programme	Substantial	2020/21	√
Capital Budgeting and Treasury Management	No	2021/22	√
Parking Enforcement: Pay and Display	Limited	2021/22	√
Service Based Budget Monitoring: Across the Organisation	Limited	2021/22	√
Fees and Charges	Limited	2021/22	√
Staff Expenses-Compliance Checks	Limited	2021/22	√
Early Years and Parenting	Substantial	2021/22	√
UASC – Value for Money	Substantial	2021/22	√
Food Safety	Limited	2021/22	√
Community Fund Contracts	Limited	2021/22	√
Information Management	Limited	2021/22	√
HRA Accounting	Limited	2021/22	√
Reserves – General and Earmarked	Substantial	2021/22	√
Business Rates and Business Grants	Substantial	2021/22	√
Youth Offending	Substantial	2021/22	√

Internal Audit Title	Assurance Level	Planned Year	Included in the annual Head of Internal Audit Report √ / X
Children with Disabilities - Placement Costs and Spend Review	Substantial	2021/22	√
CALAT - Income generation and controls	Substantial	2021/22	√
Traffic Management	Substantial	2021/22	√
Pension Improvement Plan	Substantial	2021/22	√
Reserves: General and Earmarked	Substantial	2021/22	X
Community Equipment Service - Governance	Full	2021/22	√
Contract Management - Health and Work Programme (2019/20 audit)	Substantial	2021/22	X
Children Services – Performance Management Data Quality	Substantial	2022/23	X
Housing Rents: Service Charge Calculations - (Tenant Service Charge)	Substantial	2022/23	X
Leaseholder Service Charge	Limited	2022/23	X
School Audits			
Saffron Valley Collegiate	Full	2021/22	√
Purley Nursery School	Substantial	2021/22	√
Beaumont Primary School	Substantial	2021/22	√
Elmwood Junior School	Substantial	2021/22	√
Gresham Primary School	Substantial	2021/22	√
Howard Primary School	Substantial	2021/22	√
Rockmount Primary School	Substantial	2021/22	√
St John's C of E School	Substantial	2021/22	√
Priory School	Substantial	2022-23	X
Bensham Manor	Substantial	2022-23	X

Appendix 2: Summary from finalised audits since 1 April 2022 of Key (Priority 1) issues

Year	Internal Audit Title	Assurance Level & Number of Issues	Summary of Key Priority 1 Issues Raised
Non-School Internal Audits			
2020/21	Out of Borough Adult Social Care Placements	Limited (One priority 1 and four priority 2 issues)	The Council did not have a process to communicate with and notify the host authorities for out of borough placements
2020/21	Croydon Affordable Homes – Taberner House Contract Management	Limited (Four priority 1 and two priority 2 issues)	<p>Priority 1 issues were identified relating to:</p> <ul style="list-style-type: none"> We asked for but were not provided with any evidence of how Hub Residential Limited was chosen as the developer for the Taberner House site We asked for but were not provided with payment requests submitted by Taberner House LLP to the Council in respect of the development/construction costs of the Taberner House site. We could not be provided with a budgetary control statement monitoring development/construction costs of the Taberner House site. The December 2020 cost centre summary spreadsheet (budget monitoring CAH Management) for Croydon Affordable Homes did not include a current budget and subjective code breakdown and therefore variance analysis against budgeted figures. We acknowledge we were informed that a full budget will be set for the financial year 2021-22.
2020/21	Long Term Sick and Maternity Leave	Limited (One priority 1 and three priority 2 issues)	Risk assessments were not evidenced as completed for eight out of a sample of ten employees tested from the maternity leave group.
2020/21	Right to Work Checks	Limited (One priority 1, one priority 2 and one priority 3 issue)	There was a lack of evidence that copies of documents obtained when conducted RTW checks had been properly verified in line with Home Office requirements.
2021/22	Capital Budgeting and Treasury Management	No (No issues raised)	Lack of engagement prevented audit from progressing.
2021/22	Parking Enforcement: Pay and Display	Limited (One priority 1, two priority 2 and one priority 3 issue)	The contract with cash collector, BDI Securities, was not provided during the audit. We were therefore unable to complete relevant testing and deliver the agreed scope for this audit.
2021/22	Service Based Budget Monitoring Across the Organisation	Limited (Two priority 1 and three priority 2 issues)	<p>Priority 1 issues were identified relating to:</p> <ul style="list-style-type: none"> There is a lack of guidance and training provided to budget holders in relation to budget setting and monitoring processes. Based on interviews, 29% of the Budget Managers did not believe that they had sufficient financial information to discharge their duties. In addition, 57% of the Budget Managers suggested that timely financial information was not provided prior to any significant impact on their budget.
2021/22	Fees and Charges	Limited (Two priority 1 and four priority 2 issues)	<p>Priority 1 issues were identified as;</p> <ul style="list-style-type: none"> Fees and charges were not reviewed during 2019/20 and 2020/21. Testing a sample of 152 fees and charges (out of 970) confirmed that proposed charges for 2021-22 had not been applied for 45 of these on the Council's website.

Year	Internal Audit Title	Assurance Level & Number of Issues	Summary of Key Priority 1 Issues Raised
2021/22	Staff Expenses	Limited (Two priority 1 and six priority 2 issues)	<p>Priority 1 issues were identified as:</p> <ul style="list-style-type: none"> Testing of a sample of 30 approved expense items identified ten instances in which no documentation was provided, ten instances where the documentation attached was obscured or blurred, one instance where there was only partial documentation and three instances where the expense was incorrectly categorised Examination of a sample of 15 expense claims that were submitted between 60 and 90 days after the incurrence of the expense found that none were evidenced as approved by an Executive Director as required. Furthermore, analysis of the PCard and expense report from August 2021 - February 2022 found that 234 expense items (97 expense reports), which were submitted 90 days after the incurred expense, were incorrectly approved. Last year's audit identified 240 expense items that were authorised outside of the 90 days eligibility timeframe
2021/22	Food Safety	Limited (One priority 1 and one priority 2 issue)	Insufficient food safety inspections had been conducted (based on figures at 25 February 2022) during 2021/22 to meet the requirements of the FSA Code.
2021/22	Community Fund Contracts	Limited (One priority 1, two priority 2 and one priority 3 issue)	Signed contracts were not held for two of the sample of five organisations tested. Both organisations receive funds in excess of £15k per annum and, despite having no signed contracts, funds had been released to both of these organisations.
2021/22	Information Management	Limited (One priority 1, one priority 2 and one priority 3 Issue)	The Information Asset Registers (IAR) were not subject to regular review.
2021/22	HRA Accounting	Limited (Two priority 1, one priority 2 and two priority 3 issues)	<p>Priority 1 issues were identified relating to:</p> <ul style="list-style-type: none"> A lack of evidence existed to verify that discrepancies in reconciliations between the HRA Control Cash and the OHMS Cash Balance were being investigated and resolved. Examination of the HRA recharges identified that the basis for calculating the recharges to the General Fund had not been reviewed in the current year. It was unclear from evidence retained when the last review was completed.
2021/22	Fees and Charges	Limited (Two priority 1 and four priority 2 issues)	<p>Priority 1 issues were identified relating to:</p> <ul style="list-style-type: none"> Fees and charges were not reviewed during 2019/20 and 2020/21. Testing a sample of 152 fees and charges (out of 970) confirmed that proposed charges for 2021-22 had not been applied for 45 of these on the Council's website.
2022/23	Leaseholder Service Charge	Limited (One priority 1, four priority 2 and two priority 3 issue.)	An error was identified in the 2021/22 service charge calculation relating to the repairs and maintenance element of the service charge.

Appendix 3 - Follow-up of 2017-18 audits (incomplete follow ups only)

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
Non School Internal Audits						
2017/18	Admitted Bodies (Response due 21/01/2022)	Resources	Substantial (5 th follow up in progress)	4	3	75%
Issues and resolution from internal audits that have had responses				431	392	91%
Priority 1 Issues from internal audits that have had responses				47	47	100%

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

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
2018/19	Energy Recharges	Resources	No (2nd follow up in progress)	7	4	57%
				One priority 1 issue not yet resolved		
2018/19	Air Quality Strategy, Implementation and Review	SCRER	Limited (6 th follow up in progress)	8	6	75%
2018/19	Council Investment and Operational Properties – Income Maximisation	Resources	Substantial (7 th follow up in progress)	4	3	75%
Issues and resolution from internal audits that have had responses				364	339	93%
Priority 1 Issues from internal audits that have had responses				51	50	98%

Appendix 5 - Follow-up of 2019/20 audits (incomplete follow ups only)

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
Non School Internal Audits						
2019/20	Lettings Allocations and Assessments	Housing	Limited (3 rd follow up in progress)	3	1	33%
				One priority 1 issue not yet resolved		
2019/20	Placements in Private Housing Accommodation	Housing	Limited (5 th follow up in progress)	4	2	50%
2019/20	Wheelchair Service – Community Equipment Service	ASC&H	Limited (11 th follow up in progress)	3	2	67%
				One priority 1 issue not yet resolved		
2019/20	Freedom of Information and Subject Access Requests	ACE	Limited (4 th follow up in progress)	3	2	66%
2019/20	Enforcement Agents - Procurement	Resources	Limited (6 th follow up in progress)	6	3	50%
				Two priority 1 issues not yet resolved		
2019/20	IT Policies Review	ACE	Substantial (3rd follow up in progress)	5	0	0%
2019/20	Uniform IT Application	ACE	Substantial (9 th follow up in progress)	4	1	25%
2019/20	Peoples ICT Application	ACE	Substantial (4 th follow up in progress)	7	5	71%
Non-School Internal Audits Sub Total: Issues and resolution from internal audits that have had responses				175	151	85%
Non-School Internal Audits Sub Total: Priority 1 Issues from internal audits that have had responses				38	34	89%
School Internal Audits						
Financial Year	Audit Followed up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2019/20	Winterbourne Nursery and Infant School	CYP&E	No (No further follow up)	22	22	100%
2019/20	Beulah Junior School	CYP&E	Limited (No further follow up)	14	13	93%
2019/20	Kenley Primary School	CYP&E	Limited (No further follow up)	11	10	91%
2019/20	Margaret Roper Catholic Primary School	CYP&E	Limited (No further follow up)	11	10	91%
2019/20	Minster Infant School	CYP&E	Limited (No further follow up)	16	13	81%
2019/20	Norbury Manor Primary School	CYP&E	Limited (No further follow up)	13	13	100%

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Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
2019/20	St Joseph's Federation	CYP&E	Limited (No further follow up)	14	13	93%
2019/20	Virgo Fidelis Convent Senior School	CYP&E	Limited (No further follow up)	19	19	100%
2019/20	Crosfield Nursery and Selhurst Early Years	CYP&E	Substantial (No further follow up)	8	7	87%
2019/20	All Saints C of E Primary School	CYP&E	Substantial (No further follow up)	12	12	100%
2019/20	Elmwood Infant School	CYP&E	Substantial (No further follow up)	6	6	100%
2019/20	Heavers Farm School	CYP&E	Substantial (No further follow up)	13	13	100%
2019/20	Selsdon Primary School	CYP&E	Substantial (2nd follow up in progress)	3	3	100%
School Internal Audits Sub Total: Recommendations and implementation from internal audits that have had responses				162	154	95%
School Internal Audits Sub Total: Priority 1 Recommendations from internal audits that have had responses				31	31	100%
Issues/Recommendations and resolution/implementation from internal audits that have had responses				337	305	90%
Priority 1 Issues/Recommendations from internal audits that have had responses				69	65	94%

Appendix 6 - Follow-up of 2020/21 audits

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
Non School Internal Audits						
2020/21	Creditors – Procure to Pay	Resources	Limited (2 nd follow up in progress)	12	3	25%
				Four priority 1 issues not yet resolved		
2020/21	Banking	Resources	Limited (2 nd follow up in progress)	4	3	75%
2030/21	Out of Borough Placements	ASC&H	Limited (1 st follow up in progress)	5	-	-
2020/21	Overtime payments Limited Assurance with no priority 1 issues	Resources	Limited (No further follow ups))	5	5	100%
2020/21	Clinical Governance	ASC&H	Limited (4th follow up in progress)	6	3	50%
				1 priority 1 issue not yet resolved		
2020/21	Disabled Facilities Grants	Housing	Limited (No further follow up)	4	4	100%
2020/21	Public Health – Contract Management – Sexual Health Services	ASC&H	Limited (No further follow up)	7	7	100%
2020/21	Temporary Accommodation – Standards in Private Sector	Housing	Limited (4th follow up in progress)	6	1	17%
				2 priority 1 issues not yet resolved		
2020/21	Placement Deposits	CYP&E	Limited (No further follow up)	5	5	100%
2020/21	Overtime Payments – Parking Services	SCRER	Limited (No further follow up)	6	5	83%
2020-21	SEN Transport – Safeguarding (Update provided and being reviewed)	SCRER	Limited (5 th follow up in progress)	4	3	75%
				1 priority 1 issue not yet resolved		
2020/21	Long Term Sick and Maternity Leave	ACE	Limited (No further follow up)	4	4	100%
2020/21	New Supplier Set Up	ACE	Limited (No further follow up)	6	6	100%
2020/21	Right to Work Checks	ACE	Limited (3 rd follow up in progress)	3	2	66%
2020/21	Cyber Security	ACE	Limited (4 th follow up in progress)	9	4	44%
2020/21	End to End Placements – Children with Disabilities	CF&E	Substantial (1 st follow up in progress)	3	-	-
2020/21	Ordinary Residents	ASC&H	Substantial (No further follow up)	2	2	100%

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Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
2020/21	Blue Badges	ACE	Substantial (No further follow up)	4	4	100%
2020/21	Corporate Estate: Building Compliance	Resources	Substantial (5 th follow up in progress)	6	4	57%
Non-School Internal Audits Sub Total: Issues and resolution from internal audits that have had responses				93	65	70%
Non-School Internal Audits Sub Total: Priority 1 Issues from internal audits that have had responses				24	16	67%
School Internal Audits						
Financial Year	Audit Followed up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2020/21	Tunstall Nursery School	CYP&E	Substantial (No further follow up)	3	3	100%
2020/21	Thornton Heath Nursery School	CYP&E	No (No further follow up)	14	13	93%
2020/21	Forestdale Primary School	CYP&E	Substantial (No further follow up)	11	11	100%
2020/21	Greenvale Primary School	CYP&E	Substantial (No further follow up)	10	8	80%
2020/21	Purley Oaks Primary School	CYP&E	Substantial (No further follow up)	9	9	100%
2020/21	Smitham Primary School	CYP&E	Substantial	5	4	80%
2020/21	Winterbourne Nursery and Infants School	CYP&E	(No further follow up)	5	5	100%
2020/21	Archbishop Tenison's CofE High School	CYP&E	Limited (No further follow up)	11	10	91%
2020/21	Thomas More Catholic High School	CYP&E	Limited (2 nd follow up in progress)	14	13	98%
	This will be superseded by upcoming 2021/22 audit			1 priority 1 recommendation not yet implemented		
2020/21	St Giles	CYP&E	Substantial (No further follow up)	3	3	100%
2020/21	St Nicholas	CYP&E	Substantial (No further follow up)	7	6	86%
2020/21	Red Gates	CYP&E	Substantial (No further follow up)	5	5	100%
School Internal Audits Sub Total: Recommendations and implementation from internal audits that have had responses				97	90	93%
School Internal Audits Sub Total: Priority 1 Recommendations from internal audits that have had responses				5	4	80%
Issues/Recommendations and resolution/ implementation from internal audits that have had responses				190	155	82%
Priority 1 Issues/Recommendations from internal audits that have had responses				29	20	69%

Appendix 7 - Follow-up of 2021/22 audits

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
Non School Internal Audits						
2021/22	Parking Enforcement – Pay and Display	SCRER	Limited (1 st follow up in progress)	4	-	-
2021/22	Service Based Monitoring – Across the Organisation	Resources	Limited (2 nd follow up in progress)	5	2	40%
				1 priority 1 issue not yet resolved		
2021/22	Fees and Charges	Resources	Limited (2 nd follow up in progress)	6	1	17%
				2 priority 2 issues not yet resolved		
2021/22	Staff Expenses	Resources	Limited (2 nd follow up in progress)	8	6	75%
2021/22	Food Safety	SCRER	Limited (1 st follow up in progress)	2	-	-
2021/22	Community Fund: Contracts	ACE	Limited (No further follow up_	4	4	100%
2021/22	Information Management	ACE	Limited (3 rd follow up in progress	3	0	0%
				1 priority 1 issue not yet resolved		
2021/22	HRA Accounting	Housing	Limited (2 nd follow up in progress)	5	0	0%
				2 priority 2 issues not yet resolved		
2021/22	Business Rates and Business Grants	Resources	Substantial (1 st follow up in progress)	1	-	-
2021/22	Youth Offending	CYP&E	Substantial (No further follow up)	3	3	100%
2021/22	CALAT Income Collection	CYP&E	Substantial (1 st follow up in progress)	3	-	-
2021/22	Traffic Management	SCRER	Substantial (1 st follow up in progress)	2	-	-
Non-School Internal Audits Sub Total: Issues and resolution from internal audits that have had responses				34	16	47%
Non-School Internal Audits Sub Total: Priority 1 Issues from internal audits that have had responses				12	6	50%
School Internal Audits						
Financial Year	Audit Followed up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percent age
2021/22	Purley Nursery	CYP&E	Substantial (1 st follow up in progress)	5	-	-
2021/22	Beaumont Primary	CYP&E	Substantial (1 st follow up in progress)	3	-	-

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Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
2021/22	Downsview Primary School	CYP&E	Substantial (No further follow up)	2	2	100%
2021/22	Elmwood Junior School	CYP&E	Substantial (No further follow up)	3	3	100%
2021/22	Gresham Primary	CYP&E	Substantial (No further follow up)	7	6	86%
2021/22	Howard Primary School	CYP&E	Substantial (No further follow up)	2	2	100%
2021/22	Rockmount Primary School	CYP&E	Substantial (1 st follow up in progress)	2	-	-
2021/22	St John's C of E School	CYP&E	Substantial (No further follow up)	3	3	100%
School Internal Audits Sub Total: Recommendations and implementation from internal audits that have had responses				17	16	94%
School Internal Audits Sub Total: Priority 1 Recommendations from internal audits that have had responses				-	-	-
Issues/Recommendations and resolution/ implementation from internal audits that have had responses				49	30	61%
Priority 1 Issues/Recommendations from internal audits that have had responses				12	6	50%

Appendix 8 - Follow-up of 2022/23 audits

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
Non School Internal Audits						
2022/23	Housing – Leaseholder Service Charges	Housing	Limited (1 st follow up in progress)	7	-	-
Non-School Internal Audits Sub Total: Issues and resolution from internal audits that have had responses				-	-	-
Non-School Internal Audits Sub Total: Priority 1 Issues from internal audits that have had responses				-	-	-
School Internal Audits						
Financial Year	Audit Followed up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2022/23	Priory School	CYP&E	Substantial (1 st follow up in progress)	4	-	-
2022/23	Bensham Manor	CYP&E	Substantial (1 st follow up in progress)	3	-	-
School Internal Audits Sub Total: Recommendations and implementation from internal audits that have had responses				-	-	-
School Internal Audits Sub Total: Priority 1 Recommendations from internal audits that have had responses				-	-	-
Issues/Recommendations and resolution/ implementation from internal audits that have had responses				-	-	-
Priority 1 Issues/Recommendations from internal audits that have had responses				-	-	-

Definitions for Audit Opinions and Recommendations

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are constantly applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance of the controls which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and non-compliance that puts achieving the system objectives at risk,
	No Assurance	Controls are non-existent or extremely weak, leaving the system open to the high risk of error, abuse and reputational damage.

Priorities assigned to recommendations are based on the following criteria:

Priority 1 (High)	Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that still represent an exposure to risk and need to be addressed within a reasonable period.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, still provides an opportunity for improvement. May also apply to areas considered to be of best practice that can improve for example the value for money of the review area.

Statement of Responsibility

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

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

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

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

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

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REPORT TO:	AUDIT & GOVERNANCE COMMITTEE 2 February 2023
SUBJECT:	Corporate Risk Register
LEAD OFFICER:	Jane West Corporate Director Resources & S151 Officer
CABINET MEMBER	Councillor Jason Cummings, Cabinet Member for Finance
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT: <p>As part of the Audit & Governance Committee's role of overseeing the risk management framework and receiving assurance that significant corporate (Red) risks are identified and mitigated by the organisation, this report accompanies the appendix document which presents those risks recorded as 'high rated' or RED on the corporate risk register as at January 2023.</p> <p>In line with the Council's commitment to openness and transparency, the corporate risk report will appear in Part A of the agenda unless there is specific justification for any individual entries being considered under Part B (set out under Paragraph 3 of Schedule 12A of the Local Government Act 1972 as amended).</p>	
FINANCIAL SUMMARY: No additional direct financial implications.	
FORWARD PLAN KEY DECISION REFERENCE NO.: N/A	

1.1 RECOMMENDATIONS

The Committee is asked to:

Note the contents of the corporate risk register as at January 2023

2. EXECUTIVE SUMMARY

- 2.1 The report updates the Audit & Governance Committee Members on the corporate risk register (the register) as at January 2023.

3. DETAIL

Risk Register Report

- 3.1 The register presented details all the current corporate risks rated at a total risk score of 20 and above (Red Risks).
- 3.2 Since the register was last considered by Members in October all Q3 reviews have been signed off on the JCAD risk system. Risk reviews on a quarterly basis with the Corporate Director are being informed/assured by Directors having signed off on their risks. This is in addition to a review of all red risks at CMT. Further work is being done with risk owners with a particular focus on future control measures and review dates for future controls (risk improvements) and future risk ratings. This is where the registers could be further improved and where we are concentrating effort.
- 3.3 The following risks have been escalated to red status since the last review by Members:
- ASC0037 Impact of operational changes re Metropolitan Police S135 interventions
 - CIC0012 Contract management & supply chain challenges for council
 - CDS0003 Croydon Digital Services systems failure
 - FIR0061 Croydon Affordable Housing /Croydon Affordable Tenures Lease Accounting
 - VRN0055 Leisure services contract with GLL
- 3.4 The following risks have been de-escalated from red status since the last review by Members.
- ED0003 Schools in financial deficit
 - HSI0024 Capital investment on HRA estate
 - CDS0007 ICT Disaster Recovery arrangements
 - VRN0024 Domestic Abuse
- 3.5 In line with the Council's commitment to openness and transparency, the register will appear with the corporate risk report in Part A of the agenda unless, in accordance with the Access to Information Procedure Rules in the Council's Constitution there is specific justification for any individual entries being considered under Part B (set out under Paragraph 3 of Schedule 12A of the Local Government Act 1972 as amended).
- 3.6 It should be noted that some of the grounds for exemption from public access are absolute. However, for others such as that in para.3, 'Information relating to the financial or business affairs of any particular person (including the authority holding that information)', deciding in which part of the agenda they will appear, is subject to the further test of whether, in all the circumstances of the case, the

public interest in maintaining the exemption outweighs the public interest in disclosing the information.

4. FINANCIAL CONSIDERATIONS

- 4.1 There are no additional financial considerations arising from this report.

(Approved by Nish Popat Interim Head of Finance Resources on behalf of Interim Director of Finance)

5. LEGAL CONSIDERATIONS

- 5.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Legal Services and Monitoring Officer that the Audit and Governance Committee is required by its terms of reference to monitor the effective development and operation of the Council's risk management arrangements, to monitor progress in addressing risk-related issues reported to the Committee, and to provide independent assurance to the Council of the adequacy of the risk management framework and the internal control environment. Therefore, periodic updates on the Corporate Risk Register are provided to assist Members with this responsibility.
- 5.2 Separately, the management of risk has a direct impact on the Council's ability to deliver its functions in a manner which promotes economy, efficiency and effectiveness. Therefore, the consideration of this report also seeks to demonstrate the Council's compliance with its Best Value Duty under the Local Government Act 1999.
- 5.3 Under Regulation 3 of the Accounts and Audit Regulations 2015, the Council must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective, and includes effective arrangements for the management of risk. This report also seeks to demonstrate compliance with these legal duties.

(Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Director of Legal Services and Monitoring Officer Stephen Lawrence-Orumwense)

6. HUMAN RESOURCES IMPACT

- 6.1 There are no immediate human resource considerations arising from this report for LBC employees or staff.
Any impacts arising will be managed under the Council's HR policies and procedures.

(Approved by: Gillian Bevan, Head of HR – Resources and Assistant Chief Executives on behalf of Dean Shoesmith, Chief People Officer)

**7. EQUALITIES, ENVIRONMENTAL AND CRIME AND DISORDER
REDUCTION IMPACTS**

7.1 None

8. RISK ASSESSMENT

8.1 No further risk issues other than those detailed in the report.

9. FREEDOM OF INFORMATION/DATA PROTECTION CONSIDERATIONS

9.1 Information contained in the Council's Risk Register or held in relation to the Council's risk management procedures may be accessible under the Freedom of Information Act subject to the application of any relevant exemptions, such as commercial sensitivity and whether disclosure was in the 'public interest'.

10. DATA PROTECTION IMPLICATIONS

**10.1. WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING
OF 'PERSONAL DATA'?**

No.

No personal data is processed as part of the production of the Corporate Risk Register.

**10.2. HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN
COMPLETED?**

No.

Not applicable as no personal data is processed as part of the production of the Corporate Risk Register

CONTACT OFFICER:

Malcolm Davies,
Head of Anti-Fraud, Risk & Insurance
Ext 50005

BACKGROUND DOCUMENTS:

Appendix 1 Corporate Risk Register
Appendix 2 Risk Scoring Matrix

Appendix 1: Corporate Red Risks

Risk Ref	Risk Scenario		Assigned To	Current			Future Risk Rating		
	Risk	Impact		Impact	L'hood	Total	Impact	L'hood	Total
ASC0034 Robson, Simon	Occupational Therapy waiting lists growing beyond service capability . As of 13 December 2022 the waiting currently sits at 603. Continued recruitment is a priority and activity is taking place at present. 04/10/22 - - updated SO - Inflow to Occupational Therapy waiting list in the month of September has been approximately 50 /60 cases per week. This is beyond the Service's capability to address. Reviewed 3/5/22 - SO Reviewed 19/05/22 - SO Reviewed 11/08/22 - SO Reviewed 31/08/22 - SR Reviewed 04/10/22 - SO Reviewed 14/12/22 - RS	- Clients waiting an unacceptable length of time for statutory occupational therapy assessments/equipment. - Clients at risk as a result of the above e.g. slips, trips and falls as well as lower day to day quality of life re mobilising and activities of daily living, i.e. cooking, personal care. - Increased domiciliary spend (as a result of clients not having equipment).	Robson, Simon Last Review: 15/12/2022 Last Amended : 24/01/2023 10:41:53	5	5	25	5	5	25

Existing Controls

- A successful bid for additional funding to the SWL Innovation Fund to recruit agency OTs to work on the waiting list . -
- Additional capacity being recruited -Recruited to band 6 OT posts x 3 - due to start early 2023.
Plus agency staff and one OT assistant going through recruitment process .
Short term project with OT and Adult support team to look at managing demand at Front Door .
MAU posts being recruited to.
- Additional Measure details below:- • Having an OT available within the duty team effective in tackling urgent work and supporting urgent allocations . 11/08/22 - OT not yet in place at Front Door - this is a part of a wider demand management project in which OT are involved .
 - Clinical Lead appointed and in post.
 - Ongoing recruitment is planned for early 2023.
- All OT referrals are triaged at the point of contact so that all urgent cases are allocated within 1-2 weeks -Less urgent cases are waiting up to 10 months.
The new senior OT team came into post on 9/9/22 and we have had SCP permission to extend agencies until the end of March 2023.
OT techs have been in post and are helping maintain the run rate .
OT pathway is being mapped and improvements have been identified which the project team are continuing to work on .
- New Principal OT request going to SCP to retain current agency Principal OT until recruitment is successful . -More effective and efficient resource management through revised managing demand approach

Future Controls

Review Date

-

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
ASC0037 Robson, Simon	Impact of operational policy changes for Metropolitan Police around S135 interventions. Risk added 29/11/22 VN/SR 03/01/2023- VN This has not been implemented as yet and guidance from ADASS is awaited . We received legal advice which indicated that it would not be in Croydon's best interest to follow these guidelines.	- Delay to mental health assessments. - Increase in risk for community patients. - Inability of the LA to meet their statutory responsibility.	Robson, Simon Last Review: 04/01/2023 Last Amended : 24/01/2023 12:09:15	5	5	25	5	5	25

Existing Controls
- ASC&H have made a decision not to accommodate this request at this stage pending further consultation with the police - Further directions from ADASS awaited. - Escalated to legal for advice. -This will require SCP approval. - Request to community teams to discuss all potential referrals with the police to avoid any difficulties -in carrying out MH health assessments.

Future Controls	Review Date
-	

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
CIC0005 Mitchell, Peter	<p>The investment strategy and income generating properties do not deliver the required financial benefits / targets.</p> <p>**Main Risks Colonnades (potential £700k), Davis House (£200k), BWH (Arcadis £750k) remainder portfolio (£100k). Issue compounded by the inability of landlords to take swift action through the courts to pursue non-payment remedies**.</p> <p>Colonnades, Davis House and wider portfolio currently holding performance, BWH require bid for growth following Arcadis departure but now being actively marketed and smaller letting generating interest with 1 demise u/o (£80k pa income) - wider MTFS up to date with current position.</p> <p>(Risk generated 30/10/20)</p>	<ul style="list-style-type: none"> Financial loss due to under-performance of assets through non-payment of rents due to failure of tenants, reduced rents or deferments. Service area funding / continuity of delivery could be impacted as a result of lower revenue income to support. Reputational damage due to failure of high profile assets. Political and media scrutiny. Covid-19 pandemic and Brexit significantly impact on investment properties and the general rental income across the wider portfolio leading to reduced revenue generation. Inability of landlords to take swift action through the courts to pursue non-payment remedies 	<p>Mitchell, Peter</p> <p>Last Review: 07/12/2022 Last Amended : 07/12/2022 14:54:03</p>	5	5	25	4	5	20

Page 43	Existing Controls								
	<ul style="list-style-type: none"> - Clear and agreed (Scrutiny & Cabinet) strategy in place. -Strategy incorporates CIPFA recommendations. - Colonnades, Vulcan Way, Imperial Way and Davis House are all on disposals schedule -but have achieved rental increases - Croydon Park Hotel disposed - - New ways to utilise properties to secure longer term security being investigated. - - Revised Corporate Asset Strategy in place to help focus resources in the most appropriate way . -The effectiveness of this strategy is dependent on result of Capitalisation Directive award from MHCLG . - Spending strategy stopped with immediate effect for any more investment purchases . - - The Asset investment strategy is included within the Asset Management Plan -ensuring proper governance which will include regular quarterly reporting to effectively monitor any impacts . 								
	Future Controls						Review Date		
	- Looking to profile to a lower risk profile through disposal						31/03/2023		

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
CIC0008 Mitchell, Peter	Wholesale gas, electricity and utility costs increasing and risk of continual increases placing unsustainable financial burden on the council, in addition that school energy recharges are recovered. Review & Update - Team Leader (Sustainability & Energy) put into contract with LASER on energy packages. Gas is the key area, as bulk suppliers have little storage capacity due to UK closure of much of storage facilities and capacity relying on piped liquified gas, which is under strain due to increased global demand from Asian Continent.	Financial impact on the council	Mitchell, Peter Last Review: 07/12/2022 Last Amended : 07/12/2022 14:48:22	5	5	25	5	4	20

Existing Controls - Pursuing a number of procurement options -looking at: Group procurement Specialist mid term fixed contracts Forward spot hedging opportunities - Reducing consumption inc restricted running hours at BWH -									
Future Controls - Admin support being recruited to assist with school energy charges recovery - Reviewing Energy Strategy including: Green / Sustainability agenda Lower CO2 footprint Seeking Carbon Neutral opportunities Presenting back to Members							Review Date 27/01/2023 30/06/2023		

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
CIC0010 Mitchell, Peter	Risk of financial loss and reputational damage due to the poor performance of Brick By Brick including the Fairfield Halls refurbishment project and associated RIPI. Reported to CMT/Leader w/c 15/11/2021 (Risk generated 19/05/2021).	<ul style="list-style-type: none"> • Council is liable for the outstanding debt. • Political and media scrutiny and interest. • Financial loss on sale of BxB assets. • Loss of interest on loan payments 	Mitchell, Peter Last Review: 07/12/2022 Last Amended : 07/12/2022 14:42:07	5	5	25	5	4	20

Existing Controls

- Additional Management support to be considered for Brick by Brick during managed wind down of the company. -Additional third-party support for the build out of certain sites being engaged.
 - Exchange on Kindred House scheme -
 - Revised loan agreement to Brick by Brick (excluding Fairfield Halls) -
- Loan agreement setting down rights and obligations of parties.
- Separate bank account established for accrued interest on loans provided by Council
- Regular Operational meetings between company & Council and Shareholder board

Future Controls

- Forensic Investigation report in respect of Fairfield Halls Report
- Lion Green Road scheme under review

Review Date

31/03/2023

31/03/2023

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
CIC0012 Mitchell, Peter	Contract Management and Supply Chain risk, including inflationary pressures, facing council. Implications for revenue and capital programme. (Risk generated 18/05/2021).	<ul style="list-style-type: none">• Poor planning risks procurement challenge, poor supplier relations and overspend.• Non-compliance, budget overspend.• MTFS targets not met, poor supplier relations.• Reputational damage.• Political interest and scrutiny.• Media interest and scrutiny.	Mitchell, Peter Last Review: 07/12/2022 Last Amended : 24/01/2023 10:46:57	5	5	25	5	5	25

Existing Controls <ul style="list-style-type: none">- Accurate contract register operational. -- Additional procurement capacity and new structure for C&P implemented -- Contract actions monitored to ensure that they are delivered on time, - including contract savings programme and statutory/ discretionary assessment;- Contract Improvement Plan established. -- Enhanced governance arrangements designed and agreed at CMT -
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Future Controls -	Review Date
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	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
HSI0023	Increased volumes of cases relating to damp and mould plus disrepair.	Damp and mould cases are not managed in a timely manner which impacts the resident's health and wellbeing. This could result in increased finding against the council by the housing ombudsman and or regulator.	Tate, Stephen	5	5	25	3	4	12
Tate, Stephen	<p>The tragic death in Rochdale, connected to damp and mould has raised the profile of similar cases across the sector and in Croydon. As a result the SoS and the Regulator for Social Housing has written to all housing authorities asking them to set out their approach to Damp and Mould. The risk to the authority is that not only could the number of reported cases increase, but also that the repair service does not resolve cases in a timely manner that then impacts the health of wellbeing of residents. This could result in adverse findings from the Housing Ombudsman and or the regulator.</p> <p>A significant portion of disrepair cases are linked to damp and mould , therefore this could further increase the risk of number of disrepair cases raised under the disrepair protocol and as a result of The Homes (Fitness for Human Habitation) Act 2018.</p> <p>(Risk generated 13/05/2021).</p>	<p>Currently disrepair claims are brought in accordance with the well-established 'pre-action protocol for disrepair claims'. An increase in repair claims which could be driven by:</p> <ul style="list-style-type: none"> • Increased awareness of the ability to claim and to get compensation driven in part by targeted and aggressive advertising and social media campaigns by law firms and claims companies. • The cut to legal aid, as a result a number of law firms have change tactics to increase their revenue by concentrating resources into disrepair cases and we have seen an increase in solicitors door knocking and reported two firms to the Bar Council. • The Homes (Fitness for Human Habitation) Act 2018 which came into effect April 2019. • Cases where we have not due to other maintenance priorities addressed problems with the external fabric of our buildings. This requires an ongoing programme to address rendering failures, DPC, Cavity insulation and roofing renewal. <p>There has been a significant increase in disrepair cases in the last year and in costs. Claims are predominantly (around 95%) related to damp and mould.</p>	<p>Last Review: 28/11/2022</p> <p>Last Amended : 24/01/2023 12:56:03</p>						

Existing Controls

- Analysis of the disrepair cases in the last year has -changed the process that has been in place with maintenance contractor to ensure all reports of damp are inspected and that the Council separate the issues of dampness vs those caused by ongoing leaks.
 - Develop policy, procedure and action plan to address damp and mould -Since December a review of the procedure has been undertaken a new procedure has been put in place, which priorities cases. This needs to be formalised.
 - New resource to manage damp and mould -New team established, including damp and mould lead, surveyor and admin resource in place from January 2023
 - Reviewed management of damp and mould/disrepair cases by in house team - close working with internal legal team -Additional interim resources brought in to support capacity. Disrepair hub set up with new policy and procedure set up to manage cases.
- Revised approach in place for working with inhouse legal team to ensure cases are effectively managed
- Two weekly review meeting with Corporate Director -Review meetings set up with Corporate Director and team to manage improvement plan for disrepair.
 - Use of additional contractors for disrepair including damp and mould -The number of contractors has been expanded to increase resilience in delivery

Future Controls

- Framework for additional contractors Procurement of additional contractors commenced to ensure future resilience in delivery
- Good data about our stock and investment Through our stock condition survey and repairs data ensure we have good information about our stock , that can inform our asset management strategy and future investment in our homes
- Implement an inspection regime that is based upon good data Inspectors to visit neighbourhoods/ similar archetype properties to those where damp has been identified. Complement this with tenancy visits base upon a priority basis
- Improve the voids lettable standard with a focus on damp and mould prvention Review the approach at void stages of the councils homes
- Resources for disrepair work are being urgently reviewed Interim resources in place - review of structures underway.
- Review use of de-humidifiers and monitors with Asset Management Team to increase use of emerging damp monitoring technology and industry improvements .

Review Date

31/03/2023

31/03/2023

08/02/2023

30/03/2023

31/03/2023

31/03/2023

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
PH0007 Flowers,Rachel	<p>The indirect impact of a global pandemic plus the cost of living crisis widen health inequalities in both physical and mental ill health and increase demand on all Council services.</p> <p>** e.g. overcrowded/poor housing - less effective self-isolation; those in deprived areas more likely to have underlying conditions; unsecure employment leading to great financial insecurity**.</p> <p>(Risk generated 24/03/2020).</p>	<ul style="list-style-type: none"> Increasing demand on Council services as this occurs. Increased mortality and morbidity in more vulnerable groups. Adult Social Care pressure. Housing demand. Political and media interest..... 	<p>Flowers,Rachel</p> <p>Last Review: 08/08/2022 Last Amended : 24/01/2023 10:50:30</p>	5	5	25	5	5	25

Page 49	<p>Existing Controls</p> <ul style="list-style-type: none"> - Targeted comm's and engagement to the 'at risk' populations / vaccination uptake work included. - most recent targeted coms was series of TikTok videos by local influencer shaped and developed with you people to increase vaccination uptake. Vax van - Achievement of coverage for all age categories for covid vaccination -There is now an annual covid vaccination programme, at this time Croydon also has a Vax targeting different communities increasing first time vaccination - COVID-19 and flu messaging detailed in the NHS Health Check invitation communication - - Epidemiology data provided by DHSC ,LCRC and SWL NHS reviewed by PH Team on a daily basis to enhance understanding . -There are a range of control measure for this risk not all within public health remits, or indeed, within Croydon council's remit. a key part of the role of public health in control measures is to identify where the inequalities are increasing, both in terms of age profile, geographic location, specific communities. There is also a role of identifying where some groups are disproportionately impacted by inequalities or their inequalities are increasing The mitigation/control measures are around education, housing quality, employment opportunities, access to services, including health services. There is also a regional and national dynamic to the control measures - Good engagement across borough with Health Protection Board that provides oversight -Although the Covid 19 Health protection board has been stood down there is still a borough Health protection board where covid is reviewed - The Outbreak Control Plan operating to ensure that there is coordinated approach to provide - effective delivery across the borough in a coordinated and targeted process . At the moment we are in low incidence of covid however this can be used to escalate the response. Note that we still believe that it is variation (mutation) that drives incidence not seasonality i.e. it is not a " winter" infection yet 	
	<p>Future Controls</p> <ul style="list-style-type: none"> - No further/future controls identified 	Review Date

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
PP0009 Handford, Gavin	Corporate financial savings objective is not achieved due to poor programme & project management behaviours. (Risk generated 01/06/2020).	<ul style="list-style-type: none"> • Non delivery of savings plan. • Council budget deficit remains. • Political scrutiny as to why project failed. • Non-achievement of statutory requirements / duties. • Media interest. • Low staff morale. 	Handford, Gavin Last Review: 16/01/2023 Last Amended : 20/01/2023 10:09:59	5	5	25	5	4	20

Existing Controls

- Community of practice established, with regular support and development for project managers -
- Effective Governance Framework implemented -Senior Accountable Officer and Responsible officer identified for all MTFS items
- Regular updates captured
- MTFS 2023/24 process underway, with clear timelines for delivery -
- MTFS Assurance Meetings -Chaired by CEO and S151 Officer
- Finance and PMO support with updates on each MTFS item
- All items at risk reviewed, with mitigating actions agreed
- MTFS lessons learned -Lessons learned review underway

Future Controls

- Project management software procured and rolled out for use in all services Procurement complete
- Roll out to run until Sept 2023

Review Date

29/09/2023

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
PR0013	Sustainable Parking Services Income	• inability to balance the budget due to Income loss through pay and display and penalty charge notices	Iles, Steve	5	5	25	4	3	12
Iles, Steve	<p>Reduction in income that is generated through charges applied to appropriate parking spaces across the borough.</p> <p>Reduction in PCN income via civil enforcement officers and or ANPR camera enforcement.</p> <p>Covid has had a significant impact on parking income and with the general reduction in demand / footfall, in addition the ambitious introduction of more camera led enforcement through Low Traffic Neighbourhoods has not been delivered to plan due to a number of factors.</p> <p>(Risk generated 17/05/2017)</p>		<p>Last Review: 23/11/2022</p> <p>Last Amended : 23/11/2022 15:12:50</p>						

<p>Existing Controls</p> <p>- Detailed analysis of the approach financial management -The overall financial management and strategic oversight of the income for the service has been undertaken and controls are in place to monitor all income streams on a monthly basis.</p> <p>The development of a financial dashboard to form part of the monthly monitoring process.</p> <p>The reconciliation of income coming into the councils financial system and parking back office system</p> <p>Dedicated corporate financial support to work with the service to ensure systematic financial management is in place.</p> <p>Working with London Councils & Peers across London on the parking policy and approaches to pay and display charging</p> <p>- Developed a MTFS growth form -Introduced growth to income budgets to align budget for 23/24 and onwards - this control measure is completed and the growth bid forms part of the MTFS 23/24 onwards.</p> <p>- Development of additional schemes for ANPR (School streets, box junctions etc) -Additional schools streets built into the programme for 22/23 financial year - these are subject to either TfL LIP funding , S106 and or a spend to save bid through capital funding)</p>									
<p>Future Controls</p> <p>- Strategic review of the parking policy The council has a parking policy 19/22, work is underway to review the 19/22 parking policy to reflect the changes in parking behaviour's, in addition a review of the approach to emissions based P&D and Permits.</p> <p>Transformation bid completed and submitted for the funding to undertake the above policy review , governance and board being established.</p> <p>Review date: - February 2023</p>								<p>Review Date</p> <p>28/02/2023</p>	

Risk Ref	Risk Scenario		Assigned To	Current			Future Risk Rating		
	Risk	Impact		Impact	L'hood	Total	Impact	L'hood	Total
PST0001 Cheesbrough, Heather	<p>The Whitgift Centre is not redeveloped in a timescale to deliver the necessary regeneration of the town centre which promotes economic activity and vitality</p> <p>Covid 19 and general economic uncertainty has created a climate of development uncertainty. The redevelopment was removed from the Unibail development pipeline in Feb 20 and there is no date for the redevelopment. The Croydon Limited Partnership (CLP) partners are both suffering from loss of income and are refocusing their business models and agree new approach to the Whitgift during a time of uncertainty and restricted finances. The Whitgift CPO has now expired....</p> <p>(Risk generated 18/05/2015).</p>	<ul style="list-style-type: none"> Major economic, regeneration and social impact on the vitality and viability of the Town Centre and North End Political and media scrutiny 	<p>Cheesbrough, Heather</p> <p>Last Review: 23/01/2023 Last Amended : 23/01/2023 16:58:50</p>	5	5	25	4	5	20

Existing Controls

- Clause 11 meetings -Clause 11 meetings to be held for a maximum period of 12 months as set out in the ILTA, this is a formal stage to work through options on non delivery of the scheme. The meetings complete Feb 2022. The outcome of these meetings is that a series of remedies to offset non-delivery of the scheme envisaged by the ILTA have been exchanged with CLP .
- Communication channels between politicians and officers with CLP remain open and productive . -
- LBC to continue to press CLP for a robust Meanwhile and Management Strategy to maintain footfall -with monthly meetings to exchange enquiries/contacts and proposals
- Officers and their consultant team seek to hold CLP to account on their plans and to manage the CPO expiry process . -
- Regular communication with the Whitgift Foundation -The Foundation is the freeholder of the majority of the site.
- Regular meetings with CLP to maintain dialogue between partners . -
- Robust record keeping and retention of professional advisor team who have been involved since the beginning of the project -
- The Council through its statutory powers - Local Planning Authority (LPA), CPO and land assembly, and as a Highway Authority. -
- The ending of the exemption for CLP to pay Business Rates on unoccupied buildings due to the CPO -
- The final land transfers under the now expired CPO from the Council to CLP are to be completed in the coming weeks -
- The Indemnity Land Transfer Agreement (ILTA) sets out the responsibilities of the parties, penalties with. -timeframes, which will need to be complied with and will need to be actively managed.
- The re-establishment of the Advisory Town Centre Board -to seek to collaborate and in partnership with stakeholders to support the regeneration of the town centre

Future Controls

- Agree with CLP a series of remedies to offset non-delivery of the scheme envisaged by the ILTA to provide the opportunity for short to medium term viability of the Town Centre and North End. Whilst also setting a programme for the phased redevelopment of the Whitgift in the medium to long term.
- End the ILTA arrangements entirely with agreement , but would have to address all outstanding issues, land transfer, compensation and make provision for various outstanding claims. (Completion financial year 2021/22). This would have a significant financial impact that would need to be negotiated with CLP.
- The Council seeks to introduce a new development partner, once the ILTA expires (February 2026). ...
- The preparation of a new Indemnity Land Transfer Agreement (ILTA) that reflects the changed circumstances. (Completion financial year 2025/26). This would require the agreement of both parties

Review Date

31/01/2023

31/01/2023

31/01/2023

31/01/2023

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
RCS0039 West, Jane	The audit of the 2019/20 and 2020/21 accounts could require significant adjustments, as highlighted in External Audit's management letter/report to GPAC 20 October 2021, to provide a balance and not be qualified. In relation to the 19/20 and 20/21 accounts further significant work is required in relation to the accounting treatment of Croydon Affordable Homes and Croydon Affordable Tenures with any financial implications for both the General Fund and Housing Revenue Account and capital funding to be dealt with after this review. Other areas being reviewed are capital charges and the negative Direct Schools Grant reserve. (Risk generated 22/02/2021).	<ul style="list-style-type: none"> • Qualified accounts provided in respect of 2019/20. • Loss of control of financial position • Political scrutiny applied at local and national level. • Media interest and scrutiny at local and national level. • Continuing financial loss. • Reputational damage. • Potential investigation of historic financial practices. • Impact on reserves 	West, Jane Last Review: 29/12/2022 Last Amended : 29/12/2022 10:46:13	5	5	25	5	4	20

Existing Controls

- Regular meetings with Grant Thornton and corporate finance team to monitor progress of audit -
- Specific use of transformation funding in relation to 19/20 and 20/21 audited by Grant Thornton -in consultation with corporate finance team.
- The Council is taking advice on accounting treatment - Trowers and Hamlins on company legal arrangements in relation to Croydon Affordable Homes and Affordable Tenures and seeking QCs input (James Goudie) - Complete
- PWC on accounting treatment
- Worth TAS on accounting treatment.

Future Controls

- Opening the Books project

Review Date

31/01/2023

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
RCS0040 West, Jane	The Council does not achieve financial sustainability and remains reliant on annual extraordinary central government support. (Risk generated 11/04/2022).	<ul style="list-style-type: none"> • Do not meet terms and conditions set out by MHCLG in Capitalisation Direction Agreement (2021) / Three Year Delivery Programme. • Inappropriate financial behaviour and practice evidenced. • Political scrutiny applied at local and national level. • Media interest and scrutiny at local and national level. • Impact on reserves • Continuing financial loss and potential S114 notices in future • Reputational damage. • Potential investigation of historic financial practices. • Not balancing 22/23 financial year. • Not balancing 23/24 financial year • Not balancing 24/25 financial year. 	West, Jane Last Review: 29/12/2022 Last Amended : 29/12/2022 11:02:53	5	5	25	5	5	25

Existing Controls

- Financial assurance review meetings monthly -
- Oversight by DLUHC Improvement & Assurance Panel. -
- Public consultation activity. -

Future Controls

- Budget Working Group to be expanded and tasked with programme managing the delivery of the savings included in the MTFS
- MTFS process for 2024/25 Preparations to be done in the spring for the process for 2024/25 Council Tax Setting Star Chambers with the Mayor and Cabinet over the summer.
- Negotiations with Department for Levelling Up, Housing and Communities on potential debt write off in the spring and summer .
- Work being undertaken with the Department for Levelling Up , Housing and Communities to balance future year budgets Weekly meetings taking place with DLUHC officers
- Submission to be made by Croydon early in January
- Support from DLUHC to be confirmed in mid February

Review Date

24/02/2023

01/09/2023

28/02/2023

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
CDS0003 Golland, Paul	Sustained failure of systems critical to council service delivery as a result of technical failure , lack of support from suppliers or lack of availability of internal resources (staff - i.e. single point of failure). Capital Programme Investment dimension. (Risk generated 15/10/2014)	<ul style="list-style-type: none"> • Increase in complaints/correspondence, • Staff unable to work or work effectively , • Financial cost to Council - cash flow relationship with contractor, inaccurate calculations and payment. 	Golland, Paul Last Review: 09/12/2022 Last Amended : 09/12/2022 14:57:13	5	4	20	5	2	10

Existing Controls

- Contract monitoring in place. -All new contracts involving technology managed via CDS
- Contractor liaison. -Regular meetings with Little Fish
- Default actions contract. -
- Escalate current contractual actions. -
- Identify future/alternative service providers -core service delivery contracts currently being reviewed - systems contracts part of ongoing roadmap
- Improved infrastructure for Iclipse system, -new hardware platform for the system will improve reliability and maintenance arrangements.
Iclipse replaced by NEC Enterprise document management system - hosted by supplier
- Increased monitoring and reporting arrangements. -Move remaining services away from Fell Road site to move fell road services to better infrastructure with improved DR and service support.
move from data centre to Azure cloud completed

Future Controls

- To conduct a DR test to locate issues and build confidence

Review Date

31/03/2023

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
CDS0021 Golland, Paul	<p>The ICO applies a statutory notice and other enforcement measures to the Council for non-compliance of statutory regulation in relation to breaches of:</p> <ul style="list-style-type: none"> • GDPR • Other Data Protection Regulation • FOIA • SAR's <p>FOI response rate still below targets</p> <p>Current risk rating changed to Red due to a reprimand received in August 2022</p> <p>(Risk generated 01/11/2019).</p>	<ul style="list-style-type: none"> • Reputational and financial damage. • Media and public scrutiny. • Legislative action. • Political scrutiny. 	<p>Golland, Paul</p> <p>Last Review: 09/12/2022 Last Amended : 24/01/2023 10:59:51</p>	4	5	20	3	3	9

Existing Controls

- Implemented a forward plan to address the backlog of SAR and FOI which has been agreed and funded by CMT. -
- Increased the resource within the team and reviewing the reporting, system and processes in place -
- Liaising with the ICO and providing updates on the teams progress, sharing the temp resource structure and process changes -
- Reduced backlog of FOI through data cleansing -Existing Controls
- Strengthening resource, embedding accountability and ownership for service areas, implementing IMMSG governance ... 31/12/2022
- Implemented Infreemation as new system solution August 22
- Dedicated DPO in post to review duties August 22
- Improvement plan in place to be delivered by 31/12/2022
- IMMSG Re-instated September 22

Future Controls

- Improve organisation awareness of the legislation to ensure uniform redaction, and information is only released that should be applying exemptions where necessary.
- Reduced backlog of FOI through data cleansing Future Controls Review Date
- Review and create Policy and training Guidance
- Improve the training of the information management team
- Process review and implement regular reporting to senior management team
- Identify duplicate requests and improve consistency with responses
- Strengthening resource, embedding accountability and ownership for service areas, implementing IMMSG governance ...

Review Date

31/03/2023

31/01/2023

31/01/2023

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
CDS0028 Golland, Paul	Organisational instability and responsive repairs contractual changes impacts the implementation of the new integrated Housing IT system (NEC) such that it is delayed or fails to deliver the intended benefits.	<ul style="list-style-type: none"> Have to retain legacy systems for longer, costing more and breaching tender regulations Cost of programme increases to support project resources for a longer period of time Takes longer to onboard the required resources to deliver the project due to extended internal checks and balances on spending confirmed budget Housing MTFS savings not able to be met until new system is live and sufficiently adopted Reduction in staff morale due to change fatigue and financial pressures Scope creep & weakened governance and decision-making due to changing Senior Management expectations and buy-in caused through extended use of interims over the life of the project 	Golland, Paul Last Review: 20/01/2023 Last Amended : 20/01/2023 13:57:33	5	4	20	4	3	12

Existing Controls

- Ensure project governance arrangements (especially core meetings) are reviewed -/004 - ongoing
- Focused engagement for each change in interim officer at Head of Service , Director, and Corporate Director level -
- Maintain active RAID log -/002 – ongoing

Future Controls

- Explicitly highlight and socialise expected end state for each service area /005 – Existing > implementing outcome of review
- Responsive Repairs plan baselined for all workstreams /007 – no change

Review Date

31/01/2023

27/02/2023

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
CDS0035 Golland, Paul	<p>Subject matter experts (SMEs) who support many of the Council's critical IT systems are single points of failure (SPoF) and eligible to retire meaning there is significant risk of these systems effectively becoming unsupported unless.</p> <p>Additionally, the specific configuration of these systems has a substantial learning curve for ensuring any replacement can adequately support the setup of the system. These skills are not readily available in the market, have a premium salary expectation, and most likely need investment in supplier-approved training programmes to get to the necessary level.</p> <p>CDS Digital Systems Team (DST) has a total of 8 application engineer roles (3 of which are senior). At the current time, 1 position is vacant which has had a poor response when advertised, 2 are over retirement age, 2 are over 60, and 2 are within a couple of years of 60. All have 10+ years' experience of supporting Croydon's critical systems.</p>	<ul style="list-style-type: none"> Line of business systems which are relied on by front-line services are unsupported leading to key processes not being able to function, or statutory services being reduced or prevented altogether Significant challenge of IT department being able to continue to support the following systems should any of these SMEs elect to retire or are unable to continue working: <ul style="list-style-type: none"> System: Idox Uniform used by: Planning, Building Control, Environmental Health, Commercial Licensing, Trading Standards, Food Standards System: Visual Files used by: Legal services and external legal System: Civica Express (Election Management System) used by: Democratic Services System: Business Objects used by: Adults and Childrens Social Care System: Corporate GIS used Corporately System: Capita One used by: Education System: SharePoint used Corporately System: OHMS used by: Housing System: CASPAR used by: Adults Social Care System: Epilog used by: Crematorium & Registrars 	Golland, Paul Last Review: 20/01/2023 Last Amended : 20/01/2023 14:04:47	5	4	20	3	2	6

Existing Controls

- Cloud first architectural principle for all new applications -reduces the support complexity and ensures supplier supports most of the infrastructure needed by the application
- Digital Internal Control Board setup so there is a forum to discuss governance and continuity at a strategic level - Review of loss of technology under review by Business Continuity Team following Capita print server incident. Following the incident it was identified that services did not in the majority have BCP plans to cover for major /total loss of technology.
- Evidence that steps in the agreed implementation plan are progressing successfully -/ 11 - Once the CDS capability review starts, think this measure can be closed/made EXISTING as the review is the evidence
- TUPE'd the Application Management Support team back into IT from Capita -(after unsuccessful outsourced experience which saw support capacity reduce and substantial knowledge loss which hasn't been replaced)

Future Controls

- Discussions with suppliers of these systems around how they could support us if needed /08 - CDS capability review commissioned to define support target operating model incl role of suppliers > 31/3/23
- Document and agree a resource plan (recruitment, training, cross-skilling, etc.) /07 - CDS capability review commissioned to define support target operating model incl resource plan to fill any gap identified > 31/3/23
- Proposed systems dashboard highlighting at risk systems produced and discussed at Digital Control Board /04 - Paper approved by Digital Control Board - Systems Governance sub-group to be formed who will finalise dashboard format and oversee its completion and upkeep - review date > 15/2/23
- Review apprenticeship options /09 - CDS capability review commissioned to define support target operating model incl apprenticeships > 31/3/23
- Review support profile of each system to identify skills and resources needed to support each (skills matrix) /06 - CDS capability review commissioned to define support target operating model incl skills and resourcing > 31/3/23
- Secure funding (if required) to implement resource plan /10 - CDS capability review funded from transformation - discussions with finance on converting capital to revenue - target operating model will clarify cost basis for the services provided > 31/3/23

Review Date

31/03/2023

31/03/2023

15/02/2023

31/03/2023

31/03/2023

31/03/2023

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
CEHR0071 Shoesmith, Dean	Organisational behaviours, culture and practices lead to the Council being unable to operate effectively and therefore not serve the residents of the borough and internally within the council in accordance with their expectations. Grant Thornton - 'Report in the Public Interest' recommendation number(s): 1-20.... (Risk generated 28/10/2020).	<ul style="list-style-type: none">Increasing and uncontrollable financial loss.Legislative action due to non-compliance with statutory obligations.Workforce behaviours critically damage the organisation.Political scrutiny and interest at local and national level.Media interest at local and national level.Staff morale.Continuing and increasing reputational damage.Government intervention. Employment tribunals and potential for litigation HR process Recruitment and retention of staff	Shoesmith, Dean Last Review: 09/11/2022 Last Amended : 05/12/2022 11:37:10	5	4	20	5	3	15

Existing Controls

- A provider has been selected and appointed for the culture change programme -all staff will be re-inducted through to ensure the workforce as a collective is aligned to, and achieves, appropriate standards of behaviour and conduct to serve the Council's residents an customers . The provider will be commencing the design work of the programme with immediate effect and working in close collaboration with the Chief Executive , CMT and HR and OD to ensure clear objectives, milestones and outcomes are established.
- Coaching and mentoring informal and formal -
- Corporate behaviours and ways of working are core elements -to job descriptions and new performance management system.
- Corporate Director Assurance Statements provided annually . -
- Dedicated Learning & Organisational Development Team supporting culture change -as a key element to Croydon Renewal Plan with core expectations on compliance and accountability.
- Detailed policies and procedures in place and reviewed by relevant accountable officer / team regularly. -
- Facilitators are now trained. -
- Governance Framework in place which is modelled on the CIPFA / SOLACE methodology. -
- Internal Audit Programme developed and delivered each financial year . -
- New Appraisal System now in place -
- Ongoing engagement with staff. -
- Refreshed manager and staff behaviours and mandatory core training -including good governance and accountability framework schemes to ensure the Council maintains up to date and relevant adherence to legal requirements and initiatives as they relate to organisational best practice and workforce development and enhancement.
- Risk Management Framework in place. -
- The Crossing the Threshold Culture Change Programme is being rolled out initially through building a train the trainer approach -This will mean that all staff are developed to embody effective organisational behaviour , culture and practice
- To address organisational culture, the council has launched its Crossing the Threshold culture change programme . -This will be followed through with a second phase Crossing the Threshold , covering the council's workforce. Financial training has been launched for all budget managers to ensure improve budget and financial practice, and a report will be presented to CMT on 31/8/22 to address managerial skills aiming to improve people management skills across the council
- Work is now underway for the implementation of the organisational culture change programme . - This was initiated through the appointment of external advisors and facilitators BBS in November 2021, with an initial meeting with the Chief Executive in early December and a facilitated session with CMT and the directors on 10 December 2021. There will be further facilitation sessions , including a train the trainers approach in the New Year, followed by the culture change programme being rolled out across the council via the trained trainers.

Future Controls

- 30 Facilitators are to train a wider pool circa 80
- Corporate objectives updated to reflect new corporate standards to be launched
- Following the design of the programme with circa 25/30 staff there will be a train the trainers approach , with circa 80 staff identified to complete culture change training and development across the Council.

Review Date

09/02/2023
31/03/2023
31/03/2023

- Further Crossing the Threshold Phase 2 to be reported to CMT and rolled out from January 2023	09/02/2023
- Health & Wellbeing Strategy to go to Workforce Board November 2022	09/02/2023
- Health & Wellbeing will be refreshed and launched with a focus developing manager capability in managing staff with mental health conditions	31/03/2023
- Introduction of 360 reviews for all managers commencing with Head of service and above and incrementally including all managers by April 2023	31/03/2023
- The programme will include the wider culture change brought about by the May 2022 Mayoral Election. Roll out will be to CMT/Directors, followed by HOS, followed by all staff.	31/03/2023
- Under the Croydon renewal plan the cultural transformation programme is a key area of work that will define new behaviours Standard skills and core competencies and values that will reflect performance management and appraisal and new ways of working. All staff will be re-inducted against these standards.	30/03/2023
- Work is being undertaken to establish a representative cross section of staff at all levels and for all directorates of the Council to form a Design Group	31/03/2023

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
EHSCSC0016 Madden, Roisin	Registered and Regulated providers refuse to accept placements of children where the Council is statutorily required to deliver either social care provision leading to the use of unregulated provision. (Risk generated 23/03/2020).	Children under the age of 16 are placed in semi independent homes which are not regulated by Ofsted therefore there is no formal regulation of the standards of care, meaning that the Council becomes the regulator, leading to potential risk to children through poor quality care, Inspection risk as an indicator that the council's sufficiency strategy is not effective and reputational risk associated with challenge by the regulator.	Madden, Roisin Last Review: 02/01/2023 Last Amended : 20/01/2023 15:02:00	4	5	20	4	3	12

Existing Controls			
<ul style="list-style-type: none"> - Comprehensive support to placement providers -Providing holistic support to foster carers and residential providers to support their care of traumatised children who can present as challenging in their behaviours as a result of the harm that they have suffered. This support will reduce the likelihood of a placement breakdown which creates the risk of reliance upon unregulated providers of care. - Robust Placement finding activity -Ensuring that the Placements Team build and maintain positive working relationships with care providers in and close to Croydon promoting the value of caring for Croydon children , building confidence in the relationship with Croydon Council. 			
Future Controls			Review Date
- Development of Residential Children's Home A project is underway to open a Residential Children's Home specifically for children aged 12 and over where there are risks of extra familial harm.			31/03/2023
- Introduction of Ofsted Regulation of provision currently categorised at Unregulated Ofsted Regulation commences from September 2023.			29/09/2023

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
FIR0061 West, Jane	Impact of Review of CAH/CAT Lease Accounting Treatment and impact on capital / capitalisation direction.	c£60m worst case further impact if accounting treatment for whole of CAH/CAT lease is found to be operating lease. Could be mitigated by part use of reserves / extra capitalisation direction but would have impact on robustness of reserves levels / capital financing costs	West, Jane Last Review: 29/12/2022 Last Amended : 24/01/2023 11:08:22	5	4	20	5	4	20
Existing Controls									
- Sought advice from independent experts and reviewing GTs stated position -									
Future Controls									
-									
								Review Date	

- Developing and reviewing detailed action plan with team including prioritising -
- Interim Head of Service is now in place. -
- Moving to use of TOIL rather than Over-time as default to ensure breaks within team. -
- Ongoing Chairs training, officer guidance for reports has been reviewed and started, there is a review by internal audit -on member training.
- Staffing establishment under constant review. New interim Head of Service appointed and plans are in place to fill any -vacancies.
- Team meetings to focus on overall workloads and confirm R&Rs and re-balance / equalise work-loads throughout the team. -
- Team training sessions starting to raise knowledge base and shared understanding within the team. -

- Rebalancing of workloads and R&Rs will develop further team culture and support amongst members.
- Recruitment progressing for 2 x Dem Services & Governance Officers, and trainee recruitment to start. Aiming for starting Jan 2023

31/01/2023

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
PP0021 Handford, Gavin	Pipeline of projects exceeding current resource requirements 'If demand for CPMO support exceeds CPMO resource supply, then demand for CPMO support will be unmet'	Either projects will be unsupported by the PMO, or, if supported, PMO Officers will be stretched beyond reasonable capacity (which we are starting to see already).	Handford, Gavin Last Review: 16/01/2023 Last Amended : 16/01/2023 11:45:31	4	5	20	4	4	16

Existing Controls

- Corporate PMO established, with agreed framework, roles and responsibilities -Ongoing
 - Internal Control Boards / Programme Boards established -Ongoing
 - PMO recruitment -recruitment underway, with additional capacity being created
 - Recruitment Plan/Dedicated Community Manager -The PMO have undertaken an ambitious recruitment plan, having successfully offered to three G14 candidates, two G12 candidates, and two G8 in the past two months alone. The PMO also uses a robust triage process, weekly to ensure that the work taken on by the PMO is (a) appropriate, (b) prioritised appropriately, and (c) there is the appropriate capability & capacity available within the team.
- In addition to this the Programme & Project management Community of Practice that was established by the PMO now has a dedicated Community Manager, who is tasked with ensuring the Community builds capability within the council, therefore lessening demand on the Corporate centre, while simultaneously creating a pipeline of future PMO offices, should the team need to expand further.
- Triage of the pipeline of work to ensure that the limited CPMO resource is matched to priority activity -Ongoing

Future Controls

- New project management software

Review Date

29/09/2023

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
PP0022 Handford, Gavin	Statutory Coroners service overspend due to increased demand pressures	Reputational damage Emotional impact on families Budget pressures if partners do not support additional resources	Handford, Gavin Last Review: 16/01/2023 Last Amended : 16/01/2023 09:22:04	4	5	20	3	3	9

Existing Controls - Expert consultant employed to support service review and improvement - - New Head of Coroners service post recruited - - Recruitment of additional staff resource -Underway - Regular meetings held with local authority partners and Met Police - - Regular meetings with Senior Corner held - - Second Coroners Court established to manage case backlog - - Service improvement plan, with regular reporting -									
Future Controls - Financial Review, with zero based budget developed							Review Date 28/02/2023		

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
PP0024 Handford, Gavin	The Elections Act 2022 includes significant changes to the electoral registration and voting arrangements. This is likely to require additional activities and communications, although additional funding from Government is lower than anticipated. In addition, the detail of what will be required is not known at this stage, making planning very challenging. This is alongside ongoing requirements such as: Polling station review, election review, election planning, annual canvas	Staff resource pressures Budget pressures Voters disenfranchised	Handford, Gavin Last Review: 16/01/2023 Last Amended : 16/01/2023 10:17:48	4	5	20	4	4	16

Existing Controls

- Provide regular updates to Chief Executive/C<T -
- Secondary legislation and guidance -
- Utilising AEA professional network for advice and guidance -

Future Controls

- Identify additional staff requirements
- Learn from May 2023 elections held outside of London under new legislation

Review Date

31/03/2023

31/05/2023

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
PR0037 lles, Steve	Conduent contract delayed delivery and the impact on income through PCNs	These delays have a risk of preventing the council from using on street CCTV for moving traffic violations, the consequence of this is an impact on income from PCNs	lles, Steve Last Review: 23/11/2022 Last Amended : 02/12/2022 07:59:28	4	5	20	3	3	9

Existing Controls

- Contract management and escalating poor performance through the contract mechanism -- Weekly meetings in place with contractor to go through the programmes for both Lot 1 & Lot 2 programmes focus areas
- Delay in the rollout of camera's due to a software update - implementation plan is in place and reviewed at each progress meeting, reprioritise the camera rollout to new LTN schemes to help with mitigating the potential impact on income.
- EasiPermit - software upgrade to enable automated processing of all permit types for residents, care workers etc.

Future Controls

Review Date

13/02/2023

- escalation and contract remedies - BJs through legal have been engaged and are providing advice around formal escalation of Conduents failure to deliver the requirements of the contract.
- Conduent have been instructed to provide a remediation plan to recover the ongoing delays with the role out of new ANPR cameras .
- weekly meetings with Conduents senior management team in place
- compensation claim being developed by the council to recover losses.
- programme delivery mitigation measures - LBC / Conduent - focus on Len changes on priority locations to mitigate financial impact.
- develop programme to deliver optimised camera resolution plan.
- Conduent to secure ongoing maintenance and camera liability for old Seimens cameras and cover costs.
- Conduent to work through locations where new lens are need for new camera's and provide likely upgrade timeframe
- EasiPermit - UAT testing programme submitted
- EasiPermit - plan b option to use online MS form or downloadable form to enable customers to apply for permits

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
PST0025 Cheesbrough, Heather	Development Management cannot recruit sufficient appropriately trained staff to manage workload and address backlog and fee income generated does not cover staffing needs.	Back log now reducing slowly Staff go sick with stress Staff retention and recruitment is exacerbated by high workloads Cases are not appropriately managed and checked to sufficient high standard leading to errors and increase in JRs and losing appeals Increase in appeals for non determination Loss of Fees through Planning Guarantee, having to return fees to applicants Increase in complaints Performance drops below Government set targets and becomes a designated LPA Very low determination approval rates leading to repeat applications and unfunded second applications	Cheesbrough, Heather Last Review: 23/01/2023 Last Amended : 23/01/2023 16:59:14	5	4	20	4	5	20

Existing Controls						
<ul style="list-style-type: none"> - Case officers to prioritise determination of cases and reduce negotiation and amendments to a minimum - - Developed a protocol for application which may engage the Planning Guarantee and continue to implement agreed procedure - - Development of a Planning Improvement Plan following PAS Review -Range of actions to address recruitment and retention, IT software improvements to improve case officer efficiency , - Review MFS on Planner salaries -This will have a budget impact but growth bid could be considered 						
Future Controls						Review Date
- Seek to increase productivity through technology following the recommendation of the PAS review						16/02/2023

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
RCS0032 West, Jane	<p>Croydon Council companies: Robust governance, financial accounting treatment & risk management procedures/frameworks are not activated to safeguard the interests of the Council and it's taxpayers in respect of all subsidiary organisations where the Council has an interest.</p> <p>As raised in External Audit's Management letter/report presented to GPAC 20th October 2021. (Specifically in reference to Croydon Affordable Homes & Croydon Affordable Tenures and Brick x Brick).</p> <p>Grant Thornton - 'Report in the Public Interest' recommendation number(s): 8,12,17,19 & 20.</p> <p>(Risk generated (26/02/2021)</p>	<ul style="list-style-type: none"> • Significant financial accounting adjustment • Reputational damage. • Political interest and scrutiny. • Media interest and scrutiny. • Council placed in unstable financial position leading to potential bankruptcy. • Potential fraudulent activity. • Continuing and increasing levels of non-compliance. 	<p>West, Jane</p> <p>Last Review: 29/12/2022 Last Amended : 29/12/2022 11:09:12</p>	5	4	20	5	4	20

Existing Controls

- Annual business plan of BXB reported to Cabinet. -
- Cabinet decision for managed wind down of BxB reached with build out of some sites -
- Cabinet member responsibility in portfolio. -
- Council taking external advice in respect of Croydon Affordable Homes and Croydon Affordable Tenures -
- Dedicated shareholder function in place to manage relationship and risks. -
- LBC non-executive directors allocated to serve on all subsidiary Boards. -
- Shareholder boards established specifically for Brick by Brick -and secondly for all other external companies feeding into the working group for council companies to report as part of the renewal plan delivery
- Shareholder Representatives and responsibilities identified following review. -

Future Controls

- Implementation of the recommendations of PwC Review of Croydon Companies
- Review of governance of external and related companies. Further work/ implementation of the CCSMP structure with Member/Cabinet involvement to enable regular review of the arrangements for all Council companies

Review Date

31/03/2023

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
RCS0041 West, Jane	Funding levels provided through the Government Grant for future financial years are significantly lower than anticipated resulting in considerable savings being required to balance the Council's Medium Term Financial Strategy . (Risk generated 27/06/2019).	<ul style="list-style-type: none">• Service disruptions or services ceased• Key manifesto / corporate objectives not achieved.• Resident dissatisfaction.• Media and political scrutiny.• Legal challenge and associated consequences.• Staff reductions / redundancies.• Unable to deliver a balanced budget.• Section 114 notices continue to be served.	West, Jane Last Review: 29/12/2022 Last Amended : 29/12/2022 11:15:51	5	4	20	5	3	15

Existing Controls <ul style="list-style-type: none">- Continued focus / investigation into effective approaches to managing social care demand and the social care reforms -- Continued lobbying with DLUHC for fair funding. -- Continued maintenance of general fund reserve at current levels, -with an ambition to increase the minimum level of reserves to 5% of the net revenue budget to cover any major unforeseen expenditure.- Continuing approach to organisational efficiency including smart commissioning & procurement strategies, and recruitment -controls. Targeted approach to early intervention and prevention strategies (children's and adult's social care) and exploitation of opportunities for working in collaboration with our partners.- Continuous monitoring / scrutiny of all budgets and commitments. -- Detailed MTFS planning throughout the year -- Fair Funding Review, Business Rates Reset, Adult Social Care Reform and other changes to local government finance system delayed -Policy paper for 2024/25 already issued giving reassurance of government funding for that year but there is a subsequent cliff-edge into 2025/26.									
Future Controls <ul style="list-style-type: none">- Strategic approach applied to identify efficiencies and savings and project managed approach to delivery Through changes to the way the Council works e .g. One Council approach with cross-Directorate working, the Transformation Programme, exploiting new technology, consolidation of buildings and processes.								Review Date 31/03/2023	

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
RCS0042 West, Jane	General increasing demand for council services driven by several factors including declining health in the borough, fuel poverty, cost of living crisis and rising interest rates increasing the financial demand on the council for services. Update of risk raised at CMT (previously ELT) 21 September 2021	Service, financial, reputational, legal and people dimensions to the risk.	West, Jane Last Review: 29/12/2022 Last Amended : 29/12/2022 11:19:29	5	4	20	5	4	20

Existing Controls

- Council Tax Support Scheme under continual review -
- Current control measures support to community -
- Council tax support scheme supports low-income households, freedom pass provision and free school meals
- Discretionary Housing Payments to contribute to shortfalls in rent.
- Croydon Healthy Home service gives energy advice and supports fuel poor and vulnerable households to obtain funding for energy efficiency improvements .
- Commissioning of advice services to provide welfare rights advice.
- Downloadable directory for local support around Welfare Rights or debt advice
- Croydon Works jobs brokerage service for residents and local employers .
- Croydon Adult Learning and Training , and work through Skills and Employment Forum with college and universities, private sector provider and users to support the employability of residents.
- Signposting residents to support with emergency provisions around food and utility top-ups.

Future Controls

- Necessity for additional discretionary hardship support to be considered

Review Date

31/03/2023

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
VRN0055 Aspinall, Kristian	<p>Croydon Council's Leisure Contract & Partnership with GLL</p> <p>GLL currently manage New Addington, Monks Hill, Waddon, South Norwood, Thornton Heath, Ashburton Hall, Purley, Croydon Sports Arena and 32 tennis courts on behalf of the council.</p> <p>Due to rise in energy costs, GLL's utility expenses have risen to such an extent that they have expressed their concerns regarding the viability of continuing to run our leisure facilities.</p> <p>The overriding risk is that GLL are unable to fulfil their commitment and cease to manage the leisure facilities before our contract is due to expire.</p> <p>LBC currently does not have the staffing capacity or know-how to manage the major leisure facilities on a practical or operational level.</p>	<p>Closing the leisure centres would significantly impact the well-being and health of the borough's residents, particularly those vulnerable groups who use our facilities. This would have a downstream effect on our health and social care services as residents would not be able to access preventative leisure and exercise.</p> <p>Equally, the council would have to take on the running of the sites, and it does not have the inhouse skills. This would create a significant financial loss to the council more than several million pounds annually, as well as potential TUPE situations for staff. It would also mean to loss of the planned income for the service that starts in 2023.</p> <p>Any closures would have considerable negative publicity locally and nationally.</p>	<p>Aspinall, Kristian</p> <p>Last Review:</p> <p>Last Amended : 11/01/2023 14:45:45</p>	5	4	20	5	2	10

Existing Controls

- Communication with other London Boroughs -to understand what practices they have employed to reduce their energy costs and what support they may have provided their leisure providers. Whilst the contractual agreement that LBC has with GLL will not be the same as their agreements with other borough's it is likely that some elements of how other local authorities are managing the issue can be shared and used in LBC
- Utility cost saving measures are in place at all the leisure facilities. -This includes covers for the swimming pools which are the single largest utility expense.

Future Controls

- A possible "winter program". GLL to re-evaluate their opening hours at the leisure facilities on a case-by-case basis.
- A possible financial package to be agree where the council subsidises temporary energy rises . LBC are looking at more detailed evidence of GLL's financial position with a view of offering financial support specifically for their energy costs .
- Identifying new ways of reducing energy costs.
- Regular meetings with GLL to continue to assess their position

Review Date

11/04/2023

11/04/2023

11/04/2023

11/04/2023

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Threat and Opportunity Risk Assessment

Impact Classification

	Service disruption	Financial Loss	Reputation/ Complaints	Statutory/ legal	People
Extreme 5	Total failure of service	Over £5m	National publicity or complaints. Resignation of Member or Chief Officer.	Multiple civil or criminal suits. Litigation, claim or fine above £5m	Multiple fatal incidents or serious permanent injuries involving staff or customers
Very high 4	Serious disruption to service	£500k- £5m	National public or press interest, including high profile complaints	Litigation, claim or fine £500k - £5m	Fatal incidents or serious permanent injuries involving staff or customers
Medium 3	Disruption to service	£50k -£500k	Local public/ press interest including significant corporate complaints volumes/impact	Litigation, claim or fine £50k - £500k	Incidents causing serious permanent injuries involving staff or customers
Low 2	Some minor impact on service	£5k - £50k	Contained within department complaints process	Litigation, claim or fine £5k - £50k	Incidents causing serious injuries involving staff or customers
Negligible 1	Annoyance but does not disrupt service	< £5k	Contained within unit/section, complaints made but resolved	Litigation, claim or fine less than £5k	Incidents causing notifiable injuries involving staff or customers

Select the highest category to score the risk.

Likelihood Classification for An Event Occurring In A Given Year

5. *Almost Certain*—Expected to occur in most circumstances (> 80%).
4. *Likely* - Will probably occur in most circumstances (51% - 80%).
3. *Possible* – Fairly likely to occur (21% - 50%).
2. *Unlikely* - Could occur at some time (6% - 20%).
1. *Rare* -May occur only in exceptional circumstances (0 – 5%).

Risk Rating/Scoring = Impact*Likelihood

Prioritisation of Risks

20-25	Those risks requiring immediate management and monitoring
9-19	Those risks requiring management and monitoring but less time critical
1-8	Those risks which require ongoing monitoring

Approaches that can be adopted for the management of risk:

- **Eliminating or avoiding:** Changing or abandoning goals specifically associated with the risk in question, or choosing alternative approaches or processes that make what was a risk no longer relevant.
- **Risk sharing:** Sharing risks in part or full with another stakeholder who could be involved solely to facilitate risk treatment.
- **Reducing the probability:** Changing approach identifying causal links between threat and impact, or causes of threat, and intervening to mitigate occurrence, acting to reduce the threat.
- **Reducing the impact:** Developing contingency plans for responding to the threat if it occurs, even if other steps have been taken to minimise risk.

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LONDON BOROUGH OF CROYDON

REPORT:	AUDIT AND GOVERNANCE COMMITTEE	
DATE OF DECISION	2 FEBRUARY 2023	
REPORT TITLE:	SECTION 114 NOTICE ASSURANCE	
CORPORATE DIRECTOR / DIRECTOR:	JANE WEST CORPORATE DIRECTOR OF RESOURCES	
LEAD OFFICER:	JANE WEST CORPORATE DIRECTOR OF RESOURCES	
LEAD MEMBER:	CLLR JASON CUMMINGS LEAD MEMBER FOR FINANCE	
DECISION TAKER:	N/A	
AUTHORITY TO TAKE DECISION:	N/A	
KEY DECISION? [Insert Ref. Number if a Key Decision]	No	REASON: N/A
CONTAINS EXEMPT INFORMATION?	NO	
WARDS AFFECTED:	N/A	

1 SUMMARY OF REPORT

- 1.1 The purpose of this report is to provide a response to the issues raised by the Independent Chair of the Audit and Governance Committee at the Cabinet meeting on 30 November 2022 in relation to the issuance by the Corporate Director of Resources of a Section 114 Notice on 22 November 2022.

2 RECOMMENDATIONS

- 2.1 The Committee is asked to note, consider and comment on the assurances provided by the Corporate Director of Resources in relation to the areas raised by the Independent Chair of the Audit and Governance Committee regarding the issuance of the S114 Notice.

3 REASONS FOR RECOMMENDATIONS

- 3.1 To provide an independent review of the Council's governance, risk management and control frameworks.

4 BACKGROUND AND DETAILS

- 4.1 On 22 November 2022, the Corporate Director of Resources and Section 151 Officer issued a Section 114 Notice in relation to the Council's projected financial position for 2023/24 and beyond. Alongside the S114 Notice, an update of the Council's Medium Term Financial Strategy was published, opening a period of budget engagement with residents. The MTFS Update report was discussed at Cabinet on 22 November 2022 and the Mayor offered the Independent Chair of the Audit and Governance Committee the opportunity to make a presentation to the Cabinet. A summary of the main areas that the Independent Chair addressed in the presentation are attached as Appendix A.
- 4.2 The Independent Chair of the Audit and Governance Committee has asked the Corporate Director of Resources and S151 Officer to report to the Committee providing assurances in relation to the areas raised. These are set out in Appendix B to this report.

5. ALTERNATIVE OPTIONS CONSIDERED

Not applicable.

6. CONSULTATION

Not applicable

7. CONTRIBUTION TO COUNCIL PRIORITIES

- 7.1 The recommendation aligns with the Mayor's Business Plan 2022-26 Outcome 1 Priority 4: Ensure good governance is embedded and adopt best practice.

8. IMPLICATIONS

8.1 FINANCIAL IMPLICATIONS

- 8.1.1 There are no financial implications arising from the recommendations.

8.2 LEGAL IMPLICATIONS

- 8.2.1 The Public Interest Disclosure Act 1998 (PIDA) amended the Employment Rights Act 1996 ("the Act") to create a framework for whistleblowing across the private, public, and voluntary sectors. The Act provides individuals in the workplace with protection from victimisation where they make a protected disclosure about malpractice or wrongdoing at work in accordance with the Act's provisions.

8.3 EQUALITIES IMPLICATIONS

- 8.3.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
 - Advance equality of opportunity between people who share those protected characteristics and people who do not
 - Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex, and sexual orientation. Marriage and civil partnership status applies to the first part of the duty. The recommendations do not give rise to any equality's issues.

9 APPENDICES

Appendix A - Areas of assurance for the Audit and Governance Committee sought by the Independent Chair of the Audit and Governance Committee

Appendix B - Responses to the areas of assurance for the Audit and Governance Committee as raised by the Independent Chair

10 BACKGROUND DOCUMENTS

None.

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Appendix A

Areas of assurance for the Audit and Governance Committee

S114 Notice

1. Comprehensive assessment of costs implications of the legacy and emerging issues.
2. Assessment of Balance Sheet assets, liabilities and reserves.
3. Capacity and capabilities to deliver turnaround and pace of change.
4. Risk assessment of decisions and priorities
5. Compliance with legal advice and the Council's Constitution
6. Openness and engagement with staff, residents and partners

RIPs 1 and 2, and Croydon Renewal Plan

1. Progress report and risks
2. Culture change and financial discipline
3. Budget monitoring and financial reporting

Update on other initiatives/Issues

1. Opening the Books
2. Internal Control Boards
3. Governance Reports and Investigation
4. CAH and Audited Accounts
5. Annual Governance Statement

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Appendix B

Responses to the areas of assurance for the Audit and Governance Committee as raised by the Independent Chair

	Assurance sought	Response	Accountable Officer
1	Comprehensive assessment of costs implications of the legacy and emerging issues.	<p>Significant work has been completed in preparation for the Council Tax Setting which will be reported to Cabinet on 22 February 2023.</p> <p>Budgets have been comprehensively reviewed by the Finance Team and by Directorate Management Teams for accuracy. Where necessary corrections are being recommended for the budgets for 2023/24 and future years.</p> <p>The Openings the Books project is drawing to a close and a number of reports are being completed by the consultancy, Worth Technical Accounting Services. These should be available for publication shortly. PWC were also commissioned to undertake specific reviews that have also been completed. The outcomes of these reviews have also been built into the recommended budgets for 2023/24 and future years.</p> <p>It should be noted that the Council still has three years of accounts where the external audit has not been completed and there is a risk this work may uncover other unknown issues. Updates will continue to be provided to the AGC.</p>	Corporate Director of Resources and S151 Officer
2	Assessment of Balance Sheet assets, liabilities and reserves	<p>The work described above in 1 included reviews of the Council's balance sheet.</p> <p>Again, it should be noted that the Council still has three years of accounts where the external audit has not been completed and there is a risk this work may uncover other unknown issues. Updates will continue to be provided to the AGC.</p>	Corporate Director of Resources and S151 Officer
3	Capacity and capabilities to deliver turnaround and pace of change	<p>This continues to be a major focus for the Council.</p> <p>Achieved to date:-</p> <ul style="list-style-type: none"> – Permanent Section 151 Officer and Deputy Section 151 Officer appointed 	Corporate Director of Resources and S151 Officer

		<ul style="list-style-type: none"> – Budget Assurance meetings held monthly with the Chief Executive and S151 Officer to drive through the importance of financial management – CIPFA-led Finance Training rolled out to all managers <p>Focus for the coming year:-</p> <ul style="list-style-type: none"> – Further strengthening of financial management across the Council supported by CIPFA – Oracle ERP system continuous improvement project has been initiated – Interim management arrangements in place across the Finance Team are to be addressed and all vacant posts filled. Although a key risk will be limited availability of suitable candidates in the market which is affecting the whole of the public sector. 	
4	Risk assessment of decisions and priorities	<p>Risk management has been strengthened across the Council over the last couple of years.</p> <p>External risk management review has been undertaken by Zurich Municipal to review progress. This was reported previously to the AGC. Recommendations are being adopted.</p> <p>Risk management is being built into the new Project Management system being rolled out across the Council.</p>	Head of Insurance, Anti-Fraud and Risk
5	Compliance with legal advice and the Council's Constitution	<p>The Council's decision making process has been reviewed. A new Decision Report template has been introduced and report writing guidance has been issued. Sections requiring comments on compliance with legal advice and alignment with the Council's Constitution have been introduced.</p> <p>Training on decision making has been provided across the Council.</p>	Head of Legal Services and Monitoring Officer
6	Openness and engagement with staff, residents and partners	<p>Transparency has been improved in the last couple of years through the Monthly Financial Performance Report which is submitted to Cabinet. Improvements are built into this report on an ongoing basis and specifically further improvements will follow the outcome of the Worth TAS review.</p>	Corporate Director of Resources and S151 Officer

		<p>It is planned to publish the Worth TAS report on 'Opening the Books'.</p> <p>The MTFs Update report that went to Cabinet on 30 November 2022 initiated a public engagement exercise on the Council's financial position, the results of which will be reported to Cabinet and Council as part of the Council Tax Setting process.</p>	
7	<p>RIPs 1 and 2, and Croydon Renewal Plan</p> <ol style="list-style-type: none"> 1. Progress report and risks 2. Culture change and financial discipline 3. Budget monitoring and financial reporting 	<p>The Finance, Risk and Assurance Internal Control Board monitors all outstanding corporate recommendations, including from RIPs 1 and 2, and Croydon Renewal Plan, through to completion. Internal Audit also check that recommendations have been fully complied with.</p> <p>Progress against these recommendations was addressed in the report on the draft Annual Governance Statement 2021/22 which went to AGC on 19 January 2023.</p> <p>A more detailed update on the RIPI 2 recommendations is due to be provided to the AGC.</p> <p>Before it is finalised, the 2021/22 Annual Governance Statement will be reviewed again to ensure that culture change, financial discipline, budget monitoring and financial reporting are sufficiently covered in the 2021/22 AGS Action Plan.</p> <p>Progress against the outstanding recommendations and the 2021/22 AGS Action Plan will be reported to the AGC on a regular basis.</p>	Corporate Director of Resources and S151 Officer
8	Opening the Books	Scheduled to be reported to the AGC on 3 March.	Corporate Director of Resources and S151 Officer
9	Internal Control Boards	<p>The Internal Control Boards are now all operational and are driving improvement across the Council.</p> <p>The minutes of all the Internal Control Boards are passed through to the Corporate Management Team for information.</p> <p>The findings of the Finance, Risk and Assurance Internal Control Board are regularly reported to the AGC.</p>	Director of Policy, Programmes and Performance

		<p>The Capital Internal Control Board has significantly improved transparency and management of the Council's capital programme. Details are built into the recommended Capital Strategy to be approved as part of the Council Tax Setting papers.</p> <p>A report on the Internal Control Boards will be brought to a future meeting of the AGC.</p>	
10	<p>Governance Reports and Investigation</p> <p>Annual Governance Statement</p>	<p>Annual Governance Statement process has been strengthened for 2021/22.</p> <p>All governance and investigation reports are reported to the AGC and are covered in the Annual Governance Statement.</p> <p>Corporate Management Team undertakes detailed scrutiny on outstanding internal audit report actions and corporate type issues arising from audit reports in a dedicated meeting every two months.</p> <p>The draft 2021/22 Annual Governance Statement was reported to the 19 January meeting of the AGC. Once the external audit of the 2021/22 Accounts has completed, a further version will be reported to the AGC for final sign off alongside the audited accounts.</p> <p>The external auditors, Grant Thornton, will be issuing a consolidated annual report for Croydon for 2019/20, 2020/21 and 2021/22 in the late spring. This will be reported to the AGC.</p>	<p>Corporate Director of Resources and S151 Officer</p>
11	CAH and Audited Accounts	<p>Joint work is underway between the Council and the external auditors, Grant Thornton, to finalise the accounting for Croydon Affordable Homes in the 2019/20 accounts. This is one of the last substantive issues outstanding. The others are the adjustments that flow from the budget corrections that have been identified during 2022 through initiatives such as Opening the Books. The finalisation of all these issues will enable the 2019/20 financial accounts to be restated and for the AGC to approve the 2019/20 accounts shortly thereafter.</p> <p>The audit of the 2020/21 accounts is already underway but the outstanding issues will require the 2020/21 accounts to be restated and the 2021/22 financial accounts to be finalised.</p>	<p>Corporate Director of Resources and S151 Officer</p>

		The audit of the 2020/21 and 2021/22 accounts will follow, the results of which will be reported to the AGC.	
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