

London Borough of Croydon Internal Audit Annual Report for the year ended 31 March 2019

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, re-interpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, re-interpretation, amendment and/or modification by any third party is entirely at their own risk.

Please refer to the Statement of Responsibility in Appendix 7 of this report for further information about responsibilities, limitations and confidentiality.

Contents

Page

EXECUTIVE SUMMARY	2
2018/19 YEAR OPINION	7
APPENDIX 1 – WORK AGAINST AUDIT PLAN	12
APPENDIX 2 – SUMMARY OF PRIORITY ONE RECOMMENDATIONS	15
APPENDIX 3 - FOLLOW-UP OF 2015/16 AUDITS (INCOMPLETE ONLY)	18
APPENDIX 4 - FOLLOW-UP OF 2016/17 AUDITS (INCOMPLETE ONLY)	19
APPENDIX 5 - FOLLOW-UP OF 2017/18 AUDITS	20
APPENDIX 6 - FOLLOW-UP OF 2018/19 AUDITS	24
APPENDIX 7 - STATEMENT OF RESPONSIBILITY	26

Executive Summary

Introduction

The purpose of this report is to contribute to the Head of Internal Audit annual reporting requirements set out in the Public Sector Internal Audit Standards. The standards advise that the report must:

- a) include an opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control;
- b) disclose any qualifications to that opinion, together with the reasons for the qualification;
- c) present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies;
- d) draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement;
- e) compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and targets, and
- f) comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

Head of Internal Audit Opinion on the Effectiveness of Internal Control

This opinion statement is provided for the use of London Borough of Croydon in support of its Annual Governance Statement 2019 that is published with the statement of accounts for the year ended 31 March 2019.

Scope of Responsibility

The Council is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. London Borough of Croydon also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, London Borough of Croydon is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Authority's functions and which includes arrangements for the management of risk.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Croydon's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Review of Effectiveness

The London Borough of Croydon has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors, who during the year analysed the Council's adherence to CIPFA guidelines regarding the Annual Governance Statement and found no major issues. Effectiveness of the system is also conveyed by executive managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates in the annual audit letter and other reports.

Head of Internal Audit Annual Opinion Statement

Our opinion is derived from work carried out by Internal Audit during the year as part of the agreed internal audit plan for 2018/19, including our assessment of the London Borough of Croydon corporate governance and risk management processes and information technology governance.

The internal audit plan for 2018/19 was developed to primarily provide management with independent assurance on the adequacy and effectiveness of the systems of internal control.

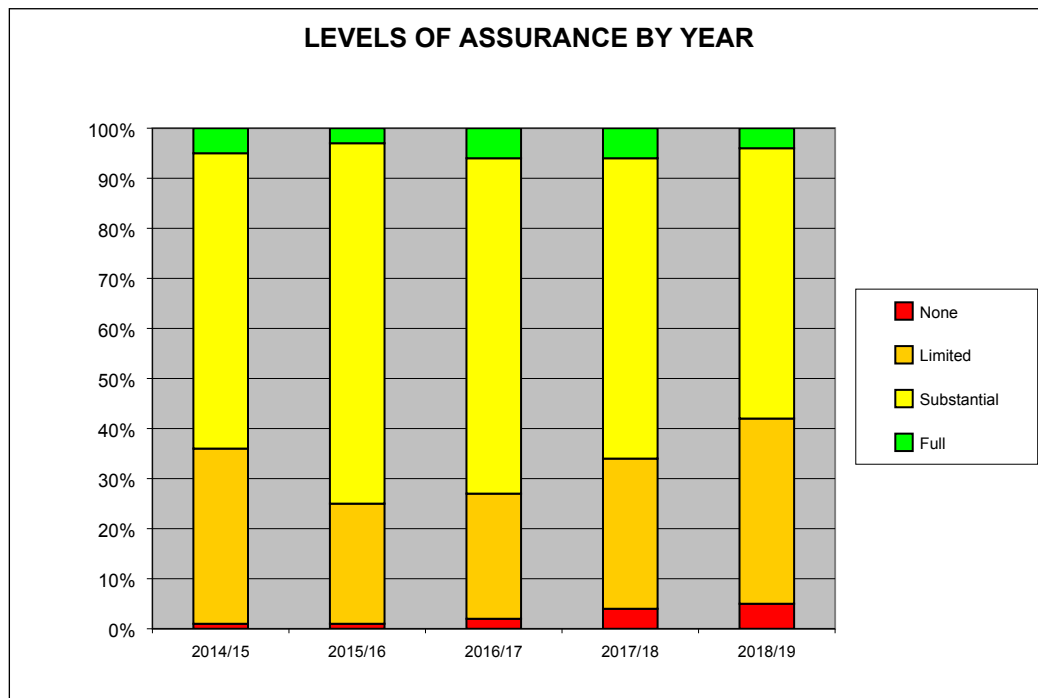
Basis of Assurance

We have conducted our audits both in accordance with the mandatory standards and good practice contained within the Public Sector Internal Audit Standards and additionally from our own internal quality assurance systems.

Our opinion is limited to the work carried out by Internal Audit during the year on the effectiveness of the management of those principal risks, identified within the organisations Assurance Framework, that are covered by Internal Audit's programme. Where principal risks are identified within the organisation's framework that do not fall under Internal Audit's coverage or that are not included in Internal Audit's coverage, we are satisfied that an Assurance Framework is in place that provides reasonable assurance that these risks are being managed effectively.

Our work for the year to 31 March 2019 was completed in line with the operational plan.

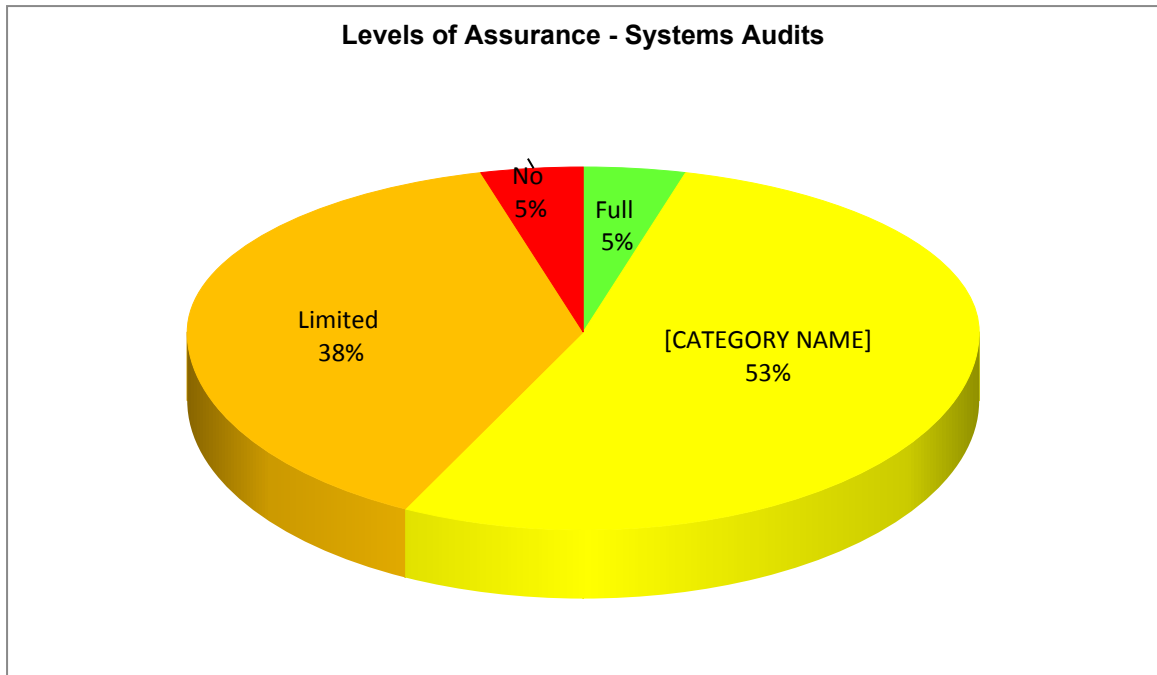
Graph 1 – Assurance Levels



	2014/15	2015/16	2016/17	2017/18	2018/19
Full Assurance	5%	3%	6%	6%	4%
Substantial Assurance	59%	72%	67%	60%	54%
Limited Assurance	35%	24%	25%	30%	37%
No Assurance	1%	1%	2%	4%	5%

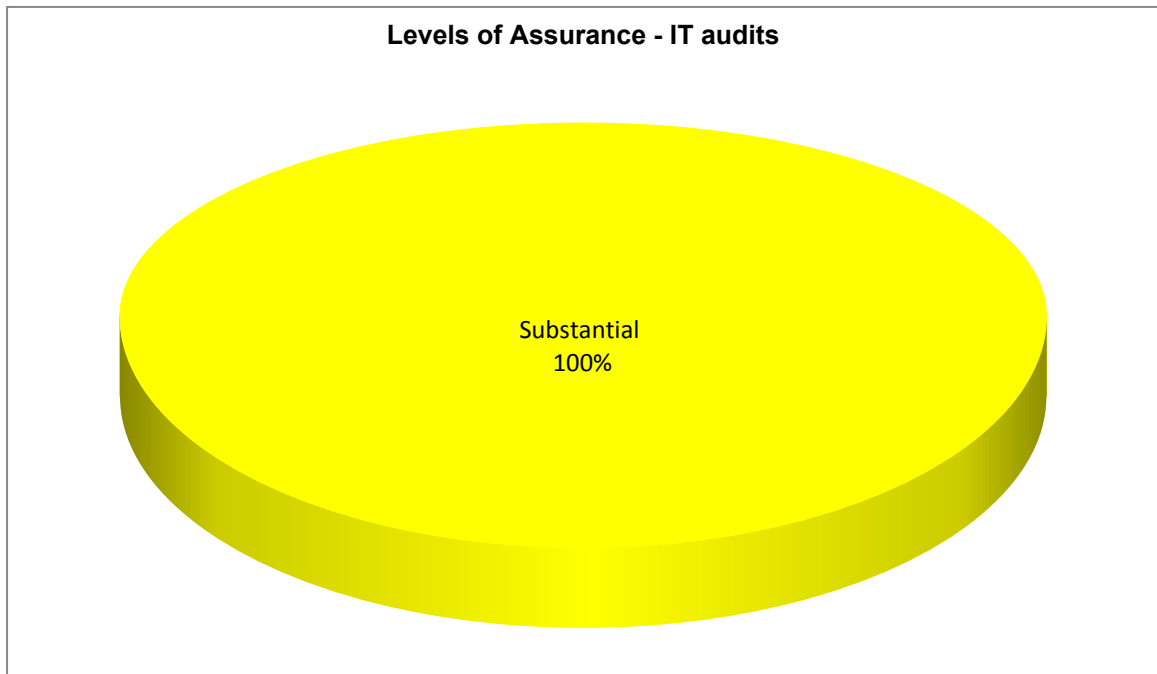
Graph 1 shows the percentage of final audit reports issued per level of assurance over the past five years. As can be seen the number of limited and no assurance reports are 8% more than those issued during 2017/18 and 15% more than 2016/17.

Graph 2 – Levels of Assurance – Systems Audits



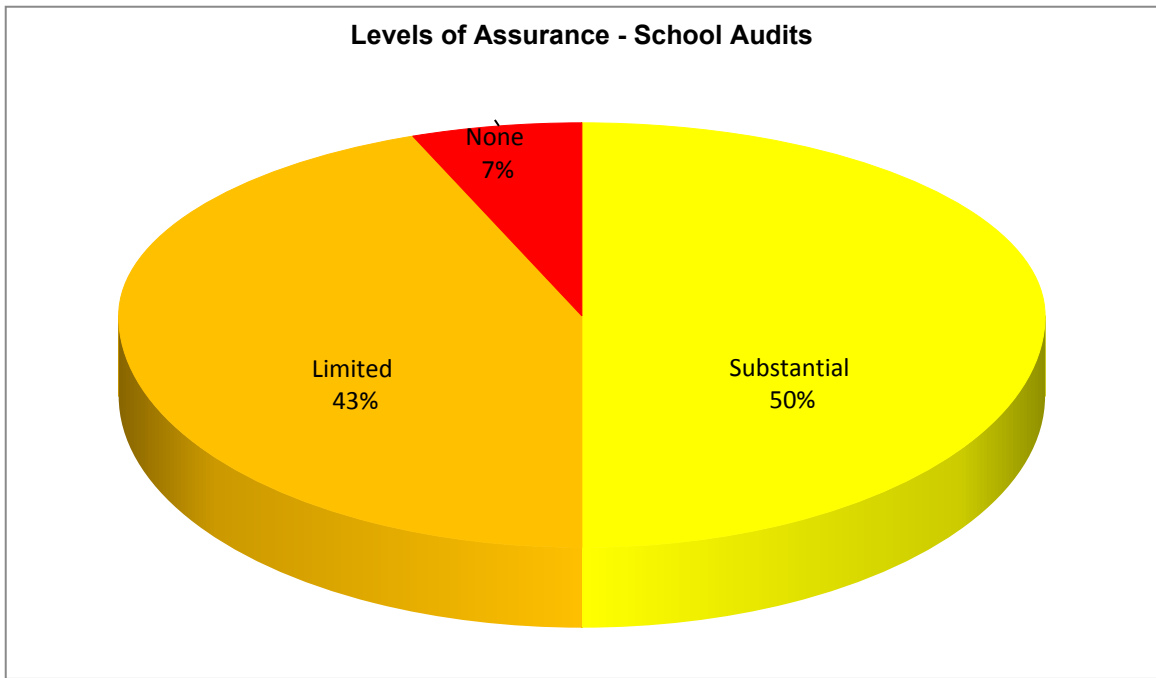
Graph 2 shows the percentage of final reports issued per level of assurance achieved on all the full systems audited. This shows that 58% of the systems audited, including the core Council financial systems, achieved an assurance level of Substantial or Full. This is just below performance in 2017/18 which was 61%.

Graph 3 – Levels of Assurance – IT Audits



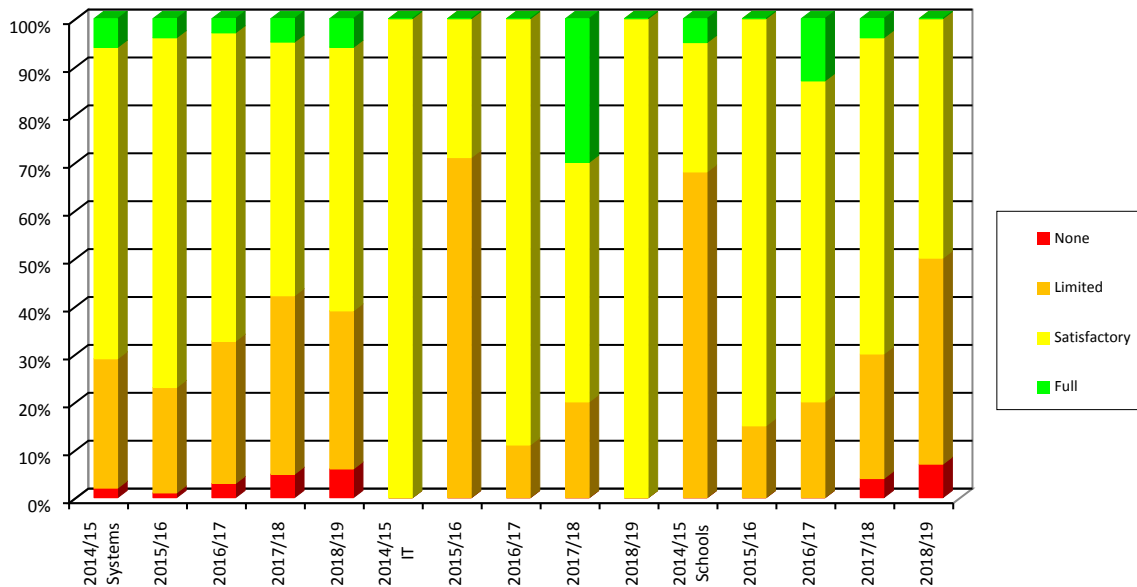
Graph 3 shows the percentage of final audit reports issued per level of assurance for the computer audit programme of work. This shows that 100% (all 3) of the computer audits achieved an assurance level of Full or Substantial. This is an improvement on the performance of 2018/19 which was 80% (8 out of 10 audits).

Graph 4 – Levels of Assurance – School Audits



Graph 4 shows the results of the schools audit programme. A total of 50% of all locations visited resulted in a Full or Substantial Assurance. This is significantly behind the performance in 2017/18, which was 70%.

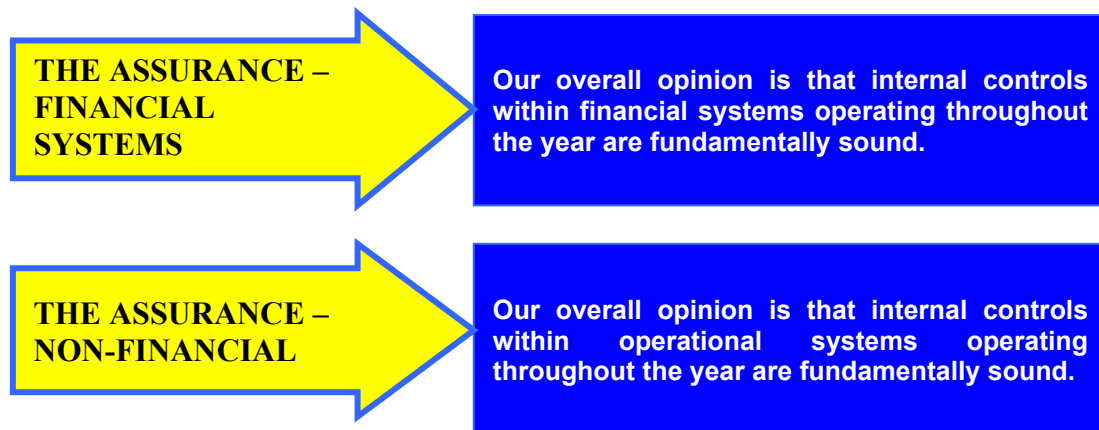
COMPARISON OF ASSURANCE BY AUDIT TYPE 2014/15 TO 2018/19



2018/19 Year Opinion

Internal Control

From the Internal Audit work undertaken in 2018/19, it is our opinion that we can provide **Substantial Assurance** that the system of internal control that has been in place at London Borough of Croydon for the year ended 31 March 2019 accords with proper practice, except for any details of significant internal control issues as documented in the detailed report. The assurance can be further broken down between financial and non-financial systems, as follows:



In reaching this opinion, the following factors were taken into particular consideration:

- 'The Annual Audit Letter', by Grant Thornton for its 2017/18 Audit which issued:
 - an unqualified opinion on the accounts which give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council, and
 - their VfM (Value for Money) conclusion, where 'except for the matter we identified in respect of the Ofsted inspection of children's' services, you [The London Borough of Croydon] had proper arrangements in all significant respects. We therefore propose to give a qualified 'except for' conclusion on your arrangements for securing economy, efficiency and effectiveness in your use of resources.
- The Executive Director Resources (Section 151 Officer)'s assessment of the internal audit function assessment of the Internal Audit function submitted to the General Purposes and Audit Committee on 18 July 2018.
- A peer review by another London Borough's Head of Internal Audit which was conducted during the course of 2015/16 to assess the extent to which the Council's internal audit service complied with the Public Sector Internal Audit Standards. This showed that the Council's Internal Audit service 'Generally Conforms to the standards'.

Corporate Governance

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

- 'The Annual Audit Letter', by Grant Thornton for its 2017/18 Audit, where based on their review of the Council's Annual Governance Statement, they stated that, 'We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we can confirm that we are not aware of any significant risks that are not disclosed within the AGS.'
- 'The Annual Audit Letter', by Grant Thornton for its 2017/18 Audit, where based on their review of the Narrative Report, they stated that, 'The disclosures within the Narrative Report fairly reflects the Council's

risk assurance and governance framework and we can confirm that we are not aware of any significant risks that are not disclosed within the AGS.’

- The Audit Findings for the London Borough of Croydon’, by Grant Thornton for its 2017/18 Audit, where no significant control weaknesses in the Council’s internal control arrangements were identified.
- Our annual audit plan of work, which included governance related audits.

Risk Management

In our opinion, based on:

- Our 2015/16 audit of the Risk Management process, for which a Substantial assurance was provided, and
- Our on-going audits of the departmental risk registers.

We consider the risk management processes are effective and provide regular information on key risks and issues to the Council’s Management and Executive Teams and through to Members. The assessment, evaluation and documentation of risks and controls were continued during the year so that risk registers are revised and updated for all Departments.

Information Technology

In our opinion the information technology of the Council supports the organisation’s strategies and objectives. This opinion is based on our ongoing programme of computer audits, as well as other departmental and corporate audits, which did not identify any material weaknesses with information technology governance.

We would like to take this opportunity to formally record our thanks for the cooperation and support we have received from the management and staff during the year, and we look forward to this continuing over the coming years.

HEAD OF INTERNAL AUDIT

Simon Maddocks (Head of Internal Audit, London Borough of Croydon)
Mark Towler (Director - Mazars LLP)

June 2019

DETAILED REPORT

Introduction

This section is a report from Internal Audit detailing:

- any significant control failures or risk issues that have arisen and been addressed through the work of Internal Audit;
- any qualifications to the Head of Audit opinion on the Authority's system of internal control, with the reasons for each qualification;
- the identification of work undertaken by other assurance bodies upon which Internal Audit has placed an assurance to help formulate its opinion;
- the management processes adopted to deliver risk management and governance requirements;
- comparison of the work undertaken during the 2018/19 year against the original Internal Audit plans, and
- a brief summary of the audit service performance against agreed performance measures.

Significant Control Weaknesses

Internal Audit is required to form an opinion on the quality of the internal control environment, which includes consideration of any significant risk or governance issues and control failures which arise. During the financial year 2018/19, key issues in four areas were identified.

- Although there continues to be improvements, during the course of internal audit work during the year, a number of issues were identified with contract monitoring and management.
- Internal audit work during the year identified a number of issues relating to financial management within the adult and children's social care teams.
- An internal audit conducted during the year of energy recharges identified some significant weaknesses resulting in circa £4M of recharges being outstanding, a significant part of which related to organisations outside of the council. This resulted in a 'No Assurance' audit report being issued.
- Following a change in legislation during 2018, internal audit identified a number of instances where privacy notices relating to the collection of personal data were missing or were no longer fit for purpose. Also noted that agreements with 3rd parties did not always address this issue adequately.

The Council has action plans to address these issues and Internal Audit will be involved in further audits of these areas.

Qualifications to the opinion

Internal Audit had unfettered access to all areas and systems across the authority and received appropriate co-operation from officers and Members. Our Internal Audit plans were based on an assessment of risk, including using the Council's risk register and were supported by the members of the Corporate Leadership Team individually for their departments and divisions as well as the Chief Executive for the overall plans; these have been reviewed and updated in year in agreement with the Council. We have delivered the agreed Internal Audit annual plans and based on the work we have undertaken plus our knowledge of the Council, we have no qualifications to raise as a result of our work programme.

Other assurance bodies

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

Governance Processes

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

- Challenge and review by the General Purposes & Audit Committee (GPAC);
- Corporate objectives and targets have been established and are monitored;
- Implemented structures and processes that reflect good practice guidance, are well documented and are flexible to accommodate change;
- Standards of conduct and a Code of Conduct are in place for Members and officers;
- The Constitution, which was adopted by the Council on 21 May 2012 and subsequently amended in July and October 2012, January and July 2014, May 2015, January, May and September 2016, and January, June and September 2017, May, July and November 2018 and June 2019.
- The Council's Tenders and Contract Regulations, which form part of the Constitution of the London Borough of Croydon and were last adopted by Full Council on 23 May 2016, and
- Financial Regulations are reviewed and revised on an annual basis under delegated authority (by the By the Council's S151 Officer). The current version of the Financial Regulations was issued during June 2019. Day to day guidance is provided via the Financial Procedures maintained by the Governance Team. Training on the Financial Regulations and Procedures forms part of the governance training currently available to managers and staff under the banner of 'Doing the Right Thing'.

Risk Management Process

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

Members: The Council has a Member risk champion. The GPAC receives regular reports on risk issues and 'Red rated' Strategic, Governance and Operational Risks are formally reviewed on a quarterly basis by GPAC. All Cabinet members are briefed on risks in relation to their portfolio via their Executive Director. All major risks are aligned to the corporate priorities as well as Croydon Vision Theme and Strategy.

Departmental Leadership Team: All risks appear on DLT (Departmental Leadership Team) meeting agendas on a quarterly basis facilitated by a member of the Risk & CPO team.

Head of Risk & Corporate Programme Office: Responsibility for developing, introducing and maintaining Risk Management rests with the Head of Risk & Corporate Programme Office. He has taken the lead on developing and introducing risk registers, defining processes, documentation and standards, and providing the drive for its implementation. The JCAD Risk computer system is used to facilitate this process.

This includes:

- Quarterly risk challenge through Divisional and Departmental MTs is provided by the Risk & CPO function,
- The running of risk workshops by agreement with a number of Project Boards, Project Managers and at Departmental Team Meetings by Risk & CPO to support robust Programme and Project Management standards.
- A Risk Management toolkit is available on the intranet providing an information source for all Council staff.

Audit Plan

The Audit Plan for 2018/19 was compiled using the Council's Risk Registers as the key drivers in developing audit coverage, as well as detailed discussions with CLT members and departmental management teams. The 2018/19 audit plan was approved by the General Purposes and Audit Committee on 26 March 2018.

All audit fieldwork is complete for audits relating to the 2018/19 year programme. The 2018/19 Internal Audit plan is provided in Appendix 1 for information. The schedule shows the number of recommendations raised in each audit during 2018/19 where a final report has been issued.

Internal Audit Performance

Table 1 below sets out the pre-agreed performance criteria for the Internal Audit service. The table shows the actual performance achieved against any targets that were set.

Table 1

Performance Measure	Target	Actual
Percentage of the Internal Audit Plan completed	100%	100%
Percentage of staff with full qualifications used to deliver the service	40%	41%
% of draft reports issued within 2 weeks of exit meeting with the Client	85%	89%
Number of draft reports	82	82

The Council's internal and external auditors co-operate and liaise where possible to aid greater harmonisation of internal and external audit work, with a view to external audit placing reliance on the work of internal audit.

Council's Performance with respect to Internal Audit

Under the internal audit follow-up protocol, follow-up audits are undertaken to establish whether the issues identified have been successfully resolved according to the action plans agreed with the service managers. The Council's minimum target for audit issues resolved at the time of the follow-up audit is 80% for all priority 2 & 3 issues and 90% for priority 1 issues.

Table 2 sets out the performance for the Council's response to Internal Audits. The table shows the actual performance achieved against any targets that were set in advance.

Table 2

Performance Objective	Target	Performance 2014/15	Performance 2015/16 (to date*)	Performance 2016/17 (to date*)	Performance 2017-18 (to date*)	Performance 2018/19 (to date*)
Percentage of priority one issues resolved at the time of the follow up audit	90%	100%	91%	98%	92%	78%
Percentage of all issues resolved at the time of the follow up audit	80%	89%	88%	87%	88%	72%

* The follow ups for 2014/15 audits are complete. Not all 2018/19 audits have yet been subject to follow up action (the results of those 2015/16, 2016/17, 2017/18 and 2018/19 audits that have been followed up are included in Appendixes 3, 4, 5 and 6 respectively).

Quality and Compliance with the Public Sector Internal Audit Standards

Internal Audit has comprehensive quality control and assurance processes in place and operates in accordance with the Public Sector Internal Audit Standards. This provides an independent assurance of the performance, quality and effectiveness at both the individual audit level and the internal audit service as a whole.

The statement of compliance with the Public Sector Internal Audit Standards is detailed in the covering report by the Head of Internal Audit.

Appendix 1 – Work against audit plan

2018/19 Audit Plan	Department	Assurance	Issues			Total Raised
			Priority			
			1	2	3	
KEY FINANCIALS/ IAS 315 REVIEWS						
Business Rates	Resources	Substantial	0	5	1	6
Community Care Payments	Health, Wellbeing and Adults	Limited	2	5	1	8
Council Tax	Resources	Substantial	0	3	0	3
Creditors (inc P2P)	Resources	Substantial	0	1	0	1
Debtors (Accounts Receivable)	Resources	Substantial	0	5	4	9
Housing Benefits	Resources	Substantial	0	2	0	2
Housing Rents & Accounting (Reduced Scope)	Gateway, Strategy and Engagement	Limited	1	2	0	3
Housing Repairs	Gateway, Strategy and Engagement	Limited	1	1	0	2
Main Accounting System (Reduced Scope)	Resources	Substantial	0	0	1	1
Parking Enforcement & Tickets	Place	Report in draft				
Payments to Schools	Resources	Substantial	0	2	0	2
Payroll	Resources	Report in draft				
Pensions Administration	Resources	Limited	1	3	1	5
Treasury Management (Reduced Scope)	Resources	Full	0	0	0	0
Total Key Financials Audits			5	29	8	42

DEPARTMENTAL RISK REGISTER AUDITS						
The Children and Families Systems Support Team (ControCC)	Children, Families and Education	Substantial	0	11	2	13
Payments to In-house Foster Carers	Children, Families and Education	Report in draft				
Payments Against Orders / Allowances (Adoption and Special Guardianships)	Children, Families and Education	Limited	1	9	0	10
SEN - To include Ombudsman upheld complaints	Children, Families and Education	Limited	1	3	1	5
School Deficits & Surpluses (Conversion to Academy)	Children, Families and Education	Substantial	0	4	0	4
GDPR in Schools	Children, Families and Education	Limited	0	8	0	8
Health and Safety in Schools	Children, Families and Education	Report in draft				
Decision Making in Adult Social Care	Children, Families and Education	Report in draft				
Children with Disabilities - Placement Costs and Spend Review	Health, Wellbeing and Adults	Report in draft				
Adult Social Care - Financial Assessment Team	Children, Families and Education	Report in draft				
Deferred Payments (Care Act Part 2)	Gateway, Strategy and Engagement	Report in draft				
Voluntary Sector Commissioning (Adult Social Care)	Resources	No	3	3	2	8
Energy Recharges	Resources	No	2	5	0	7
Air Quality Strategy, Implementation and Review	Place	Limited	3	5	0	8

2018/19 Audit Plan	Department	Assurance	Issues			Total Raised
			Priority			
			1	2	3	
South London Waste Partnership - (SLWP) Governance	Place	Substantial	0	2	1	3
Leisure Contract Management	Place	Substantial	0	2	0	2
Statutory Defence Against Highways & Other Claims	Place	Substantial	0	3	1	4
Allotments	Place	Limited	1	3	1	5
'Live Well' (Active Lifestyle Team)	Place	Limited	1	6	0	7
South London Work & Health Partnership (SLWHP)	Place	Substantial	0	3	0	3
Parking CCTV	Place	Substantial	0	1	0	1
Private Sector Landlords - Fire Safety	Place	Report in draft				
Highways Licencing Function	Place	Report in draft				
No Recourse to Public Funds	Gateway, Strategy and Engagement	Limited	1	3	0	4
Discretionary Housing Payments and other Discretionary Payments	Gateway, Strategy and Engagement	Substantial	0	1	2	3
Mortuary	Place	Report in draft				
(Housing) Voids Management	Place	Limited	1	7	0	8
Temporary Accommodation and New Homeless Reduction Act	Gateway, Strategy and Engagement	Report in draft				
Landlord Lettings Scheme (formally Croylease)	Gateway, Strategy and Engagement	Limited	2	5	1	8
Leasehold Service Charges - Charges to leaseholders	Place	Substantial	0	0	2	2
Growth Zone - High Level Review	Place	Substantial	0	3	0	3
Libraries Income Collection	Place	Limited	2	2	1	5
Public Events	Place	Substantial	0	4	3	7
Election Accounts and Claims	Resources	Limited	1	4	2	7
Cashiers - (Cash Handling)	Resources	Full	0	0	1	1
Coroner's Service	Resources	Substantial	0	3	0	3
General Data Protection Regulation (GDPR)	Resources	Substantial	0	2	0	2
New Legal Services Model	Resources	Report in draft				
HRA - Recycling receipts LLP Structures / Commercial Vehicles / Charities	Resources	Report in draft				
Engagement of Temporary Resource and Monitoring of Usage	Resources	Report in draft				
Asbestos Management (Beyond the Corporate Campus)	Resources	Limited	3	6	3	12
Council Investment and Operational Properties - Income Maximisation	Resources	Substantial	0	3	1	4
Total Departmental Risk Register Audits			22	111	24	157

COMPUTER AUDITS						
Street Systems	Resources	Substantial	0	1	0	1
Capita Event Management	Resources	Substantial	0	3	0	3
Third Party Support / Service Delivery	Resources	Substantial	0	1	0	1
Access to IT Services	Resources	Substantial	0	3	0	3
Total Computer Audits			0	7	0	7

2018/19 Audit Plan	Department	Assurance	Issues			Total Raised
			Priority			
			1	2	3	
CONTRACT AUDITS						
Timebridge Community Centre	Place		Report in draft			
Stubbs Mead Modular Build	Place		Report in draft			
Tier 1 Contract Scorecards	Resources		Report in draft			
Mayor's Office for Policing and Crime (MOPAC) funded 'Drive' site	Resources		Report in draft			
Education Monitoring Tracking for Looked After Children	Children, Families and Education		Report in draft			
PMI General Maintenance	Place		Report in draft			
Partnering Advisor Service	Place		Report in draft			
New Addington Leisure Centre Procurement	Place		Report in draft			
Total Contract Audits			0	0	0	0
SCHOOLS AUDITS						
Christ Church C of E Primary School	Children, Families and Education	Substantial	0	3	7	10
Coulsdon C of E Primary School	Children, Families and Education	Limited	1	2	5	8
The Minster Junior School	Children, Families and Education	Limited	1	5	5	11
Orchard Way Primary School	Children, Families and Education	Substantial	0	3	5	8
Park Hill Infant School	Children, Families and Education	Substantial	0	3	3	6
Regina Ceoli Catholic Primary School	Children, Families and Education	Limited	2	2	6	10
Ridgeway Primary School and Nursery	Children, Families and Education	Substantial	0	1	6	7
The Hayes Primary School	Children, Families and Education	Substantial	0	5	2	7
Winterbourne Junior Girls School	Children, Families and Education	Limited	2	5	5	12
St Andrews C of E VA High School	Children, Families and Education	Limited	1	3	1	5
St Mary's Catholic High School	Children, Families and Education	Substantial	0	9	3	12
Thomas More Catholic School	Children, Families and Education	Limited	0	14	4	18
Virgo Fidelis Convent Senior School	Children, Families and Education	No	11	13	3	27
Bensham Manor School	Children, Families and Education	Limited	1	2	6	9
Total School Audits			19	70	61	150
Total Recommendations			46	217	93	356

Appendix 2 – Summary of Priority One Recommendations

Audit Title	Assurance Level & Number of Issues	Summary of key issues raised.
Non- School Audits		
Community Care Payments	Limited (Two priority 1, four priority 2 and one priority 3 issue)	Priority 1 issues were raised because testing of a sample of 30 clients who have received funding in the 2018/19 financial year found eight cases where funding was approved after the placement started and 11 cases where the commitment form was raised more than seven days after the respective placement start dates.
Housing Rents & Accounting (Reduced Scope)	Limited (One priority 1 and two priority 3 issues)	A priority 1 issue was raised as there were currently 599 OHMS accounts more than £1,000 in credit at the time of audit totalling £1,417,482.
Housing Repairs	Limited (One priority 1 and 1 priority 2 issue)	A priority 1 issue was raised as 8 of the 35 weekly payment files for 2018/19 transferred from OHMS to Accounts Payable had been processed and checked by the same person.
Pensions Administration	Limited (One priority 1, three priority 2 and one priority 3 issue)	A priority 1 issue was raised because Life certificates had not been issued during 2017/18 or 2018/19 for pensioners living overseas.
Payments Against Orders / Allowances (Adoption and Special Guardianships)	Limited (One priority 1 and nine priority 2 issues)	A priority 1 issue was raised because means tests were not on file for six out of the sample of 10 adoption allowances tested.
SEN - To include Ombudsman upheld complaints	Limited (One priority 1, three priority 2 and one priority 3 issue)	A priority 1 issue was raised because during the last academic year, the percentage of Education and Health Care Plans (EHCPs) completed within the statutory 20 week period was 78%, ranging from 100% in January 2018 to 32% in July 2018. Furthermore sample testing also found that 15 of the sample of 20 ECHPs had not met the 16 week target for the issue of draft ECHPs and the Council was not monitoring the 16 week deadline.
Voluntary Sector Commissioning (Adult Social Care)	No (Three priority 1, three priority 2 and two priority 3 issues)	A Priority 1 issue was raised because copies of agreements or contracts were not available for the partnership/joint funding with the CCG / NHS Croydon or for most of the services directly paid for by the Council from MIND. A Priority 1 issue was raised because examination of the purchase orders raised during 2018/19 identified an instance of duplication, of orders being raised late in the year and of an order being split. A Priority 1 issue was raised because there was no evidence available of any inspections by the Council of the services provided by Croydon MIND or of the general contract terms being complied with by MIND
Energy Recharges	No (Two priority 1 and five priority 2 issues)	A Priority 1 issue was raised because testing of a sample of three ad hoc payment requests found that the payment requests had not been raised in a timely manner after the supply had been received. A Priority 1 issue was raised because 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.
Air Quality Strategy, Implementation and Review	No (Three priority 1 and five priority 2 issues)	Priority 1 issues were raised because the Air Quality Action Plan (AQAP) for 2017-2022 had not been finalised and published on the Council website, a copy of the Council's Air Quality Annual Status Report for 2017 was not available on the Council's website, and there was a lack of evidence that the AQAP actions were being regularly monitored.
Allotments	Limited (One priority 1, three priority 2 and one priority 3 issue)	A priority 1 issue was raised because actions to follow up outstanding debts were not consistently applied or applied in a timely manner.
'Live Well' (Active Lifestyle Team)	Limited (One priority 1 and six priority 2 issues)	A priority 1 issue was raised because a signed contract was not in place for the Croydon University Hospital (CuH).

Audit Title	Assurance Level & Number of Issues	Summary of key issues raised.
No Recourse to Public Funds	Limited (One priority 1 and three priority 2 issues)	A priority 1 issue was raised because six of the sample of nine NRPF cases tested had not been evidenced as reviewed in the required 6 months (for adults) or 12 weeks (for children).
(Housing) Voids Management	Limited (One priority 1 and seven priority 2 issues)	A priority 1 issue was raised as testing of a sample of 20 currently void properties identified three properties which had been void for over six months and required major works, but no works had commenced. There was no strategy in place for dealing with these long-standing voids
Landlord Lettings Scheme (formally Croylease)	Limited (Two priority 1, five priority 2 and one priority 3 issue)	A priority 1 issue was raised as current lease agreements were not in place for 5 of the 10 Croylease properties sampled. A priority 1 issue was raised as sample testing of 10 Croylease properties was unable in some cases to evidence the required gas safety or electrical inspections or fire safety certificates.
Libraries Income Collection	Limited (Two priority 1, two priority 2 and one priority 3 issue)	Two priority 1 issues were raised, one relating to the approval and control over the waiver of fines and the other relating to the lack of reconciliations between income collected and income banked and coded to Oracle ledger codes.
Election Accounts and Claims	Limited (One priority 1, four priority 2 and two priority 3 issues)	A priority 1 issue was raised as there was no evidence that a record of expenditure had been maintained during the 2017 General Election. We were advised that it was a matter of spending what was required to run the election (what is actual and necessary) and keeping the invoices on file. The 2017 General Election was overspent for all three constituencies.
Asbestos Management (Beyond the Corporate Campus)	Limited (Three priority 1, six priority 2 and three priority 3 issues)	A priority 1 issue was raised as examination of a copy of the Council's Asset Register as at July 2017 identified there were 793 corporate assets recorded; however, examination of the Corporate Asbestos Management Plan (CAMP) identified there were only 117 assets. A priority 1 issue was raised as examination of Apex identifies some 12,965 out of 22,207 housing assets marked as 'to be determined' if notifiable to the Health Safety Executive (HSE). Discussion established that information on notifying the HSE was not provided in Asbestos Management Survey Reports and, therefore, this field defaulted to 'to be determined'. A priority 1 issue was raised as there were some 7,762 housing assets, assets for which there was no identifier of whether asbestos was either identified, strongly presumed, presumed or was not found. Discussion established that this number included assets such as roads; however, examination of the listing noted that there were also general rent dwellings, service tenancies and garages included
SCHOOL AUDITS		
Coulston C of E Primary School	Limited (One priority 1, two priority 2 and five priority 3 recommendations)	A priority 1 recommendation was raised as examination of the School's central single record found that this did not include a newly appointed governor (appointed on 10 July 2018) and thus there was no evidence that their DBS check had been completed as required.
The Minster Junior School	Limited (One priority 1, five priority 2 and five priority 3 recommendations)	A priority 1 recommendation was raised as purchase orders for 7 of the sample of 15 transactions tested were raised subsequent to the invoices being received and one purchase order was not available. In addition, two of these showed no evidence of approval.
Regina Ceoli Catholic Primary School	Limited (Two priority 1, two priority 2 and six priority 3 recommendations)	A priority 1 recommendation was raised as four governors were found to have out of date DBS checks. A priority 1 recommendation was raised as 10 out of 15 purchases selected for testing had purchase orders raised retrospectively to the receipt of the corresponding invoices.
Winterbourne Junior Girls School	Limited (Two priority 1, five priority 2 and five priority 3 recommendations)	A priority 1 recommendation was raised as the Head Teacher had not been appraised since November 2017. A priority 1 recommendation was raised as 10 out of 15 transactions tested were not certified for payment.
St Andrews C of E VA High School	Limited (One priority 1, three priority 2 and one priority 3 recommendation)	A priority 1 recommendation was raised as purchase orders were not available for 16 of the sample of 28 transactions tested and for two transactions, where orders and requisitions were held, the

Audit Title	Assurance Level & Number of Issues	Summary of key issues raised.
	priority 3 recommendations)	transaction values exceeded the delegated limit of the person authorising the transactions.
Virgo Fidelis Convent Senior School	No (Eleven priority 1, thirteen priority 2 and three priority 3 recommendations)	<p>Priority 1 recommendations were raised as:</p> <ul style="list-style-type: none"> • Signed Governing Body minutes and accompanying papers were not available for meetings held since 26 September 2017. • There was no evidence that the Governing Body had reviewed and approved the Schools 'Financial Policies and Procedures Manual', which includes the School's scheme of financial delegation, in the last year as required. • The School's self-assessment for 2017/18 against the School Financial Value Standard was not evidenced as approved by governors as required and a number of the assertions in this assessment by the School conflict with the findings of this audit report. • The School does not have a plan in place to eliminate its deficit of £1.24m. • Two references were not evidenced as being obtained for 3 of the 5 new staff starters. • 5 of the current governors were not included in the School's Single Central Record and DBS renewal checks, although in progress, were overdue for 16 staff. • Purchase orders were not available for 8 of the 14 applicable transactions tested and 3 of the purchase orders available were authorised by someone without the delegated authority to do so. • Goods received checks were not evidenced for 5 of the 14 applicable transactions tested and for 5 of the instances where checks were evidenced, these were simple ticks and did not record who had conducted the check. • 8 of the 15 invoices tested were either not evidenced as authorised or were not evidenced as authorised with someone with delegated authority to do so. • Sample testing identified off-payroll payments being made to an individual who would be deemed by HMRC to be an employee. <p>The Head Teacher did not have any oversight of lettings and copies of the lettings diary, any letting application forms and accompanying indemnity insurance evidence were not available at the time of audit.</p>
Bensham Manor School	Substantial (One priority 1, two priority 2 and six priority 3 recommendations)	A Priority 1 recommendation was raised as sample testing identified payments being made to two separate individuals without PAYE or NI deductions being made, without properly testing whether they were likely to be deemed employees by HMRC.

Appendix 3 - Follow-up of 2015/16 audits (Incomplete follow ups only)

Financial Year	Audit Followed-up	Executive Director Responsible	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
Non School Audits						
2015/16	Performance Monitoring Adult Social Care	Guy Van Dichele	Limited (4 th follow up in progress)	9	7	78%
2015/16	EMS Application	Jacqueline Harris Baker	Limited (9 th follow up in progress)	4	1	25%
2015/16	ICT Service Delivery ITIL Framework	Jacqueline Harris Baker	Limited (5 th follow up in progress)	2	1	50%
2015/16	Looked After Children (placed in another LA area)	Robert Henderson	Substantial (3 rd follow up in progress)	6	4	66%
2015/16	Connected Croydon – Programme and Project Management	Shifa Mustafa	Substantial (2 nd follow up in progress)	4	2	50%
2015/16	Waste Recycling	Shifa Mustafa	Substantial (5 th follow up in progress)	3	1	33%
2015/16	Internal Network	Jacqueline Harris Baker	Substantial (4 th follow up in progress)	2	1	50%
Non-School Audits Sub Total: Issues and implementation from audits that have had responses				235	202	86%
Non-School Audits Sub Total: Priority 1 Issues from audits that have had responses				22	20	91%
School Audits Sub Total: Issues and implementation from audits that have had responses				48	48	100%
School Audits Sub Total: Priority 1 Issues from audits that have had responses				0	0	N/a
Issues and implementation from audits that have had responses				283	250	88%
Priority 1 Issues from audits that have had responses				22	20	91%

Appendix 4 - Follow-up of 2016/17 audits (Incomplete follow ups only)

Financial Year	Audit Followed-up	Executive Director Responsible	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
Non School Audits						
2016/17	Adult Care Packages	Guy Van Dichele	Limited (5th follow up in progress)	7	6	86%
2016/17	Contract Monitoring and Management - Streets Division	Shifa Mustafa	Limited (1st follow up in progress)	6	-	-
2016/17	HMRC Compliance	Jacqueline Harris Baker	Substantial (4th follow up in progress)	5	3	60%
2016/17	Anti-Social Behaviour	Shifa Mustafa	Substantial (5th follow up in progress)	9	6	67%
2016/17	Regeneration Partnership	Shifa Mustafa	Substantial (1st follow up in progress)	2	-	-
2016/17	Clinical Governance	Guy Van Dichele	Substantial (4th follow up in progress)	3	1	33%
Non-School Audits Sub Total: Issues and implementation from audits that have had responses				239	214	89%
Non-School Audits Sub Total: Priority 1 Issues from audits that have had responses				24	23	94%
School Audits Sub Total: Issues and implementation from audits that have had responses				206	172	83%
School Audits Sub Total: Priority 1 Issues from audits that have had responses				16	16	100%
Issues and implementation from audits that have had responses				445	386	87%
Priority 1 Issues from audits that have had responses				40	39	98%

Appendix 5 - Follow-up of 2017-18 audits

Financial Year	Audit Followed-up	Executive Director Responsible	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
Non School Audits						
2017/18	Mayors Charity	Jacqueline Harris Baker	No (No further follow up)	13	11	85%
2017/18	Abandoned Vehicles	Shifa Mustafa	No (3 rd follow up in progress)	10	7	70%
2017/18	Budget Management - People	Robert Henderson	Limited (No further follow up)	2	2	100%
2017/18	Appointeeships	Hazel Simmonds	Limited (No further follow up)	7	7	100%
2017/18	Health Visiting	Guy Van Dichele	Limited (No further follow up)	2	2	100%
2017/18	Direct Payments	Guy Van Dichele	Limited (No further follow up)	4	4	100%
2017/18	Special Sheltered Housing	Jacqueline Harris Baker	Limited (No further follow up)	10	9	90%
2017/18	Unaccompanied Asylum Seeking Children	Robert Henderson	Limited (2 nd follow up in progress)	2	1	50%
2017/18	Croydon Enterprise Loan Fund	Shifa Mustafa	Limited (no further follow up)	5	5	100%
2017/18	Brokerage	Jacqueline Harris Baker	Limited (3 rd follow up in progress)	10	9	90%
2017/18	Deprivation of Liberty Safeguards	Guy Van Dichele	Limited (No further follow up)	4	4	100%
2017/18	Registrars	Jacqueline Harris Baker	Limited (No further follow up)	6	5	83%
2017/18	Food Safety	Shifa Mustafa	Limited (No further follow up)	11	9	82%
2017/18	Pay and Display Meter Maintenance and Income Collection	Shifa Mustafa	Limited (4 th follow up in progress)	4	3	75%
2017/18	Tree Root Inspections	Shifa Mustafa	Limited (No further follow up)	6	5	83%
2017/18	ICT Capita Contract	Jacqueline Harris Baker	Limited (No further follow up)	1	1	100%

Financial Year	Audit Followed-up	Executive Director Responsible	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2017/18	SekChek Active Directory System Security	Jacqueline Harris Baker	Limited (2nd follow up in progress)	10	4	40%
2017/18	MyAccount and MyApplication	Jacqueline Harris Baker	Limited (No further follow up)	5	5	100%
2017/18	Parking Enforcement and Income	Shifa Mustafa	Substantial (1 st follow up in progress)	5	-	-
2017/18	Payroll	Jacqueline Harris Baker	Substantial (No further follow up)	3	3	100%
2017/18	CALAT Income Collection	Shifa Mustafa	Substantial (No further follow up)	6	6	100%
2017-18	Open Book Accounting (Axis Europe plc)	Shifa Mustafa	Substantial (No further follow up)	3	3	100%
2017-18	Temporary Accommodation Occupancy Checks	Vacant	Substantial (No further follow up)	3	3	100%
2017/18	Youth Offending service	Robert Henderson	Substantial (No further follow up)	3	3	100%
2017-18	Development Management	Shifa Mustafa	Substantial (1 st follow up in progress)	5	-	-
2017/18	Place Review Panel	Shifa Mustafa	Substantial (No further follow up)	3	3	100%
2017/18	Croydon Equipment Solutions	Jacqueline Harris Baker	Substantial (No further follow up)	7	7	100%
2017/18	Street Trading Income Collection	Shifa Mustafa	Substantial (No further follow up)	9	8	89%
2017-18	Transport Fleet Management	Jacqueline Harris Baker	Substantial (No further follow up)	3	3	100%
2017-18	Gifts and Hospitality	Jacqueline Harris Baker	Substantial (2 nd follow up in progress)	4	3	75%
2017/18	Admitted Bodies	Jacqueline Harris Baker	Substantial (2nd follow up in progress)	4	1	25%
2017/18	Unix (Linux) Operating System Security	Jacqueline Harris Baker	Substantial (No further follow up)	3	3	100%
2017/18	Design of New Back up and Disaster Recovery Solution	Jacqueline Harris Baker	Substantial (2 nd follow up in progress)	2	1	50%
2017/18	GIS Application	Jacqueline Harris Baker	Substantial	5	2	40%

Financial Year	Audit Followed-up	Executive Director Responsible	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
			(2 nd follow up in progress)			
2017/18	Windows OS Security	Jacqueline Harris Baker	Full (no further follow up planned)	2	2	100%
2017/18	Smitham 2016 School Heating Works	Shifa Mustafa	Substantial (No further follow up)	3	3	100%
2017/18	New Addington Leisure Centre and Housing Construction	Shifa Mustafa	Substantial (No further follow up)	1	1	100%
Non-School Audits Sub Total: Issues and implementation from audits that have had responses				176	148	84%
Non-School Audits Sub Total: Priority 1 Issues from audits that have had responses				32	28	87%
School Audits						
2017/18	Beulah Juniors	Robert Henderson	Limited (No further follow up)	13	11	84%
2017/18	Elmwood Infants School	Robert Henderson	Limited (No further follow up)	14	14	100%
2017/18	The Minster Nursery and Infant School	Robert Henderson	Limited (No further follow up)	17	15	89%
2017/18	Norbury Manor	Robert Henderson	Limited (No further follow up)	12	11	92%
2017/18	St Joseph's Federation	Robert Henderson	Limited (No further follow up)	25	21	84%
2017/18	Winterbourne Nursery and Infants	Robert Henderson	Limited (No further follow up)	18	16	89%
2017/18	St Mary's High School	Robert Henderson	Limited (No further follow up)	16	14	87%
2017/18	Crosfield Nursery and Selhurst Early Years	Robert Henderson	Substantial (No further follow up)	2	2	100%
2017/18	Purley Nursery	Robert Henderson	Substantial (No further follow up)	4	4	100%
2017/18	Tunstall Nursery	Robert Henderson	Substantial (No further follow up)	4	4	100%
2017/18	Thornton Heath Early Years Centre	Robert Henderson	Substantial (No further follow up)	7	6	86%
2017/18	All Saints C of E Primary	Robert Henderson	Substantial (No further follow up)	8	7	87%

Financial Year	Audit Followed-up	Executive Director Responsible	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2017/18	Elmwood Junior	Robert Henderson	Substantial (No further follow up)	3	3	100%
2017/18	Heavers Farm	Robert Henderson	Substantial (No further follow up)	10	10	100%
2017/18	Howard Primary	Robert Henderson	Substantial (No further follow up)	13	13	100%
2017/18	Margaret Roper	Robert Henderson	Substantial (No further follow up)	16	13	81%
2017/18	Purley Oaks Primary	Robert Henderson	Substantial (No further follow up)	7	7	100%
2017/18	Rockmount Primary	Robert Henderson	Substantial (No further follow up)	6	5	83%
2017/18	Selsdon Primary	Robert Henderson	Substantial (No further follow up)	9	9	100%
2017/18	Woodcote Primary	Robert Henderson	Substantial (No further follow up)	7	7	100%
2017/18	Coloma Convent Girls' School	Robert Henderson	Substantial (No further follow up)	14	12	86%
2017/18	Saffron Valley	Robert Henderson	Substantial (No further follow up)	6	6	100%
2017/18	Priory	Robert Henderson	Substantial (No further follow up)	6	6	100%
2017/18	Beaumont Primary	Robert Henderson	Full (No further follow up)	3	3	100%
2017/18	Archbishop Tenison	Robert Henderson	Full (No further follow up)	1	1	100%
School Audits Sub Total: Issues and implementation from audits that have had responses				241	220	91%
School Audits Sub Total: Priority 1 Issues from audits that have had responses				16	16	100%
Issues and implementation from audits that have had responses				417	368	88%
Priority 1 Issues from audits that have had responses				48	44	92%

Appendix 6 - Follow-up of 2018/19 audits

Financial Year	Audit Followed-up	Executive Director Responsible	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
Non School Audits						
2018/19	Pensions Administration	Jacqueline Harris-Baker	Limited (2 nd follow up in progress)	5	2	40%
2018/19	Payments Against Orders	Robert Henderson	Limited (1 st follow up in progress)	10	-	-
2018/19	SEN to include Ombudsman upheld complaints	Robert Henderson	Limited (1 st follow up in progress)	5	-	-
2018/19	GDPR in Schools	Robert Henderson	Limited (No further follow up)	8	8	100%
2018/19	Allotments	Shifa Mustafa	Limited (2 nd follow up in progress)	5	3	75%
2018/19	Landlord Lettings Scheme (formerly Croylease)	Hazel Simmonds	Limited (No further follow up)	8	8	100%
2018/19	Libraries Income Collection	Shifa Mustafa	Limited (No further follow up)	5	5	100%
2018/19	Asbestos Management (Beyond the Corporate Campus)	Shifa Mustafa	Limited (2 nd follow up in progress)	12	3	25%
2018/19	Parking CCTV	Shifa Mustafa	Substantial (No further follow up)	1	1	100%
2018/19	Growth Zone – High level Review	Shifa Mustafa	Substantial (No further follow up)	3	3	100%
2018/19	Leisure Contract Management	Shifa Mustafa	Substantial (1 st follow up in progress)	2	-	-
2018/19	Highways Statutory Defence	Shifa Mustafa	Substantial (No further follow up)	4	4	100%
2018/19	Discretionary Housing Payments	Hazel Simmonds	Substantial (No further follow up)	3	3	100%
2018/19	Leasehold Service Charges	Hazel Simmonds	Substantial (1 st follow up in progress)	2	-	-
2018/19	Public Events	Shifa Mustafa	Substantial (1 st follow up in progress)	7	-	-
2018/19	Cashiers (Cash Handling)	Jacqueline Harris-Baker	Full (No further follow up)	1	1	100%

Financial Year	Audit Followed-up	Executive Director Responsible	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2018/19	Access to IT Server	Jacqueline Harris-Baker	Substantial (1 st follow up in progress)	3	-	-
2018/19	Third Party – Service Delivery	Jacqueline Harris-Baker	Substantial (1 st follow up in progress)	1	-	-
Non-School Audits Sub Total: Issues and implementation from audits that have had responses				55	41	75%
Non-School Audits Sub Total: Priority 1 Issues from audits that have had responses				9	7	78%
School Audits						
2018/19	Virgo Fidelis Convent School	Robert Henderson	No (3 rd follow up in progress)	27	16	60%
2018/19	Coulsdon C of E Primary School	Robert Henderson	Limited (No further follow up)	8	7	88%
2018/19	The Mister Junior School	Robert Henderson	Limited (2 nd follow up in progress)	11	5	45%
2018/19	Regina Coeli Catholic Primary School	Robert Henderson	Limited (No further follow up)	10	10	100%
2018/19	Thomas More Catholic School	Robert Henderson	Limited (2 nd follow up in progress)	18	13	73%
2018/19	Christ Church Cof E Primary School	Robert Henderson	Substantial (No further follow up)	10	10	100%
2018/19	Orchard Way Primary School	Robert Henderson	Substantial (1 st follow up in progress)	8	-	-
2018/19	Park Hill Infant School	Robert Henderson	Substantial (No further follow up)	6	6	100%
2018/19	Ridgeway Primary School	Robert Henderson	Substantial (1 st follow up in progress)	7	-	-
2018/19	The Hayes Primary School	Robert Henderson	Substantial (1 st follow up in progress)	7	-	-
2018/19	Bensham Manor School	Robert Henderson	Substantial (2 nd follow up in progress)	9	6	67%
School Audits Sub Total: Issues and implementation from audits that have had responses				90	64	71%
School Audits Sub Total: Priority 1 Issues from audits that have had responses				16	11	69%
Issues and implementation from audits that have had responses				145	105	72%
Priority 1 Issues from audits that have had responses				25	18	78%

Appendix 7 - 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.

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