

London Borough of Croydon

Internal Audit Report

1st April 2021 to 31 December 2021

Confidentiality and Disclosure Clause

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Please refer to the Statement of Responsibility in Appendix 6 of this report for further information about responsibilities, limitations and confidentiality.

1. Internal Audit Performance

- 1.1 As previously reported to General Purposes and Audit Committee, there has been significant disruption to the delivery of internal audit services as a result of the Covid-19 pandemic and government restrictions. These delays in completing the 2019/20 internal audit plan and commencing the 2020/21 internal audit plan both impacted on the delivery of the 2021/22 internal audit plan, with work in completing the 2020/21 audit plan still ongoing. Despite the pause in conducting internal audits, follow up work continued with good performance in this area.
- 1.2 The 2021/22 internal audit plan was approved by the General Purposes and Audit Committee on 4 March 2021 and work in delivering the internal audit plan is well underway.
- 1.3 Due to changes in government requirements, including the School's Financial Value Standard (SFVS), the standard audit test programme used for school audits was revised for 2021/22, with the revised programme being presented to the School's Forum in July 2021. This delayed the commencement of school audits, although the first set of school audits have now been completed.
- 1.4 The Council's staff reorganisation, the focus of Finance staff on budget setting and some staff being off with covid-19 delayed some audits and even with additional resource booked to help complete the 2021/22 plan, it is unlikely that this will be fully completed by financial year-end, although it should be substantially complete.
- 1.5 The table below details the performance for the 2021/22 internal audit plan against the Council's targets.

Performance Objective	Annual Target	Year to Date Target	Year to Date Actual	Performance
% of planned 2021/22 plan days delivered	100%	70%	43%	▼
Number of 2021/22 planned days delivered	960	672	417	▼
% of 2021/22 planned draft reports issued	100%	48%	18%	▼
Number of 2021/22 planned draft reports issued	71	34	13	▼
% of draft reports issued within 2 weeks of exit meeting	85%	85%	92%	▲
% of qualified staff engaged on audit	40%	40%	41%	▲

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 April to 31 December 2021. Details of the key issues arising from these reports are shown in Appendix 1.

Internal Audit Title	Assurance Level	Planned Year	Previously Reported to GPAC √ / X
Non-School Internal Audits			
Community Care Payments	Limited	2019/20	√
Creditors (inc P2P)	Limited	2019/20	√
Main Accounting System	Limited	2019/20	√
Financial Assessments – Charging Policy	Limited	2019/20	√
Freedom of Information and Subject Access Requests	Limited	2019/20	√
Agency Staff – Tenure and Monitoring	Substantial	2019/20	√
SLWP / Veolia	Substantial	2019/20	√
GLL Leisure Contract Management	Substantial	2019/20	X
Staff Expenses – Compliance checks	No	2020/21	√
Payments to Schools	Limited	2020/21	√
Overtime Payments	Limited	2020/21	√
Clinical Governance	Limited	2020/21	√

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Internal Audit Title	Assurance Level	Planned Year	Previously Reported to GPAC √ / X
Disabled Facilities Grants	Limited	2020/21	√
Public Health: Contracts Management (Sexual Health)	Limited	2020/21	√
Temporary Accommodation: Standards in Private Sector	Limited	2020/21	√
Placement Deposits	Limited	2020/21	X
Overtime Payments – Parking Services	Limited	2020/21	√
SEN Transport - Safeguarding	Limited	2020/21	√
New Supplier Set up	Limited	2020/21	√
Cyber Security	Limited	2020/21	√
Ordinary Residents	Substantial	2020/21	X
Blue Badges	Substantial	2020/21	X
Corporate Estate: Building Compliance	Substantial	2020/21	√
CCTV Procurement	Full	2020/21	√
Council Tax	Full	2020/21	√
Transforming Care	Full	2020/21	X
Telephony Procurement	Full	2020/21	X
School Internal Audits			
Selsdon Primary School	Substantial	2019/20	√
Thornton Heath Nursery School	Limited	2020/21	√
Thomas More Catholic School	Limited	2020/21	√
Purley Oaks Primary School	Substantial	2020/21	√
Smitham Primary School	Substantial	2020/21	√
St Giles	Substantial	2020/21	√
St Nicholas	Substantial	2020/21	√
Red Gates	Substantial	2020/21	√

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

- 3.1 During 2021/22 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 and 2020/21.
- 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 90% for priority 1 recommendations/issues and 80% for all priority 2 & 3 recommendations/issues.

Performance Objective	Target	Performance (to date)			
		2017/18	2018/19	2019/20	2020/21
Percentage of priority one actions implemented at the time of the follow up audit	90%	100%	94%	84%	58%
Percentage of all actions implemented at the time of the follow up audit	80%	94%	92%	86%	69%

- 3.3 In order to help progress long outstanding and significant agreed actions arising from internal audits, a series of 'audit focus' workshops have been set up by the Corporate Management Team (CMT). The first such meeting was held on 19 January 2022 and focussed on the 'Energy Recharges' and 'Cyber Security' audits. At the meeting the respective service leads for each audit presented their proposed actions to clear the outstanding audit issues with challenge from the CMT. The result was a clear action plan with clear timescales being agreed each audit, with will be monitored by the CMT. The next meeting on 23 February 2022 will focus on 'Creditors – Procure to Pay' and 'Supplier Set Up'.
- 3.4 The results of outstanding recommendations for 2017/18, 2018/19, 2019/20 and 2020/21 audits that have been followed up are included in Appendixes 2, 3, 4 and 5 respectively.
- 3.5 Appendix 2 shows the incomplete 2017/18 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 94% 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.
- 3.6 Appendix 3 shows the incomplete 2018/19 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 92% 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:

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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>CMT 'audit focus' workshop</u></p> <p>Additional resource has been approved to help reconcile the outstanding amounts due against payments received and to follow up / collect the differences. It is planned to have this resource engaged and the exercise completed within the next 16 weeks.</p>
Air Quality Strategy, Implementation and Review	Limited	<p>A priority 1 issue was identified as there was a lack of evidence that the Air Quality Action Plan actions were being regularly monitored.</p> <p><u>Response September 2021:</u></p> <p>Prior to COVID-19 we had quarterly steering group meetings and the action plan table was distributed prior to the meeting for quarterly updates. Due to lack of staff we were unable to continue with the meetings and also had to prioritise other work. The meetings have now been set up for 2021. One meeting has already been held and a pollution support officer is now attending to take minutes. The Director will also be sending out the action plan table to ensure other teams make their responses within a certain timescales. We will be investigating using MS Teams to make comments on the action plan table without having to go through the plan for comments.</p>
Asbestos Management	Limited	<p>A priority 1 issue was identified 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</p> <p><u>Response October 2021:</u></p> <p>No, there has been no work on the contract yet. I need to finalise some queries with our procurement team and the lawyers (Compliance Manager).</p>

3.7 Appendix 4 shows the 2019/20 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 86% of the total recommendations/issues were found to have been implemented and 84% 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
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. <p><u>Response provided July 2021:</u></p> <p>Report was agreed by ELT with a reset agreed for October 2021 and agreement as to future action to be taken for non-compliance.</p> <ul style="list-style-type: none"> 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. <p><u>Response provided July 2021:</u></p> <p>As above</p> <ul style="list-style-type: none"> 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. <p><u>No response to follow up received</u></p>

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Audit Title	Assurance Level	Summary of recommendations/issues arising in outstanding priority 1 recommendations/issues
		<ul style="list-style-type: none"> 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 dating 8 May 2014. <p><u>No response to follow up received</u></p>
SEND	Limited	<p>A priority 1 issue was raised as 79 out of 302 (26%) EHC plans issued in 2019/20 were not completed and issued within the statutory 20 week period.</p> <p><u>Response provided November 2021:</u></p> <p>Full team now appointed and working to the deadlines. Plan writing agency retained until end of December 21 to add pace and support to delivery. Annual Review team in place enabling the assessment team to focus on new plans.</p> <p>Locality Support team also addressing new plans within their locality areas.</p> <p>Summary: all resources in place and making progress in this area. QA monitoring evidences progress in delivery.</p> <p><u>Audit comment</u></p> <p>Supporting documentation requested.</p>
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>Response provided December: 2020:</u></p> <p>No handover or discussion. 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>
Occupational Therapy Further update received December 2021 – being reviewed	Limited	<p>A priority 1 issue was raised as the apportionment of costs, including any over or underspends, for the Adult Community Occupational Therapy Service between the Croydon Clinical Commission Group and the Council was not formally agreed.</p> <p><u>Response provided November 2021:</u></p> <p>Work on the S75 agreement has started with the One Croydon Alliance.</p> <p>A priority 1 issue was raised as the 'Waiting List Report' as at 18 September 2019 detailed that there were 197 waiting clients, 180 of whom had been on the waiting list more than 3 months.</p> <p><u>Response provided November 2021:</u></p> <p>Recruitment currently underway to bring in locums as well as permanent staff using previously mentioned resources.</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>Updated response November 2021:</u></p> <p>The CES finance team have now had a response from CPIO, the partner for Sage, regarding setting up bulk payments through Sage. Bankline bulk payments are one of the e-payment solutions already established and available for use in Sage. CPIO have requested some further information from CES to be able to extract all the supplier details so they can be uploaded into Bankline. Due to the CES finance team being 40% down on resources, and with volumes increasing due to the preparation for winter pressures, there is currently no capacity to respond. Additional resource will start at the beginning of December, which should provide some capacity to revisit setting up and testing bulk payments mid-December. As previously advised, there is currently no audit risk as each payment is verified in Bankline to the supplier details in Sage before being authorised. Any changes to the BACS file would be detected by this check.</p>
Freedom of Information and Subject Access Requests	Limited	<p>A priority 1 issue was raised as FOI requests were not being responded to within the 20 working day statutory timeframe, with the percentage of FOI requests responded to with 20 days varying between 49% in November 2019 and 83% in December 2019.</p> <p><u>Response received October 2021:</u></p> <p>Following a number of changes within the organisation, the medium which facilitated this action and the report, Power BI, can no longer be maintained. As a result, the</p>

Audit Title	Assurance Level	Summary of recommendations/issues arising in outstanding priority 1 recommendations/issues
		<p>Head of Service dashboard is not functional in the manner previously described and intended.</p> <p>However, in its place, to contribute to greater visibility and assist in improving compliance, weekly reports containing details of outstanding cases are sent to areas in receipt of a high volume of these requests, and are also provided to others as solicited.</p> <p>We are also exploring options with the Business Intelligence and Performance team to produce a report capable of providing the level of detail previously given, and with a similar ease of accessibility.</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>Response May 2021:</u></p> <p>The live procurement trial was successfully completed, and now the implementation is being rolled out. 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><u>Response December 2021:</u></p> <p>There is no further update at this stage. The remaining actions are scheduled for Q3 for this year, once there is sufficient available resource.</p> <p>Pending this, we are undertaking additional management action...</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>Response May 2021:</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.</p> <p><u>Response December 2021:</u></p> <p>As above</p>

3.8 Appendix 5 shows the 2020/21 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 73% of the total recommendations/issues were found to have been implemented and 61% 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
Staff Expenses – Compliance Checks	No	<p>Priority 1 issues were raised as:</p> <ul style="list-style-type: none"> Compulsory Car User Forms were not located for 11 of the sample of 15 staff on the car allowance scheme tested. <p><u>Response October 2021:</u></p> <p>The plan to undertake a generic application update to all CCU authorised staff has now been agreed. A revised form, process and communications will be drafted by end December 2021. The audit, which will be managed by the HR consultancy team will then take place between January 2022 and March 2022.</p> <ul style="list-style-type: none"> Testing of a sample of 30 approved expense claims found that nine of these should not have been approved (seven where appropriate supporting documentation was not provided, one for a parking fine and one for membership) and that nine of these had been incorrectly categorised. <p><u>Response October 2021:</u></p>

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Audit Title	Assurance Level	Summary of outstanding recommendations/issues arising in priority 1 recommendations/issues
		<p>A request has been submitted to the My resources support team to switch on the Expenses Auditor function within the system. The initial plan is that all expense claims over £50 will be routed to the Interim Assistant Chief Executive for approval.</p> <p><u>Audit comment</u></p> <p>The above request has been progressed and is now awaiting the Assistant Chief Executive to be trained and to turn on the audit function. A compliance reporting project has been agreed and needs to now be progressed. Notwithstanding the above, non-compliance is still an issue.</p> <ul style="list-style-type: none"> Analysis of a report of expenses claimed identified that 240 expense items were authorised outside of the 90 days eligibility timeframe as defined by Expenses Management Policy. Furthermore, the required director written approval was not available for 14 out the sample of 15 (out of a total of 105) expense items submitted more than 60 days (and less than 90 days) after the expense being incurred. <p><u>Response October 2021:</u></p> <p>A request has been submitted to the My resources support team to switch on the Expenses Auditor function within the system. The initial plan is that all expense claims over £50 will be routed to the Interim Assistant Chief Executive for approval.</p> <p><u>Audit comment</u></p> <p>As per previous issue.</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><u>Response November 2021:</u></p> <p>Initial outline of a policy developed with key principles and suggested governance process for escalation. Initial outline to be approved by Public Health Joint Commissioning Board scheduled for 08 November.</p>
Cyber Security	Limited	<p>A priority 1 issued was raised as the Council had not undertaken recent penetration testing across the network and infrastructures. Such testing is commonly undertaken by the Council's peers at least annually and more frequently if significant changes are proposed to the IT environment.</p> <p><u>CMT 'audit focus' workshop</u></p> <p>Although regular vulnerability scanning takes place, external vulnerability scanning needs to take place and will be picked up by the end of January 2022 with a full written response to follow. This will inform the penetration testing to be undertaken.</p>
Public Health Contracts Management – Sexual Health Services	Limited	<p>A priority 1 issue was raised as whilst Sexual Health services are being delivered in the borough, a signed electronic copy of the Section 75 Agreement with CHS to provide an integrated sexual health service was not held, although an electronic unsigned copy of the contract was provided. The contract also expired on 31 March 2021, following completion of the two year extension term and no evidence of a subsequent contract being in place was provided.</p> <p><u>Response November 2021</u></p> <ul style="list-style-type: none"> Contract has been identified by Deeds Office and arrangements to scan contract have been made. Commissioning has organised for contract to be scanned in accordance to colleagues being in the office with desk allocations. Complete Negotiations are continuing; this have taken slightly longer than expected due to the announcement from Central Government of an additional pay award to the NHS. The final funding flows positions are with the Section 151 officer to present to NHS. Complete. <p><u>Internal Audit Comment:</u></p> <p>Based on the above the process appears complete, but does not confirm whether a contract award report has been agreed.</p>
Temporary Accommodation: Standards in Private Sector	Limited	<p>Priority 1 issues were raised as</p>

Audit Title	Assurance Level	Summary of outstanding recommendations/issues arising in priority 1 recommendations/issues
		<ul style="list-style-type: none"> Electrical, gas and energy certificates were not located for some of the sample of Croybond properties and most of the sample of Croylease properties checked. <p><u>Response October 2021</u></p> <p>A new procedure for the collection and storage of electrical, gas and energy certificates is currently being worked on. Once ready the team will be advised of the procedure.</p> <p>Periodic checks undertaken by the Quality team will ensure that all documents are stored against the correct address.</p> <p>The procedure will be completed by November and the Quality checks will then commence. Any cases found without the correct documentation will be reported back to the team manager and Head of service.</p> <ul style="list-style-type: none"> 'Decent Homes Inspection' reports were not available for eight of the sample of 15 property records checked. <p><u>Response October 2021</u></p> <p>The revised property inspection report contains instructions on the storage of the document.</p> <p><u>Internal Audit comment:</u></p> <p>The above is acknowledged, but does not provide assurance that the remainder of the agreed actions have been implemented?</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>Response November 2021</u></p> <p>There is contention around the amount of information which is being requested around this area – there was a meeting on 08/11/21 between Procurement and Legal to try and unblock the self-imposed reporting requirements which were written into the Award report, which are preventing the issuance of legal contracts to some of the providers.</p> <p>See inserted below the CCB document which is being worked on to try and resolve this situation. (Not included here.)</p> <p>There is a report going to CCB this Thursday (23/09/21) "Quarterly Supplier and Call Off Updates Post Round 3" which documents all of the awards to the DPS which have occurred since it was let in 2019.</p> <p>Due to the fact that this report had not been undertaken, legal could not issue the final contracts to the contractors as it had to be agreed at CCB.</p> <p>After this report has been submitted and agreed, the Council will be able to issue the contracts to those suppliers who were not appointed at the initial stages of the DPS (i.e. after Round 3 of the DPS), and the Service will upload to SharePoint when they are received back from the Contractors.</p>

Appendix 1: Summary from finalised audits of Key (Priority 1) issues

Year	Internal Audit Title	Assurance Level & Number of Issues	Summary of Key Issues Raised
Non-School Internal Audits			
2019/20	Community Care Payments	Limited (Five priority 1, one priority 2 and two priority 3 issues)	<p>Priority 1 issues were raised as:</p> <ul style="list-style-type: none"> Funding approval for nine of the sample of 16 nursing and residential clients and direct payment clients tested was after the placements had commenced. Commitment forms were raised more than seven days after the placements commenced for 12 of the sample of 18 nursing and residential clients and direct payment clients tested. Following authorisation of the commitment forms, delays in inputting the payment details onto SWIFT were identified for nine of the sample of 18 nursing and residential clients and direct payment clients. Testing of the ad hoc payments process, used for payments other than those on the regular SWIFT payment runs, found that: <ul style="list-style-type: none"> There was no escalation process if either of the normal approvers was not available; A list of the ad hoc payments processed was not held, and The ad hoc payments did not contain reference/s to the initial payment request that was late / went wrong. The payment files created by SWIFT, which contain the payee bank account details, were open to amendment.
2019/20	Creditors	Limited (Four priority 1, seven priority 2 and one priority 3 issue)	<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 dating 8 May 2014.
2019/20	Main Accounting System	Limited (One priority 1 and one priority 2 issues)	A priority 1 issue was raised as examination of the records held for a sample of 10 virements was unable to evidence approval for 6 of these, and approval for 3 was uncertain as the required 'Request For Virement Form' had not been used.
2019/20	Financial Assessments – Charging Policy	Limited (Two priority 1 and three priority 2 issue)	<p>Priority 1 issues were raised as:</p> <ul style="list-style-type: none"> Five of the sample of ten financial assessments sampled had not been completed in a timely manner. Five of the sample of ten financial assessments sampled were only requested after care had commenced and three, although requested prior to care commencing, were only completed after the care had commenced.
2019/20	Freedom of Information (FOI)	Limited	A priority 1 issue was raised as FOI requests were not being responded to within the 20 working day statutory timeframe, with the

Year	Internal Audit Title	Assurance Level & Number of Issues	Summary of Key Issues Raised
	and Subject Access Requests (SARs)	(One priority 1 issue and 2 priority 3 issues)	percentage of FOI requests responded to with 20 days varying between 49% in November 2019 and 83% in December 2019.
2020/21	Staff Expenses – Compliance checks	No (Four priority 1 and one priority 2 issue)	<p>Priority 1 issues were raised as:</p> <ul style="list-style-type: none"> Compulsory Car User Forms were not located for 11 of the sample of 15 staff on the car allowance scheme tested. Testing of a sample of 30 approved expense claims found that nine of these should not have been approved (seven where appropriate supporting documentation was not provided, one for a parking fine and one for membership) and that nine of these had been incorrectly categorised. Analysis of a report of expenses claimed identified 12 instances where overpayment had occurred as a result of duplicate expense claims. Analysis of a report of expenses claimed identified that 240 expense items were authorised outside of the 90 days eligibility timeframe as defined by Expenses Management Policy. Furthermore, the required director written approval was not available for 14 out the sample of 15 (out of a total of 105) expense items submitted more than 60 days (and less than 90 days) after the expense being incurred.
2020/21	Payments to Schools	Limited (One priority 1, one priority 2 and three priority 3 issues)	A priority 1 issue was raised as, although statutory guidance issued by the Secretary of State requires that School deficits are cleared in 3 years and do not continue indefinitely, four (out of six) of the licensed deficits in 2020/21 were agreed for schools which did not plan for their deficits to be eliminated within 3 years as required.
2020/21	Overtime Payments	Limited	Limited Assurance with no priority 1 issues.
2020/21	Clinical Governance	Limited (Two priority 1 and four priority 2 issues)	<p>Priority 1 issues were raised as:</p> <ul style="list-style-type: none"> 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. Examination of the contracts for a sample of three contractors providing clinical services (from the list provided of 15 outsourced clinical services) confirmed that reference to clinical governance arrangements and monitoring was to varying degrees. In addition, all three of the contracts had expired.
2020/21	Disabled Facilities Grants	Limited (One priority 1 and 3 priority 2 issues)	A priority 1 issue was raised as the Council's DFG application form, which asks for personal information from the applicant, does not include privacy information or any consent.
2020/21	Public Health: Contracts Management (Sexual Health)	Limited (Four priority 1 and three priority 2 issue)	<p>Priority 1 issues were raised as:</p> <ul style="list-style-type: none"> The copy of the Section 75 Agreement with Croydon Health Services (CHS) to provide an integrated sexual health service was not signed and had expired on 31 March 2021. The Lead Commissioner – Public Health & Prevention confirmed that signed electronic copies of contracts with the 45 GP surgeries and pharmacies to provide support within the community were not held. Evidence of monitoring against the performance indicators in integrated sexual health service was limited to minutes of S75 Partnership Board meetings held in June and September 2020 and an e-mail dated September 2020 titled 'S75 & KPI reporting' which only provided monthly 'kit' requests and did not fully reflect the key service outcomes within the contract. No evidence of monitoring of the chlamydia screening, LARC or ESH contracts was provided. Management confirmed that there was monitoring of the budget and service usage, but while we were provided with details of summary sexual health charges for both Croydon and 'Out of

Year	Internal Audit Title	Assurance Level & Number of Issues	Summary of Key Issues Raised
			Area' providers for 2020/21, this did not include any budget details. A Sexual Health tracker is also maintained, to help monitor services (i.e. LARC, ESH and Chlamydia services) provided by and payments made to the GP surgeries and pharmacies.
2020/21	Temporary Accommodation: Standards in Private Sector	Limited Two priority 1 and four priority 2 issues)	Priority 1 issues were raised as: <ul style="list-style-type: none"> Electrical, gas and energy certificates were not located for some of the sample of Croybond 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.
2020/21	Placement Deposits	Limited (One priority 1, three priority 2 and one priority 3 issues)	A priority 1 issue was raised as there was no policy in place regarding retainer payments, although it was noted that payments had only been made within Children's Services at the time of the review.
2020/21	Overtime Payments – Parking Services	Limited (Three priority 1 and three priority 2 issues)	Priority 1 issues were raised as: <ul style="list-style-type: none"> Parking Services staff eligibility for overtime was being determined based on the number of penalty charges notices (PCNs) issued, in breach of statutory guidance. The Enforcement Manager had authorised 101 hours of overtime for his brother in March 2020. Analysis of the overtime paid forms between 1 January and 31 August 2020 identified 10 Parking Services staff who had on average worked more than 48 hours a week for the period. This was not in line with the Staff Handbook, which requires that staff only work more than 48 hours a week for a limited period of time and on an exceptional basis.
2020/21	SEN Transport - Safeguarding	Limited Two priority 1 and two priority 2 issues)	Priority 1 issues were raised as: <ul style="list-style-type: none"> The 'Application Form: Home to School Travel Assistance (for ages 5-16)' although obtaining consent to process the personal data of the parent/carer and child did not also obtain consent for the processing of the personal data of the emergency contact 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.
2020/21	New Supplier Set up	Limited (One priority 1, four priority 2 and one priority 3 issue)	A priority 1 issue was raised as instances were identified where iProcurement access had been granted without both the relevant Director authorisation and the Buying Team's approval
2020/21	Cyber Security	Limited (One priority 1, six priority 2 and two priority 3 issues)	A priority 1 issue was raised as the Council has not undertaken recent penetration testing across the network and infrastructures. Such testing is commonly undertaken by the Council's peers at least annually and more frequently if significant changes are proposed to the IT environment.
School Audits			
2020/21	Thornton Heath Nursery School	Limited (Two priority 1, ten priority 2 and two priority 3 recommendations)	Priority 1 recommendations were raised as : <ul style="list-style-type: none"> The Governing Body did not hold the minimum required three meetings (face to face or on-line) during the 2019/20 school year. Sample testing of 13 transactions found that none of the invoices had been appropriately approved for payment by an identified officer.

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Year	Internal Audit Title	Assurance Level & Number of Issues	Summary of Key Issues Raised
2020/21	Archbishop Tenison;s CE High School	Limited (One priority 1, seven priority 2 and three priority 3 recommendations)	A priority 1 recommendation was raised as the School did not have a plan to eliminate its deficit within three years as required by the Croydon Scheme for Financing Schools
2020/21	Thomas More Catholic School	Limited (One priority 1, eight priority 2 and five priority 3 recommendations)	A priority 1 recommendation was raised as the School did not have a plan to eliminate its deficit within three years as required by the Croydon Scheme for Financing Schools.

Appendix 2 - 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				421	396	94%
Priority 1 Issues from internal audits that have had responses				47	47	100%

Appendix 3 - 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	Place	Limited (4 th follow up in progress)	8	4	50%
					One priority 1 issue not yet resolved	
2018/19	Asbestos Management (Beyond the Corporate Campus)	Place	Limited (9 th follow up in progress)	12	9	75%
					One priority 1 issue not yet resolved	
2018/19	School Deficits and Surpluses (Conversion to Academy)	CYP&E	Substantial (3 rd follow up in progress)	4	3	75%
2018/19	Mortuary	Assistant Chief Executive	Substantial (6 th follow up in progress)	4	3	75%
2018/19	New Legal Services Model	Resources	Substantial (3 rd follow up in progress)	7	5	71%
2018/19	Council Investment and Operational Properties – Income Maximisation	Resources	Substantial (4 th follow up in progress)	4	3	75%
Issues and resolution from internal audits that have had responses				357	328	92%
Priority 1 Issues from internal audits that have had responses				51	48	94%

Appendix 4 - Follow-up of 2019/20 audits

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
Non School Internal Audits						
2019/20	Creditors – Procure to Pay	Resources	Limited (2 nd follow up in progress)	12	3	25%
				Four priority 1 issues not yet resolved		
2019/20	Housing Rent (Reduced Scope)	CYP&E	Limited (No further follow up)	3	3	100%
2019/20	Main Accounting System	Resources	Limited (No further follow up planned)	1	1	100%
2019/20	Staff Debt	Resources	Limited (No further follow up planned)	8	7	87%
2019/20	Age Assessment Judicial Review	Housing	Limited (No further follow up planned)	6	6	100%
2019/20	Alternative School Provisioning	CYP&E	Limited (No further follow up)	6	6	100%
2019/20	SEND Special Educational Needs and Disability	CYP&E	Limited (4 th follow up in progress)	2	1	50%
				One priority 1 issue not yet resolved		
2019/20	Financial Assessments – Charging Policy	ASC&H	Limited (No further follow up)	5	5	100%
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 (4 th follow up in progress)	4	2	50%
2019/20	Adult Social Care (ASC) Waiting Lists	ASC&H	Limited (No further follow up)	4	4	100%
2019/20	Care Market Failure	ASC&H	Limited (No further follow up)	10	10	100%
2019/20	Financial Planning and Forecasting Adult's Services	ASC&H	Limited (No further follow up)	5	4	80%
2019/20	Occupational Therapy (Response received and being reviewed)	ASC&H	Limited (7 th follow up in progress)	4	2	50%
				Two priority 1 issues not yet resolved		
2019/20	Bringing Services in-house – Parks Services	Place	Limited (No further follow up)	8	8	100%
2019/20	External Funding	Place	Limited (No further follow up)	3	3	100%
2019/20	Food Safety – Data Quality	Place	Limited (No further follow up)	5	4	80%

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Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
2019/20	Parks Health and Safety	Place	Limited (3 rd follow up in progress)	8	8	100%
2019/20	Brick by Brick Governance	Resources	Limited (No further follow up)	2	2	100%
2019/20	Wheelchair Service – Community Equipment Service	ASC&H	Limited (8 th follow up in progress)	3	2	67%
				One priority 1 issue not yet resolved		
2019/20	Freedom of Information and Subject Access Requests	Assistant Chief Executive	Limited (2 nd follow up in progress)	3	0	0%
				One priority 1 issue not yet resolved		
2019/20	Enforcement Agents - Procurement	Resources	Limited (4 th follow up in progress)	6	3	50%
				Two priority 1 issues not yet resolved		
2019/20	Business Rates	Resources	Substantial (No further follow up)	1	1	100%
2019/20	Debtors	Resources	Substantial (No further follow up)	10	9	90%
2019/20	Housing Benefit	Resources	Substantial (No further follow up)	2	2	100%
2019/20	Pensions	Resources	Substantial (No further follow up)	2	2	100%
2019/20	Pay and Display Meter Maintenance	Place	Substantial (No further follow up)	4	4	100%
2019/20	Section 17 Payments	HWA	Substantial (No further follow up)	5	5	100%
2019/20	Sheltered Accommodation (Extra Care Service)	HWA	Substantial (No further follow up)	3	3	100%
2019/20	Growth Zone – Performance Manager	Place	Substantial (No further follow up)	4	4	100%
2019/20	Highways Contract Management	Place	Substantial (No further follow up)	4	4	100%
2019/20	SLWP/Veolia	Sustainable Communities, Regeneration and Economic Recovery	Substantial (No further follow up)	3	3	100%
2019/20	Debt Recovery In-house	Resources	Substantial (No further follow up)	1	1	100%
2019/20	Enforcement Agents	Resources	Substantial (4 th follow up in progress)	3	1	33%
2019/20	Risk Management	Resources	Substantial (No further follow up)	4	4	100%

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Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
2019/20	Staff Code of Conduct	Assistant Chief Executive	Substantial (No further follow up)	5	4	80%
2019/20	IT Policies Review	Assistant Chief Executive	Substantial (2 nd follow up in progress)	5	0	0%
2019/20	Uniform IT Application	Assistant Chief Executive	Substantial (6 th follow up in progress)	4	2	50%
2019/20	Northgate iWorld Application	Assistant Chief Executive	Substantial (No further follow up)	1	1	100%
2019/20	Microsoft Direct Access Operating System	Assistant Chief Executive	Substantial (No further follow up)	4	4	100%
2019/20	Peoples ICT Application Response received and being reviewed	Assistant Chief Executive	Substantial (1 st follow up in progress)	7	-	-
Non-School Internal Audits Sub Total: Issues and resolution from internal audits that have had responses				176	140	80%
Non-School Internal Audits Sub Total: Priority 1 Issues from internal audits that have had responses				42	30	71%
School Internal Audits						
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%
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 (2 nd follow up in progress)	3	2	33%

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Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
School Internal Audits Sub Total: Recommendations and implementation from internal audits that have had responses				162	153	94%
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				338	293	86%
Priority 1 Issues/Recommendations from internal audits that have had responses				73	61	84%

Appendix 5 - 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	Overtime payments Limited Assurance with no priority 1 issues	Resources	Limited (4th follow up in progress)	5	3	60%
2020/21	Staff Expenses – Compliance Checks	Resources	No (4th follow up in progress)	5	2	40%
				3 priority 1 issues not yet resolved		
2020/21	Clinical Governance	ASC&H	Limited (3rd follow up in progress)	6	1	17%
				1 priority 1 issue not yet resolved		
2020/21	Cyber Security	Assistant Chief Executive	Limited (1 st follow up in progress)	8	0	0%
				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 (2nd follow up in progress)	7	5	71%
				1 priority 1 issue not yet resolved		
2020/21	Temporary Accommodation – Standards in Private Sector (Update provided and being reviewed)	Housing	Limited (2nd follow up in progress)	6	0	0%
				2 priority 1 issues not yet resolved		
2020/21	Overtime Payments – Parking Services	Place	Limited (No further follow up)	6	5	83%
2020-21	SEN Transport – Safeguarding (Update provided and being reviewed)	Place	Limited (3rd follow up in progress) (3 issues resolved at final report stage)	4	3	75%
				1 priority 1 issue not yet resolved		
2020/21	New Supplier Set Up	Assistant Chief Executive	Limited (1 st follow up in progress)	6	-	-
2020/21	Cyber Security	Assistant Chief Executive	Limited (1 st follow up in progress)	9	-	-
2020/21	Corporate Estate: Building Compliance	Resources	Substantial (2 nd follow up in progress)	6	2	33%
Non-School Internal Audits Sub Total: Issues and resolution from internal audits that have had responses				57	25	44%
Non-School Internal Audits Sub Total: Priority 1 Issues from internal audits that have had responses				19	10	53%
School Internal Audits						
2020/21	Tunstall Nursery School	CYP&E	Substantial (No further follow up)	3	3	100%

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Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
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	5	36%
				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	82	84%
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				154	107	69%
Priority 1 Issues/Recommendations from internal audits that have had responses				24	14	58%

Appendix 6 - Statement of Responsibility

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis

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

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

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

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