

LONDON BOROUGH OF CROYDON

REPORT:	Audit and Governance Committee	
DATE OF DECISION	29 November 2024	
REPORT TITLE:	Council's Assurance Framework	
CORPORATE DIRECTOR / DIRECTOR:	Jane West, Corporate Director of Resources and S151 Officer	
LEAD OFFICER:	Dave Phillips, Head of Internal Audit Dave.Phillips@croydon.gov.uk	
LEAD MEMBER:	Cllr Jason Cummings	
KEY DECISION? [Insert Ref. Number if a Key Decision]	No	REASON: N/a
CONTAINS EXEMPT INFORMATION?	No	Public
WARDS AFFECTED:	N/a	

1. SUMMARY OF REPORT

- 1.1 This report details the work completed by Internal Audit so far during 2024/25 and the progress made by the Council in resolving findings identified from audits.

2. RECOMMENDATION

- 2.1 The Audit and Governance Committee is asked to note the work completed by Internal Audit so far during 2024/25 and the progress made by the Council in resolving findings arising from audits.

3. REASONS FOR RECOMMENDATION

- 3.1 In line with the Sector Internal Audit Standards, the Head of Internal Audit must regularly communicate the internal audit activity's progress against the annual audit plan and in following up findings arising from audits to senior management and the Audit and Governance Committee for review.

4. BACKGROUND AND DETAILS

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

- a list of all audits completed so far in 2024/25, including audits relating to prior audit plans, but finalised after the start of the current year, and
- lists of follow up audits completed and the percentage of priority one, and other audit findings implemented.

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

PROGRESS AGAINST THE AUDIT PLAN

4.3 By 31 October 2024 37% (35% last year) of the 2024/25 planned audit days had been delivered and 19% (11% last year) of the draft audit reports due for the year had been issued. Internal Audit is on target to complete the 2024/25 Internal Audit Plan on time, with all remaining internal audits scheduled in.

4.4 The seven Internal Audit 2024/25 reports finalised have been four Substantial assurances and three Limited Assurance.

FINALISED INTERNAL AUDIT REPORTS

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

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

It should be noted that the intranet pages are being rearranged so that audit reports will be grouped by audit year rather than by Council Department. While the internet pages are being re-organised, there will be a backlog in uploading reports, but all reports will be uploaded in due course.

4.6 In addition, the tables below set out the priority 1 issues identified at each audit finalised since the last update report to this committee in November 2023. (Please note that this will include audits in the annual Head of Internal Audit Report in September 2024. These have been included here as the Committee would not have seen the breakdown of the priority 1 issues for these.)

4.7

Emissions Based Parking Charges 2020/21 (Limited Assurance)
Priority 1 Issues

- The Council was using two suppliers 'Hozah' and 'Ringo' for the management of its car parks; however, contracts between the Council and both of these suppliers had expired at the time this audit was conducted.
- Hozah did not provide sufficient information to the Council in support of its payments relating to Spices Yards Car Park. Additionally, all users registered with Hozah receive an infinite parking session for Spices Yard Car Park, making it difficult to ensure that all users are required to pay when using Spices Yard Car Park.

4.8

Housing Forecasting 2021/22 (Limited Assurance)

Priority 1 Issues

- The Council does not prepare a housing forecast (lettings plan) each year.
- There is no management reporting in place in relation to housing forecasting and allocations.

4.9

My Resources – HR Modules 2021/22 (Limited Assurance)

Priority 1 Issue

- Internal audit selected a sample of 20 new joiners between April 2021 to March 2022 to conduct effectiveness testing. However, evidence was not provided to Internal audit to confirm compliance for all cases by the HR Recruitment and Process Manager, as follows:
 - 9 instances where approval from Spend Control Panel (SCP) was missing;
 - 9 instances where evidence of job advert was missing;
 - 15 instances where interview scoring form was missing;
 - 10 instances where signed contract was missing;
 - 20 instances where references were missing;
 - 14 instances where DBS clearance was missing;
 - 10 instances where an authorised starter form was missing; and
 - 9 instances where evidence of right to work in the UK was missing.

4.10

PMO Structures and Processes 2021/22 (Limited Assurance)

Priority 1 Issues

- Internal control boards were not yet running as planned leading to projects proceeding without approval.
- There was a lack of senior accountability for projects leading to project delays.
- A lack of PMO resource was leading to the PMO not being able to function effectively.

4.11

Adult Social Care Payments 2022/23 (Limited Assurance)
<p>Priority 1 Issues</p> <ul style="list-style-type: none">• It was not possible to confirm how budgets were set nor whether these were being monitored on a regular basis for the Adult Social Care service.• Testing of changes made to providers' details for a sample of ten changes from April to August 2022 noted that:<ul style="list-style-type: none">○ evidence of independent confirmation using provider's contacts within the Council's records was not available to ensure all change requests were genuine;○ required documentation to support the changes made to providers' details could not be found in two cases;○ for eight changes, an audit trail of review by a second officer was not available in the system; and,○ for one case, the Payments team was not able to identify the changes made to the provider's contact details. <p>In addition, sample testing of ten changes to providers' bank account details highlighted that for two changes, there was a delay of 25 and 40 days respectively in processing the changes and for five changes there was a delay in sending an email to the Head of Business and Compliance ranging from 23 to 39 days.</p> <p>For all ten changes, there was no evidence of review or approval from the Head of Business and Service Compliance</p>

4.12

Anti-Social Behaviour 2022/23 (Limited Assurance)
<p>Priority 1 Issues</p> <ul style="list-style-type: none">• The Council had not published data on Community Trigger annually. This is a statutory requirement which all relevant bodies must adhere to.• 307 of the 500 active cases within the CaseWork System (i.e. 61%) did not have a risk assessment completed.• There was a lack of formal management information reporting to senior management for oversight.

4.13

Borough of Culture 2022/23 (Limited Assurance)
<p>Priority 1 Issues:</p> <ul style="list-style-type: none">• There were no Priority 1 issues.

4.14

Budgeting Children Looked After 2022/23 (Substantial Assurance)

Priority 1 Issues:

- There were no Priority 1 issues.

4.15

CAH Contract Management 2022/23 (No Assurance)

Priority 1 Issues

- Performance management meetings were not taking place between CAH and the Council's Responsive Repairs Planned Maintenance Services Asset Management team and it was not possible to confirm that key performance indicators were being monitored and recorded. Furthermore, no evidence was provided that the CAH Team was effectively managing voids, compliance (fire safety, gas safety, electrical testing and asbestos) and customer satisfaction as set out in its SLA with the Council.
- It was not possible to evidence that performance monitoring meetings were undertaken between CAH and the Council's Housing Allocation team nor the content of these meetings and therefore Internal Audit was unable to confirm that allocations were managed appropriately in line with the SLA.
- Internal Audit was not provided with the general ledger report and loan repayment statement; therefore, assurance cannot be given that the Council made prompt payments to financiers which were monitored against budget.
- The rent and arrear reports for 2022/2023 and access to the Council's application for managing housing rent (OHMS) were not provided; therefore, it was not possible to confirm that the Council's rent collection and arrears management was adequate and effective.
- It was not possible to confirm that CAH's control over contract expenditure and management fees was adequate and effective.

4.16

**Croydon Equipment Solutions (CES) - Banking Compliance 2022/23
(Substantial Assurance)**

Priority 1 Issues:

- There were no Priority 1 issues.

4.17

Children's Social Care Payments for 2022/23 (Limited Assurance)

Priority 1 Issues:

- Sample testing of five changes made to service providers' bank account details from the ContrOCC monitoring report for February 2023 and five

amendments made to service providers' contract details between April 2022 and December 2022 found no evidence of check and approval from either the Line Manager or the Head of Service.

4.18

'Cyber Security : Follow up Audit 2022/23 (Limited Assurance)

Priority 1 Issues

- Staff were not routinely and regularly updated, nor made aware of good practices in relation to cyber security risks and response.
- Management did not receive any reporting upon outstanding server patches from Capita.
- Records of a monthly review of inactive devices and users was not retained, nor could a documented process be provided.
- Should line managers forget to inform the service desk when contractors or agency staff leave there was no automated process to disable their access.

4.19

Education: Traded Services 2022/23 (Limited Assurance)

Priority 1 Issue:

- Testing of a sample of 20 overdue invoices found that 11 did not have evidence of reminders being sent. None of the 20 had been passed on to the Council's debt collector team, exceeding the Council's 30-day late payment target.

4.20

Fire Safety (FRAs) for 2022/23 (Limited Assurance)

Priority 1 Issues

- Remedial actions arising from FRAs were marked as complete, however evidence of completion could not be provided for those sampled.
- The Council's FRA Actions Primary Spreadsheet identified 2,748 remedial actions marked as "in progress" and 2,777 actions with blank completion status fields which had exceeded the target date to be implemented and were overdue by an average of 10.69 months.
- Testing of a the sample of 20 FRAs found that 136 remedial actions had not been completed in a timely manner, including three medium priority actions due for completion in August 2020.
- There were data input errors and omissions of information within the FRA Schedule and the FRA Actions Primary Spreadsheet reviewed at the time of audit.

4.21

Health & Safety – Incident reporting for 2022/23 (No Assurance)

Priority 21 Issues:

- It was not possible to confirm whether induction and training is provided to new starters in relation to health and safety as we were not provided with induction and training records.
- It was not possible to confirm whether health and safety risks were assessed and reviewed annually by each directorate of the Council as we were not provided with the risk assessments of Directorates.

4.22

Housing Disrepair 2022/23 (No Assurance)

Priority 1 Issues:

- Information gaps existed within the Disrepair Tracker and the Council's asset management system leading to a lack of oversight of disrepair cases.
- The Council did not comply with the 20-day statutory disclosure timescale that is required to be met following receipt of a 'Letter of Claim'.
- Remedial actions were not completed in a timely manner and there was a lack of monitoring and contractor management.

4.23

**IT Service Provider - Capita Exit & LittleFish delivery of service 2022/23
(Substantial Assurance)**

Priority 1 Issues:

- There were no Priority 1 issues.

4.24

IT Vulnerability Management' 2022/23 (Limited Assurance)

Priority 1 Issues:

- There is an absence of formal mechanisms to assess and track vulnerabilities, and to update management on vulnerability resolution. Although the Council conducted regular vulnerability scans, the vulnerabilities reported were not assessed to determine whether these were genuine or should be risk accepted. The Council had outsourced IT support services to different third parties but did not receive reports on the application of security patches and we were informed that vulnerability management was not included in the contract with each third party. Failure to operate shared vulnerability management processes with each third party, could result in a serious security breach due to a failure to treat vulnerabilities promptly.

4.25

Legal Service Case Management for 2022/23 (Substantial Assurance)
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Priority 1 Issues:

- There were no Priority 1 issues.

4.26

Microsoft Azure Cloud Usage 2022/23 (Substantial Assurance)
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Priority 1 Issues

- There were no Priority 1 issues.

4.27

Quality of Care - Provider Inspections 2022/23 (Limited Assurance)

Priority 1 Issues

- N/a – No Priority 1 issues were identified

4.28

Payments to Schools 2022/23 (Limited Assurance)
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Priority 1 Issues:

- Examination of the documentation held for seven schools in deficit identified that deficit plans were not in place for two schools. Of the five schools with deficit plans in place, one could not be evidenced as approved and dated by the Headteacher/Senior Leadership and Chair of Governors and none of the five plans had been signed by the Director of Education and Director of Finance or Assistant Chief Executive. In addition, three of the five deficit budget plans exceeded three years to put the school back into surplus.
- The deficit for three of the schools in deficit (out of seven) exceeded the 'the maximum size of any deficit that may be agreed will be 20% of the school's budget share'

4.29

Planning Enforcement – Data Management 2022/23 (Limited Assurance)

Priority 1 Issues:

- The service plan had not been reviewed or updated since 2017 and deadline target for the closure of service requests was not defined and monitored. Although informal monitoring of inspections and resolutions of cases occurred, timeframes had not been explicitly monitored or tracked to identify long standing cases or trends on lengthy cases which required speedy actions to be taken by the Council. This had resulted in backlog of cases as mentioned in Issue 2 below with 1,093 cases outstanding as on the 23 May 2023

- Sample testing of eight service requests from 397 created in 2022/23 and outstanding as at 16 May 2023 per Uniform system found that for five service requests, either no actions had been initiated or if actions had been initiated, these were not noted within the system, Uniform. Furthermore, two of the five cases had been open for over 300 days as at 16 May 2023.

4.30

Savings Plan Proposals – Assumptions, Calculations and Timelines 2022/23 (No Assurance)

Priority 1 Issues

- In seven out of nine savings/ growth bid forms that were inspected for the 2023/24 to 2025/26 savings plan, there were no workings or calculations attached to support the target figures. Additionally, in a further five cases, the bid form could not be located at all.
- In eight out of nine savings/ growth bid forms that were inspected, the form had not been signed off by the Division Director, Corporate Director and Finance department as required. In six of these cases, the form had not been signed by any of the required officers. Additionally, in a further five cases, the bid form could not be located at all.

4.31

School Admissions 2022/23 (Limited Assurance)

Priority 1 Issues

- The School admissions data of students over the age of 25 had not been deleted by the Council in line with the Data Protection Act 2018 and UK General Data Protection Regulations.
- Where the in-year applications process has been exhausted, and children were without education for over a month, the Fair Access Panel was not providing school places.
- A significant number of children that had applied via the in-year process were not receiving education, including over 150 secondary school age children out of school for over four weeks and over 60 out of school for over eight weeks.

4.32

SEN Transport: Resilience and Demand 2022/23 (Substantial Assurance)

Priority 1 Issues

- None

4.33

TFL Reclaims 2022/23 (Limited Assurance)

Priority 1 Issues

- While carrying out year-end reconciliations, the Council identified four areas of concern relating to TfL Funding in the areas of Strategic Transport Capital Monitoring carried out for 2022/23:
 - Errors with funding cost codes within the Council's asset management system 'Confirm';
 - Data inaccuracies and insufficiency within Confirm in relation to TfL funding and reclaims;
 - Significant uncleared accrual balances (the value was unknown at the time of the audit as calculations were still ongoing); and
 - Inaccuracies, insufficiency and absence of retention of timesheet records (of staff and contractors).

As a result, TfL Claims for 2022-2023 may be inaccurate. The Council was in the process of conducting an in-depth review into the above issues and intended to report the results of this investigation Transport and Highways Board and the Capital Board. (Issue 1)

- The Strategic Transport Programme Manager advised that TfL rejected the Council's funding claims due to insufficient evidence provided by the Council to support the timesheet hours (of staff and contractors) recorded on projects (refer to Issue 1). No evidence was provided to Internal Audit in relation to this area and therefore assurance on the Council's the effectiveness of this area cannot be provided. (Issue 2)
- Reconciliations of funds received and actual expenditure on projects partly/ wholly funded by TfL and monitoring of the budget vs the actual spend for such projects was completed on an annual basis by the Council. However, the Head of Finance, the Director of Planning and Sustainable Regeneration and the Strategic Transport Programme Manager explained that there were staffing issues within the Strategic Transport Team which meant these activities were not undertaken frequently.

4.34**Traded Services 2022/23 (Limited Assurance)****Priority 1 Issue:**

- Testing of a sample of 20 overdue invoices found that 11 did not have evidence of reminders being sent. None of the 20 had been passed on to the Council's debt collector team, exceeding the Council's 30-day late payment target.

4.35**Adult Social Care - Transportation Costs: Recordkeeping and Allocation 2023/24 (Substantial Assurance)****Priority 1 Issues:**

- There were no Priority 1 issues

4.36

Bank Accounts 2023/24 (Limited Assurance)
<p>Priority 1 Issues</p> <ul style="list-style-type: none">• There was no policy around the management of bank accounts in place meaning that the Council could not determine they had sight of all bank accounts held, and roles and responsibilities were not defined in relation to this.• There is no regular review of the List of Signatories and the staff members with access to Bankline, with the most recent review being in November 2022. Management identified two signatories who have left the Council. Sample testing of ten active Bankline users identified that two active users have left the Council. Although a user would require their card reader, management advised that Bankline can be accessed from any device, and not just a Croydon issued laptop.• Reconciliations have not been prepared on a monthly basis for the general, salaries and general suspense accounts. These restarted in May 2023, with cumulative reconciliations being prepared for 2022/23. A review of these reconciliations indicated that these were incomplete, with explanations not being added to the document and key pieces of information (such as the date of preparation or approver's name) missing from the documents.• The Corporate Finance Team identified that settlement payments were made out of the salary account, meaning that they had bypassed the usual governance and approval processes for payments.

4.37

Cemeteries and Crematoria Income and H&S 2023/24 (Limited Assurance)
<p>Priority 1 Issue</p> <ul style="list-style-type: none">• Eight of the sample of ten memorials selected for testing had not inspected in a timely manner in line with Council targets to ensure that these were safe. Memorials deemed unsafe at previous inspections had not been investigated. There was no process to monitor memorial safety inspections due to system limitations.

4.38

Children with No Recourse to Public Funds: Assessment of Finances 2023/24 (Substantial Assurance)
<p>Priority 1 Issues:</p> <ul style="list-style-type: none">• No Priority 1 issues.

4.39

Christ Church C of E Schools 2023/24 (Limited Assurance)

Priority 1 Issues:

- The School maintained a Single Central Record which recorded the DBS and Barred List Checks completed for both Governors and staff. Examination of the Single Central Record identified:
 - For seven staff members, their corresponding DBS check had not been reviewed within three years of the date of audit (March 2024), and
 - For one Governor, the School were unable to evidence a DBS application being submitted within 21 days of appointment their appointment.
- The School Business Manager confirmed that at the time of audit (March 2024), an Information Asset Register was not in place. The School Business Manager advised that there were plans to implement an Information Asset Register, however this was not completed at the time of the audit.

4.40

Dangerous Structures 2023/24 (No Assurance)

No Priority 1 or 2 issues were raised, the No Assurance was due to a lack of engagement.

4.41

Firewall Management for 2023/24 (No Assurance)

Priority 1 Issues:

- The Council had inadequate coverage of penetration tests over all firewalls as the scope of quarterly penetration tests was only limited. Furthermore, the vulnerabilities identified from these penetration tests lacked ongoing monitoring and remediation.
- The Council had not regularly updated and patched the firewall firmware.
- Intrusion detection and prevention was not enabled on the firewalls by the Council, and there was a lack of deep-level packet inspection and malware protection.

4.42

HEAT: Assessment Management (Emergency Accommodation Assessments) 2023/24 (No Assurance)

Priority 1 Issues

- As discussed with the Interim Head of Homelessness and Allocations, staff had not received training since 2018. Furthermore, we were not provided with any training records and thus we cannot provide assurance on the effectiveness of this area.
- There were 427 outstanding assessment appointments with people claiming homelessness between the 16 December 2022 and 31 March 2023. This list of outstanding cases did not include cases emailed to the 'Triage Queue Inbox', the count of which could not be ascertained at the time of audit. It was explained that

the Council was facing increased demand for housing which resulted in longer wait times for people claiming homelessness.

- H-CLIC data from July 2022 to September 2022 showed the Council had 20 families in Bed and Breakfasts (B+B's) who had been there for more than six weeks i.e. in non-compliance with Section 17.33 of the Homelessness Code of Guidance for local authorities which states that families should only be placed in B+B's as a matter of last resort, and only for a maximum of six weeks. It was explained that the Council was facing increased demand for nightly accommodation which resulted in the Council having to split families in order to house them and this poses the risk of safeguarding.
- The Housing Directorate used two systems i.e. Open Housing Management System (OHMS) provided by Northgate and SharePoint for processing EA and TA housing applications (called TEA) at the time of the audit. The Housing Needs Officer confirmed that there had been instances in past where the use of multiple systems resulted in staff failing to check both systems, missing vital information about, or even the existence of, a housing application, which in turn resulted in duplicate applications, and increased workload. Comparison of the TEA records (i.e. the record of properties occupied and being paid for) to the OHMs tenancies as at 1 November 2022 found that there were 222 placements on TEA not yet set up on OHMs as tenancies.

4.43

Housing Tenancy Checks 2023/24 (No Assurance)

Priority 1 Issues

- There was no policy in place for tenancy checks, or related procedures.
- There were no training records for officers in the Tenancy Services team.
- A rationale for tenancy checks had not been defined.
- Tenancy check forms were not backed up electronically.
- There was no central allocation of checks or tracking of the status of checks.

4.44

Lone Working' for 2023/24 (Limited Assurance)

Priority 2 Issues

- Interviews with the Head of Learning and Organisational Development and six Team Managers across the Children, Young People and Education (CYPE), Adult Social Care and Health and Housing directorates found that the completion of training related to lone working was not monitored on a consistent basis.
- Evidence demonstrating that the Red File database was up to date at the time of fieldwork was not provided and thus assurance cannot be provided over controls relating to this area. Furthermore, regular monitoring and discussion of Red File Database through Corporate Health and Safety Group meetings was not evidenced.

4.45

Parking Enforcement – Focus on Income 2023/24 (Limited Assurance)

Priority 1 Issues

- Review of the budget and the income projection identified that in 2022/23, there was a substantial difference between the budget set for Parking Income (£36.5m) under the MTFS (which had ultimately been based on pre-COVID parking data) and the baseline income projection that the Highways and Parking team had calculated (based on more recent parking data from 2021/22 (initially £26.7m)). A growth bid (meaning a bid to reduce the income forecast in the MTFS) was required to modify the 2023/24 budget from £40.3m to £26.4m in order to reflect post-COVID parking numbers.
- Revenue from existing ANPR schemes for 2022/23 has been substantially lower than expected. At August 2022 (Period 9), the Highways and Parking team were projecting revenue of £3.1m from existing ANPR schemes, against a budget of £7.2m and a P1 forecast of £4.6m.

4.46

SEND 2023/24 (Substantial Assurance)

Priority 1 Issues

- None

4.47

Staff Sickness for 2023/24 (Substantial Assurance)

Priority 1 Issues:

- No Priority 1 issues.

4.48

Sycamore House: Implementation of Lessons Learned 2023/24 (No Assurance)

Priority 1 Issue

- The Council had not carried out a formal lessons learned exercise to establish and address the key control failures that contributed to the fire at Sycamore House. Consequently, an action Plan has not been put in place to remedy fire safety, maintenance or other failures which contributed to the fire at Sycamore House and ensure similar incidents do not occur at other similar buildings used by the Council.

4.49

Voids 2023/24 (Limited Assurance)

Priority 1 Issues:

- Although the Council's void process included an inspection of the properties after works are completed to ensure these meet the Council's letting standards, The Voids Manager reported that pre-void inspections were not being carried out by the Council in practice.
- Review of void turnaround figures calculated by the Voids team identified that the average turnaround time between February 2023 and July 2023 for all lets and types of voids was 140.4 days. The void target turnaround times were unclear.
- For a sample of five voids between September 2022 and September 2023, it had taken the Council between 15 and 38 days to conduct an initial inspection after receiving the keys, against a target of four days.

4.50

Ridgeway Primary School 2023/24 (Substantial Assurance)
<p>Priority 1 Issues:</p> <ul style="list-style-type: none"> • There were no Priority 1 issues.

4.51

Business Rates 2023/24 (Substantial Assurance)
<p>Priority 1 Issues:</p> <ul style="list-style-type: none"> • There were no Priority 1 issues.

4.52

CES Stock Management 2023/24 (No Assurance)
<p>Priority 1 Issues:</p> <ul style="list-style-type: none"> • IT Access levels could not be tested. • Equipment warranties could not be tested. • Testing of the procurement approval process for special items was not able to be conducted. Additionally, DPS framework contracts had expired and therefore all procurement activities involved off-contract purchasing. No contract register was provided and no evidence of procurement approval from items bought using the previous system. • Testing of invoicing processes, including the charging of management fees, was not able to be conducted. Additionally, management fees were not incorporated into special item prices on the new system. • Testing of valuations of stock and holding special items at zero value, and annual stocktakes and segregation of duties during this process was not able to be conducted. Additionally, it was not possible to test annual stocktakes and segregation of duties during this process.

4.53

**Croydon Companies: Governance & Companies House Compliance 2023/24
(Limited Assurance)**

Priority 1 Issues

- There were no Priority 1 issues.

4.54

Disabled Facilities Grant 2023/24 (Substantial Assurance)

Priority 1 Issues

- None

4.55

Emergency and Temporary Accommodation: Income Collection 2023/24 (No Assurance)

Priority 1 Issues:

- None, the audit assurance was due to a lack of engagement.

4.56

Fees and Charges 2023/24 (Limited Assurance)

Priority 1 Issue

- Assurance could not be provided regarding the justification and approval of fee changes due to a lack of available evidence and responses to enquiries.

4.57

Forestdale Primary School 2023/24 (Substantial Assurance)

Priority 1 Issues:

- There were no Priority 1 issues.

4.58

General ledger 2023/24 (Substantial Assurance)

Priority 1 Issues:

- There were no Priority 1 issues.

4.59

**Grant Funding Received: Compliance with Grant Conditions and Reporting
2023/24 (Limited Assurance)**

Priority 1 Issue

- The Council did not have an up-to-date central grant register to maintain corporate financial oversight. Whilst one existed, this was created retrospectively for the year 2022-23 and was not in active use. This register was not provided during the audit. Additionally, it was not possible to verify oversight over grants on a directorate level during the audit period due to delays in receiving initial evidence.

4.60**ISO 27001 Annex A Gap Analysis 2023/24 (Limited Assurance)****Priority 1 Issue**

- Planned reviews were not provided for in the policy and there was no evidence of reviews being undertaken previously to help ensure the Council's specific ISMS remained relevant and effective.
- There were no defined and documented incident response and recovery processes and procedures dedicated towards requirements for information security in line with ISO 27001.
- There were no identifiable processes in place to help ensure that Information Security policies were read and understood by relevant personnel as well as being easy to access. Regular and appropriate training on information security was not effectively implemented.
- Technological controls were not defined, documented, and uniformly implemented in line with ISO 27001. These included gaps relating to anti-malware deployment and vulnerability management.

4.61**Libraries – Compliance Checks 2023/24 (Limited Assurance)****Priority 1 Issue:**

- Cash was being collected by the Library Operations Manager and a courier driver from the Council. A security company was not being used to collect cash as referenced in the Financial Procedures Croydon Libraries document. Review of the most recent Cash Collection Sheet for Thornton Heath Library, Selsdon Library and Central Library found that for Thornton Heath (£1,239.57) and Selsdon (£994.78) no collection had taken place since October 2023 and that for Central library (£8,882.86) cash was last collected in May 2023.

4.62**Management of IT Strategy' for 2023/24 (Limited Assurance)****Priority 1 Issues:**

- An overall assessment of the Council's security posture has not been conducted yet, and there is an absence of a Cybersecurity plan.

4.63

Mandatory Training 2023/24 (Limited Assurance)
<p>Priority 1 Issues</p> <ul style="list-style-type: none">• Monitoring of mandatory training completion, including time taken to complete the training was not being done by the Council due to the system not being able to generate accurate data. Consequently, quarterly reporting of staff training was not provided to the relevant committees/ Corporate Directors and Directors. Furthermore, the dashboard in Learning Pool did not show service-level training completion rates.• Service specific mandatory training was not incorporated into the Council's Learning Management System. Services were responsible for their own mandatory training, and the L&OD department team had no oversight of completion rates or content for service specific mandatory training.

4.64

Park Hill Infants School 2023/24 (Limited Assurance)
<p>Priority 1 Issues</p> <ul style="list-style-type: none">• Examination of financial records held for a sample of 15 transactions from the School's Bank History Report from March 2023 to March 2024 identified that for three transactions, which were payments to self-employed individuals, the School undertook IR35 checks after the payments were made (£600.00, £1,150.00 and £1,260.00).• Review of the records for a sample of 15 transactions identified that for 14 transactions, a goods/services received check was not evidenced.

4.65

Payroll 2023/24 (Substantial Assurance)
<p>Priority 1 Issues:</p> <ul style="list-style-type: none">• There were no Priority 1 issues.

4.66

Parking Income: Debt Collection 2023/24 (Substantial Assurance)
<p>Priority 1 Issues:</p> <ul style="list-style-type: none">• There were no Priority 1 issues.

4.67

Parks and Playgrounds 2023/24 (Limited Assurance)
<p>Priority 1 Issues:</p>

- Evidence of a documented approach to inspections, insurance and maintenance of parks and playgrounds was not provided. No evidence of a parks and playgrounds risk register was provided.
- No evidence was provided for the selected sample of five parks and not all documentation was provided for the sample testing of five playgrounds. Internal Audit did not receive evidence of a defined process regarding inspections and there were inconsistencies in the timescales of inspections when discussed verbally and via email.
- Although requested, a copy of the defined processes for repairs and maintenance and an export from the repairs system (Confirm) showing the expected and actual repair completion dates were not provided.

4.68

Premises Health & Safety: Water Tanks & Boosters, Lightning Conductors, Sprinklers (Housing)' for 2023/24 (No Assurance)

There were no Priority 1 or 2 Issues, the No Assurance was due to a lack of engagement.

4.69

RAMS Contract Management 2023/24 (Substantial Assurance)

Priority 1 Issues:

- There were no Priority 1 issues.

4.70

Registrars Income 2023/24 (Substantial Assurance)

Priority 1 Issues

- There were no Priority 1 issues.

4.71

Starters and Leavers: Corporate 2023/24 (Limited Assurance)

Priority 1 Issues:

- The Exit Procedures on the Council's intranet did not include guidance or instructions on the return of ID pass cards for leavers that worked remotely. Testing of sample 10 leavers found that for four there was no evidence that the ID pass cards had been returned or de-activated.

4.72

St Marys High School 2023/24 (Limited Assurance)

Priority 1 Issues

- Examination of the New Starters report generated from the SIMS financial management system for the period 22 February 2023 to 21 February 2024 identified 28 starters. Examination of staff records for a sample of five of these starters identified that for two starters, with a start date of 4 December 2023 and 29 January 2024, 'Right to Work' checks were completed after their respective offers of employment.
- The records for a sample of five starters during the period 22 February 2023 to 21 February 2024 were examined and it was identified that for two starters the corresponding DBS check was completed after their respective start dates
- Examination of the School's Single Central Record identified that 11 teachers and 14 support staff had not had their DBS checks renewed in the last three years.
- Review of the records for a sample of 15 transactions during the period 22 February 2023 to 22 February 2024 identified that for each transaction, segregation of duties was not completed between the goods received check and the invoice authorisation, with only one signatory provided to evidence both checks.
- Review of the records for a sample of 15 transactions during the period 22 February 2023 to 22 February 2024 identified two transactions, which were payments to self-employed individuals, where the School were unable to evidence a completed IR35 check (£800 and £5,000.00).
- The School confirmed that (at the time of audit in February 2024) an Information Asset Register was not in place. The School advised that they were working with Judicium Education to create an Information Asset Register.

4.73**Sundry debtors 2023/24 (Limited Assurance)****Priority 1 Issues**

- There were no Priority 1 issues.

4.74**Tunstall Nursery School 2023/24 (Limited Assurance)****Priority 1 Issues**

- Examination of staff records for two new starters between May 2023 and May 2024 identified that for one of the starters, with a start date of 1 May 2023, the Right to Work check was completed after they commenced employment.

4.75

Visiting Team 2023/24 (Limited Assurance)

Priority 1 Issues

- The Data Cleansing Spreadsheet was being used to choose properties to be visited, however, this was not a complete nor up to date record of all properties and did not facilitate a risk based and targeted approach as it did not take into consideration indicators of fraud or risk.
- There was no oversight of which tenancies were being checked, with individual TOs selecting tenancies for checks based on unchecked properties within the Data Cleansing Spreadsheet. Moreover, the Head of Tenancy and Caretaking highlighted that they did not believe all checks were being recorded in the Data Cleansing Spreadsheet.
- A walkthrough of a sample of two checks conducted in February 2024 and April 2024 highlighted that the completed Occupancy Check forms for these had not been uploaded into SharePoint. Discussions with members of the Tenancy Services team who conduct these checks, noted that the check forms were generally stored physically in lockers by the TOs who conduct the checks, which poses a Data Protection issue.

4.76

Virtual School 2023/24 (Substantial Assurance)

Priority 1 Issues

- There were no Priority 1 issues.

4.77

**Voluntary Organisations: Leases & Premises Management 2023/24
(Substantial Assurance)**

Priority 1 Issues

- There were no Priority 1 issues.

4.78

Brokerage Placement Sourcing – Working Age Adults 2024/25 (Substantial Assurance)

Priority 1 Issues

- There were no Priority 1 issues.

4.79

Cemeteries and Cash Handling 2024/25 (Limited Assurance)

Priority 1 Issues

- Review of a sample of five cash transactions from the 2023/24 financial year, found no record that the weekly total confirmation had been sought from Revenue Control or retained.

4.80

Parking permits of the Highway 2024/25 (Limited Assurance)

Priority 1 Issues:

- There were no Priority 1 issues.

4.81

Pensions Scheme Administration 2024/25 (Substantial Assurance)

Priority 1 Issues

- There were no Priority 1 issues.

4.82

SEN Transport: Travel Training 2024/25 (Substantial Assurance)

Priority 1 Issues

- There were no Priority 1 issues.

4.83

Shared Lives: Carer Recruitment 2024/25 (Substantial Assurance)

Priority 1 Issues

- There were no Priority 1 issues.

4.84

Tenancy Sign-Ups and New Tenancy Visits 2024/25 (Limited Assurance)

Priority 1 Issues

- There were no Priority 1 issues.
- A review of the records held in NEC and SharePoint for a sample of ten new sign-ups between May – July 2024 found that in five instances the new tenancy visit had not been marked as 'Complete' on NEC. The Tenancy Sustainment Officer was unable to find four of these cases within NEC. In eight instances there was no NTV form completed and saved into SharePoint.
- Data analysis found that inconsistencies existed between the Void Management Sheet and the NEC complete Sign-Up report from 1 March 2024 – 23 August 2024. The NEC report noted 421 properties had their rent accounts created, and the Void Management Sheet noted only 306 completed tenancy sign-ups within the same period. The data from the Void

Management Sheet was used to report sign-up performance to the Head of Service.

4.85 Following comments made regarding the number of audit reports still at draft stage at the Audit and Governance Committee meeting held on 19 September 2024, the Council's Corporate Governance team renewed its efforts to clear this backlog.

4.86 Since 1 October 2024, when there were 27 draft reports (12 relating to 2022/23, 14 relating to 2023/24 and 1 to 2024/25), there are now 8 drafts where responses are being sought (which include two new reports issued in the interim) as follows:

Table 1: Draft reports with overdue responses

Year	Audit title	Corporate Director	Date issued
2022/23	Housing Register: Assessments	Susmita Sen	14 April 2023
2023/24	Starters and Leavers: IT Accounts & Equipment	Marie Snelling	31 January 2024
	LGL Complaints: Embedding Subsequent Actions	Susmita Sen	1 March 2024
	Croylease	Susmita Sen	24 June 2024
	No Recourse to Public Funds	Debbie Jones / Annette McPartland	23 July 2024
2024/25	CIL/S106: Use of Funds	Nick Hibberd	12 August 2024
	Application Audit: Housing Management System (NEC)	Marie Snelling	30 August 2024
	Coulsdon C of E School	Debbie Jones	24 October 2024

4.87 Internal Audit will continue to provide an update on draft reports in future committee reports.

FOLLOW-UP REVIEWS

4.88 When Internal Audit identifies risks, recommendations are made and agreed with service managers to mitigate these. The Council then needs to ensure that action is taken to implement audit recommendations. The Council's targets for audit recommendations implemented are 80% for all priority 2 and 3

recommendations and 90% for priority 1 recommendations. The performance in relation to the targets for 2017/18 to 2021/22 audits are shown Table 1.

Table 2: Implementation of Audit Findings

	Target	2019/20	2020/21	2021/22	2022/23	2023/24
Implementation of priority one recommendations at follow-up	90%	99%	68%	64%	61%	36%
Implementation of all recommendations at follow-up	80%	99%	90%	87%	51%	25%

4.89 It was also agreed, following the Audit and Governance Committee meeting in January 2023, that the Council should set a target to complete all historic follow ups in a timely manner. In this regard, the Council has made good progress in clearing the 2018/19 and 2019/20 follow ups, with all of the 2018/19 follow ups complete and only two remaining 2019/20.

4.90 It should be noted that follow up of some 2022/23 and 2023/24 audits was delayed with the late issue of the corresponding final audit reports. This has impacted the percentages in table 2 above.

4.91 FINANCE IMPLICATIONS

4.91.1 Forecasted spend for Internal Audit is £0.360 for 2024/25, total budget for 2024/25 is £0.372m.

4.91.2 In light of the recent financial challenges faced by the Council the finance function is engaging with Internal Audit to ensure the Council acts upon its recommendations to improve financial management and value for money.

4.91.3 Comments approved by James Huggett, Head of Finance for Assistant Chief Executive, Resources and MTFs on behalf of the Director of Finance. (18/11/2024)

4.92 LEGAL IMPLICATIONS

4.92.1 Given the role, responsibilities of the internal audit function the Council should be taking steps to improve the Assurance level within the Council.

4.92.2 Information provided in this report is necessary to demonstrate the Council's compliance with requirements imposed by Regulation 5 of the Accounts and Audit Regulations 2015. The Council is required to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards or guidance. Any officer or Member of the Council must, if required

to do so for the purposes of the internal audit must make available such documents and records, and supply such information and explanations as are considered necessary by those conducting an internal audit.

4.92.3 The Committee should also note the Council are under a duty (s3(1) Local Government Act 1999) as a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In addition, under Directions dated 20 July 2023, issued by the Secretary of State under Section 15(5) of the Local Government Act 1999, the Council must, amongst other things “secure as soon as practicable that all the Authority’s functions are exercised in conformity with the best value duty, thereby delivering improvements in services and outcomes for the people of Croydon”.

4.92.4 When undertaking its Audit functions this Committee’s role includes the following responsibilities:

- Oversee internal and external audit, helping to ensure that efficient and effective assurance arrangements are in place
- To review (but not direct) internal audit’s risk-based strategy, plan and resource requirements
- To review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary
- To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- To consider reports from the head of internal audit on internal audit’s performance during the year, including the performance of external providers of internal audit services and make recommendations as appropriate to management, Cabinet and/or Full Council.

4.92.5 In considering the recommendation in this report the Committee should have regard to the Council’s overall governance and financial position.

4.92.6 The contents of this report, and of the Internal Audit Report 1st April 2024 to 31 October 2024 should be carefully considered, in particular in relation to those Audits where No Assurance was given, and where the Assurance Level is Limited, and in relation to the implementation of recommendations.

4.92.7 **Approved by:** the Principal Lawyer Corporate Law and Litigation, on behalf of the Director of Legal Services and Monitoring Officer (19/11/2023).

4.93 HUMAN RESOURCES IMPLICATIONS

- 4.93.1** The HR impacts arising from this report for Council employees or staff are identified in the body of the report. This is particularly in relation to the requirement for staff training which includes mandatory training, robust recruitment process and employment eligibility checks including DBS checks/renewals, which the Council / relevant school must ensure are undertaken. Any issues arising, will be managed through the Council's relevant HR policies and procedures.
- 4.93.2** Approve by Gillian Bevan, Head of HR Business Partnering on behalf of the Chief People Officer (17/11/2024)

4.94 EQUALITIES IMPLICATIONS

- 4.94.1** The Council is required to comply with the Public Sector Equality Duty [PSED], as set out in the Equality Act 2010. The PSED requires the Council to have due regard to the need to:
- eliminate discrimination,
 - equality of opportunity and
 - good relations between different people when carrying out their activities.

Failure to meet these requirements may result in the Council being exposed to costly, time consuming and reputation-damaging legal challenges.

- 4.94.2** When Internal Audit is progressing the Annual Audit Plan or individual audit programmes the impacts of the issues above are considered depending on the nature of the area of service being reviewed. Issues relating to these impacts would be reflected in the audit reports and recommendations.
- 4.94.3** Comments approved by Ken Orlukwu, Senior Equalities Officer, on behalf of Helen Reeves, Head of Strategy & Policy on 19/11/2024.

5. APPENDICES

- 5.1** Appendix 1 – Internal Audit report for the period to April to 31 October 2024.

6. BACKGROUND DOCUMENTS

- 6.1** None

7. URGENCY

- 7.1** There is none.