

# London Borough of Croydon

## Internal Audit Report

### 1<sup>st</sup> April 2022 to 31<sup>st</sup> December 2022

#### Confidentiality and Disclosure Clause

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

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

## 1. Internal Audit Performance

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

## 2. Audit Assurance

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

|                    |  |
|--------------------|--|
| <b>Full</b>        | The systems of internal control are sound and achieve all systems objectives and that all controls are being consistently applied.   |
| <b>Substantial</b> | 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. |
| <b>Limited</b>     | 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.  |
| <b>No</b>          | The system of internal control is generally weak leaving the system open to significant error or abuse and /or significant non-compliance with basic controls leaves the system open to error or abuse.  |

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

## Appendix 6 - Follow-up of 2020/21 audits

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



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

## Appendix 7 - Follow-up of 2021/22 audits

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

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

## Appendix 8 - Follow-up of 2022/23 audits

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

## Definitions for Audit Opinions and Recommendations

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

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

Priorities assigned to recommendations are based on the following criteria:

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

## Statement of Responsibility

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

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

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

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

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