



London Borough of Croydon

London Borough of Croydon Internal Audit Annual Report for the year ended 31 March 2016

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This report has been prepared on the basis of the limitations set out on page 27.

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Executive Summary

Introduction

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

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

Head of Internal Audit Opinion on the Effectiveness of Internal Control

This opinion statement is provided for the use of London Borough of Croydon in support of its Annual Governance Statement 2016 that is published with the statement of accounts for the year ended 31 March 2016.

Scope of Responsibility

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

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

The Purpose of the System of Internal Control

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

Review of Effectiveness

The London Borough of Croydon has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors, who during the year analysed the Council's adherence to CIPFA guidelines regarding the Annual Governance Statement and found no major issues. Effectiveness of the system is also conveyed by executive managers within the authority who have responsibility for the

development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates in the annual audit letter and other reports.

Head of Internal Audit Annual Opinion Statement

Our opinion is derived from work carried out by Internal Audit during the year as part of the agreed internal audit plan for 2015/16, including our assessment of the London Borough of Croydon corporate governance and risk management processes and information technology governance.

The internal audit plan for 2015/16 was developed to primarily provide Members and management with independent assurance on the adequacy and effectiveness of the systems of internal control.

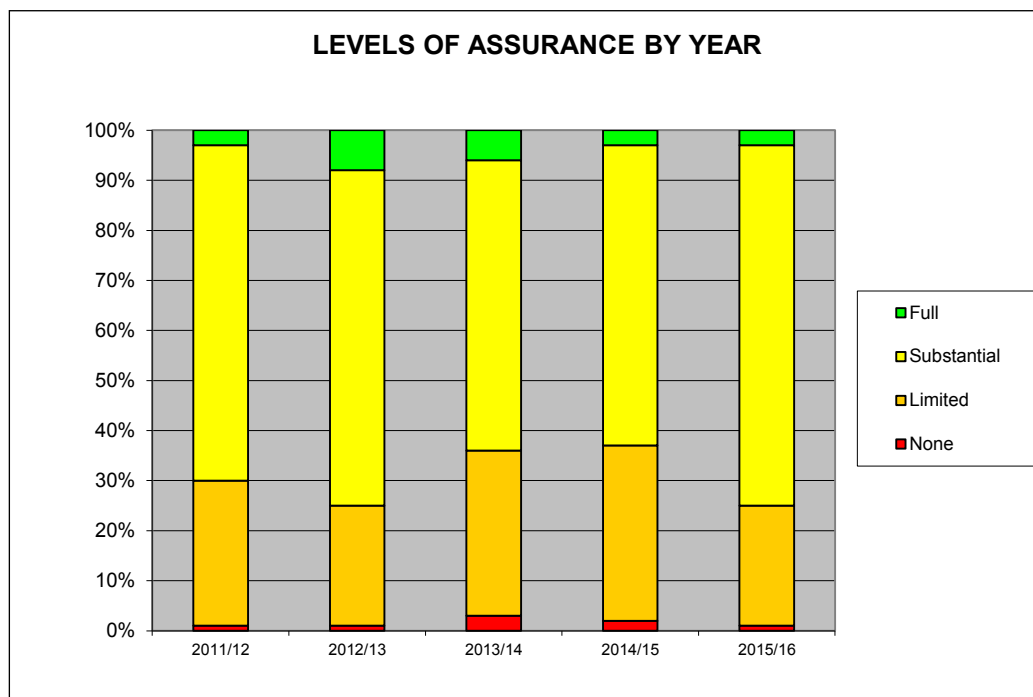
Basis of Assurance

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

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

Our work for the year to 31 March 2016 was completed in line with the operational plan.

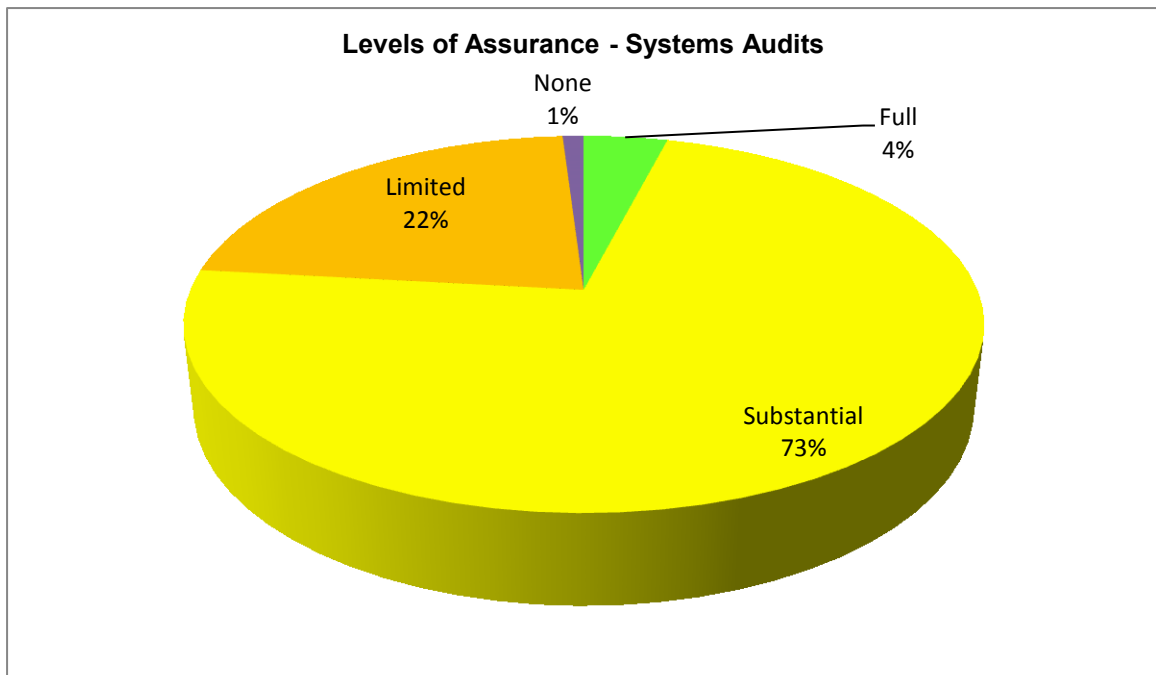
Graph 1 – Assurance Levels



	2011/12	2012/13	2013/14	2014/15	2015/16
Full Assurance	3%	8%	6%	3%	3%
Substantial Assurance	67%	67%	57%	60%	72%
Limited Assurance	29%	24%	34%	35%	24%
No Assurance	1%	1%	3%	2%	1%

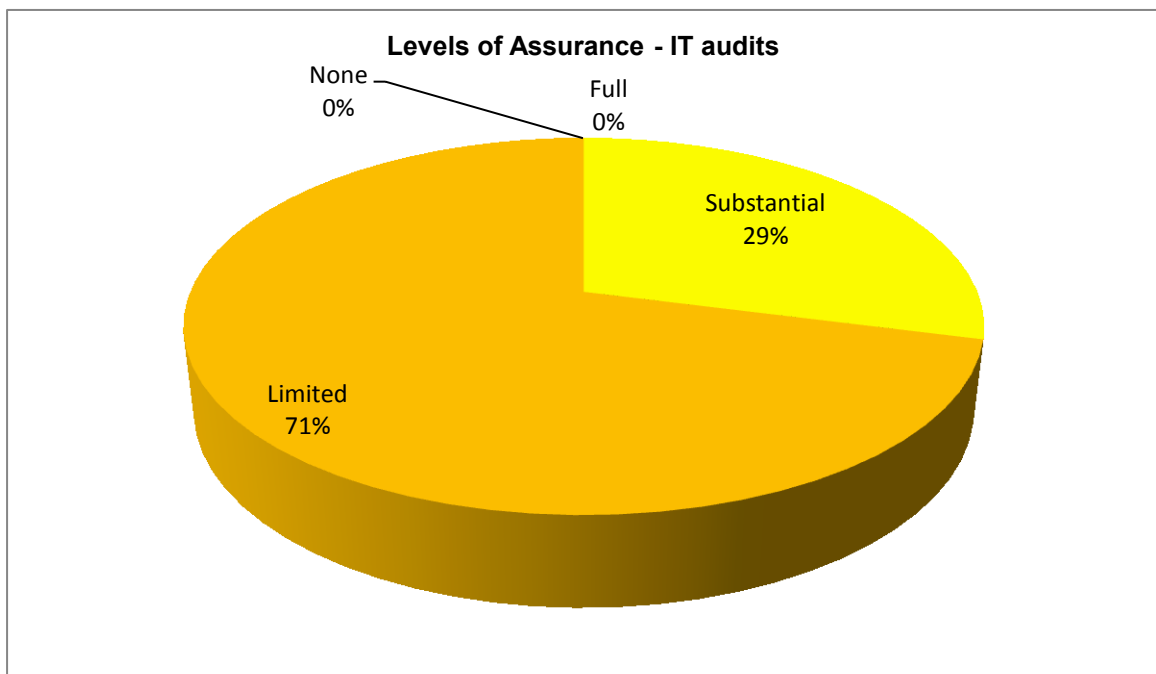
Graph 1 shows the percentage of audit reports issued per level of assurance over the past five years. As can be seen the number of limited and no assurance reports is lower than in the previous two years.

Graph 2 – Levels of Assurance – Systems Audits



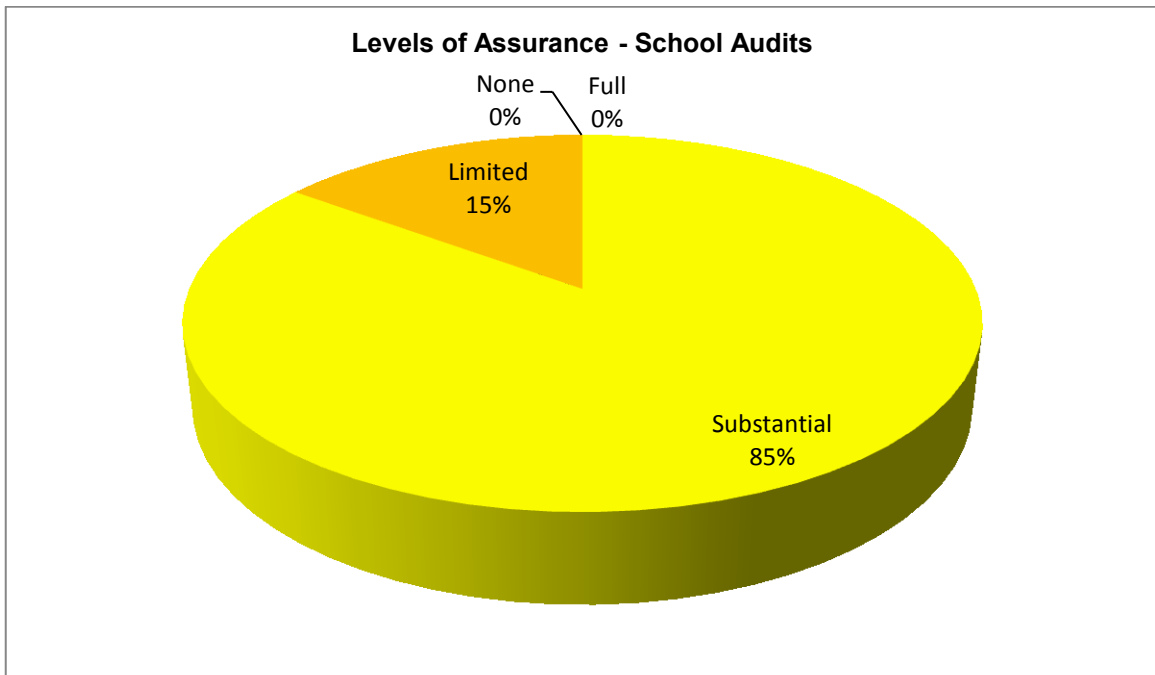
Graph 2 shows the percentage levels of assurance achieved on all the full systems audited. This shows that 77% of the systems audited, including the core Council financial systems, achieved an assurance level of Substantial or Full. This is an improvement in performance from 2014/15 which was 69%.

Graph 3 – Levels of Assurance – IT Audits



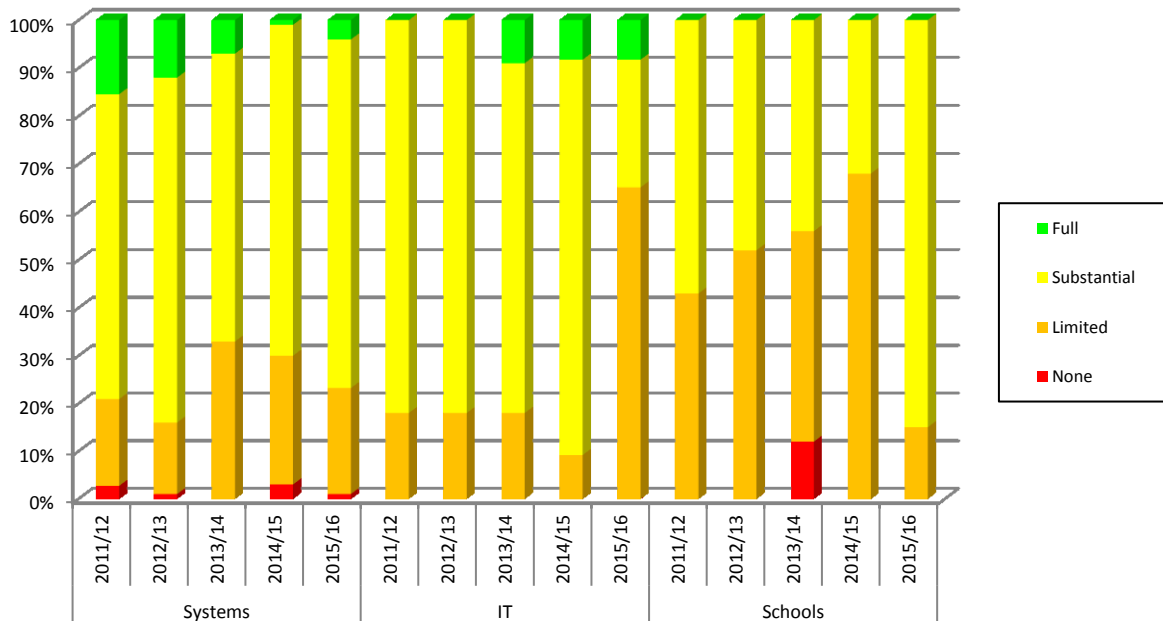
Graph 3 shows the results of the computer audit programme of work. This shows that 29% (2 out of 7 audits) of the computer audits achieved an assurance level of Substantial or Full. This is marked decrease on the performance of 2014/15 which was 90% (9 out of 10 audits).

Graph 4 – Levels of Assurance – School Audits



Graph 4 shows the results of the schools audit programme. A total of 85% of all locations visited resulted in a Substantial Assurance. This is a significant improvement in the performance from 2014/15, which was 32% (and the downward trend from previous years, i.e. 2013/14 of 44%, 2012/13 of 48% and 2011/12 of 57%).

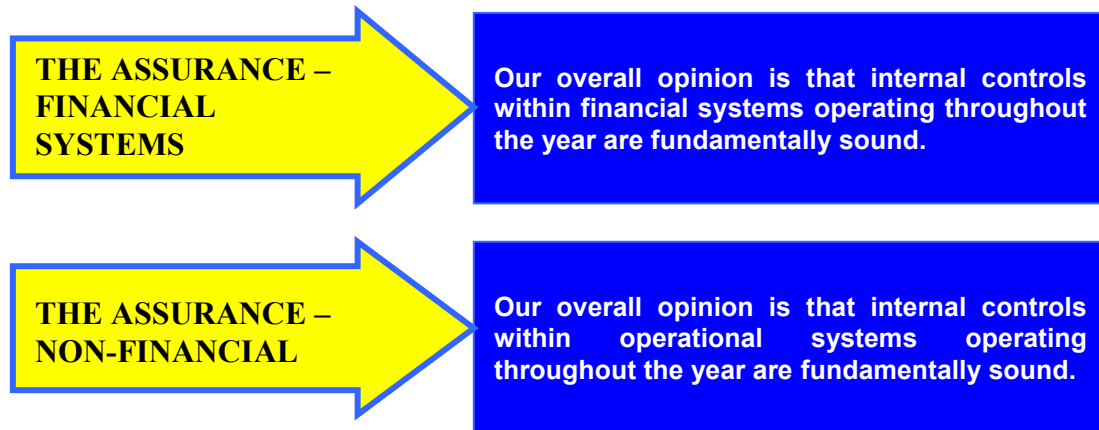
COMPARISON OF ASSURANCE BY AUDIT TYPE 2011/12 TO 2015/16



2015/16 Year Opinion

Internal Control

From the Internal Audit work undertaken in 2015/16, it is our opinion that we can provide **Substantial Assurance** that the system of internal control that has been in place at London Borough of Croydon for the year ended 31 March 2016 accords with proper practice, except for any details of significant internal control issues as documented in the detailed report. The assurance can be further broken down between financial and non-financial systems, as follows:



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

- 'The Annual Audit Letter', by Grant Thornton for its 2014/15 Audit which issued:
 - an unqualified opinion on the accounts which give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council;
 - an unqualified VfM (Value for Money) conclusion, where they were satisfied that in all significant respects the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015, and
 - an unqualified opinion on the council's Whole of Government Accounts submission, stating that the pack was consistent with the audited financial statements.
- The statement provided by Grant Thornton in their 'The Audit Plan for Croydon Council' issued in March 2016, where based on the 'Results of interim audit work' that, 'Overall, we have concluded that the internal audit service provides an independent and satisfactory service and that internal audit work contributes to an effective internal control environment.'
- The Assistant Chief Executive (Corporate Resources and Section 151 Officer) 2014/15 assessment of the Internal Audit function submitted to the General Purposes and Audit Committee on 24 June 2015.

Corporate Governance

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

- The external auditor's annual audit letter 2014/15, where no significant weaknesses in the internal control arrangements were identified, and
- Our annual audit plans of work, which include governance related audits.

Risk Management

In our opinion, based on:

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

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

Information Technology

In our opinion the information technology of the Council and its governance currently supports the organisation's strategies and objectives, although weaknesses identified in the audit plan of work, if not addressed, may result in this not being the case in future. Clear remediation of these weaknesses is part of the ICT transformation programme currently underway and being delivered this calendar year. This opinion is based on:

- The statement provided by Grant Thornton in their 'The Audit Plan for Croydon Council' issued in June 2014, where based on the 'Results of interim audit work' that, 'Our work to date has identified no material weaknesses which are likely to adversely impact on your financial statements. IT (information technology) controls were observed to have been implemented in accordance with our documented understanding.'
- Our on-going programme of computer audits, as well as other departmental and corporate audits.
- The comprehensive change and renewal plans in place for the Council's ICT infrastructure and assets.

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

HEAD OF INTERNAL AUDIT

Simon Maddocks
Mike Clarkson

(Head of Governance - Resources Department, London Borough of Croydon)
(Managing Director - Mazars Public Sector Internal Audit Ltd)

May 2016

DETAILED REPORT

Introduction

This section is a report from Internal Audit detailing:

- any significant control failures or risk issues that have arisen and been addressed through the work of Internal Audit;
- any qualifications to the Head of Audit opinion on the Authority's system of internal control, with the reasons for each qualification;
- the identification of work undertaken by other assurance bodies upon which Internal Audit has placed an assurance to help formulate its opinion;
- the management processes adopted to deliver risk management and governance requirements;
- comparison of the work undertaken during the 2015/16 year against the original Internal Audit plans, and
- a brief summary of the audit service performance against agreed performance measures.

Significant Control Weaknesses

Internal Audit is required to form an opinion on the quality of the internal control environment, which includes consideration of any significant risk or governance issues and control failures which arise. During the financial year 2015/16, three key issues were identified.

- Significant recommendations were raised due to a lack of compliance with the Councils Contracts and Tenders Regulations, including contract formalities and the retention and availability of key documents;
- On-going late commitments being raised and authorised for adult social community care payments, which are impacting financial and budgetary control, and
- Significant recommendations were raised relating to contract management, including weaknesses in active monitoring and physical checking.

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

Qualifications to the opinion

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

Other assurance bodies

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

Governance Processes

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

- Challenge and review by the General Purposes & Audit Committee (GPAC);
- Corporate objectives and targets have been established and are monitored;
- Implemented structures and processes that reflect good practice guidance, are well documented and are flexible to accommodate change;
- Standards of conduct and a Code of Conduct are in place for Members and officers,
- The Constitution, which was adopted by the Council on 21 May 2012 and subsequently amended in July and October 2012, January and July 2014, and May 2015,
- The Council's Tenders and Contract Regulations, which form part of the Constitution of the London Borough of Croydon and were adopted by Full Council on 15 July 2014, and
- Financial Regulations, which form part of the Constitution of the London Borough of Croydon, are reviewed and revised on an annual basis under delegated authority (by the Interim Executive Director of Resources). The current version of the Financial Regulations was issued during July 2014. Day to day guidance is provided via the Financial Procedures maintained by the Governance Team. Training on the Financial Regulations and Procedures forms part of the governance training currently available to managers and staff under the banner of 'Doing the Right Thing'.

Risk Management Process

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

Members: The Council has a Member risk champion. The GPAC receives regular reports on risk issues and 'Red rated' Strategic, Governance and Operational Risks are formally reviewed on a quarterly basis by GPAC. All Cabinet members now receive reports in relation to their portfolio.

Departmental Leadership Team: All risks automatically appear on DLT (Departmental Leadership Team) meeting agendas on a quarterly basis.

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

This includes:

- Officer Risk Champion role established via Strategy & Planning Managers for service Departments;
- Projects supported by named Risk & CPO support officer role for risk management and other support services;
- Quarterly risk challenge through Divisional and Departmental MTs is provided by the Risk & CPO function, and
- The running of risk workshops with a number of Project Boards, Project Managers and at Departmental Team Meetings by Risk & CPO to embed robust Programme and Project Management standards.

Risk Management Activities: A number of risk management activities are undertaken on a regular basis. All major risks are now aligned to the new Corporate priorities as well as Croydon Vision Theme and Strategy. Ongoing liaison with the Challenge Croydon Programme to support with risk identification on both a programme and project level. An on-going process of developing and publishing risk logs via corporate risk system for major projects. This work to be part of a more significant review of the way that projects and programmes are delivered and how information including risks are reported in the organisation. Guidance and useful documents are present on the intranet providing an information source for all Council staff.

Audit Feedback: An assessment of whether key risks have been identified, evaluated and monitored on the risk register is conducted as part of each systems audit and is fed back to the Head of Risk & Corporate Programme Office and respective departmental risk champions in order for the risk registers, where appropriate, to be reviewed.

Audit Plan

The Audit Plan for 2015/16 was compiled using the Council's Risk Registers as the key drivers in developing audit coverage, as well as detailed discussions with ELT and CLT members, departmental management teams, and the External Auditors. The 2015/16 audit plan was presented to the General Purposes and Audit Committee on 25th March 2015.

All audit fieldwork is complete for audits relating to the 2015/16 year programme. The 2015/16 Internal Audit plan is provided in Appendix 1 for information. The schedule shows the number of recommendations raised in each audit during 2015/16 where a final report has been issued.

Internal Audit Performance

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

Table 1

Performance Measure	Target	Actual
Percentage of the Internal Audit Plan completed	100%	100%
Percentage of staff with full qualifications used to deliver the service	40%	41%
% of draft reports issued within 2 weeks of exit meeting with the Client	85%	85%
Number of draft reports	102	102

The Council's internal and external auditors have agreed an audit protocol and have liaised with each other in formulating their audit plans, which has resulted in the greater harmonisation of internal and external audit work, with a view to external audit placing greater reliance on the work of internal audit. The feedback that has been received from the External Auditors on the work of Internal Audit is that they will, where appropriate, rely on the work undertaken by Internal Audit.

Council's Performance with respect to Internal Audit

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

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

Table 2

Performance Objective	Target	Performance 2011/12	Performance 2012/13 (to date*)	Performance 2013/14 (to date*)	Performance 2014/15 (to date*)	Performance 2015/16 (to date*)
Percentage of priority one recommendation implemented at the time of the follow up audit	90%	100%	100%	100%	84%	N/a
Percentage of all recommendations implemented at the time of the follow up audit	80%	93%	93%	88%	78%	88%

* All audits for 2011/12 have reached the implementation targets and no more follow-ups relating this year will be conducted. The follow ups of 2012/13 audits are almost complete, with 3 audits still being followed up. The follow ups of 2013/14 and 2014/15 audits are still ongoing, with some audits that have been followed up still subject to further review. Not all 2015/16 audits have yet been subject to follow up action (the results of those 2012/13, 2013/14, 2014/15 and 2015/16 audits that have been followed up are included in Appendixes 3, 4, 5 and 6 respectively).

Quality and Compliance with the Public Sector Internal Audit Standards

Internal Audit has comprehensive quality control and assurance processes in place and is ISO 9001:2008 accredited. ISO 9001:2008 is an internationally recognised standard for an organisations internal quality management. This provides an independent assurance of the performance, quality and effectiveness at both the individual audit level and the internal audit service as a whole.

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

Appendix 1 – Work against audit plan

2015-16 Audit Plan	System Priority	Department	Assurance	Recommendations			Total Raised
				Priority			
				1	2	3	

FINANCIALS/ IAS 315 REVIEWS							
Community Care Payments	High	Resources	Limited	4	1	2	7
Council Tax	High	Resources	Substantial	0	3	1	4
Creditors (inc P2P)	High	Resources	Substantial	0	5	4	9
Debtors & Debt Recovery	High	Resources	Substantial	0	8	2	10
Housing Benefits	High	Resources	Substantial	0	1	2	3
Housing Rents & Accounting	High	Resources	Substantial	0	4	0	4
Housing Repairs	High	Place	Substantial	0	2	3	5
Main Accounting System	High	Resources	Substantial	0	2	3	5
Non Domestic Rates (NDR)	High	Resources	Substantial	0	1	2	3
Parking Control (Permits)	High	Place	Limited	Report is still draft			
Payments to Schools	High	Resources	Substantial	0	3	0	3
Payroll	High	Resources	Full	0	0	1	1
Pensions	High	Resources	Substantial	0	2	0	2
Treasury Management	High	Resources	Full	0	0	0	0
Total Key Financials Audits				4	32	20	56

CORPORATE RISK REGISTER AUDITS							
Changes post general election	High	Resources	N/A	0	0	0	0
Corporate Restructure – alignment of structure	High	Resources	Substantial	Report is still draft			
HMRC Compliance	High	Resources	Substantial	0	3	0	3
Croydon Council cultural direction	High	Resources	Substantial	0	1	0	1
Gifts and hospitality	High	Resources	Substantial	0	3	0	3
Member ethics and transparency	High	Resources	Substantial	Report is still draft			
Officer and Member relations	High	Resources	Substantial	Report is still draft			
Programme and project management – Food Flagship Initiative	High	Resources	Limited	1	4	5	10
Programme and project management - Connected Croydon : Delivery of the Regeneration Programme for the centre of Croydon	High	Place	Substantial	0	5	2	7
Programme and project management - Croydon Challenge	High	Resources	Substantial	0	6	0	6
Programme and project management - Heart Town Initiative	High	Resources	Substantial	Report is still draft			
Programme and project management - People Gateway Project	High	People	Substantial	0	1	3	4
Risk Management	High	Place	Substantial	0	1	0	1
Staff car parking and corresponding allowances	High	Place	Limited	0	4	2	6
Use of pool Cars (Zipcar)	High	Resources	Limited	2	1	1	4
Total Corporate Risk Register Audits				3	29	13	45

DEPARTMENTAL RISK REGISTER AUDITS							
Adoption	High	People	Limited	1	2	1	4
Fostering	High	People	Limited	1	3	1	5
EMS and Data Quality	High	People	Substantial	0	3	1	4
Early Help Hub	High	People	Substantial	0	6	3	9

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Looked after children from other boroughs placed locally	High	People	Substantial	0	5	1	6
Youth Offending Service	High	People	Substantial	0	2	2	4
Care Act 2014	High	People	Substantial	0	1	1	2
Better Care Fund	High	People	Substantial	0	2	5	7
Performance monitoring (Adult Social Care)	High	People	Limited	Report is still draft			
Contract Management and Governance of Croydon Care Solutions	High	People	No	6	3	0	9
Contract Management and Governance of adult social care providers	High	People	Limited	Report is still draft			
Childcare provision 'availability of places'	High	People	Substantial	0	5	1	6
Deprivation of liberties	High	People	Substantial	Report is still draft			
Integrated Commissioning	High	People	Substantial	Report is still draft			
SEN - New code of practice	High	People	Full	0	0	1	1
NHS partnership with Public Health	High	Resources	Substantial	Report is still draft			
Prescription costs recharges	High	Resources	Limited	Report is still draft			
Pension fund admitted bodies	High	Resources	Substantial	0	1	0	1
Asset sales	High	Resources	Substantial	0	2	4	6
Interserve - Health & Safety and fire etc. checks	High	Resources	Substantial	Report is still draft			
Digital programme benefits realisation (Digital & Enabling)	High	Resources	Substantial	Report is still draft			
Establishment Control	High	Resources	Substantial	0	5	0	5
Public consultations	High	Resources	Substantial	0	1	0	1
Resources - Challenge Croydon (Reporting and monitoring of programme progress)	High	Resources	Substantial	0	6	0	6
Street lighting	High	Place	Limited	0	2	1	3
Waste Contract Management	High	Place	Substantial	0	2	1	3
Planning Enforcement	High	Place	Substantial	0	1	1	2
School capital delivery	High	Place	Substantial	0	2	3	5
Housing Capital Delivery	High	Place	Substantial	0	3	2	5
Traffic and Parking Arrangements- Parking Review	High	Place	N/a	0	0	1	1
Waste Recycling	High	Place	Substantial	0	2	1	3
Total Departmental Risk Register Audits				8	59	31	98

COMPUTER AUDITS

Oracle Back Office	High	Resources	Substantial	0	1	1	2
IT Service Management (Itil v2 Gap Analysis)	High	Resources	Limited	Report is still draft			
Software Licensing	High	Resources	Limited	2	6	0	8
Internal network	High	Resources	Substantial	Report is still draft			
EMS Application	High	Resources	Limited	1	3	0	4
Mobile devices	High	Resources	Limited	Report is still draft			
Cybersecurity	High	Resources	Limited	Report is still draft			
Total Computer Audits				3	10	1	14

CONTRACT AUDITS

Vertical Contract Audit - Old Town Building Frontages	High	Place	Limited	Report is still draft			
Procurement of Consultants - South Norwood Public Realm Improvements – Lead Design	High	Place	Substantial	0	1	0	1
Vertical Contract Audit - Beckmead School Demolition and Enabling Works	High	Place	Substantial	Report is still draft			
Vertical Contract Audit - Clocktower and Town Hall Replacement	High	Resources	Limited	Report is still draft			

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Vertical Contract Audit - Robert Fitzroy Academy	High	Place	Limited	Report is still draft			
Vertical Contract Audit - Wandle Park Pavilion	High	Place	Substantial	0	4	1	5
New EU Procurement Directives	High	Resource	Substantial	0	2	0	2
Open book accounting - Housing Contract	High	Place	Limited	Report is still draft			
SEN transport contract	High	Resource	Substantial	0	1	5	6
Total Contract Audit				0	8	6	14

SCHOOL AUDITS

All Saints Primary School	Medium	People	Substantial	Report is still draft			
Archbishop Tennysons C of E High School	Medium	People	Substantial	0	4	0	4
Beaumont Primary School	Medium	People	Substantial	Report is still draft			
Beulah Junior School	Medium	People	Substantial	0	4	2	6
Cypress Primary School	Medium	People	Substantial	Report is still draft			
Elmwood Infants School	Medium	People	Substantial	0	5	0	5
Elmwood Junior School	Medium	People	Substantial	0	1	1	2
Gilbert Scott Primary	Medium	People	Substantial	0	1	0	1
Good Shepherd Catholic Primary& Nursery	Medium	People	Substantial	0	5	2	7
Howard Primary	Medium	People	Substantial	0	4	0	4
Kingsley Primary	Medium	People	Substantial	0	3	1	4
Margaret Roper	Medium	People	Limited	Report is still draft			
Norbury Manor Primary School	Medium	People	Substantial	0	2	0	2
Purley Oaks Primary School	Medium	People	Substantial	Report is still draft			
Rockmount Primary	Medium	People	Substantial	0	2	1	3
Selsdon Primary	Medium	People	Substantial	0	3	1	4
South Norwood Primary	Medium	People	Limited	0	10	0	10
St Andrews C of E High School	Medium	People	Limited	Report is still draft			
St Chads RC Primary School	Medium	People	Substantial	0	8	2	10
St Mary's RC High	Medium	People	Limited	1	5	1	7
The Federation of St Joseph's Catholic Junior, Infant and Nursery Schools	Medium	People	Substantial	0	3	0	3
The Minster Junior School	Medium	People	Substantial	0	2	0	2
The Minster Nursery and Infants School	Medium	People	Substantial	Report is still draft			
Winterbourne Infant and Nursery School	Medium	People	Substantial	0	4	1	5
Winterbourne Junior Girls' School	Medium	People	Substantial	0	2	1	3
Wolsey Infants School	Medium	People	Substantial	0	0	0	0
Total Schools Audits				1	68	13	82

Total Recommendations

19 206 84 309

Appendix 2 – Summary of Priority One Recommendations (Finalised Reports Only)

Audit Title	Risk Level	Assurance Level & Number of Issues	Summary of key issues raised.
KEY FINANCIALS/ IAS 315 REVIEWS			
Community Care Payments	High	Limited (Four priority 1, one priority 2 and two priority 3 recommendations)	<p>A priority one recommendation was raised as commitments were being raised after the service provision start date, 38% of those examined in excess of three weeks.</p> <p>A priority 1 recommendation was raised as delays were occurring in obtaining funding approval, 22% of those examined in excess of three weeks. For some service areas, there were no procedures in place for checking funding approval by the Brokerage Team.</p> <p>A priority 1 recommendation was raised as weekly payment runs for Domiciliary Care services were not being authorised before being exported to One Oracle for payment.</p> <p>A priority 1 recommendation was raised as changes to service provider bank account details were not being checked in a timely manner with payments continuing.</p>
CORPORATE RISK REGISTER AUDITS			
Food flagship Initiative	High	Limited (One priority 1, four priority 2 and five priority 3 recommendations)	A priority 1 recommendation was raised as the 'Implementation Plan' is too high level and does not include any of the detailed tasks considered necessary to complete each activity.
Use of Pool Cars (Zipcar)	High	Limited (Two priority 1, one priority 2 and one priority 3 recommendations)	<p>A priority 1 recommendation was raised as whilst individual users have signed 'User Agreements', appropriate guidance, in particular for the enforcement of the scheme by line managers was not in place.</p> <p>A further priority 1 recommendation was raised as some users had incurred four or more penalty charges (for non- usage, late return or to cover the administrative charge of fines) over the three month period examined with no recovery action taken.</p>
DEPARTMENTAL RISK REGISTER AUDITS			
Adoption	High	Limited (One priority 1, two priority 2 and one priority 3 recommendation)	A priority 1 recommendation was raised as the weekly adoption payment runs were not being checked.
Fostering	High	Limited (One priority, three priority 2 and one priority 3 recommendations)	A priority 1 recommendation was raised a purchase order for £350k raised in February 2016, had been authorised by the Head of Looked After Children and Resources but this exceeded his delegated authority limit of £100k.
Croydon Care Solutions Contract Management and Governance of	High	No (Six priority 1 and 3 priority 2 recommendations)	Priority 1 recommendations were raised relating to compliance with the Teckal/in-house exemption granted by the Public Contract Regulations 2015, the lack of a final and definitive pooled budget agreement with Croydon Clinical Commissioning Group or Croydon Health Services in respect of Croydon Equipment Solutions, there being a lack of scrutiny over the negotiation of 'Integrated Procurement Hub' contracts by the LATC and the signed copies of these contracts not being held at the Council, the 'Contract value' letters setting out contractual financial plans for forthcoming budget years not being appropriately issued, the Croydon Day Opportunities block contract including a number of unused spaces and a comprehensive contract management strategy or plan not being in place.

COMPUTER AUDITS			
Software Licensing	High	Limited (Two priority 1, six priority 2 recommendations)	<p>A priority 1 recommendation was raised as testing identified that there was a Lack of configuration controls in place on network devices to properly prevent the installation of all software without appropriate authorisation.</p> <p>A further priority 1 recommendation was raised as testing identified that there are a number of devices (207 at the time of testing) within Active Directory for which information had not been polled across to the 'SNOW' IT Asset management tool.</p>
EMS Application		Limited (One priority 1, three priority 2 recommendations)	A priority 1 recommendation was raised due to the absence of an effective disaster recovery plan for the EMS application.
SCHOOL AUDITS			
St Mary's RC High School	Medium	Limited (1 priority 1, five priority 2 and one priority 3 recommendations)	A priority 1 recommendation was raised as the SFVS self-assessment for 2014/15 was dated 21 st May 2015 and not submitted to the Council until 4 th June 2015 and was not fully completed and agreed by the Governing Body.

Appendix 3 - Follow-up of 2012/13 audits (Incomplete only)

Financial Year	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Implemented	
						Total	Percentage
Non School Audits							
2012/13	Building Control	Jo Negrini	High	Substantial (2 nd follow up in progress)	2	1	50%
2012/13	E-GENDA Application	Richard Simpson	High	Substantial (4 th follow up in progress)	5	2	40%
2012/13	Contender Windows Operating System (computer audit)	Richard Simpson	High	Substantial (5 th follow up in progress)	4	3	75%
Non School Audits Sub Total: Recommendations and implementation from audits that have had responses					240	226	93%
Non School Audits Sub Total: Priority 1 Recommendations from audits that have had responses					19	19	100%
School Audits Sub Total: Recommendations and implementation from audits that have had responses					314	287	91%
School Audits Sub Total: Priority 1 Recommendations from audits that have had responses					18	18	100%
Recommendations and implementation from audits that have had responses					554	513	93%
Priority 1 Recommendations from audits that have had responses					37	37	100%

Appendix 4 - Follow-up of 2013/14 audits (Incomplete only)

Financial Year	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Implemented	
						Total	Percentage
Non School Audits							
2013/14	Non Comensura Interims and Consultants	Richard Simpson	High	Limited (3 rd follow up in progress)	6	3	50%
2013/14	Biking the Borough	Jo Negrini	High	Limited (3 rd follow up in progress)	4	2	50%
2013/14	Cohort	Richard Simpson	High	Limited (1 st follow up in progress)	11	-	-
2013/14	IT Network	Richard Simpson	High	Limited (2 nd follow up in progress)	8	6	75%
2013/14	Information Management	Richard Simpson	High	Substantial (2 nd follow up in progress)	3	1	33%
2013/14	Programme and Project Management	Richard Simpson	High	Substantial (4 th follow up in progress)	5	1	20%
2013/14	Recharging	Richard Simpson	High	Substantial (1 st follow up in progress)	3	-	-
2013/14	Mobile Field Flex	Richard Simpson	High	Substantial (2 nd follow up in progress)	11	4	36%
2013/14	Procurement – Strategy, Governance and Communication	Richard Simpson	High	Substantial (3 rd follow up in progress)	3	0	0%
Non School Audits Sub Total: Recommendations and implementation from audits that have had responses					171	148	87%
Non School Audits Sub Total: Priority 1 Recommendations from audits that have had responses					25	25	100%
School Audits Sub Total: Recommendations and implementation from audits that have had responses					359	318	89%
School Audits Sub Total: Priority 1 Recommendations from audits that have had responses					30	30	100%
Recommendations and implementation from audits that have had responses					530	466	88%
Priority 1 Recommendations from audits that have had responses					55	55	100%

Appendix 5 - Follow-up of 2014/15 audits

Financial Year	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Implemented	
						Total	Percentage
Non School Audits							
2014/15	43 Carmichael Road - Vertical Contract Audit	Richard Simpson	High	No (2 nd follow up in progress)	9	1	11%
2014/15	Third Sector Commissioning	Richard Simpson	High	Limited (1 st Follow up in progress)	8	-	-
2014/15	Corporate and Departmental Asset Management	Richard Simpson	High	Limited (2 nd follow up in progress)	9	6	67%
2014/15	Registrars	Paul Greenhalgh	High	Limited (No further follow up)	8	7	88%
2014/15	Community Wellbeing	Richard Simpson	High	Limited (No further follow up)	6	-	-
2014/15	Multi Agency Safeguarding Hub	Paul Greenhalgh	High	Limited (3 rd follow up in progress)	11	8	73%
2014/15	Direct Payments	Paul Greenhalgh	High	Limited (2 nd follow up in progress)	5	1	20%
2014/15	Financial Management of Bed and Breakfast Accommodation	Paul Greenhalgh	High	Limited (3 rd follow up in progress)	9	4	45%
2014/15	Substance Misuse	Richard Simpson	High	Limited (1 st follow up in progress)	7	-	-
2014/15	Cashless Parking	Jo Negrini	High	Limited (No further follow up)	8	7	88%
2014/15	Cemeteries and Crematorium	Jo Negrini	High	Limited (No further follow up)	5	5	100%
2014/15	Home Energy Conservation Act (HECA)	Richard Simpson	High	Limited (No further follow up)	4	4	100%
2014/15	School Building Programme	Paul Greenhalgh	High	Limited (3 rd follow up in progress)	8	4	50%
2014/15	Waste Contract Management	Paul Greenhalgh	High	Limited (No further follow up)	7	6	86%
2014/15	Payments to Schools	Richard Simpson	High	Substantial (No further follow up)	3	3	100%
2014/15	People Strategy	Richard Simpson	High	Substantial (2 nd follow up in progress)	2	0	0%

Financial Year	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Implemented	
						Total	Percentage
2014/15	SharePoint roll out and usage	Richard Simpson	High	Substantial (1 st follow up in progress)	7	-	-
2014/15	Programme and Projects management – Wandle Rd Surface Car Park	Jo Negrini	High	Substantial (2 nd follow up in progress)	5	2	40%
2014/15	Programme and Projects Management – New Addington Phase 2	Jo Negrini	High	Substantial (1 st follow up in progress)	2	-	-
2014/15	Programme and Projects Management – West Croydon Interchange	Jo Negrini	High	Substantial (No further follow up)	2	2	100%
2014/15	Programme and Projects Management – Fairfield Halls Refurbishment	Richard Simpson	High	Substantial (1 st follow up in progress)	4	-	-
2014/15	Programme and Projects Infrastructure Delivery Plan	Jo Negrini	High	Substantial (1 st follow up in progress)	3	-	-
2014/15	Business Support Integration	Richard Simpson	High	Substantial (1 st follow up in progress)	5	-	-
2014/15	Facilities Management – Bernard Weatherill House	Richard Simpson	High	Substantial (1 st follow up in progress)	9	-	-
2014/15	Electoral Registration	Richard Simpson	High	Substantial (No further follow up)	6	5	84%
2014/15	Disabled Facilities Grant	Paul Greenhalgh	High	Substantial (No further follow up)	15	13	87%
2014/15	Gas Servicing Contract Management	Jo Negrini	High	Substantial (No further follow up)	2	2	100%
2014/15	Graffiti Removal	Jo Negrini	High	Substantial (2 nd follow up in progress)	4	3	75%
2014/15	Houses with Multi-Occupancy Licensing (HMO)	Jo Negrini	High	Substantial (No further follow up)	6	6	100%
2014/15	School Recruitment	Richard Simpson	High	Substantial (No further follow up)	7	6	86%
2014/15	Financial Management of the Coroner's Service	Richard Simpson	High	Substantial (1 st follow up in progress)	5	-	-
2014/15	Agency Use and the New Recruitment Drive	Paul Greenhalgh	High	Substantial (2 nd follow up in progress)	3	1	33%
2014/15	Appointment of Independent Social Workers and CEF Assessment	Paul Greenhalgh	High	Substantial (2 nd follow up in progress)	3	2	66%
2014/15	Domestic Violence	Paul Greenhalgh	High	Substantial (No further follow up)	4	4	100%

Financial Year	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Implemented	
						Total	Percentage
2014/15	Employee Mutual – Octavo Partnership	Paul Greenhalgh	High	Substantial (No further follow up)	2	2	100%
2014/15	Abandoned Vehicles	Jo Negrini	High	Substantial (No further follow up)	2	2	100%
2014/15	Housing Development – Affordable Housing	Jo Negrini	High	Substantial (No further follow up)	4	4	100%
2014/15	Installation of Automated Sprinkler System	Jo Negrini	High	Substantial (No further follow up)	8	8	100%
2014/15	CapGemini Final Account	Richard Simpson	High	Substantial (No further follow up)	3	3	100%
2014/15	Contract Management Framework	Richard Simpson	High	Substantial (1 st follow up in progress)	7	-	-
2014/15	Bernard Weatherwill House – Post Occupancy Evaluation	Richard Simpson	High	Substantial (2 nd follow up in progress)	3	2	66%
2014/15	Highways Clienting	Jo Negrini	High	Substantial (No further follow up)	7	6	86%
2014/15	Express Electoral Registration	Richard Simpson	High	Substantial (2 nd follow up in progress)	5	3	60%
2014/15	ICT Asset Management	Richard Simpson	High	Substantial (No further follow up)	6	6	100%
2014/15	Social Media	Richard Simpson	High	Substantial (No further follow up)	2	2	100%
2014/15	Si Dem Parking Application	Jo Negrini	High	Substantial (No further follow up)	9	8	89%
2014/15	Liquid Logic Application	Paul Greenhalgh	High	Substantial (No further follow up)	9	7	78%
2014/15	AIS Application	Richard Simpson	High	Substantial (3 rd follow up in progress)	6	4	67%
2014/15	UNIX – Revenues and Benefits Operating System	Richard Simpson	High	Substantial (2 nd follow up in progress)	7	5	72%
2014/15	Windows OS Security	Richard Simpson	High	Substantial (No further follow up)	5	4	80%
Non-School Audits Sub Total: Recommendations and implementation from audits that have had responses					224	168	59%
Non-School Audits Sub Total: Priority 1 Recommendations from audits that have had responses					25	13	52%
School Audits							
2014/15	Kensington Avenue Primary	Paul	Medium	Limited	24	24	100%

Financial Year	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Implemented	
						Total	Percentage
	School	Greenhalgh		(No further follow up)			
2014/15	Monks Orchard School	Paul Greenhalgh	Medium	Limited (No further follow up)	11	10	91%
2014/15	Park Hill Junior School	Paul Greenhalgh	Medium	Limited (No further follow ups)	9	9	100%
2014/15	Ridgeway Primary School	Paul Greenhalgh	Medium	Limited (No further follow up)	15	13	86%
2014/15	Regina Coeli Catholic Primary School	Paul Greenhalgh	Medium	Limited (No further follow up)	20	20	100%
2014/15	Smitham Primary School	Paul Greenhalgh	Medium	Limited (2 nd follow up in progress)	12	10	84%
2014/15	Thomas More Catholic School	Paul Greenhalgh	Medium	Limited (No further follow up)	25	22	88%
2014/15	The Hayes Primary School	Paul Greenhalgh	Medium	Limited (No further follow up))	15	13	87%
2014/15	Thornton Heath Nursery School	Paul Greenhalgh	Medium	Limited (No further follow up))	16	16	100%
2014/15	Coloma Convent Girls' School	Paul Greenhalgh	Medium	Limited (No further follow up)	12	10	84%
2014/15	Coningsby PRU	Paul Greenhalgh	Medium	Limited (No further follow up)	12	12	100%
2014/15	Cotelands	Paul Greenhalgh	Medium	Limited (No further follow up)	10	10	100%
2014/15	Moving On PRU	Paul Greenhalgh	Medium	Limited (No further follow up)	13	12	93%
2014/15	Phil Edwards PRU	Paul Greenhalgh	Medium	Limited (No further follow up)	11	10	91%
2014/15	Davidson Primary School	Paul Greenhalgh	Medium	Substantial (No further follow up)	12	11	91%
2014/15	Heavers Farm Primary School	Paul Greenhalgh	Medium	Substantial (No further follow up)	7	7	100%
2014/15	Virgo Fidelis Catholic Secondary School	Paul Greenhalgh	Medium	Substantial (No further follow up)	18	15	83%
2014/15	Edenham High School	Paul Greenhalgh	Medium	Substantial (No further follow up)	11	9	82%

Financial Year	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Implemented	
						Total	Percentage
2014/15	Priory School	Paul Greenhalgh	Medium	Substantial (No further follow up)	18	15	83%
School Audits Sub Total: Recommendations and implementation from audits that have had responses					271	248	92%
School Audits Sub Total: Priority 1 Recommendations from audits that have had responses					29	29	100%
Recommendations and implementation from audits that have had responses					495	416	84%
Priority 1 Recommendations from audits that have had responses					54	42	78%

Appendix 6 - Follow-up of 2015/16 audits

Financial Year	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Implemented	
						Total	Percentage
Non School Audits							
2015/16	Contract Management & Governance of Croydon Care Solutions	Paul Greenhalgh	High	No (1 st follow up in progress)	9	-	-
2015/16	Staff Car parking and Corresponding Allowances	Richard Simpson	High	Limited (1 st follow up in progress)	6	-	-
2015/16	Use of Pool Cars (Zipcar)	Richard Simpson	High	Limited (2 nd follow up in progress)	4	1	25%
2015/16	Software Licensing	Richard Simpson	High	Limited (1 st follow up in progress)	8	-	-
2015/16	EMS Application	Richard Simpson	High	Limited (1 st follow up in progress)	4	-	-
2015/16	Payments to Schools	Richard Simpson	High	Substantial (1 st follow up in progress)	3	-	-
2015/16	HMRC Compliance	Richard Simpson	High	Substantial (1 st follow up in progress)	3	-	-
2015/16	Asset Sales	Richard Simpson	High	Substantial (1 st follow up in progress)	6	-	-
2015/16	Risk Management	Richard Simpson	High	Substantial (No further follow up planned)	1	1	100%
2015/16	Pension Fund Admitted Bodies	Richard Simpson	High	Substantial (2 nd follow up in progress)	1	0	-
2015/16	Establishment Control	Richard Simpson	High	Substantial (1 st follow up in progress)	5	-	-
2015/16	EU Procurement Directives	Richard Simpson	High	Substantial (1 st follow up in progress)	2	-	-
Non-School Audits Sub Total: Recommendations and implementation from audits that have had responses					6	2	33%
Non-School Audits Sub Total: Priority 1 Recommendations from audits that have had responses					0	0	N/a
School Audits							
2015/16	St Mary's RC High	Paul Greenhalgh	Medium	Limited (1 st follow up in progress)	7	-	-
2015/16	Beulah Junior	Paul Greenhalgh	Medium	Substantial (No further follow up planned)	4	4	100%
2015/16	Elmwood Infants	Paul Greenhalgh	Medium	Substantial (1 st follow up in progress)	5	-	-

Financial Year	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Implemented	
						Total	Percentage
				progress)			
2015/16	Elmwood Junior	Paul Greenhalgh	Medium	Substantial (No further follow up planned)	1	1	100%
2015/16	Gilbert Scott	Paul Greenhalgh	Medium	Substantial (No further follow up planned)	1	1	100%
2015/16	Good Shepherd Catholic	Paul Greenhalgh	Medium	Substantial (1 st follow up in progress)	7	-	-
2015/16	Howard	Paul Greenhalgh	Medium	Substantial (No further follow up planned)	4	4	100%
2015/16	Kingsley	Paul Greenhalgh	Medium	Substantial (No f/up - recs implemented at final report)	4	4	100%
2015/16	The Minster Junior	Paul Greenhalgh	Medium	Substantial (2 nd follow up in progress)	2	0	0
2015/16	Rockmount	Paul Greenhalgh	Medium	Substantial (No f/up recs implemented at final report)	1	1	100%
2015/16	Selsdon	Paul Greenhalgh	Medium	Substantial (No further follow up planned)	4	4	100%
2015/16	Winterbourne Infant & Nursery	Paul Greenhalgh	Medium	Substantial (No further follow up)	4	4	100%
2015/16	Winterbourne Junior Girls	Paul Greenhalgh	Medium	Substantial (No further follow up)	2	2	100%
2015/16	Wolsey Infants	Paul Greenhalgh	Medium	Substantial (1 st follow up in progress)	4	-	-
2015/16	St Joseph's RC Federation	Paul Greenhalgh	Medium	Substantial (No further follow up)	3	3	100%
School Audits Sub Total: Recommendations and implementation from audits that have had responses					28	28	100%
School Audits Sub Total: Priority 1 Recommendations from audits that have had responses					0	0	N/a
Recommendations and implementation from audits that have had responses					34	30	88%
Priority 1 Recommendations from audits that have had responses					0	0	N/a

Appendix 7 - Statement of Responsibility

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

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. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all 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. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Mazars Public Sector Internal Audit Limited

London

May 2016

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