

LONDON BOROUGH OF CROYDON

REPORT:	Audit and Governance Committee	
DATE OF DECISION	2 March 2023	
REPORT TITLE:	Update on follow up audits for 2017/18, 2018/19, 2019/20 and 2020/21	
CORPORATE DIRECTOR / DIRECTOR:	Jane West, Corporate Director of Resources and S151 Officer	
LEAD OFFICER:	Dave Phillips, Head of Internal Audit Dave.Phillips@croydon.gov.uk	
LEAD MEMBER:	Cllr Jason Cummings	
KEY DECISION? [Insert Ref. Number if a Key Decision]	No	REASON: N/a
CONTAINS EXEMPT INFORMATION?	No	Public
WARDS AFFECTED:	N/a	

1. SUMMARY OF REPORT

- 1.1 This report provides the update follow up position based on the updates received up to 20 February 2023 for the outstanding 2017/18, 2018/19, 2019/20 and 2020/21 action plans only.

2. RECOMMENDATION

- 2.1 The Audit and Governance Committee is asked to note the progress since the last Committee meeting on the status of prior year follow up audits.

3. REASONS FOR RECOMMENDATION

- 3.1 At the meeting of the Audit and Governance Committee held on 2 February 2023, the Committee requested that an update be provided to the meeting to be held on 2 March 2023 on the status of prior year follow up audits. This was so that the Committee could assess the effectiveness of the 'audit focus' workshop being held by the Corporate Management Team on the 9 February 2023 in progressing older follow ups.

4. BACKGROUND AND DETAILS

- 4.1** 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.
- 4.2** 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, with meetings being held each subsequently each month until 26 October 2022 when a break occurred due to the S114 notice being issued, budget setting and the Christmas period. These resumed again on 9 February 2022.
- 4.3** At the 'audit focus' workshop held on the 9 February 2023, it was agreed that Internal Audit would re-circulate all outstanding 2017/18, 2018/19, 2019/20 and 2020/21 action plans, along with copies of the original audit reports, so that each Corporate Director could fully assess each of these and then provide a detailed update to Internal Audit.

Detailed report

- 4.4** Performance against the Council's target for internal audit recommendations/issues for 2017/18, 2018/19, 2019/20 and 2020/21 action plans is detailed in the table below:

Performance Objective	Target	Performance (to date)			
		2017/18	2018/19	2019/20	2020/21
Percentage of priority one actions implemented at the time of the follow up audit	90%	100%	98%	94%	75%
Percentage of all actions implemented at the time of the follow up audit	80%	91%	93%	91%	81%

- 4.5** The detailed results of 2017/18, 2018/19, 2019/20, 2020/21 audits that have been followed up are included in Appendixes 1, 2, 3 and 4 respectively.

- 4.6 Appendix 1 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.

There is no change from the position reported to the 2 February 2023 Audit and Governance Committee.

- 4.7 Appendix 2 shows the status of the three incomplete 2018/19 follow-up audits. For 2018/19, 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 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>Position reported to the 2 February 2023 Audit and Governance Committee:</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> <p>The subsequent update provided is that the resource has been engaged and should be commencing work during the week beginning 20 February 2023.</p>

Although there is no overall change from the position reported to the 2 February 2023 Audit and Governance Committee, updates to the individual actions for both the Energy Management and Air Quality follow ups have been provided.

- 4.8 Appendix 3 shows the status of the seven incomplete 2019/20 follow-up audits. For 2019/20, 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>Position reported to the 2 February 2023 Audit and Governance Committee:</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> <p>The subsequent update provided was that, 'We have to collect data around the protected characteristics as set out in the Equality Act 2010 so we can demonstrate we are carrying our Public Sector Equality Duty. So we do need the data, although it is not compulsory for applicants to fill out and is totally optional. In this regard, the application form is currently being revised to</p>

Audit Title	Assurance Level	Summary of recommendations/issues arising in outstanding priority 1 recommendations/issues
		reflect this, (i.e. to make sure it is compliant with the UK GDPR and the Data Protection Act 2018.)'
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>Position reported to the 2 February 2023 Audit and Governance Committee:</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> <p>The subsequent update provided was that the payment run failed and that the Service is working through the issue, which is yet to be resolved. A meeting with Internal Audit is scheduled for 23 February 2023 to consider the way forward on this.</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>Position reported to the 2 February 2023 Audit and Governance Committee:</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>Position reported to the 2 February 2023 Audit and Governance Committee:</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"> • introducing bite-size training sessions to provide additional training and support for procurement officers – the first session covering Procurement Do's and Don'ts. • increased oversight at CCB • Improved Quality Assurance of award reports, with weekly pre-meets in advance of CCB with Head of Commissioning and Procurement and legal services. <p>No subsequent update has yet been provided.</p>

There has been a change to the overall position reported to the 2 February 2023 Audit and Governance Committee (which was 8 outstanding follow ups), with the Peoples ICT Application follow up being cleared in month. Updates to the individual actions for the Wheelchair Service – Community Equipment Service and the Lettings, Allocations and Assessments follow ups have also been provided.

4.9 Appendix 4 shows the status of the eight incomplete 2020/21 follow-up audits. For 2020/21, 82% of the total recommendations/issues were found to have been implemented and 75% 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"> • Examination of the documentation retained for a sample of 17 transactions identified that, for five of these, the order was raised either after delivery or after the invoice date. • Examination of the documentation retained for a sample of 17 transactions identified that, for four of these, the goods or services received check preceded actual delivery. • Examination of the documentation retained for a sample of 17 transactions identified that five of the invoices included client names (including children in care) thus potentially breaching the Data Protection Act 2018. • As at 28 September 2020, the Council had invoices totalling £25,757,492 on hold, of which £7,220,978 related to previous financial years (i.e., 2019/20 and prior) with oldest invoice on hold dated 8 May 2014. <p><u>Position reported to the 2 February 2023 Audit and Governance Committee:</u></p> <p>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> <p>No subsequent update has yet been provided, although Internal Audit is aware that it is intended that Oracle Value Assessment and the Value Based Analytics work by Mastek will incorporate reporting, which will include exception reporting to help address the above issues.</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>Position reported to the 2 February 2023 Audit and Governance Committee:</u></p> <p>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> <p>The subsequent update provided was that, 'Some of our previous governance structures no longer exist, but new structures are being developed to ensure that the relevant oversight and escalation is in place for our contracts and provision – such as the re-introduced tiered system for contract management and levels of reporting for categorised services which range from platinum – silver. A handbook to support this procedure is currently in development but reporting is already being to happen, which any platinum categorised services are reported corporately to the Mayor and CMT.</p> <p>Naturally for Public Health, Adult Social Care and Children services the links with our Health colleagues are imperative and a true clinical governance policy should link to a system-wide approach given the interdependencies. We have managed to find a South West London Governance Handbook which although doesn't refer 'clinical' governance the handbook does cover most of the domains of clinical governance.'</p> <p>A meeting has been scheduled with Internal Audit for 24 February 2023 to discuss the above further.</p>
Temporary Accommodation: Standards in Private Sector	Limited	<p>Priority 1 issues were raised as:</p> <ul style="list-style-type: none"> • Electrical, gas and energy certificates were not located for some of the sample of Croybond properties and most of the sample of Croylease properties checked. • 'Decent Homes Inspection' reports were not available for eight of the sample of 15 property records checked. <p><u>Position reported to the 2 February 2023 Audit and Governance Committee:</u></p>

Audit Title	Assurance Level	Summary of outstanding recommendations/issues arising in priority 1 recommendations/issues
		<ul style="list-style-type: none"> • An update provided in May 2022 detailed, for each of the above respectively, that: • '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.' • '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.' <p>Internal Audit has asked for confirmation of checks and visits being in place before closing this follow up.</p> <p>No subsequent update has yet been provided.</p>

There has been a change to the overall position reported to the 2 February 2023 Audit and Governance Committee (which was 11 outstanding follow ups), with three of the follow up being cleared in month. This was the SEN transport safeguarding and the Banking follow ups where the last outstanding actions were cleared and Thomas More Catholic High School which is now superseded by a 2022/23 audit.

In addition an update to the individual actions for the Clinical Governance follow up was provided.

5. APPENDICES

5.1 Appendix 1 – Follow up of 2017/18 Audits (incomplete follow ups only)

5.2 Appendix 2 – Follow up of 2018/19 Audits (incomplete follow ups only)

5.3 Appendix 3 - Follow up of 2019/20 Audits (incomplete follow ups only)

5.4 Appendix 4 - Follow up of 2020/21 Audits (incomplete follow ups only)

6. BACKGROUND DOCUMENTS

6.1 None

7. URGENCY

7.1 There is none.

Appendix 1 - Follow-up of 2017-18 audits (incomplete follow ups only)

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

Appendix 2 - 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 (2 nd follow up in progress)	7	4	57%
				One priority 1 issue not yet resolved		
2018/19	Air Quality Strategy, Implementation and Review	SCRER	Limited (6 th follow up in progress)	8	6	75%
2018/19	Council Investment and Operational Properties – Income Maximisation	Resources	Substantial (7 th follow up in progress)	4	3	75%
Issues and resolution from internal audits that have had responses				364	339	93%
Priority 1 Issues from internal audits that have had responses				51	50	98%

Appendix 3 - Follow-up of 2019/20 audits (incomplete follow ups only)

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
Non School Internal Audits						
2019/20	Lettings Allocations and Assessments	Housing	Limited (3 rd follow up in progress)	3	1	33%
				One priority 1 issue not yet resolved		
2019/20	Placements in Private Housing Accommodation	Housing	Limited (5 th follow up in progress)	4	2	50%
2019/20	Wheelchair Service – Community Equipment Service	ASC&H	Limited (11 th 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 (4 th follow up in progress)	3	2	66%
2019/20	Enforcement Agents - Procurement	Resources	Limited (6 th follow up in progress)	6	3	50%

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
					Two priority 1 issues not yet resolved	
2019/20	IT Policies Review	ACE	Substantial (3rd follow up in progress)	5	0	0%
2019/20	Uniform IT Application	ACE	Substantial (9th follow up in progress)	4	1	25%
Issues/Recommendations and resolution/implementation from internal audits that have had responses				337	306	91%
Priority 1 Issues/Recommendations from internal audits that have had responses				69	65	94%

Appendix 4 - Follow-up of 2020/21 audits

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Resolved	
					Total	Percentage
Non School Internal Audits						
2020/21	Creditors – Procure to Pay	Resources	Limited (2nd follow up in progress)	12	3	25%
					Four priority 1 issues not yet resolved	
2030/21	Out of Borough Placements	ASC&H	Limited (1st follow up in progress)	5	-	-
2020/21	Clinical Governance	ASC&H	Limited (4th follow up in progress)	6	3	50%
					1 priority 1 issue not yet resolved	
2020/21	Temporary Accommodation – Standards in Private Sector	Housing	Limited (4th follow up in progress)	6	1	17%
					2 priority 1 issues not yet resolved	
2020/21	Right to Work Checks	ACE	Limited (3rd follow up in progress)	3	2	66%
2020/21	Cyber Security	ACE	Limited (4th follow up in progress)	9	4	44%
2020/21	End to End Placements – Children with Disabilities	CF&E	Substantial (1st follow up in progress)	3	-	-
2020/21	Corporate Estate: Building Compliance	Resources	Substantial (5th follow up in progress)	6	4	57%
Issues/Recommendations and resolution/ implementation from internal audits that have had responses				177	144	81%
Priority 1 Issues/Recommendations from internal audits that have had responses				28	21	75%