

Final Internal Audit Report

Food Safety

October 2022

Distribution: Corporate Director of Sustainable Communities, Regeneration and Economic Recovery
Director of Sustainable Communities
Head of Environmental Health, Trading Standards and Licensing
Trading Standards, Food and Safety Manager
Corporate Director Resources and 151 Officer

Assurance Level	Issues Identified	
Limited Assurance	Priority 1	1
	Priority 2	1
	Priority 3	0

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.

The Report was prepared solely for the use and benefit of London Borough of Croydon and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

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1. Introduction

- 1.1. New food establishments operating within the London Borough of Croydon (the 'Council') are legally required to register with the Council within 28 days. Under the Food Safety and Hygiene (England) Regulations 2013, the Council has a statutory duty to enforce food safety provisions on premises within the Borough. The Food Law Code of Practice ("the Code"), published by the Food Standards Agency (FSA), details the Council's statutory obligations in relation to food safety, registration of businesses, inspections and follow-up action.
- 1.2. In respect of its statutory obligations, the Council carries out inspections of food establishments and awards a Food Hygiene Rating, using a system prescribed by the FSA. The frequency of inspections can be between six months and six years and is determined by the risk rating of the establishment, as determined at the previous inspection.
- 1.3. Inspections are typically carried out with no warning. The following table details the number of establishments in the Borough according to FSA risk ratings, and the required frequency of inspections:

Risk Rating	Required Frequency of Inspection	Number of Establishments registered in Croydon (at 10/02/2022)
A (highest risk)	6 months	6
B	12 months	148
C	18 months	691
D	24 months	1032
E (lowest risk)	36 months*	524
Unrated (new)	Initial Inspection within 28 days**	431

*Establishments in Risk Rating E need a 'planned intervention' every 36 months but this does not necessarily have to be a full inspection. Full inspections are required only every 72 months for Risk E.

** the Food Code of Practice requires that new premises are inspected within 28 days of registering. However as part of the FSA Recovery Plan local authorities were able to triage their new businesses in order of priority. The London Borough of Croydon's internal triage process allows up to 9 months before inspection of a new business for very low priority businesses – but ideally the 28 day limit is the statutory deadline.

- 1.4. The Food & Safety Team sits within the Trading Standards department. It is led by two Trading Standards Food & Safety Managers, and there are two full-time and two part-time officers who can conduct inspections. The team has other responsibilities besides Food Hygiene inspections. Additionally, the council outsources some inspections to external contractors.
- 1.5. The Council uses the UNIFORM system for handling food safety data and overseeing inspections and enforcement action. Inspection reports are uploaded

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to UNIFORM along with details of any follow-up action. Food Hygiene Ratings are uploaded to the FSA website by the Council.

- 1.6. Per the FSA's 'Roadmap to Recovery' document, the vast majority of Local Authorities in England have fallen behind on food safety inspections over the course of the COVID-19 pandemic, with the number of planned interventions being carried out in March 2021 being just 27%, down from 86% before the pandemic. Hence the FSA has loosened inspection requirements for 2021/22 due to the COVID-19 pandemic. The Trading Standards Food & Safety Managers informed us that the pandemic has placed severe pressures on their ability to keep up to date on the inspections timetable.
- 1.7. The fieldwork for this review was completed remotely in response to COVID-19. While our review and testing were performed remotely, we have been able to obtain all relevant documents required to complete the review.
- 1.8. The audit was undertaken as part of the agreed Internal Audit Plan for 2021/22. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 1.

2. Key Issues

- 2.1. The key issues identified are as below:

Priority 1 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 (**Issue 1**).

Priority 2 Issue

Sample testing highlighted that food safety inspections were not being carried out in a timely manner (**Issue 2**).

There were no Priority 3 issues.

3. Actions and Key Findings/Rationale

Control Area 4: Inspections and Enforcement

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 1				
1	The team needs a satisfactory level of staff resource to meet the Council's obligations in respect of food premises inspections. We will work with finance colleagues and senior managers to prioritise resources within the division to identify the budget to enable suitable & sufficient recruitment to achieve the minimum requirements to ensure compliance with the FSA requirements.	<p>As of 10 February 2022, there were 2,832 establishments within the London Borough of Croydon. Based on the number and risk rating of establishments within the Borough, there was a requirement to complete 1,886 inspections during 2021/22, according to the FSA Code, although the FSA has acknowledged it may be unrealistic to expect a Council to fulfil all inspections this year.</p> <p>As at 25 February 2022, the Council had conducted 929 inspections (470 completed by the Council's in-house staff and 459 with the help of external contractors) for 2021/22. The Managers explained that the inspection strategy adopted was to try to reduce the backlog for the highest risk establishments (A & B) before moving on to lower-risk establishments. These figures indicated that the Council would fall well behind the required number of inspections for 2021/22 at the year end. We were informed by the Trading Standards Food & Safety Managers that inspection numbers had been negatively affected by staff departures and staff having other responsibilities in addition to performing food safety inspections.</p>				
	<table border="1"> <thead> <tr> <th>Responsible Officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Trading Standards Food and Safety Manager / Head of Environmental Health, Trading Standards & Licensing</td> <td>1 November 2022</td> </tr> </tbody> </table>	Responsible Officer	Deadline	Trading Standards Food and Safety Manager / Head of Environmental Health, Trading Standards & Licensing	1 November 2022	<p>Where the Council is unable to carry out the required number of inspections each year, this can potentially lead to lower food safety standards, resulting in a negative impact on the residents' health. Additionally, there is a risk that regulatory action is taken by the FSA, potentially leading to financial loss and reputational damage to the Council.</p>
Responsible Officer	Deadline					
Trading Standards Food and Safety Manager / Head of Environmental Health, Trading Standards & Licensing	1 November 2022					

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 2				
2	<p>The team needs a satisfactory level of staff resource to meet the Council’s obligations in respect of food premises inspections. We will work with finance colleagues and senior managers to prioritise resources within the division to identify the budget to enable suitable & sufficient recruitment to achieve this. Once recruitment is in place it will still take time to redress this current imbalance in overdue inspections. As such a realistic timeframe is to be set by which improvements should be achieved</p>	<p>The FSA's Code specifies the maximum time between inspections according to the Risk Rating of an establishment. This varies from six months (for Risk Category A) to 3-6 years (for Risk Category E). Additionally, the Food Code of Practice requires that new premises are inspected within 28 days of registering, (however, as part of the FSA Recovery Plan local authorities were able to triage their new businesses in order of priority. The London borough of Croydon’s internal triage process allows up to 9 months before inspection of a new business for very low priority businesses – but ideally the 28 day limit is the statutory deadline.)</p> <p>Nine of the randomly selected sample of ten inspections conducted in 2021/22 were found to be conducted late by anywhere between two to 25 months. In line with issue 1 above, the Trading Standards Food & Safety Managers explained that the pandemic and other factors have impacted their ability to deliver timely inspections.</p> <p>Where the Council is unable to carry out the required number of inspections in a timely basis, this can potentially lead to lower food safety standards, resulting in a negative impact on the residents’ health. Additionally, there is a risk that regulatory action is taken by the FSA, potentially leading to financial loss and reputational damage to the Council.</p>				
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AUDIT TERMS OF REFERENCE

Food Safety

1 INTRODUCTION

- 1.1 Food establishments operating within the London Borough of Croydon are legally required to register with the Council. Under the Food Safety and Hygiene (England) Regulations 2013, the Council has a statutory duty to enforce food safety provisions on premises within the borough.
- 1.2 In respect of its statutory obligations, the council carries out inspections of food establishments and awards a Food Hygiene Rating, using a system prescribed by the Food Standards Agency. The frequency of inspections – between 6 months and 5 years – is determined by the risk rating of the establishment. Inspections can be carried out with no warning.
- 1.3 The council uses the UNIFORM system for handling food safety data and overseeing inspections and enforcement action.
- 1.4 This audit is being undertaken as part of the agreed Internal Audit Plan for 2021/22.

2 OBJECTIVES AND METHOD

- 2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.2 The audit will for each controls / process being considered:
- Walkthrough the processes to consider the key controls;
 - Conduct sample testing of the identified key controls, and
 - Report on these accordingly.

3 SCOPE

- 3.1 This audit examined the following areas:

Control Areas/Risks	Issues Raised		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Legislative, Organisational & Management Requirements	0	0	0
Registration of Food Establishments	0	0	0
Data Protection & Information Security	0	0	0
Inspections & Enforcement	1	1	0
Budgetary & Performance Monitoring	0	0	0





Total	1	1	0
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Appendix 2

Definitions for Audit Opinions and Identified Issues

In order to assist management in using our reports:

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 identified issues are based on the following criteria:

Priority 1 (High)	Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that still represent an exposure to risk and need to be addressed within a reasonable period.
Priority 3 (Low)	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.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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