

# Final Internal Audit Report

## Food Safety

### July 2023

Distribution: Corporate Director of Sustainable Communities,  
Regeneration & Economic Recovery  
Director of Sustainable Communities  
Head of Environmental Health, Trading Standards and  
Licensing  
Trading Standards Food and Safety Manager  
Director of Finance (Deputy S151)  
Corporate Director of Resources and S151 Officer

Assurance Level	Issues Identified	
Substantial Assurance	Priority 1	0
	Priority 2	3
	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.

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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 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 – between six months and six years – is determined by the risk rating of the establishment per the table below. Inspections are typically carried out with no warning.

Risk Rating	Required Frequency of Inspection under FSA Code
A (highest risk)	6 months
B	12 months
C	18 months
D	24 months
E (lowest risk)	“Alternative Enforcement Strategies” required every 36 months (allows for remote inspections)

1.3. The Council uses the Uniform system for handling food safety data and overseeing inspections and enforcement action. Inspection reports are uploaded to Uniform, as are details of any follow-up actions required. Food Hygiene Ratings are uploaded to the FSA website.

1.4. The FSA has loosened inspection requirements for 2022/23 in light of the COVID-19 pandemic. Per the FSA’s ‘Roadmap to Recovery’, the deadlines for inspections have been extended and regulatory action against councils has been paused.

1.5. The audit was undertaken as part of the agreed Internal Audit Plan for 2022/23. 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 2 Issues**

Newly registered businesses were not sufficiently triaged for inspection. **(Issue 1)**

Inspections were not being carried out in a timely manner and childminders had not been inspected at all. **(Issue 2)**

Insufficient resources were available to undertake inspections due to the impact of the Council's budget gap on Food Safety team expenditure. **(Issue 3)**

**3. Actions and Key Findings/Rationale**

**Control Area 2: Registration of Food Establishments**

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 1
2	<p>Those that were able to be triaged were sufficiently triaged. Part of that triaging system relies on a business, post registration, furnishing the LA with greater detail about its businesses in order for a risk level to be determined and an 'inspection due date' to be created. Of the businesses in the small sample that were audited, three had failed to return their triage form in a timely manner and therefore were unable to be triaged sooner.</p> <p>In instances where triaging is not possible due to a business not returning a triage form, follow up steps are undertaken. The first involves a reminder form being sent within a set period. Step two sees business</p>	<p><b>Expected Control</b></p> <p>The Food Law Code of Practice states that newly registered businesses must be inspected within 28 days (although under the FSA Recovery Plan which ends on 31 March 2023, this has been replaced with an FSA-approved triage system with four levels: 28 days, three months, six months and nine months).</p> <p><b>Finding/Issue</b></p> <p>Testing of a randomly selected sample of 10 establishments newly registered in 2022/23 found that only seven out of 10 had been triaged by 6 March 2023, despite all the businesses in the sample having been notified in October 2022 or earlier. Of these seven, only six had been given an inspection due date in the system (although the exception was subsequently inspected).</p> <p>Out of 10 establishments in the sample, three had closed before inspection fell due, three had not yet been inspected and four had been inspected by 6 March 2023. Of the four that had been inspected, two had not been given an inspection due date at triage, so we are unable to confirm that the inspection was timely.</p> <p>The Food Safety team stated throughout the audit that they were dealing with a significant backlog of inspections due to the pressures placed on the service by COVID-19.</p> <p>It should be noted that the pandemic as a cause of delayed inspections was also flagged as an issue by the Food Safety team during the last audit in February 2022.</p>

support officers attempt to contact the business by telephone to ask for return of the form. Finally a physical visit to the premises will be undertaken and the form presented again with a request that it is completed either on the spot or returned within 24 hours. In the case of still no response after these steps the business is sent a letter stating that their registration will be closed and that they must not trade without reregistering. (The majority of businesses in this category have registered ahead of them opening as a business and are speculative traders)

Where dates have failed to be added to the system this can only be attributed to human error. The triage process is under regular review; two Business Support Officers are involved in the system and work in tandem to triage, enter and check.

**Risk**

Where newly registered establishments are not properly triaged for inspection, there is a risk that these will not be inspected within the timeframe specified by the Food Law Code of Practice. Where a business is permitted to operate for an extended period of time without inspection, there is a risk to public safety if it later emerges at inspection that hygiene is below standard.

Responsible Officer	Deadline	
Service Manager	Completed	

**Control Area 4: Inspections & Enforcement**

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 2
2	<p>At the end of 22/23 a total of 1188 inspections had been completed. Insufficient staffing levels are one reason for a shortfall in inspections year on year. That is currently being addressed via recruitment requests but financial controls in place within LBC lead to any recruitment drives being a slow and drawn out process. However, the resourcing issue has been recognised by senior managers and this years' salary budget has been increased to allow recruitment to four new posts to help ease the shortfall in inspections.</p> <p>In relation to the two cases highlighted: the two inspections were overdue. They were then deprioritised when the Recovery Plan was introduced.</p> <p>In relation to the Category E inspection due of a childminder,</p>	<p><b>Expected Control</b></p> <p>Under the Food Law Code of Practice (the Code), the deadline for an establishment's next inspection is set according to the risk rating calculated at the previous inspection, ranging from six months for Risk Rating A to 24 months for Rating D. Special rules apply for the lowest risk category, E. However, due to COVID-19, there is an FSA Recovery Plan in place until March 2023 that specifies extended deadlines for each risk category.</p> <p><b>Finding/Issue</b></p> <p>Our data analysis, based on reports provided by the Food Safety team, showed that the Council would have to carry out an average of 2,195 inspections per year to fully meet the requirements of the Food Code, based on the number of premises currently operating in the Borough and their risk ratings. This is made up of 1479 routine inspections and 716 inspections of newly opened premises. It should be noted that this is a calculated average and that the precise number of inspections required in any period will fluctuate.</p> <p>We analysed the Council's inspections data for the financial year up to 20 October 2022. The Council has carried out 632 inspections during this period. If inspections continue at the same rate, we project a total of 1142 inspections will have been carried out by year-end, which is 1053 short of the number required by the Food Code. It is however noted that the Council is not required to meet this number in 2022/23.</p> <p>Testing of a randomly selected sample of 10 inspections in 2022/23, we noted the following:</p>



	<p>this was inspected on 16.01.2023 and rated 5*.</p> <p>In relation to the category D 'local shop', this was inspected on 30.05.23 and rated a 4* FHRS.</p>	<ul style="list-style-type: none"> <li>• In eight cases, the extended deadline from the FSA Recovery Plan had been met. In five of these eight cases, the inspection would also have met the original FSA Code deadline; and</li> <li>• In two cases, the inspection had exceeded the extended FSA Recovery Plan deadline. This included one case of a childminder in Risk category E who had not been inspected since 2011, and another case of a local shop in risk category D. The FSA Recovery Plan states that categories A to C should be given the highest priority and the Trading Standards Food Safety Manager confirmed that categories D and E had been given lower priority for completion.</li> </ul> <p>However, it should be noted that this is a significant improvement over the 2021/22 audit, where similar testing found only two out of 10 cases to have met the extended deadlines.</p> <p>The Trading Standards, Food &amp; Safety Manager explained that the Council had stopped inspecting childminders in 2011. Under an agreement between Ofsted and the FSA in 2014, there is no longer a requirement for childminders to register separately as food businesses. However, the Council has received advice from the FSA that the Food Law Code of Practice still considers childminders to be food businesses that require inspections. The decision to not inspect childminders has also meant that, until they were re-added to the inspection plan in the last year, the Council had underestimated the number of businesses in Croydon that need inspection. Our analysis showed that an average of an additional 106 inspections per year will be required to cover childminders.</p>
<p><b>Responsible Officer</b></p>	<p><b>Deadline</b></p>	
<p>Service Managers/Head of Service</p>	<p>Ongoing</p>	<p>It should be noted that insufficient food safety inspections to meet the requirements of the FSA Code was raised as an issue in the previous audit carried out in February 2022.</p> <p><b>Risk</b></p>

		<p>Where inspections exceed the deadlines prescribed by the Food Law Code of Practice, there is a risk of regulatory action by the FSA. Additionally, where childminders are not inspected at all, there is a risk of a reputational damage to the Council.</p> <p>Regulatory action against the Council due to a failure to carry out the required volume of inspections can result in significant financial loss. The FSA can strip the Council of its ability to conduct inspections and award the inspections to a private contractor at the Council's expense. This is likely to be more costly than carrying out in-house inspections.</p>
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**Control Area 5: Budgetary and Performance Monitoring**

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 3
2	Budgetary restraints relating to five vacant posts have been addressed and the posts have been released allowing recruitment to take place. Recruitment plans are currently underway.	<p><b>Expected Control</b></p> <p>It is important that the budget setting and monitoring process for Food Safety takes into account the Council’s obligations under the Food Law Code of Practice. Inspections are a statutory requirement, and not a discretionary item of spending.</p> <p><b>Finding/Issue</b></p> <p>During the opening meeting of the audit, the Trading Standards, Food &amp; Safety Manager explained that the team had been affected by the Council’s ‘budget gap’. Due to the cuts required to address this, whilst the team's budget provides for an additional five staff members, the recruitment had not yet been authorised by Human Resources and Finance.</p> <p>Review of the planning module used at Croydon to monitor departmental budgets, identified that, for 2022/23, there was a projected underspend for the Food Safety budget of £57k.</p> <p>Furthermore, insufficient staffing resource to conduct inspections was identified at the time of the previous audit of this area (in February 2022) as a cause of the number of inspections being below the level required by the Code.</p> <p><b>Risk</b></p>
Responsible Officer	Deadline	Where the Food Safety team does not have the resources in terms of staff numbers to carry out a sufficient number of inspections, there is a risk that the statutory deadlines for inspections will be exceeded and that the backlog of inspections will build.
Service Managers/ Head of Service	Ongoing	

## 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 was part of the agreed Internal Audit Plan for 2022/23.

#### **2 OBJECTIVES AND METHOD**

- 2.1 The overall audit objective was to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.2 The audit 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	1	0
Data Protection & Information Security	0	0	0
Inspections & Enforcement	0	1	0
Budgetary & Performance Monitoring	0	1	0
<b>Total</b>	<b>0</b>	<b>3</b>	<b>0</b>

## 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:

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