

Final Internal Audit Report

Cemeteries and Crematoria – Income and Health & Safety

March 2024

Distribution: Interim Assistant Chief Executive
Interim Chief Digital Officer and Director of Resident Access
Head of Bereavement and Registrars
Director of Finance (Deputy S151 Officer)
Corporate Director of Resources and S151 Officer (Final only)

Assurance Level	Issues Identified	
Limited Assurance	Priority 1	1
	Priority 2	5
	Priority 3	3

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, re-interpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, re-interpretation, 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.

Contents
Page**Executive Summary**

1. Introduction	3
2. Key Issues	4

Detailed Report

3. Actions and Key Findings/Rationale	5
4. Priority 3 issues	13

Appendices

1. Terms of Reference
2. Definitions for Audit Opinions and Identified Issues
3. Statement of Responsibility

1. Introduction

- 1.1. The London Borough of Croydon (“the Council”) currently has two cemeteries, a memorial park, and a crematorium.
- 1.2. While the Council has a legal responsibility to provide public health funerals and cremations for children under the age of 10 free of charge, the cemeteries and crematorium generate income from fees for most services and from the reservation of graves.
- 1.3. Budget setting is completed by the Principal Accountant who is a member of the Finance Team and works with the Bereavement Services Team. The Principal Accountant completes a monthly analysis on income and spend to compare the income forecast with the previous month’s outturn to identify the movement. According to the Joint Collaboration Spreadsheet, income was over £2.2m between April 2022 and March 2023.
- 1.4. The Head of Service carries out a benchmarking exercise when setting fees, comparing these to other local organisations where this information is available. The Competition and Markets Authority (CMA) have introduced the requirement for crematoria to publish their fees on their website and on their premises..
- 1.5. Stringent health and safety requirements are in place for the handling of human remains. The Health and Safety Executive (HSE) publishes statutory regulations governing health and safety at cemeteries and crematoria and the safe handling of human remains.
- 1.6. Beyond health and safety considerations, the Council has a duty of care towards the deceased and bereaved residents, and it is important that the deceased and their friends and families are treated with respect and dignity through the burial/cremation process.
- 1.7. In line with the Council’s Risk Register, memorials should be inspected every five years to ensure that these are safe, which was managed using the memorial inspection database, Erasmus.
- 1.8. While our review and testing were performed remotely, we have been able to obtain all relevant documents required to complete the review.
- 1.9. This audit was undertaken as part of the agreed Internal Audit Plan for 2023/24. 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 Issues

Eight of the sample of ten memorials selected for testing had not inspected in a timely manner in line with Council targets to ensure that these were safe. Memorials deemed unsafe at previous inspections had not been investigated. There was no process to monitor memorial safety inspections due to system limitations. **(Issue 1)**

Priority 2 Issues

Three in use policies and procedures were not version controlled and therefore it was not possible to confirm that these were up to date. Of the procedural documents that were version controlled, five had not been reviewed for between three and 14 years, the oldest of which was also not reflective of current practice. Two risk assessments were also out of date. **(Issue 2)**

The manual income collection process was not documented despite being complex and resource intensive. **(Issue 3)**

Sample testing of ten late payments selected for testing from the Joint Collaboration Spreadsheet over the last 12 months (1 May 2022 - 30 April 2023) identified that there was no evidence of e-mails chasing the debt in seven cases. Furthermore, there was no Corporate process in place for writing off aged debts and review of the Joint Collaboration Spreadsheet identified invoices from October 2017, April 2018 and August 2018 that were unpaid. **(Issue 4)**

Mandatory training completion rates across the Bereavement Services Team were low according to an export provided from the Croydon Learning Management System showing completion records for the last 12 months and completion of mandatory training was not monitored. **(Issue 5)**

The Complaints, Comments and Compliments Tracker did not include complaints received via email and was therefore not a complete list of complaints. According to the Tracker, five complaints had not been responded to in 2022. **(Issue 6)**

Priority 3 issues are included under item 4 below.

3. Actions and Key Findings/Rationale

Control Area 1. Regulatory, Organisational and Management Requirements

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 1
1	<p>Regular checks were undertaken on memorials until approximately 2017.</p> <p>Currently memorials adjacent to graves being dug for burial are assessed prior to digging commencing and made safe if necessary.</p> <p>Should any other memorials be identified as unsafe they are dealt with on an ad-hoc basis.</p> <p>We are looking at alternative options for the undertaking of this task including outsourcing. A request for growth to cover this has been made for 2024/25. Initial meetings scheduled for Feb 2024.</p> <p>In the meantime It is intended to restart low volume checks when</p>	<p>Expected Control</p> <p>In line with the Council’s risk register, memorials should be inspected every five years to help ensure these are safe. This is managed using the memorial inspection database, Erasmus.</p> <p>Finding/Issue</p> <p>A sample of ten memorial inspections was selected for testing from the Erasmus system. In order to do this, a full export of all memorials from the Erasmus system was requested, however the software provider advised this would cost £400 to generate. Therefore, the sample was selected via a manual inspection of the system, as opposed to a system-generated report.</p> <p>Testing identified that eight of the ten memorials in the sample had not been inspected within the last five years (as specified in the Council’s risk register). Of these, one had most recently been inspected in 2002, one in 2003, one in 2012, two in 2013 and three in 2014.</p> <p>The memorial with the most out-of-date inspection was last inspected in December 2002, therefore this memorial had been due for next inspection in December 2007. In addition, in the case of this memorial, the outcome of the assessment in December 2002 was 'immediate attention' and the risk was deemed 'unsafe'. Management advised that if a memorial is given this rating, photos should be saved to Erasmus.</p>

	a new staff member joins in early February.	<p>However, there were no photos saved on the Erasmus in relation to this memorial and no updates to show action had been taken in response to this risk.</p> <p>Management recognised that this is an area of concern and advised that this had worsened due to the pandemic and staffing issues.</p>
Responsible Officer	Deadline	Risk
Grounds Manager	<p>Low volume checks to commence late Feb 2024</p> <p>Alternative solution – July 2024</p>	<p>Where system reports cannot be generated, it may be difficult for the Council to have oversight of memorial inspections or to get an overview of how many memorials are due for inspection.</p> <p>Where memorials are not inspected at least every five years, with actions taken in relation to identified risks, memorials may be unsafe leading to danger for the public or staff members.</p>

Control Area 1. Regulatory, Organisational and Management Requirements

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 2						
2	<p>All those identified have been updated. With a 'last review date' added. Version Control is automatic on SharePoint where these documents are stored so this is used.</p> <p>A rolling programme has been introduced with a target of 10 processes being reviewed/updated per month so they will be checked on an annual basis. Any systems amended before the annual review will updated as part of this process.</p> <p>Manual handling training being scheduled for March 2024.</p>	<p>Expected Control</p> <p>There are policies and procedures in place which are version controlled and which have been recently reviewed. Risk Assessments are up to date.</p> <p>Finding/Issue</p> <p>The Council had a suite of procedural guidance to govern the various processes with cemeteries and crematoria.</p> <p>Although the work procedures below include details around how to complete each stage of the process, review of the documents noted a lack of version control in some cases (meaning it was not possible to verify whether these had been reviewed/updated where necessary):</p> <ul style="list-style-type: none"> • Ashes into Glass Work Process; • Book of Remembrance Ordering; and • Chip and PIN User Guide. <p>In addition, whilst it was found that the following work procedures were version controlled, these had not been reviewed for several years:</p> <ul style="list-style-type: none"> • Funeral Director Monthly Invoices (last reviewed May 2014); • Funeral Director Overdue Payment Flowchart (last reviewed June 2009); • Memorial Renewals Received (last reviewed May 2014); • Ordering Memorials from Supplier (last reviewed January 2013); • Process for Ordering Temporary Grave Markers (last reviewed October 2020); and • Receipt Production on Sundry Sales (last reviewed December 2009). 						
	<table border="1"> <thead> <tr> <th>Responsible Officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Office and Records Manager</td> <td>Est completion w/c 12/2/2024</td> </tr> <tr> <td>Grounds Manager</td> <td>Est completion w/c 12/2/2024</td> </tr> </tbody> </table>	Responsible Officer	Deadline	Office and Records Manager	Est completion w/c 12/2/2024	Grounds Manager	Est completion w/c 12/2/2024	
Responsible Officer	Deadline							
Office and Records Manager	Est completion w/c 12/2/2024							
Grounds Manager	Est completion w/c 12/2/2024							

It was also noted that the Funeral Director Overdue Payments Flowchart was not reflective of current practice.

Finally, the following Health & Safety Risk Assessments were due for review in November 2022 and were therefore out of date at the time of the review:

- Soil Box Risk Assessment; and
- Manual Handling Operations Assessment Checklist.

Risk

There are outdated procedural documents in place, leading to inconsistent approaches. Risk assessments have not been updated to include current potential risks.

Control Area 3. Income Collection

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 3
2	<p>We are developing a flow chart detailing the process and responsibilities.</p> <p>Due to the complex, labour intensive nature of the current process and other service pressures this is taking longer than expected but will be completed within the next few weeks.</p>	<p>Expected Control</p> <p>The processes for income collection are documented in a procedure document, given the complex, manual nature of the process, including stages covered by the Cash and Control team.</p> <p>Finding/Issue</p> <p>The Council used Epilog, an administration system for cemeteries and crematoria, for bookings and to manage memorial leases. However, the Epilog system did not interface to the Council’s finance system, Oracle, and therefore, the income collection process was a manual and resource-intensive process.</p> <p>Discussion with management noted that on the last day of the month, invoices should be generated from Epilog and sent to Funeral Directors. A ‘Joint Collaboration’ spreadsheet, used to record all invoices for each month, was saved to SharePoint and the invoice numbers and amounts owed manually input at month-end. Throughout the month, the Cash and Control team and the Office and Records Manager reviewed the payments, with the Cash and Control team manually updating the spreadsheet once payment had been received.</p> <p>Management advised that they had looked into interfacing Epilog and Oracle, but that this had not been possible.</p> <p>Whilst there may be no quick fix to interfacing the systems, it was found that there was no documented procedure governing the income collection process. Given the amount of manual work involved in this activity, and the involvement of other teams, procedural guidance or a flowchart which documented roles and responsibilities and required stages would be expected to be in place. Management advised that the two staff</p>

		members involved were familiar with the process, however a procedural document would ensure consistency in approach.
		Risk
Responsible Officer	Deadline	Where there is no procedural guidance in relation to the income collection process, staff members may not be familiar with the income collection process and / or follow an incorrect approach, leading to potential lost income. This may lead to errors made on the Joint Collaboration Spreadsheet, resulting in a loss of income.
Office and Records Manager	Est completion w/c 12/2/2024	

Control Area 3. Income Collection

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 4
2	<p>This issue is closely allied to Issue 3 and will form part of the flow chart being developed in response to this.</p>	<p>Expected Control</p> <p>Debts are enforced and there is a procedure for pursuing overdue debts. Steps taken in pursuit of overdue debts are documented. There is a Corporate process for writing off aged debts.</p> <p>Finding/Issue</p> <p>Discussion with Management noted that the Council allowed 30 days for payment before commencing chasing payments (although invoices stated payment should be received within 14 days).</p> <p>Given the sensitive nature of the debt, the Office and Records Manager contacted Funeral Directors/customers by phone to chase payment in the first instance. However, if payment was not received after this phone call, the Office and Records Manager emailed customers to notify them of the outstanding payment and to warn them that their credit account may be put on hold in the event of non-payment. Fields were left blank on the Joint Collaboration Spreadsheet until payment was received, which highlighted outstanding payments.</p> <p>The Funeral Director Overdue Payment Flowchart in place at the time of the internal audit (last reviewed in June 2009) outlined the procedure for chasing overdue debts. However, this flowchart did not reflect the current practice as set out above (as noted in Issue 2 above).</p> <p>A sample of ten payments which had been significantly delayed were selected for testing from the Joint Collaboration Spreadsheet over the last 12 months (1 May 2022</p>

Control Area 4. Health & Safety Training

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 5
2	<p>Mandatory Training:</p> <p>This has been an ongoing problem for a considerable time. The current system is neither intuitive nor user friendly with many hours across the service being wasted on completing training with the result not being recorded leading to incredible frustration and a lack of trust in the system.</p> <p>In addition to this a number of the team are manual workers in the field with very limited, or no access to a computer making it virtually impossible to complete these modules.</p> <p>Also a number of the mandatory training modules are of very little/no reference to grounds staff and are perceived by them as totally irrelevant to their role. This combined with the difficulty in accessing for all staff make</p>	<p>Expected Control</p> <p>The Bereavement Services Team complete all mandatory training delivered by the Council. Completion is monitored and non-compliance is followed up on.</p> <p>Issue/Finding</p> <p>Mandatory training was delivered via the Croydon Learning Management System (LMS) (the Council’s learning application). An export from the Croydon LMS showing completion records for the last 12 months, which listed courses that staff members had completed, was reviewed. In total, only seven mandatory training courses had been completed over the last 12 months by five staff members. There were 21 staff members in the Bereavement Services team at the time of the internal audit.</p> <p>Management recognised that completion levels for mandatory training were lower than these should have been. This was due to a focus on training for core skills relevant to their specific work (such as cremation training or grave digging training), rather than other less relevant training (such as GDPR). Furthermore, given that several members of the team were not office-based, staff members would have needed to take time away from their day-to-day jobs to complete this mandatory training.</p> <p>Management did not use exports from the LMS to monitor non-completion of mandatory training.</p> <p>Risk</p>

	<p>the councils objective virtually impossible to achieve.</p> <p>This whole aspect needs to be reviewed corporately as the current 'one size fits all' approach does not work.</p> <p>We have fed back these concerns on a number of occasions to the L&D team</p> <p>Until this review is completed, we will continue to do all we can with the limited staff that can access the system.</p>	<p>Staff members do not complete mandatory training leading to non-compliance with organisational requirements. Management do not have oversight of completion of training due to being unable to generate accurate exports from the LMS system.</p>
<p>Responsible Officer</p>	<p>Deadline</p>	
<p>Office and Records Manager</p>	<p>In progress</p>	

Control Area 6. Complaints

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 6
2	<p>All staff have been reminded of the importance of recording complaints and comments onto our internal tracker so that any problem areas are identified and opportunities to address these are identified any necessary action taken. This is now happening.</p> <p>Any complaints that cannot be resolved locally now go via the corporate complaints tracker and are actioned and recorded via this process</p>	<p>Expected Control</p> <p>The Council maintain a central record of service-level complaints or service requests to improve oversight.</p> <p>Issue/Finding</p> <p>The Bereavement Team received complaints, compliments and comments via email into a shared bereavement inbox, which were required to be responded to via email. Although there was a Complaints, Comments and Compliments Tracker in place, this was only used to record comments that the team received in person (for instance, if a customer visited the team in the office). Any complaints/compliments/comments received via email were not logged on the tracker.</p> <p>For 2023, there was only one complaint recorded on the Complaints Tracker from April 2023. For 2022, there were seven complaints recorded, of which two were logged as complete and five as 'waiting response'.</p> <p>Risk</p> <p>Complaints, comments and compliments received via the shared bereavement inbox are not responded to because these are not monitored. Staff members are unsure of who is responsible for individual cases because this is not documented. Lessons are not learnt from feedback because there is no oversight.</p>
Responsible Officer	Deadline	
Office and Records Manager	Completed	

4. Priority 3 Issues

Agreed action	Findings
<p><u>Control Area 1: Legislative, Organisational and Management Requirements</u></p> <p><u>Action proposed by management:</u></p> <p>This is very much a one off and we feel that we have demonstrated that we are able demonstrate compliance, this is clearly identified in the Issue/Finding statement completed by the auditor.</p> <p>That said a quarterly reminder has been set to check that all servicing paperwork has been received digitally from the manufacturer/supplier. Any found to be missing will be chased until obtained.</p> <p><u>Responsible Officer:</u> Crematorium Manager</p> <p><u>Deadline:</u> Completed</p>	<p>Expected Control</p> <p>Cremator servicing documentation is readily available for inspection.</p> <p>Issue/Finding</p> <p>The Council had three cremators in use at the time of the audit, of which one was limited to 100 active hours per year due to its age (25 years old). As a result of its limited use, this cremator only required one annual service.</p> <p>Whilst servicing records for the two newer cremators were up to date, a copy of the report from the most recent service of the older cremator was not provided due to a technical issue at the Cremator Servicing Company. Although, the company confirmed via email that the service commenced in November 2022 and was completed in December 2022, and a signed document from the engineer was provided evidencing that the service started in November 2022, a copy of the report was not available.</p> <p>Discussion with Management noted that this is an area with stringent Health and Safety requirements. They advised that they would be able to prove services have occurred through invoices or Purchase Orders. However, given the strict regulations in this area, the Council should ensure they retain copies of servicing reports to demonstrate compliance.</p> <p>Risk</p> <p>The Council may be unable to demonstrate compliance with key Health and Safety requirements, which could result in regulatory action or reputational damage.</p>

Agreed action	Findings
<p><u>Control Area 2: Setting and Approval of Fees</u></p> <p><u>Action proposed by management:</u></p> <p>We follow any fee setting process communicated to us by Finance. We are asked to recommend potential fee increases considering the target communicated. Where possible benchmarking of neighbouring services is undertaken. This is relatively simple for services such as cremation but difficult for services such as burials as there are various local variations impacting pricing making it difficult to compare services on a like for like basis.</p> <p>Sensitivities around the nature of the service provided also need to be considered.</p> <p>Any recommended increases are submitted via Finance for approval then onto Cabinet for final approval/ratification.</p> <p>Due to recent conditions for the industry any fees increase need to be notified to customers a minimum of 30 days prior to implementation, to achieve implantation for 1 April these have to be in place by 28 Feb.</p>	<p>Expected Control</p> <p>There is a documented corporate procedure or checklist around the setting and approval of fees to ensure consistency in approach.</p> <p>Issue/Finding</p> <p>There was no documented process around burial and crematorium fee setting and approvals, and it was noted that this had changed over time.</p> <p>In 2022/23, fee setting was managed by the Project Management Office (PMO), with the PMO issuing a corporate template and Finance completing it for each service area.</p> <p>Management advised that the 2024/25 fees will be set by July 2023 from benchmarking and activity data, which will be led by Finance as opposed to the PMO.</p> <p>Further, although we confirmed that Cabinet had approved the 2023/24 fees, the approval requirements for fees were not set out within a procedure document.</p> <p>Risk</p> <p>There may be an inconsistent approach to fee-setting across the Council and staff members may be unaware of the required fee-setting and approval process.</p> <p>Changes in fees fail to reflect the cost of service, or market conditions, resulting in a loss of business and/or financial loss for the Council.</p>

Agreed action	Findings
<p><u>Responsible Officer:</u> HoS</p> <p><u>Deadline:</u> Completed</p>	

Agreed action	Findings
<p><u>Control Area 4: Health & Safety Training</u></p> <p><u>Action proposed by management:</u></p> <p>All staff have been verbally reminded of the need to complete and sign off all sections of the grave digging instruction document.</p> <p>Digging instructions are checked for completeness and return by the Grounds Manager on a daily/weekly basis</p> <p>Staff that have not completed the ICCM COTS training are paired with qualified gravediggers as part of their learning and development until their training can be completed to ensure that the statement opposite and the ICCM code is met.</p>	<p>Expected Control</p> <p>The Council retain records of which staff members have carried out tasks in accordance with the ICCM Code of Safe Working Practice for Cemeteries (Code).</p> <p>Issue/Finding</p> <p>According to the ICCM Code, <i>‘all grave digging staff should receive training in this operation. Any untrained staff involved in grave digging operations should be closely supervised at all times by a fully trained person. It is recommended that gravediggers receive training under the Cemetery Operatives Training Scheme administered by the ICCM.’</i></p> <p>The Council retained grave-digging slips for each grave that has been dug, which included a list of tasks staff members were expected to initial to illustrate who had carried out each task.</p> <p>A sample of five weekdays was selected for testing over the last three months (1 February 2023 - 30 April 2023) to ensure that the staff member who had signed the grave digging section had received appropriate training.</p>

Agreed action	Findings
<p><u>Responsible Officer:</u> Grounds Manager</p> <p><u>Deadline:</u> Completed</p>	<p>Across this sample of days, a total of six graves were dug. Whilst there was evidence that the grave digging staff were trained (in the form of a training certificate from the ICCM) for four of these graves, for the remaining two, the grave digging slips were incomplete, so it was not possible to identify who had carried out the work. Management advised they will remind staff to complete the slips as a matter of urgency.</p> <p>Risk</p> <p>The Council are unable to demonstrate compliance with the ICCM Code.</p>

AUDIT TERMS OF REFERENCE

Cemeteries and Crematoria – Income and Health & Safety

1. INTRODUCTION

- 1.1. The London Borough of Croydon (“the Council”) currently has two cemeteries, a memorial park, and a crematorium.
- 1.2. While the Council has a legal responsibility to provide public health funerals and cremations for children under the age of 10 free of charge, the cemeteries and crematorium generate income from fees for most services, and from the reservation of graves.
- 1.3. Stringent health and safety requirements are in place for the handling of human remains. The Health and Safety Executive (HSE) publishes statutory regulations governing health and safety at cemeteries and crematoria, and the safe handling of human remains.
- 1.4. Beyond health and safety considerations, the Council has a duty of care towards the deceased and bereaved residents, and it is important that the deceased and their friends and families are treated with respect and dignity through the burial/cremation process.
- 1.5. This audit was part of the agreed Internal Audit Plan for 2023/24.

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, focused on Cemeteries and Crematoria, was undertaken as part of the 2023/24 Internal Audit Plan. The specific scope included the following areas and recommendations):

Control Areas/Risks	Issues Raised		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Regulatory, Organisational and Management Requirements	1	1	1
Setting and Approval of Fees	0	0	1
Collection of Income (including Write-Offs)	0	2	0
Health & Safety Training	0	1	1
Reporting and Management of Incidents	0	0	0
Processing of Complaints	0	1	0
Total	1	5	3

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.

Registered office: Mazars, 30 Old Bailey, London, EC4M 7AU, United Kingdom. Registered in England and Wales No 0C308299.