



CROYDON

Final Internal Audit Report

Expenses and Overtime Payments to Staff

February 2020

Distribution: Executive Director of Resources and Monitoring Officer (Final Only)
Director of Finance Investment and Risk and S151 Officer
Director of Human Resources
Head of HR and Finance Service Centre

Assurance Level	Identified Issues	
No Assurance	Priority 1	5
	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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Executive Summary

1. Introduction

- 1.1 Council employees are permitted to submit claims for expenses incurred to accomplish a Council business purpose. Since May 2019 expenses can be claimed through My Resources, where these are approved and then paid via BACS. All claims are required to be accompanied by a valid receipt and casual car mileage claimants are also required to have submitted a new car user form before claims can be made.
- 1.2 It is the responsibility of both the employee and approving manager to ensure claims are processed in accordance with the requirements of the Council's Expenses Management Policy.
- 1.3 Overtime claims are made using the 'Claim for Payment Overtime' form, which are subsequently authorised by the employee's approving manager and then forwarded to Payroll to be input into the next payment run. Similarly, new compulsory car users are required to submit a car new user form as detailed above, and are paid a monthly lump sum allowance value determined by the specifications of their vehicle.
- 1.4 The total value of expense and mileage claims 1 April to 18 October 2019 was £163,342.98.
- 1.5 Under HMRC rules, if an employer provides an employee with anything other than pay it may have to be reported as an expense or a benefit. The type of expense or benefit and the way these are provided can affect the tax and NICs to be paid and the reporting requirement. Some expenses and benefits although not liable to tax or NIC may still need to be reported. It is therefore important that any expenses claimed are properly recorded, coded and, where appropriate, supported by appropriate documentation.
- 1.6 The objectives, methodology and scope of the audit are contained in the Terms of Reference at Appendix 1.

2. Key Issues

Priority 1 Issues

Testing of a sample of 20 approved expenses established five instances where the expenses were incorrectly categorised and, in some instances, should not have been claimed. Examination of a report of all expenses claimed 1 April to 18 October 2019 confirmed that the above were not isolated examples. This despite users being required, prior to submitting expenses claims, to acknowledge that they have read and understood the Council's Expenses Management Policy, **(Issue 1)**

Sample testing identified expense claims that were being authorised outside of the 90 day eligibility timeframe as defined in the Expenses Management Policy. Examination of a report of all expenses claimed 1 April to 18 October 2019 confirmed that the above were not isolated examples. **(Issue 2)**

Examination of a report of all expenses claimed 1 April to 18 October 2019 identified two instances where payments to an individual had been claimed as expenses by a staff employee. In both these instances it is held that HMRC would deem the individual to be an employee; however, no NI or PAYE deductions had been made. Furthermore,

in line with the Council's Expenses Management Policy, these should not have been claimed as expenses, **(Issue 3)**

Examination of a sample of expense claims from a report of all expenses claimed 1 April to 18 October 2019 identified that these had not been properly recorded and therefore there was a lack of record to demonstrate that these expenses were actually incurred for business purposes. **(Issue 4)**

Examination of the documentation held for a sample of 15 staff on the car allowance scheme identified that corresponding Compulsory Car Allowance User forms were not available for 10 of these staff. **(Issue 7)**

Priority 2 Issues

Examination of a report of all expenses claimed 1 April to 18 October 2019 identified 1327 instances where the CO₂ value selected was 'other value' and a zero rate was applied to the claims. **(Issue 5)**

Sample testing identified an instance where incorrect vehicle CO₂ (g/km) emissions value was applied resulting in the incorrect rate being applied to the mileage claim. **(Issue 6)**

Examination of a sample of 20 overtime payments identified two instances where the hours paid did not reconcile to the claim forms and another two where copies of the claim forms were not available. **(Issue 8)**

3. Actions and Key Findings/Rationale

<u>Control Area 2: Expense Claims</u>		
Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 1
1	<p>The Council's executive leadership team will be briefed about the issues raised by this report.</p> <p>A working group has been setup to review the policy and guidance issued to staff and to undertake further communications to raise awareness of the revised policy/guidance.</p>	<p>The Council's Expenses Management Policy, which '<i>forms part of the Council's financial procedures, is mandatory and applies to all workers including temporary, Agency and Interim staff</i>' details that:</p> <ul style="list-style-type: none"> 'Please note that only business expenses should be claimed via My Resources. Any service or service user related expenses incurred should be claimed via the Council's Ad hoc payment process.' 'Individual memberships or fees for professional accreditation will not be paid by the Council.' 'Individuals submitting claims are responsible for ensuring that their claims are in accordance with the requirements of this policy. <u>Any misrepresentation of expenses may result in disciplinary action which could result in termination of employment.</u> <p>Testing of a sample of 20 approved expenses identified the following in contravention of the Expenses Management Policy:</p> <ul style="list-style-type: none"> A £143.48 by a Emergency Housing Interventions Officer, which included two birthday cakes (£29.98) and event balloons (£40.00) both categorised as 'Taxis'; B £47.67 by a Children's Social Worker, which included an expense of £11.67 for toiletries categorised as 'Overnight expenses'; C £22 by a Sessional Tutor, which included the purchase of two diaries categorised as 'Medical Fees/GP Certificates'; D £45.10 by a Democratic Services Officer, which included Chocolate biscuits from Sainsbury's for £3.90 and food from Stuffins for £22.60 both categorised as 'Taxis'; and

		<ul style="list-style-type: none"> • E £339 by a Project Officer - Placemaking, which was for Chartered Membership to the Landscape Institute, categorised as 'Medical Fees/GP Certificates'. <p>In addition, examination of a report of all expenses claimed 1 April to 18 October 2019 confirmed that the above were not isolated examples as, for instance, the following were also identified (please note this list is not exhaustive):</p> <ul style="list-style-type: none"> • Another 7 instances of subscriptions / memberships being claimed. These expenses were categorised as 'medical', 'use of public transport' and 'overnight'. • Instances where service or service user related expenditure had been claimed, (for instance £63.50 for 'purchase of clothes for Ms X'; £302.40 for 'Trampolining tickets for young people'; £141.94 for 'Purchase of tokens and snacks for SummerMix'; £73.60 for 'Wine for Good Employer event 9th July 2019'; £73.59 for 'Summer Garden party event food items'; and £60 for 'Thank you gift card for the teachers at Rhythm and Rise transition event'.) <p>It should be noted that all employees prior to submitting claims are required to acknowledge that they have read and understood the Council's Expenses Management Policy and therefore each of the above instances could be considered a wilful disregard of the Policy.</p>
Responsible officer	Deadline	<p>Where expense claims are submitted and approved that are not reimbursable business expenses or are incorrectly categorised, there is a risk that invalid claims are paid which is a financial loss to the Council. Furthermore, this may impact on the Council's ability to comply with HMRC reporting requirements.</p>
Director of Human Resources	31 March 2020	

<u>Control Area 2: Expense Claims</u>		
Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 2
1	<p>The Council’s executive leadership team will be briefed about the issues raised by this report.</p> <p>A working group has been setup to review the policy and guidance issued to staff and to undertake further communications to raise awareness of the revised policy/guidance.</p>	<p>The Council’s Expenses Management Policy details that, ‘<i>expenses will only be reimbursed if accompanied by a receipt for the expense incurred</i>’, and that, ‘<i>workers should endeavour to obtain receipts with the full name and address and the VAT registration number of the supplier to allow the Council to reclaim VAT (excluding travel via public transport)</i>’. Furthermore, that ‘<i>expenses older than 90 days are not reimbursable. Approving Managers must not approve any expenses claims submitted which are older than 90 days.</i>’</p> <p>Examination of the supporting documents for the sample of 20 approved expenses identified that for:</p> <ul style="list-style-type: none"> • £47.67: one of the documents provided to support £11.67 of the expenses, was a credit card receipt and therefore did not provide a description of what was actually purchased. Furthermore, the expense claim was submitted in May 2019, but was for expenses incurred in November 2018, i.e. the expenses were more than 90 days old and therefore should not have been submitted or approved; and • £45.10: one the documents provided to support £22.60 of the expenses was a till slip from Stuffins which did not detail what had actually been purchased. (Both the above expenses were also exceptions in issue 1.) <p>In addition, examination of a report of all expenses claimed 1 April to 18 October 2019 confirmed that the above were not isolated examples as, for instance, the following late claims were also identified (please note this list is not exhaustive):</p> <ul style="list-style-type: none"> • £1,316.03 submitted on 22 August 2019 for mileage from 10 December 2018 to 22 August 2019. • £419.15 submitted on 17 May 2019 for ‘From 03/12/2018 to 17/05/2019 an average of 10 miles a day for 83 days working..’ • £223.80 submitted 18 September 2019 for travel costs / mileage dating back to August 2018.

		Where a valid receipt with a sufficient description of the expense incurred is not provided, there is a risk that invalid expense claims are being submitted, approved and paid out. Furthermore, if it cannot be demonstrated that expenses were actually incurred, HMRC will deem these to be a taxable benefit.
Responsible officer	Deadline	
Director of Human Resources	31 March 2020	

<u>Control Area 2: Expense Claims</u>						
Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 3				
1	<p>The Council’s executive leadership team will be briefed about the issues raised by this report.</p> <p>A working group has been setup to review the policy and guidance issued to staff and to undertake further communications to raise awareness of the revised policy/guidance.</p>	<p>HM Revenue and Customs (HMRC) may regard someone as self-employed for tax purposes even if they have a different status in employment law. HMRC requires all payments to employees to be paid through the payroll and be subject to deductions for National Insurance and Income Tax. Individuals and their employers may have to pay unpaid tax and penalties, or lose entitlement to benefits, if their employment status is wrong.</p> <p>Examination of a report of all expenses claimed 1 April to 18 October 2019 identified two expense claims where the Council employee was being re-imbursed for payments to an individual for ‘Systemic supervision’. Examination of the invoices attached to expense claims established that the individuals would be deemed by HMRC to be employees; however, there were no NI or PAYE deductions made.</p> <p>Furthermore, in line with the Council’s Expenses Management Policy, these invoices should not have been claimed as expenses.</p> <p>Where payments are made to individuals, who are deemed to be employees by HMRC, without NI and PAYE deductions being made, there is a risk that the Council will be held liable for the PAYE and NI for these payments and may be fined.</p>				
	<table border="1"> <thead> <tr> <th>Responsible officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Director of Human Resources</td> <td style="text-align: center;">31 March 2020</td> </tr> </tbody> </table>	Responsible officer	Deadline	Director of Human Resources	31 March 2020	
Responsible officer	Deadline					
Director of Human Resources	31 March 2020					

<u>Control Area 2: Expense Claims</u>		
Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 4
1	<p>The Council's executive leadership team will be briefed about the issues raised by this report.</p> <p>A working group has been setup to review the policy and guidance issued to staff and to undertake further communications to raise awareness of the revised policy/guidance.</p>	<p>The HM Revenue and Customs (HMRC) '<i>Expenses and Benefits from Employment Toolkit</i>' dated June 2019 details that, '<i>Generally tax and NICs are not chargeable on business travelling expenses providing they are necessarily incurred on travelling in the performance of the duties of employment or are attributable to necessary attendance at a temporary workplace.</i>' Furthermore, HMRC requires that, '<i>You must keep your records for at least 5 years after the 31 January submission deadline of the relevant tax year.</i>'</p> <p>The Council's Expenses Management Policy is in line with HMRC requirements details that, '<i>In general, the Council will reimburse workers in accordance with this policy for expenses that are: Properly documented and reported in a timely manner.</i>'</p> <p>Examination of a report of all expenses claimed 1 April to 18 October 2019 and 6 of the larger individual expense claims identified the following:</p> <ul style="list-style-type: none"> • £844.36 for mileage, where the sole description was 'Inspections' and the date the expense incurred was 1 April 2019. There was no attached supporting documentation; • £533.28, where the purpose was 'mileage', where the sole description was 'inspections' and the date the expense incurred was 1 August 2019. There was no attached supporting documentation; and, • £312.60, where the purpose was 'mileage', where the sole description was 'Site visits to various locations' and the date the expense incurred was 1 April 2019. There was no attached supporting documentation. • £229.20 on 2 April 2019 for 'Q-park, April - July 2019'. There was an attached invoice for parking at Q Park in Surrey Street, which would not comply with the HMRC requirements as detailed above. <p>Where expenses or mileage claimed are not properly described and recorded, there is a risk that inappropriate expenses are claimed and approved. Furthermore, there</p>

		is also a lack of record to demonstrate, should HMRC inspect the Council's records, that the expenses were actually incurred for business purposes and should not have been liable to tax and NICs.
Responsible officer	Deadline	
Director of Human Resources	31 March 2020	

<u>Control Area 2: Expense Claims</u>						
Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 5				
2	<p>The Council's executive leadership team will be briefed about the issues raised by this report.</p> <p>A working group has been setup to review the policy and guidance issued to staff and to undertake further communications to raise awareness of the revised policy/guidance.</p>	<p>Where mileage claims are made and the CO₂ value selected is 'other value', a zero rate will be applied to the claim.</p> <p>Examination of a report of all expenses claimed 1 April to 18 October 2019 identified 1327 instances where the CO₂ value selected was 'other value' and a zero rate was applied to the claims. Testing of a sample of these, found that in some cases the expenses had been resubmitted with a correct CO₂ value selected, but this was not true for all of the cases tested.</p> <p>It is acknowledged that the system has since been amended to warn users not to use the 'other value'.</p>				
	<table border="1"> <thead> <tr> <th>Responsible officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Director of Human Resources</td> <td>31 March 2020</td> </tr> </tbody> </table>	Responsible officer	Deadline	Director of Human Resources	31 March 2020	<p>There is a risk that staff have incorrectly selected a CO₂ value of 'other value' and have not been properly reimbursed for mileage incurred.</p>
Responsible officer	Deadline					
Director of Human Resources	31 March 2020					

<u>Control Area 2: Expense Claims</u>						
Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 6				
2	<p>The Council’s executive leadership team will be briefed about the issues raised by this report.</p> <p>A working group has been setup to review the policy and guidance issued to staff and to undertake further communications to raise awareness of the revised policy/guidance.</p>	<p>The Council’s ‘Car Allowances’ document details that, ‘<i>From 1 April 2011 the compulsory car allowance and mileage rates for higher engine banding payments are only to be paid to employees whose vehicles fall within the DVLA bandings A-E for CO2 emissions.</i>’</p> <p>While testing a sample of 20 expense claims, 4 mileage claims were identified. Part of checking these mileage claims included a check to respect the ‘Notification of new vehicle for Oracle’ to confirm that the correct rates had been applied.</p> <p>For one of the claims, it was found that the vehicle had CO₂ (g/km) emissions of 168, which is DVLA band G; however, the claim had been submitted claiming that the car was on 0-140 (i.e. DVLA banding A-E) emissions, which resulted in a higher mileage rate being paid.</p>				
	<table border="1"> <thead> <tr> <th>Responsible officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Director of Human Resources</td> <td>31 March 2020</td> </tr> </tbody> </table>	Responsible officer	Deadline	Director of Human Resources	31 March 2020	<p>Where the incorrect engine capacity and/or Co2 emissions value are quoted and approved on My Resources, there is a risk that an incorrect payment is made to the claimant, which could result in overpayments.</p>
Responsible officer	Deadline					
Director of Human Resources	31 March 2020					

<u>Control Area 3: Allowances and Overtime Claims</u>						
Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 7				
1	<p>The Council’s executive leadership team will be briefed about the issues raised by this report.</p> <p>A working group has been setup to review the policy and guidance issued to staff and to undertake further communications to raise awareness of the revised policy/guidance.</p>	<p>The Council’s ‘Car Allowances’ document details that, <i>‘new car users and employees who change their vehicle should provide their line manager with original copies of their vehicle registration document and insurance certificate for the vehicle they will be using for work purposes. Managers are responsible for checking this documentation before approving any mileage claims made for the vehicle’.</i></p> <p>Examination of the documentation held for a sample of 15 staff on the car allowance scheme identified that corresponding Compulsory Car Allowance User forms were not available for 10 of these staff. Discussions with both HR and Payroll established that neither were able to identify the engine capacity or Co2 emissions rating for these 10 car allowance claimants.</p> <p>Furthermore, of the claimants where a Compulsory Car Allowance User form was obtainable, the most recent form was completed in 2017. Assurance that there has been no change in circumstances was not available.</p>				
	<table border="1"> <thead> <tr> <th>Responsible officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Director of Human Resources</td> <td>31 March 2020</td> </tr> </tbody> </table>	Responsible officer	Deadline	Director of Human Resources	31 March 2020	<p>Where the engine capacity and Co2 emissions rating of compulsory car users is unknown, there is a risk that the incorrect amount is being paid to employees. Furthermore, there is also a lack of record, should HMRC inspect the Council’s records, to demonstrate that the correct rate was applied.</p>
Responsible officer	Deadline					
Director of Human Resources	31 March 2020					

Control Area 3: Allowances and Overtime Claims														
Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 8												
2	A new online overtime claim process is planned for rollout which will eliminate the need for manual calculation and data entry of overtime claims.	<p>The authorised number of hours declared as worked overtime should reconcile with the number of hours entered into the overtime payment run.</p> <p>Examination of 20 overtime payments identified the following two as not reconciling with the claim form counterpart:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Employee</th> <th style="text-align: left;">Month</th> <th style="text-align: right;">Overtime Spreadsheet</th> <th style="text-align: right;">Overtime Claim Form</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>July 2019</td> <td style="text-align: right;">139.8</td> <td style="text-align: right;">139.5</td> </tr> <tr> <td>B</td> <td>May 2019</td> <td style="text-align: right;">65</td> <td style="text-align: right;">71</td> </tr> </tbody> </table> <p>Furthermore, claim forms were not available for assignment Y for 28 February 2019 (claiming 5 hours worked) and Z for 31 January 2019 (claiming 15.5 hours worked).</p> <p>Where overtime claims are input incorrectly, there is a risk that overpayment and underpayments are processed and where copies of the claim forms are not available, there is a risk that these claims may be incorrect or inappropriate.</p>	Employee	Month	Overtime Spreadsheet	Overtime Claim Form	A	July 2019	139.8	139.5	B	May 2019	65	71
Employee	Month	Overtime Spreadsheet	Overtime Claim Form											
A	July 2019	139.8	139.5											
B	May 2019	65	71											
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Responsible officer</th> <th style="text-align: left;">Deadline</th> </tr> </thead> <tbody> <tr> <td>Head of HR & Finance Service Centre</td> <td>30 April 2020</td> </tr> </tbody> </table>	Responsible officer	Deadline	Head of HR & Finance Service Centre	30 April 2020									
Responsible officer	Deadline													
Head of HR & Finance Service Centre	30 April 2020													

TERMS OF REFERENCE

Expense and Overtime Payments to Staff

1. INTRODUCTION AND BACKGROUND

- 1.1 Expense claims are submitted electronically via the One Oracle system. In circumstances where the employee does not have access to One Oracle, a paper expense claim form should be completed.
- 1.2 All expense claims must be reviewed and authorised by the employee's approving manager in accordance with the Council's Expense Management Policy. All claims must be submitted within 60 days of the expense being incurred, together with supporting documentation as verification of the expense. In instances whether the 60 day deadline has exceeded, the expense must be authorised by the relevant director. Expense claims made 90 days after they are incurred are not eligible for reimbursement.
- 1.3 The Council's Expense Management Policy was revised in July 2019 and as of the audit date is under review before being issued.
- 1.4 Staff claim payment for overtime by completing the Claim For Payment Overtime Form available for both full time and part time employees. The form is reviewed and authorised by the employees Approval Manager before being forwarded to Liberata to make payroll adjustments.
- 1.5 This audit is being undertaken as part of the agreed Internal Audit Plan for 2019/20.

2. OBJECTIVES AND METHODOLOGY

- 2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of the control environment relating to Expense and Overtime Payments to Staff.
- 2.2 In order to achieve the overall objectives, a risk based systems audit approach will be carried out, documenting and evaluating the actual controls against those expected and based on this, undertaking appropriate testing conducted.
- 2.3 The key findings, conclusions, and subsequent issues arising will be presented at an exit meeting and followed by the circulation of a draft report for consideration by management. This prior to agreement and issue of the final audit report.

3. SCOPE

This audit examined the Council's arrangements in relation to Expenses and Overtime Payments to Staff, and include the following areas:





Expenses and Overtime Payments to Staff 2019-20

Control Areas/Risks	Issues Identified		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Legislative, Operational, and Management Requirements	0	0	0
Expense Claims	4	2	0
Allowances and Overtime Claims	1	1	0
Budget Monitoring and Management Reporting	0	0	0
TOTAL	5	3	0

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 consistently 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 which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and/or non-compliance that puts achieving the system objectives at risk.
	No Assurance	Controls are non-existent or weak and/or there are high levels of non-compliance, leaving the system open to the high risk of error or abuse which could result in financial loss and/or reputational damage.

Priorities assigned to identified issues are based on the following criteria:

Priority 1 (High)	Fundamental control weaknesses that require the immediate attention of management to mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that represent an exposure to risk and require timely action.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, action to address still provides an opportunity for improvement. May also apply to areas considered to be of best practice.

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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