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**Bridgend & Vale
Internal Audit
Shared Service**

Internal Audit Report

**Bridgend County Borough Council
Communities Directorate
Coychurch Crematorium
January 2013**

To: Sian Hooper – Bereavement Services Manager
Joanna Hamilton - Crematorium Manager
Andrew Hobbs – Group Manager Streetworks
CC: Christopher Howell - Head of Street Scene
Louise Fradd - Corporate Director Communities,
Auditor: Normay Morgan
Date: October 2012
Audit Ref: AU 218

1. Introduction

- 1.1 An audit review of the Coychurch Crematorium was undertaken as part of the 2012/13 annual Internal Audit Plan.
- 1.2 This report sets out the findings of the review and makes recommendations where it is felt that improvements in financial and non-financial administration could be made.
- 1.3 Coychurch Crematorium is owned and operated by a Joint Committee on behalf of Bridgend County Borough Council, the Vale of Glamorgan Council and Rhondda Cynon Taff County Borough Council. During 2011/12 there were 1666 cremations with an income of £819,380 for cremation fees and £70,487 for other fees including the sale of memorials.
- 1.4 The Crematorium remains self funding in spite of a reduction in the number of cremations resulting from the opening of a new privately operated crematorium in the neighbouring Vale of Glamorgan. It has been confirmed that the financial situation will remain under review and a report is due to be submitted to the Crematorium Joint Committee in December 2012.
- 1.5 One area identified for future consideration is that of records management. It was established during the audit that there is no immediate issue in relation to storage capacity for cremation records. However due to the requirement to retain these documents indefinitely, and the fact that manual records exist dating back to the opening of the crematorium, management may wish to consider a future strategy for the introduction of electronic records. Any future strategy should take on board current advice from ICT and the Records Management Board on the most appropriate medium to be used.

2. Objectives & Scope of the Audit

2.1 The objectives of the audit were:

- To review controls over income receipting & banking processes to ensure that income is received and banked securely.
- To ensure compliance with financial and contract procedure rules with respect to the ordering & receipting of goods and services and the authorising of invoices.
- To ensure compliance with the Contract Procedure Rules with respect to the award of contracts.
- To ensure compliance with legal and regulatory requirements including health & safety.
- To review and comment on performance management & service planning to include the continued impact of the new crematorium in the Vale of Glamorgan.

3. Strengths & Areas for Improvement

3.1 During the Audit a number of strengths and areas of good practice were identified as follows:

- All documentation examined was complete, accurate and accessible.
- Invoices to funeral directors are sent promptly at the start of each month
- New funeral directors are required to pay in advance for the first year before being added to the monthly invoiced list.

3.2 The key issue identified during the audit which needs to be addressed is the frequency of banking.

4. Audit Opinion

4.1 Based on an assessment of the strengths and weakness of the areas examined, and through testing it has been concluded that the effectiveness of the internal control environment is considered to be sound and therefore **substantial assurance** can be placed upon the management of risks. This overall opinion is supported by the identification of a well controlled system where only minor recommendations may have been made where it is considered that the action required is desirable and should result in enhanced control or improved value for money.

4.2 This report has been prepared on an exception basis, therefore only where issues have been identified have they been commented upon.

5. Acknowledgement

5.1 A number of staff gave us their time and co-operation during the course of this review. We would like to record our thanks to all of the individuals concerned.

6. Findings & Recommendations

Risk may be viewed as the chance, or probability, of one or more of the organisation's objectives not being met. It refers both to unwanted outcomes which might arise, and to the potential failure to realise desired results.

The criticality of each recommendation is as follows:

Fundamental - action that is considered imperative to ensure that the organisation is not exposed to high risks;
Significant - action that is considered necessary to avoid exposure to significant risks;
Merits Attention - action that is considered desirable and should result in enhanced control.

Ref	Possible Risk	Key Findings / Conclusions	Recommendation	Criticality
6.1	Non compliance with the Financial Procedure Rules relating to collections and bankings.	One issue identified in the previous audit was the infrequent banking (average 13 days). The current audit also identified a number of instances where delays in banking on 4 occasions between April and September ranged between 9 and 16 working days. These details were established by comparing the dates on the E.returns to the bank paying in slips.	Management should monitor the level of income received with the aim of banking weekly or when income reaches a material amount which should be determined in consultation with the Finance Section.	Merits Attention
6.2	Duplication of effort.	It was observed during the audit that details of each individual cheque are entered onto the reverse of the bank paying in slip. There is no duplicate copy of the paying in slip for reference for the Crematorium staff. Reliance is placed on the details obtainable from the Gower system in the event of a query by the bank. This was also discussed with the manager who commented that this was a requirement of the Co-op bank.	The Manager should liaise with the Co-op bank on the requirement to handwrite numerous cheque details on the reverse of the paying in slips when a print is available from the Gower system providing all the required details which could be attached to the paying in slip.	Merits Attention
6.3	Non compliance with HMRC requirements.	The issue of staff clothing was raised in the previous audit when it was recommended that information should be supplied to the payroll section for inclusion on P11D schedules. This point was followed up with the Manager who commented that enquiries had been made on this subject but no formal guidance received.	As the provision of clothing for staff in this particular profession is not specified in available HRMC publications, Management should request specific guidance from HMRC regarding the position regarding the provision of clothing.	Merits Attention

7. Management Implementation Plan

Re c. no.	Recommendation	Category Code (see Key)	Criticality	Report ref.	Agreed	Management Comments	Job Title of Officer Responsible	Date to be implemented
1	Management should monitor the level of income received with the aim of banking weekly or when income reaches a material amount which should be determined in consultation with the Finance Section.	C	Merits Attention	6.1.	Yes	The service already aims to bank on a weekly basis but the incidents recorded were due to periods of reduced staffing levels. Recently revised working staff hours should assist in reducing future occurrences.	Crematorium Manager & Registrar	Feb. 2013
2	The Manager should liaise with the Co-op bank on the requirement to handwrite numerous cheque details on the reverse of the paying in slips when a print is available from the Gower system providing all the required details which could be attached to the paying in slip.	C	Merits Attention	6.2.	No	There is a maximum of 20 transactions which is not difficult to administer. Previous discussions with the bank have established that they are satisfied with the current practice.	Crematorium Manager & Registrar	No further action
3	As the provision of clothing for staff in this particular profession is not specified in available HRMC publications, Management should request specific guidance from HMRC regarding the position regarding the provision of clothing.	C	Merits Attention	6.3.	Yes	Accept recommendation	Bereavement Services Manager	February 2013

Key:

Category Code	Category Description	Category Code	Category Description
A	Accomplishment of objectives	S	Safeguarding of assets
C	Compliance	X	Governance
R	Reliability and integrity of information	Y	Corporate impact
E	Value for money	Z	Self audit