

Professional, Approachable, Independent

Internal Audit Report




COYCHURCH CREMATORIUM 2022/23

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**REGIONAL INTERNAL AUDIT SERVICE /
GWASANAETH ARCHWILIO MEWNOL RHANBARTHOL**



AUDIT OPINION	RECOMMENDATION SUMMARY	
	High Priority	0
	Medium Priority	1
	Low Priority	0
	Total	1
<p>SUBSTANTIAL ASSURANCE</p> <p>A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.</p>		
<p>KEY STRENGTHS & AREAS FOR IMPROVEMENT</p>		
<p>During the audit a number of strengths and areas of good practice were identified as follows:</p> <ul style="list-style-type: none"> • Crematorium staff are employed by the Council, paid via the Council’s payroll system and charged to the correct Cost Centre. • The Joint Committee have met 3 times during 2021/22, each meeting was quorate. • Recordings and minutes of Joint Committee meetings are available on the Bridgend Council website. • Budget monitoring is a standard agenda point for Joint Committees. • Fees are reviewed on annual basis and are subject to Joint Committee approval. <p>Areas for improvement</p> <ul style="list-style-type: none"> • Requests to pay medical fees were made on Crematorium Letterheaded paper and were requested and approved by the Bereavement Services Manager. 		

CONTENTS		
1	Introduction & Background	4
2	Objectives & Scope	4
3	Audit Approach	4
4	Acknowledgements	5
5	Findings & Recommendations	6
6	Management Action Plan	8
7	Definitions	9

1. INTRODUCTION & BACKGROUND

An audit of Coychurch Crematorium was undertaken to allow certification of the 2021/22 annual return.

This report sets out the findings of the audit and provides an opinion on the adequacy and effectiveness of internal control, governance and risk management arrangements in place. Where controls are not present or operating satisfactorily, recommendations have been made to allow Management to improve internal control, governance and risk management to ensure the achievement of objectives.

There is a memorandum of agreement in place between Bridgend, Rhondda Cynon Taff and Vale of Glamorgan Councils, that sets out the powers and duties of the Coychurch Crematorium Joint Committee.

Coychurch Crematorium is self-funding and raises its own invoices. They make use of Bridgend Council's main bank account and ledger. The Council also processes payroll and invoice payments along with producing annualised accounts for Joint Committee.

2. OBJECTIVES & SCOPE OF THE AUDIT

The purpose of the audit is to provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of Coychurch Crematorium.

Audit testing was undertaken in respect of financial year 2021/22.

The internal control, governance and risk management arrangements have been evaluated against the following audit objectives:

- Governance – review monitoring arrangements for performance management, budgetary reviews, scrutiny.
- Budgetary Control - oversight of budget monitoring arrangements including achievement of any savings targets.
- Income Management - accurate and timely invoices, monitoring of debts, recording of income and allocation of VAT, timely banking, segregation of duties in processes, etc.
- Staffing - review new starters, leavers and employees are charged to the correct cost centre.
- Invoice and Order Management – review orders and invoices are authorised in line with delegated authorisation limits, are subject to segregation of duties, are recorded in a timely manner through the Council's accounting systems.

3. AUDIT APPROACH

Fieldwork took place to allow completion of the annual return.

A draft report will be prepared and provided to Management for review and comment with

an opportunity given for discussion or clarification.

The final report will incorporate Management comments together with a Management Action Plan for the implementation of recommendations.

Governance & Audit Committee will be advised of the outcome of the audit and may receive a copy of the Final Report.

Management will be contacted and asked to provide feedback on the status of each agreed recommendation, once the target date for implementation has been reached.

Any audits concluded with a no assurance or limited assurance opinion will be subject to a follow up audit.

4. ACKNOWLEDGMENTS

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

The work undertaken in performing this audit has been conducted in conformance with the Public Sector Internal Audit Standards.

The findings and opinion contained within this report are based on sample testing undertaken. Absolute assurance regarding the internal control, governance and risk management arrangements cannot be provided given the limited time to undertake the audit. Responsibility for internal control, governance, risk management and the prevention and detection of fraud lies with Management and the organisation.

Any enquires regarding the disclosure or re-issue of this document to third parties should be sent to the Head of the Regional Internal Audit Service via cmthomas@valeofglamorgan.gov.uk.

FINDINGS & RECOMMENDATIONS

5.1 - Internal Control, Governance and Risk Management Arrangements

Control Objective: Controls are in place to meet the requirement of the annual return.

Strengths:

- The Crematorium Joint Committee convened 3 times and met quorate requirements as set out in the Joint Committee memorandum.
- Joint Committee meeting minutes are made available to the public. The Council provided a treasurer report on 3rd September 2021, and the Business Plan and fees were approved in March 2021.
- The Crematorium uses the Council's main bank account and ledger system and has adopted the Council's Financial Procedure Rules.
- There have been 365 invoice payments made by the Crematorium, the highest individual payment was £50,500, as this figure lies above the Bereavement Services Manager's approved authorisation limit (previously £20,000 and now £50,000), it was instead correctly approved by the Group Manager.
- A review of a further 33 invoice payments, the Auditor found 31 payments were authorised accordingly and VAT is correctly accounted for and had Purchase Orders attached within EDRM. (The remaining payments form part of those referred to within the recommendation below.)
- Although the Crematorium is self-funding and raises its own invoices, all income is registered through the Council's accounting system.
- Crematorium staff are employed by the Council, and are paid via the Council's payroll system, as per the NJC payscales set out in the Council's pay policy.
- All Council staff paid through the crematorium cost centre during 2021/22 were in roles associated with the crematorium.

Ref. & Priority	Finding / Weakness	Risk	Recommendation
5.1.1 Medium	During the year, 4 payments for medical referee expenses were made, however, these were not made on receipt of an invoice from the supplier. Payment was generated using details written on Crematorium's letter	No segregation of duties in place Lack of transparency	Invoices should be provided. Alternatively, quarterly payment requests should be submitted using the Council's BACS payment request form. These must be subject to appropriate segregation of duties and

Ref. & Priority	Finding / Weakness	Risk	Recommendation
	<p>headed paper and authorised by the Bereavement Services Manager & Registrar.</p> <p>Invoices should be received from the relevant supplier and the total verified and approved by a Council Officer and sent for payment, the surgery has provided invoices to other Council departments for other services provided and this should be the case of these payments.</p> <p>However, in the absence of invoices, Council staff may submit payment requests using the Council's BACS payment request form rather than using Crematorium letter headed paper. In doing this, there should be appropriate segregation of duties in place to prevent the requestor from authorising their own payment requests and supporting information (such as the computer system highlighted by the Bereavement Services Manager & Registrar) should continue to be maintained.</p>		<p>supporting information in respect of the payment be retained.</p>

MANAGEMENT ACTION PLAN

Report Ref & Priority	Recommendation	Agreed (Y/N)	Management Comments	Job Title of Officer Responsible	Date to be Implemented
<p>5.1.1 Medium</p>	<p>Invoices should be provided. Alternatively, quarterly payment requests should be submitted using the Council's BACS payment request form. These must be subject to appropriate segregation of duties and supporting information in respect of the payment be retained.</p>	<p>Y</p>	<p>This is an historic method of paying Medical Referee Expenses, by the production of accurate records produced from the Crematorium's computer Epilog administration system, which accurately records all the cremation numbers and the corresponding Cremation Form F's that have been signed by the Medical Referee, along with the number of visits made each quarter. This information is ratified by the Medical Referee before a payment letter is generated. The recommendation is noted and the payment method will now be altered, whereby the Medical Referee's GP Surgery will provide an Invoice to the Crematorium on a quarterly basis, which will be verified, approved and authorised for payment in accordance with</p>	<p>Joanna Hamilton, Bereavement Services Manager & Registrar.</p>	<p>Immediate, for implementation for the payment of the next quarter of expenses on 01/07/22.</p>

			prescribed financial procedures.		
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DEFINITIONS

AUDIT ASSURANCE CATEGORY CODE	
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

RECOMMENDATION CATEGORISATION	
Risk may be viewed as the chance, or probability, one or more of the systems of governance, risk management or internal control being ineffective. 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:	
High Priority	Action that is considered imperative to ensure that the organisation is not exposed to high risks.
Medium Priority	Action that is considered necessary to avoid exposure to significant risks.
Low Priority	Action that is considered desirable and should result in enhanced control.