

Professional, Approachable, Independent

Internal Audit Report



COYCHURCH CREMATORIUM

2022/23

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**REGIONAL INTERNAL AUDIT SERVICE /
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AUDIT OPINION	RECOMMENDATION SUMMARY	
	High Priority	0
	Medium Priority	0
	Low Priority	2
	Total	2
<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"> Income management processes provide a full audit trail, documenting transactions, uprating, invoicing, receipts, cash reconciliation, banking, and Accountancy have access to monthly reconciliation spreadsheets that provide daily breakdowns. Fees are reviewed on an annual basis and are subject to Joint Committee approval. Crematorium template forms are compliant to regulations, all paperwork is stored on site, and scanned to Crematorium file system on the Council's EDRM, historic cremations are also being stored digitally as well. Physical and digital records of cremations and burials are stored as backups to the Gower System Cremation Register. <p>No key issues were identified during the audit but a small number of recommendations have been raised where action is considered desirable and should result in enhanced control.</p>		

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1. INTRODUCTION & BACKGROUND

An audit of Coychurch Crematorium was undertaken in accordance with the Internal Audit Plan.

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.

Coychurch Crematorium provides a cremation service and makes available many different types of memorials. Coychurch Crematorium is governed by the Joint Committee with a memorandum of agreement in place between Bridgend, Rhondda Cynon Taff and Vale of Glamorgan Councils.

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(s) 2022/23.

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

- **Statutory Obligations** - To ensure that accurate and up to date records are maintained of all burials, graves and purchased plots in line with statutory obligations.
- **Income Management** - Charges for Bereavement Services are consistent between partners councils, and that all income due to the Crematorium is received, formally recorded, and banked in accordance with Council guidelines.
- **Data Security** - To ensure that all confidential data is retained securely, electronic records / systems are backed up regularly with access restricted to authorised users only.
- **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 will take place following agreement of the audit objectives.

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 awathan@valeofglamorgan.gov.uk.

FINDINGS & RECOMMENDATIONS

5.1 - STATUTORY OBLIGATIONS

Control Objective: To ensure that accurate and up to date records are maintained of all burials, graves and relevant purchases.

Strengths:

The Gower system supplied by Epilog, provides a digital cremation register and there are physical files listing registers, burial plots and sanctums; these are stored in the vault on site. The Crematorium have standard template forms in place to help ensure that paperwork complies with the Cremation (England and Wales) Regulations 2008; sample testing found that all required paperwork was in place for each cremation reviewed. The template forms also include checklists that document evidence of segregation of duties across the cremation process from application through to either interment in burial plots or Funeral Director / family members taking ownership of cremated remains.

There were 5 exhumations of cremated remains since April 2022; all applications, checklists and licences issued from Ministry of Justice were held on file.

5.2 - INCOME MANAGEMENT

Control Objective: To ensure that charges for Bereavement Services are consistent between partners councils, and that all income due to the Crematorium is received, formally recorded and banked in accordance with Council guidelines.

The Crematorium raise their own invoices through the Financial Module within their Gower System. Funeral Directors are provided monthly invoices which provide an itemised breakdown of charges per cremation. Invoice payment terms are 28 days and any outstanding invoices are reissued as reminders the following month. The Gower system has reports in place to identify any cremations not invoiced and reports showed there were no outstanding cremations awaiting invoicing.

The Gower system produces an aged debt report showing that there were currently 2 invoices outstanding as of the 1st March 2023. Almost all Funeral Directors pay by Card or Cheque, the Crematorium issue receipts for all payments received. The Crematorium is responsible for its own

banking and complete cash reconciliation spreadsheets on a daily basis; these are banked through (Pay Net) eReturns and takes place either weekly or fortnightly depending paying in cheque. The Auditor reviewed 37 receipts and reconciled them to the cash reconciliation spreadsheets and corresponding entries in the Council’s financial system. There is evidence of segregation of duties in place across banking process.

The Gower system manages and provides reports on lease renewals, as of March 2023, there were no renewals outstanding.

Ref. & Priority	Finding / Weakness	Risk	Recommendation
<p>5.2.1 Low</p>	<p>The charges for Coychurch Crematorium were only found to be available on Bridgend Council's website, neither the Vale of Glamorgan or Rhondda Cynon Taff councils provide the fees or a link to the Coychurch charges.</p>	<p>Members of the public may be unaware of fees and services the Crematorium provides.</p>	<p>All members of the joint committee should be publishing information regarding the annual crematorium charges and fees.</p>
<p>5.2.2 Low</p>	<p>All but one of the Funeral Directors pay by Card or Cheque, the other pays by BACS but the invoice templates do not provide BACS information as an alternative payment.</p>	<p>Funeral Directors are not aware of the option to pay by BACS so the Council could potentially be left waiting for payment longer than is necessary.</p>	<p>Invoices should include BACS information to increase awareness of alternative payment methods.</p>

5.3 - DATA SECURITY

Control Objective: There are robust controls in place to safeguard confidential data and restrict access to authorised users only with electronic records / systems backed up regularly.

Strengths:

The Gower system, supplied by Epilog, provides a digital cremation register and archive which are both maintained and backed up daily on the Council's centralised SQL servers so are available for recovery in the event of failure.

On site physical files listing registers, burial plots, sanctums, are stored in the vault, whilst both historic and current paperwork are uploaded on a daily basis to the Crematorium's Filing System in the Council's EDRM. Only Crematorium staff have access to EDRM filing system and there is physical security in place to prevent unauthorised physical access to records.

5.4 - INVOICE AND ORDER MANAGEMENT

Control Objective: 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.

The Crematorium raise purchase orders through Bridgebuy, and pay invoices through the Council's Accounts Payable processes, a review of the ten largest invoices shows that they were authorised by persons with suitable delegated authorisation, all invoices were arithmetically correct in COA and the net invoice values were accounted for correctly.

5.5 - ANNUAL RETURN

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

- 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, Business Plan and 2022/23 fees were approved in March 2022.
- The Crematorium uses the Council's main bank account and ledger system as well as adopting the Council's Financial Procedure Rules.
- 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 2022/23 were in roles associated with the crematorium.

MANAGEMENT ACTION PLAN

Report Ref & Priority	Recommendation	Agreed (Y/N)	Management Comments	Job Title of Officer Responsible	Date to be Implemented
5.2.1 Low	All members of the joint committee should be publishing information regarding the annual crematorium charges and fees	N	The memorandum of Agreement of the Coychurch Crematorium Joint Committee (CCJC) defines the "host" authority of the CCJC as Bridgend and specifies that it operates in accordance with the host authorities rules and procedures. The Crematorium's webpages and fees are consequently hosted on BCBC'S website, which provides the scrutiny and control required by the CCJC.	Joanna Hamilton, Bereavement Services Manager & Registrar	
5.2.2 Low	Invoices should include BACS information to increase awareness of alternative payment methods.	N	Due to the small number of administrative staff, the bereavement service seeks to administer receipts as efficiently as possible, which is to process Funeral Director's (FD's) invoices via card payments over the telephone. This allows invoice settlement to be administered immediately and is the most efficient method of processing payments for the small bereavement administration team. BACS receipts are often difficult to identify and	Joanna Hamilton, Bereavement Services Manager & Registrar	

Report Ref & Priority	Recommendation	Agreed (Y/N)	Management Comments	Job Title of Officer Responsible	Date to be Implemented
			<p>allocate to FD's accounts because they frequently lack identification details (the invoice numbers to which they relate) or accompanying remittance advice notes (sent to the Crematorium's email address). The Crematorium does not have sufficient staff numbers to administer unidentified BACS receipts so aims to process as many FD's invoices as possible via card payments (over the telephone). Rather than publish the BACS information on all invoices, the Crematorium offers BACS payments to FD's that request the option. This enables the bereavement service to ensure that FD's who wish to pay by BACS are aware of the need to forward accompanying remittance advice notes to the Crematorium's email address, to avoid unidentified/unallocated BACS receipts on BCBC's cash control systems.</p>		

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.