



Bridgend & Vale  
Internal Audit  
Shared Service

Internal Audit Report

Authority	Bridgend County Borough Council
Directorate	Communities
Audit Title	Coychurch Crematorium
Audit Year	2014/15

To	Andrew Hobbs, Head of Street Scene.
CC	Sian Hooper, Waste & Bereavement Services Officer Joanna Hamilton, Crematorium Manager and Registrar
Auditor	Normay Morgan
Report Date	February 2015
Audit Ref	AA469

## 1. Introduction

- 1.1. An audit review of Coychurch Crematorium was undertaken as part of the 2014/15 annual Internal Audit Plan.
- 1.2. Coychurch Crematorium is operated by a Joint Committee comprised of the host authority Bridgend County Borough Council, the Vale of Glamorgan Council and Rhondda Cynon Taff County Borough Council. During 2013/14 there were 1,722 cremations providing income of £1,320,000 for cremation fees and miscellaneous fees including the sale of memorials. As per the statement of accounts the overall surplus for 2013/14 was £464,000. The 2013/14 income was higher than originally anticipated due to increased cross-county demand resulting from the temporary closure of Margam Crematorium. This surplus is being utilised to partially fund the installation of new cremators in 2015/16.
- 1.3. The income for the current year as at the end of period 7 was £477,993 with a projected income of £819,419 to the year-end which is consistent with the 2012/13 income. It should be noted that this projected figure does not take account of the seasonal effect on demand. Based on the projected income and expenditure the Crematorium is on track to remain self-funding.
- 1.4. This report sets out the findings of the review in section 6. On this occasion no recommendations were deemed necessary.

## 2. Objectives & Scope of the Audit

- 2.1 The objectives of the audit were to provide assurance on the control of risks and to follow up on the implementation of the recommendations made in the last report.

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## 2.2 Scope of the audit:

- Review of staffing structure and responsibilities.
- Review of the recording of services provided and billing process including a review of the level of outstanding debtors.
- Review of the income collection and banking process for the current year to date including promptness and regularity.
- Analytical review of income & expenditure (taking inflation into account) to establish trends.
- Review of the number and value of supplier invoices paid; authorisation process and assurance that value for money is being achieved.
- Payments to contractors / review of existing maintenance agreements.
- Review of charges – comparison to other providers.
- Business Plan including forward planning / expansion of grounds and projected costs.

## 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 and reminders to funeral directors are sent promptly at the start of each month.
- Controls relating to the payment of suppliers were found to be robust.
- It was pleasing to note that the electronic document management system is being utilised for current documents and a programme of scanning historical documents has been scheduled as recommended in the 2012/13 audit.

### 3.2 During the audit it was noted that the frequency of banking varied. This was attributed to staff resources and the need to maintain staff cover during opening hours. However, it is anticipated that the forthcoming change from the Co-operative Bank Bridgend, to Barclays Bank on the Bridgend Trading Estate will result in less time being required to perform this task.

#### 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.

#### 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.

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## 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*

### 6.1. Staffing Structure and Responsibilities

Ref.	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality
6.1.1.	<u>Expected Control</u> Segregation of duties.  <u>Possible Risk</u> Over-reliance on specific members of staff.	Administrative processes were reviewed to ensure that appropriate segregation of duties were in place. It was confirmed that in instances where segregation of duties was not possible due to restricted staff resources, appropriate compensating controls were in place. E.g., Invoices raised and income receipted by the same member of staff; The Crematorium Manager completed the E.returns and the banking by reference to the income details on the Gower system.	None	N/a

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## 6.2. Billing System and Credit Control

Ref	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality
6.2.1.	<p><u>Expected Control</u> Standard procedures for documenting requirements and costs.</p> <p><u>Possible Risk</u> Inaccuracies in the recording and provision of services.</p>	Review of the roles and responsibilities of the Crematorium staff provided assurance that all bookings and requests from funeral directors are checked by a second member of staff to ensure accuracy.	None	N/a

## 6.3. Collection of Income and Banking Process

Ref	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality
6.3.1.	<p><u>Expected Control</u> Daily processing of income received and regular bankings.</p> <p><u>Possible Risk</u> Errors not identified at an early stage.</p>	A review of the dates of the banking of income between 01/04/14 and 31/10/14 indicated varying delays in the process. These delays were attributed to staff resources. However, it is acknowledged that the planned change of location of the bank will help to resolve this issue.	None	N/a

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#### 6.4. Review of Charges and Business Planning

Ref	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality
6.4.1.	<p><u>Expected Control</u> Regular review of charges and costs to ensure an agreed margin is achieved.</p> <p><u>Possible Risk</u> Undercharging. Increased costs not being recovered.</p>	<p>The review of charges incorporates a number of issues including;</p> <ul style="list-style-type: none"> <li>• Inflationary costs.</li> <li>• The need to provide reserves for future investment. (current reserves are earmarked for the cost of replacement cremators in 2015).</li> <li>• Comparison to the charges made across the UK – details of which are provided by the Cremation Society of Great Britain. At present, BCBC is in the bottom quartile with regard to charges.</li> </ul> <p>The increase in cremation charges for 2014/15 was approved at the meeting of the Crematorium Joint Committee on 07/03/14.</p>	None	N/a
6.4.2.	<p><u>Expected Control</u> Planning to accommodate future demands on the service.</p> <p><u>Possible Risk</u> Future demands outstripping supply. Additional demands on budgets.</p>	<p>Discussion with the Waste &amp; Bereavement Services Manager and the Crematorium Manager &amp; Registrar confirmed that population details for the Bridgend area are monitored in order to determine future demands. The age distribution of the population is also taken into account.</p> <p>The recent increase in the BCBC area population is in the lower age category which is anticipated to have a negligible effect on demand. Apart from the impact of the provision in neighbouring authorities, the number of cremations in Bridgend has remained relatively constant over the last 5 years. Additionally, the crematorium is not currently working to full capacity. Consequently, there are no issues in coping with increased demand for the foreseeable future.</p>	None	N/a

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### 6.5. Procurement of Suppliers and Creditor Payments

Ref	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality
6.5.1.	<p><u>Expected Control</u> Invoices independently checked to orders and delivery notes.</p> <p><u>Possible Risk</u> Orders not accurately fulfilled. Incorrect payments to suppliers.</p>	A sample of invoices paid in the current year to date was selected. Details were checked to the official orders, delivery notes and authorisation details. All payments were supported by a satisfactory audit trail.	None	N/a

### 6.6. Contractor Payments

Ref	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality
6.6.1.	<p><u>Expected Control</u> Periodic review of suppliers and costs.</p> <p><u>Possible Risk</u> Non achievement of best value for money from</p>	<p>A list of suppliers derived from the general ledger was examined in order to establish the process of selection.</p> <p>Four regular suppliers were reviewed to ensure that value for money was being obtained. The level of spend with the remaining suppliers was not material.</p> <ul style="list-style-type: none"> <li>• 2 suppliers of memorials; Prices submitted to the Joint Committee for</li> </ul>	None	N/a



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Ref	Expected Control & Possible Risk	Key findings / Conclusions	Recommendation	Criticality
	market testing.	<p>approval.</p> <ul style="list-style-type: none"> <li>• 1 supplier of music – Sole supplier in UK. Price includes direct liaison with the funeral directors and responsibility for copyright implications.</li> <li>• 1 supplier for the maintenance of cremators. The original contracted supplier had ceased trading but the technical staff had transferred to the new supplier. This supplier was engaged at the same cost based on the fact that the technical staff had extensive experience in maintaining the existing cremators.</li> </ul> <p>In view of the imminent installation of new cremators in 2015, tendering for maintenance on this occasion was not considered cost effective. The tendering process for the supply and installation of the new cremators is currently being discussed with Corporate Procurement Unit.</p>		