

LLWYDCOED CREMATORIUM JOINT COMMITTEE

28th May 2019

REPORT OF THE TREASURER

MATTERS REPORTED FOR DECISION

DRAFT ANNUAL RETURN FOR THE YEAR ENDED 31st MARCH 2019 (SUBJECT TO AUDIT)

1. PURPOSE OF REPORT

- 1.1 This report provides Members with the unaudited Annual Return for the Year Ended 31st March 2019 and the Internal Audit Final Report Llwydcoed Crematorium issued 7th November 2018.

2. RECOMMENDATIONS

2.1 **It is recommended:**

- That members note the report.
- That members note the unaudited Annual Return for the year ended 31st March 2019 as presented. (Appendix 1)
- That the Chair of the Joint Committee signs the Approval and Certification section of the Annual Return.
- That the members note and approve the Internal Audit Final Report (Appendix 2)

3. BACKGROUND

- 3.1 The Accounts and Audit (Wales) Regulations 2014 require all local councils and joint committees to prepare their annual accounting statements in accordance with proper practices.
- 3.2 The Accounts and Audit (Wales) Regulations 2014 define a joint committee with income and expenditure of less than £2.5 million per annum being defined as a 'smaller relevant body'.
- 3.3 In this case, the 'Governance and Accountability for Local Councils in Wales – a Practitioners Guide' has been identified as being proper practice for the preparation of accounts.
- 3.4 The Practitioners Guide allows bodies with income and expenditure of less than £2.5 million to prepare an annual return, which includes and income and

expenditure account and a statement of balances, rather than a full statement of accounts.

3.5 The Accounts and Audit (Wales) Regulations 2014 require that the Joint Committee must formally approve the Annual Return by 15th June and certify that they present fairly the financial position of Llwydcoed Crematorium.

3.6 Following which unless the Annual Return needs to be amended, the auditor will certify the return and send it back to the Joint Committee for publication with no further approval required by the Joint Committee. If however amendments are required, the auditor will send the return back to the Joint Committee for amendment and re-approval before the auditor can certify the return. The certified annual return must be published by no later than 15th September

4. FINANCIAL PERFORMANCE AND MOVEMENT OF USABLE RESERVES

4.1 The first part of the table below shows the controllable income and expenditure for 2018-19 compared to budget. It then shows the impact of interest earned on reserves, capital expenditure charged directly to reserves and the balance of reserves available to the Joint Committee.

2018/19	Budget £	Actual £	Variance £	Annual Return Ref
Controllable Expenditure				
Employees	195,740	220,308	24,568	Line 4
Premises	162,050	137,291	-24,760	Line 6
Transport	3,000	2,897	-103	Line 6
Supplies & Services	121,115	122,376	1,261	Line 6
Support Services	76,825	95,668	18,843	Line 6
	558,730	578,540	19,809	
Controllable Income				
Receipts/Fees	-1,073,315	-1,107,882	-34,567	Line 3
Controllable Surplus	-514,585	-529,342	-14,757	
Add interest earned		-7,219		Line 3
Revenue contribution to balances		-536,561		
Capital expenditure charged directly to Reserves		0		Line 6
Net increase in Reserves		-536,561		
General Reserves B/F 01.04.18		-1,669,707		Line 1

General Reserves C/F 31.03.19		-2,206,268		Line 7
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4.2 The General Reserve is a distributable revenue reserve, which consists of the accumulated surpluses of the Crematorium's operations.

4.3 This can be apportioned between Cynon Valley (now part of Rhondda Cynon Taf CBC) and Merthyr Tydfil CBC in the ratio of respective populations (2011 Census Data) as follows:

	Merthyr Tydfil	Cynon Valley	Total
Relevant Population	58,802	63,238	122,040
Balance at 1st April 2018	-804,508	-865,199	-1,669,707
(Surplus)/Loss for the Year	-258,529	-278,032	-536,561
Balance at 31st March 2019	-1,063,037	-1,143,231	-2,206,268

4.4 The main reasons for the variances between budgeted and actual controllable expenditure were;

- Employee costs were over-spent due to the employment of additional gardening staff over and above the budgeted staff structure.
- Premises costs were lower than budgeted mainly due to the delay in maintenance works until 2019/20.
- Support costs were higher than budgeted due to an assessment of the actual operational management resource provided by RCT Bereavement Services.

4.5 The main reasons for the variances between budgeted and actual controllable income were;

- income received was higher than budgeted due to higher than forecasted number of cremations undertaken.

5. BALANCE SHEET FOR THE YEAR ENDED 31st MARCH 2019

5.1 In addition to the Annual Return, a supplementary Balance Sheet is provided in the table below. This supplementary information provides a further breakdown of the figures reported in the Annual Return, is purely for information only, and is not subject to audit at year end.

31-Mar-18 £		31-Mar-19 £	Annual Return Ref
	LONG TERM ASSETS		
2,093,126	Land & Property	1,986,844	
160	Plant & Equipment	80	
0	Assets Under Construction	0	
2,093,286	TOTAL LONG TERM ASSETS	1,986,924	Line 12
	CURRENT ASSETS		
6,783	Inventories	11,831	Line 8
82,378	Debtors	79,361	Line 8
1,585,602	Cash and Bank (Personal Account)	2,116,376	Line 9
1,674,763	TOTAL CURRENT ASSETS	2,207,568	
	CURRENT LIABILITIES		
(5,056)	Creditors	(1,300)	Line 10
1,669,707	NET CURRENT ASSETS	2,206,268	Line 11
3,762,993	TOTAL ASSETS LESS CURRENT LIABILITIES	4,193,192	
	LONG TERM LIABILITIES		
(328,000)	Defined Pension Scheme Liability	(270,000)	
3,434,993	NET ASSETS	3,923,192	
	REPRESENTED BY :-		
	USABLE RESERVES		
(1,669,707)	General Fund Balances	(2,206,268)	Line 11
	UNUSABLE RESERVES		
328,000	Pensions Reserve	270,000	
(67,578)	Revaluation Reserve	(64,506)	
(2,025,708)	Capital Adjustment Account	(1,922,418)	
(3,434,993)		(3,923,192)	

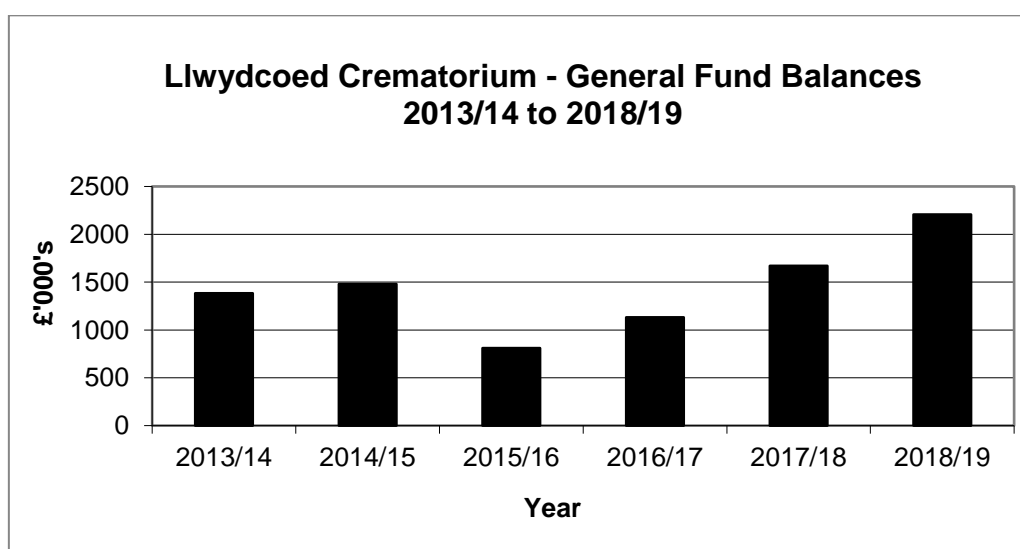
5.2 Further information to explain the balances are provided below:

- Long Term Assets include Land, Buildings and Equipment. The value of all land, buildings and equipment is based on a written down value after taking account of the assets remaining life and estimated cost of replacement.
- Inventories are stock included in the Balance Sheet at the lower of cost and net realisable value and relates mainly to caskets, memorial bases and flower containers
- Debtors represents monies owed to Llwydcoed Crematorium by trade debtors such as Funeral Directors
- Cash and Bank (Personal Account) is the amount held on behalf of Llwydcoed Crematorium by Rhondda Cynon Taf County Borough Council. No separate bank account exists for Joint Committee

- Creditors are amounts owed by Llwydcoed Crematorium to suppliers for which goods and services were provided prior to the end of the financial year but at that time not invoiced
- Defined Pension Scheme Liability – As part of the terms and conditions of the employees of Llwydcoed Crematorium they are offered retirement benefits by the Joint Committee. Although these benefits will not be payable until retirement, the Joint Committee has a commitment to make these payments. The liability for these payments need to be accounted for at the time the future entitlement is earned
- Reserves are reported in two categories. Usable reserves can be used by the Committee to provide services subject to the need to provide a prudent level of reserves. Unusable reserves are not available to provide services
- The General Fund Balance is a distributable revenue reserve, which consists of the accumulated surpluses of the Crematorium's operations
- The Pensions Reserve covers the Defined Pension Scheme Liability
- The Revaluation Reserve contains the gains made by the Joint Committee arising from increases in the value of its Property, Plant and Equipment
- The Capital Adjustment Account represents the difference between the cost of fixed assets used by the Joint Committee and the capital financing set aside to pay for them

6. GENERAL FUND BALANCES 2013/14 TO 2018/19

- 6.1 The table below shows Llwydcoed Crematorium's level of General Fund Balances for the last six years. The level of the Crematorium's reserves had previously grown before a reduction in 2015/16 due to the costs of the replacement of the cremators. Further expenditure on the replacement of the cremators took place during 2016/17 due to the final stage payments of the contracted works although increased income levels offset the expenditure. The reserves have grown steadily from 2017/18 onwards.



7. INTERNAL AUDIT FINAL REPORT

- 7.1 The Internal Audit Final Report Llwydcoed Crematorium was issued on the 7th November 2018. The Audit Opinion is that “The control environment is considered to be effective with opportunity for improvement.”
- 7.2 Management have reviewed and responded to the findings of the Report and have implemented procedures to ensure the recommendations for improvement are met.

8. SUMMARY

- 8.1 The level of reserves are required to fund further capital expenditure as part of the ongoing delivery of the service and is considered to be prudent as at 31st March 2019.
- 8.2 The level of reserves will be monitored closely as part of the ongoing Budget Monitoring process and reported to the Joint Committee at appropriate intervals.

Smaller relevant local government bodies in Wales

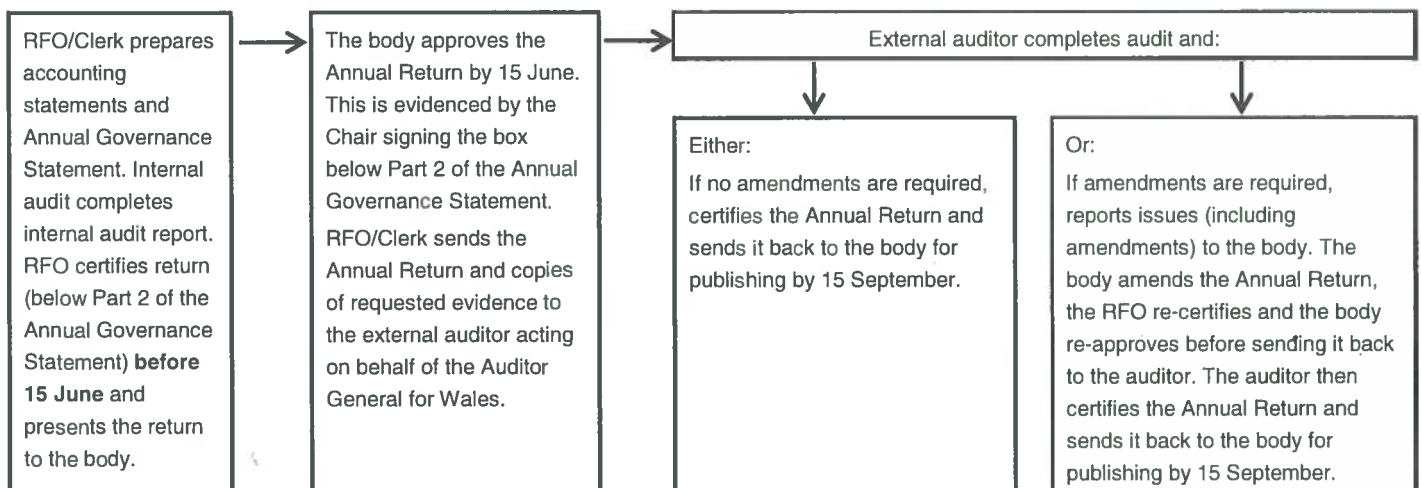
Annual Return for the Year Ended 31 March 2019

THE ACCOUNTS AND AUDIT PROCESS

Section 12 of the Public Audit (Wales) Act 2004 requires local government bodies in Wales to make up their accounts each year to 31 March and to have those accounts audited by the Auditor General for Wales. Regulation 14 of the Accounts and Audit (Wales) Regulations 2014 states that smaller local government bodies i.e. those with annual income and expenditure below £2.5 million must prepare their accounts in accordance with proper practices.

For minor joint committees with income and expenditure below £2.5 million, proper practices are set out in the One Voice Wales/Society of Local Council Clerks publication 'Governance and accountability for local councils in Wales – A Practitioners' Guide' (the Practitioners' Guide). The Practitioners' Guide requires that they prepare their accounts in the form of an annual return. This annual return meets the requirements of the Practitioners' Guide.

The accounts and audit arrangements follow the process as set out below.



Please read the guidance on completing this Annual Return and complete all sections highlighted in red including the Annual Governance Statement.

APPROVING THE ANNUAL RETURN

There are two boxes for certification and approval by the body. The second box is only required if the annual return has to be amended as a result of the audit. You should only complete the top box before sending the form to the auditor.

The committee must approve the annual return BEFORE the accounts and supporting documents are made available for public inspection under section 30 of the Public Audit (Wales) Act 2004.

The Auditor General for Wales' Audit Certificate and report is to be completed by the auditor acting on behalf of the Auditor General. It MUST NOT be completed by the Clerk/RFO, the Chair or the internal auditor.

Audited and certified returns are sent back to the body for publication and display of the accounting statements, Annual Governance Statement and the Auditor General for Wales' certificate and report.

Accounting statements 2018-19 for:

Name of body: LLWYCOED CREMATORIUM JOINT COMMITTEE

	Year ending		Notes and guidance for compilers
	31 March 2018 (£)	31 March 2019 (£)	
Please round all figures to nearest £. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to the underlying financial records for the relevant year.			
Statement of income and expenditure/receipts and payments			
1. Balances brought forward	1,131,293	1,669,707	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.
2. (+) Income from local taxation/levy	0	0	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	1,140,937	1,115,101	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	-191,673	-220,308	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses eg. termination costs.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	-410,850	-358,232	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	1,669,707	2,206,268	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).
Statement of balances			
8. (+) Debtors and stock balances	89,161	91,192	Income and expenditure accounts only: Enter the value of debts owed to the body and stock balances held at the year-end.
9. (+) Total cash and investments	1,585,602	2,116,376	All accounts: The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.
10. (-) Creditors	-5,056	-1,300	Income and expenditure accounts only: Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	1,669,707	2,206,268	Total balances should equal line 7 above: Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	2,093,286	1,986,924	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.
13. Total borrowing	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

Annual Governance Statement


We acknowledge as the members of the Llwydcoed Crematorium Joint Committee, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2019, that:

	Agreed?		'YES' means that the Committee:	PG Ref
	Yes	No*		
1. We have put in place arrangements for: <ul style="list-style-type: none"> effective financial management during the year; and the preparation and approval of the accounting statements. 	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.	6, 12
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Committee to conduct its business or on its finances.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Has given all persons interested the opportunity to inspect the body's accounts as set out in the notice of audit.	6, 23
5. We have carried out an assessment of the risks facing the Llwydcoed Crematorium Joint Committee and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Considered the financial and other risks it faces in the operation of the body and has dealt with them properly.	6, 9
6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the body.	6, 8
7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Llwydcoed Crematorium Joint Committee and, where appropriate, have included them on the accounting statements.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6
8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	6, 8, 23

* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

Llwydcoed Crematorium Joint Committee approval and certification

The Llwydcoed Crematorium Joint Committee is responsible for the preparation of the accounting statements in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and for the preparation of the Annual Governance Statement.

Certification by the RFO I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Committee and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2019.	Approval by the Llwydcoed Crematorium Joint Committee I confirm that these accounting statements and Annual Governance Statement were approved by the Llwydcoed Crematorium Joint Committee under minute reference:
RFO signature: 	Chair of meeting signature:
Name: BARRIE DAVIES	Name:
Date: 16/05/19	Date:
Committee re-approval and re-certification (only required if the annual return has been amended at audit) Certification by the RFO I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Llwydcoed Crematorium Joint Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2019.	Approval by the Llwydcoed Crematorium Joint Committee I confirm that these accounting statements and Annual Governance Statement were approved by the Llwydcoed Crematorium Joint Committee under minute reference: Insert minute reference and date of meeting
RFO signature:	Chair of meeting signature:
Name:	Name:
Date:	Date:

Auditor General for Wales’ Audit Certificate and report

The external auditor conducts the audit on behalf of, and in accordance with, guidance issued by the Auditor General for Wales. On the basis of their review of the Annual Return and supporting information, they report whether any matters that come to their attention give cause for concern that relevant legislation and regulatory requirements have not been met.

We certify that we have completed the audit of the Annual Return for the year ended 31 March 2019 of:

LLWYDCOED CREMATORIUM JOINT COMMITTEE

External auditor’s report

[Except for the matters reported below]* On the basis of our review, in our opinion, the information contained in the Annual Return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

[[These matters along with]* Other matters not affecting our opinion which we draw to the attention of the body and our recommendations for improvement are included in our report to the body dated _____.]

Other matters and recommendationsOn the basis of our review, we draw the body’s attention to the following matters and recommendations which do not affect our audit opinion but should be addressed by the body.

(Continue on a separate sheet if required.)

External auditor’s name:	
External auditor’s signature:	Date:
For and on behalf of the Auditor General for Wales	

* Delete as appropriate.

Annual internal audit report to:

Name of body: LLWYDCOED CREMATORIUM JOINT COMMITTEE

The Llwydcoed Crematorium Joint Committee's internal audit, acting independently and on the basis of an assessment of risk,

has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2019.

The internal audit has been carried out in accordance with the Llwydcoed Crematorium Joint Committee needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Llwydcoed Crematorium Joint Committee.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Detailed internal audit report presented to body
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Detailed internal audit report presented to body
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Detailed internal audit report presented to body
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Central function and regular treasurers reports presented to Joint Committee
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Detailed internal audit report presented to body
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Llwydcoed Crematorium does not operate a petty cash account
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Central function administered by Council's payroll service
8. Asset and investment registers were complete, accurate, and properly maintained.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Central Function



Rhondda Cynon Taf
County Borough Council

Internal Audit Final Report

**LLWYDCOED
CREMATORIUM**

MANAGEMENT IN CONFIDENCE

Date of Audit:	August 2018
Auditor(s):	Huw Griffiths - Lead Auditor Lisa Cumpston - Review Manager
Report Distribution:	Ceri Pritchard - Crematorium Manager Janet Lewis - Bereavement Services Manager (See full distribution list in Section 3)
Date of Issue:	7th November 2018

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1. INTRODUCTION

- 1.1 Llwydcoed Crematorium is managed and administered by the Llwydcoed Crematorium Joint Committee, under the Local Government (Wales) Act 1994. The Committee is made up of nine members, five from Rhondda Cynon Taf CBC and four from Merthyr Tydfil CBC. In 1996 RCTCBC became the host authority for the Joint Committee.
- 1.2 Self-evaluation was first introduced to the Bereavement Service in 2009/10. The process of self-evaluation requires Managers to certify – via a Checklist – that the appropriate controls are either in place, or are to be addressed within the appropriate timescales. Llwydcoed Crematorium complete and return a self-evaluation checklist to Internally Audit annually.

2. SCOPE & OBJECTIVES

- 2.1 The self-evaluation checklist consists of 52 standards that need to be reviewed. Audit testing was carried out on a sample of transactions processed during financial year 2018/19.
- 2.2 The objectives of the audits review were to ensure that:
- Receipts are retained in orderly an manner, and are produced for all income received.
 - The Purchase Card is being used in accordance with guidance and procedures issued by Procurement Services.
 - All confidential data is retained securely and electronic records/systems are backed up regularly and access restricted to authorised users.
 - Accurate and up to date records are maintained of all burials, graves and purchased graves.

3. AUDIT APPROACH

- 3.1 Fieldwork took place specifically targeted at meeting the agreed objectives.
- 3.2 Any issues identified were discussed with Management before being reported.
- 3.3 A draft report was provided to Management for review and comment with an opportunity given for discussion or clarification if required.
- 3.4 This final report incorporates management comments together with the timetable for the implementation of agreed recommendations.
- 3.5 It has been issued electronically to the following Officers:
 - Chief Executive
 - Group Director, Corporate & Frontline Services
 - Group Director, Community & Children's Services
 - Director, Public Health, Protection & Community Services
 - Community Facilities Manager
 - Bereavement Services Manager
 - Service Director, Performance & Improvement
- 3.6 A copy of this report should be reported to the Joint Committee.
- 3.7 Management will be contacted and asked to provide feedback on the status of each agreed recommendation once the target date for implementation has expired.

4. AUDIT OPINION

4.1 Statutory Obligations

The control environment in relation to Statutory Obligations is considered to be effective, and there are no findings contained within this report.

The Burial and Cremation Administration System (BACAS) is used to administer the day to day functions of the Service. A sample of 10 applications confirmed that all of the required application forms and documents were in place such as Confirmatory Notice of Cremation, Application for Cremation, Medical Certificate and where necessary Coroners Reports.

The purchase of plots is recorded on the 'Register of Graves & Grants of Exclusive Rights of Burial' ledgers and on BACAS. The owner of the plot is provided with a deed which is printed from the BACAS system.

The Register of Graves & Grants Exclusive Rights of Burial ledgers are used to record each interment of each plot. The maximum number of interments for all plots is 4 and these are all recorded on the BACAS system.

4.2 Information Management & I.T Security

The control environment in relation to Information Management & I.T Security is considered to be effective, and there are no findings contained within this report.

The site has a number of fireproof safes in which the statutory ledgers for the service are held. In addition, access to the BACAS system is restricted to those members of staff that have a unique username and password. It should be noted that the site does encounter continuity issues in respect of network connection, due to its isolated location. This can occasionally cause issues with the Webpaystaff system and network connected equipment such as chip and pin machines and receipt printer.

4.3 Collections & Deposits / Receipts

The control environment in relation to Collections & Deposits/Receipts is considered to be effective with opportunity for improvement.

The site use the Webpaystaff system to record all income received directly on site. The system allows the site to take payments in person, over the phone and take card payments via chip and pin devices. Entries onto the Financials system are in real time. The system generates receipts which are given directly to or sent to customers (via email) and a copy retained on site. As a back up to the system an income ledger is in place which is updated as and when income is received.

One occasion was noted where details of a payment (£690.00) had not been recorded in the income ledger and no copy receipt was initially present (although this was later found). Evidence of a review of the income records by the Crematorium Supervisor was noted, although only on one occasion. The latest Self Evaluation document indicates that this practice would commence with effect from

March 2018 and therefore this report recommends that this is undertaken on a monthly basis going forward, with appropriate evidence retained. Furthermore, if this process had been carried out more often the error identified would have been corrected sooner.

It was also identified that merchant copies of credit and debit card transactions were being retained for slightly longer than the 6 month limit specified in the Payment Card Policy (PCI).

4.4 **Purchase Card**

The control environment in relation to the Purchase Card is considered to be effective with opportunity for improvement.

Overall, the administration of the Purchase Card is in accordance with the procedures issued by the Council's Procurement Service. The card holder updates the electronic transaction log as and when transactions occur, and the transaction log was found to be up to date at the time of the audit with details of the most recent purchases.

For purchases made via Amazon whilst copies of the online orders were present, no invoices were available. This has implications for reclaiming VAT especially with Amazon third party suppliers outside of the UK.

- 4.5 Implementing the recommendations in the report will improve the control environment further.

ACKNOWLEDGEMENTS

A number of staff gave their time and cooperation during the course of this review. Internal Audit would like to record its thanks to all individuals concerned.

5. DETAILED FINDINGS

The findings of the review are reported on an exception basis to focus on issues where action is recommended. Each of the issues / recommendations detailed has been given a priority rating to assist management in directing and prioritising resources in accordance with areas of risk, these ratings being high, medium or low.

5.1 Collections & Deposits / Receipts

AUDIT OBJECTIVE: All income due to the Council is identified and all collections are receipted and banked promptly and completely.

REF & PRIORITY	FINDING	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
5.1.1 Low	<p>Review of the income records for the period of June 2018 identified the following:</p> <ul style="list-style-type: none"> One instance was noted whereby a payment (£690.00 received on 27th June 2018) was identified on Financials as being banked yet no entry had been made in the income ledger and no supporting receipt was initially available (but this was later found). 	The income trail is incomplete.	It should be ensured that all income is accurately receipted and entered into the income ledger. All transactions should be supported by relevant receipts.	Crematorium Manager will re-emphasise with the staff the need to accurately record income as per our procedures.	Crematorium Manager November 2018
5.1.2 Medium	<p>On review of the income records it was noted that on 6th July 2018, the Crematorium Supervisor had certified the income ledger to indicate that that records had been checked. No other instances of an independent review were identified.</p> <p>A review of the latest Self Evaluation document indicated that an independent review of income is undertaken, although no evidence retained to support this. The document also indicates that income would be reviewed and checked to Financials with evidence of this being retained with effect from March 2018 – however the site does not have access to the system.</p>	In the absence of a regular, independent review errors/anomalies may not be identified.	<p>The Crematorium Manager should undertake a periodic (monthly) sample based review of physical income received on site to ensure that there are no anomalies and income records are accurately completed.</p> <p>The Crematorium Supervisor should ensure that the records are signed and dated as evidence of this process.</p>	Crematorium Manager will check a week from both the Cemetery and Crematorium ledgers each monthly period.	Crematorium Manager January 2019

INTERNAL AUDIT FINAL REPORT: LLWYDCOED CREMATORIUM

REF & PRIORITY	FINDING	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
5.1.3 Medium	<p>In accordance with the Council's Payment Card Policy Document, merchant copies of receipts in respect of credit card payments must be shredded after 6 months.</p> <p>A review of the receipts present identified that these dated back to 5th January 2018 – which is in excess of the 6 month time limit.</p>	Non compliance with Payment Card Policy.	<p>The Crematorium Supervisor should ensure that merchant copies of receipts relating to credit and debit card payments are only held for 6 months.</p> <p>Receipts older than 6 months should be securely destroyed using a cross cut shredder.</p>	This will be checked monthly during the ledger check.	<p>Crematorium Manager</p> <p>January 2019</p>

5.2 Purchase Card

AUDIT OBJECTIVE: The Purchase Card is being used in accordance with guidance and procedures issued by the Procurement Service.

REF & PRIORITY	FINDING	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBILITY & TARGET DATE
5.2.1 Medium	<p>A review of purchase card transactions from April 2018 confirmed that all transactions were supported with documentary evidence of the purchase card transaction.</p> <p>However, it was noted that for Amazon purchases, whilst copies of the online orders were present, there were no supporting invoices showing the VAT breakdown. Furthermore, as there are many companies who operate via the Amazon website, many of whom may not be VAT registered / located in the UK, it in the absence of this information the VAT registration status of suppliers outside the UK cannot be verified.</p>	VAT may not be correctly accounted for on purchases made from suppliers outside the UK.	<p>The Purchase Cardholder should ensure that VAT invoices for purchases made via Amazon are requested / received and retained along with the relevant copies of orders etc.</p> <p>The Purchase Card Manual has recently been updated to reflect the VAT treatment on the purchase of goods from suppliers outside the UK. and it should be ensured that this guidance is followed going forward.</p>	New guidance to be followed.	<p>Crematorium Manager & Admin Staff</p> <p>Implemented</p>

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Central Function
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Central Function

For any risk areas identified by the Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
11. Insert risk area	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Insert text
12. Insert risk area	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Insert text
13. Insert risk area	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Insert text

* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).


** If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

My detailed findings and recommendations which I draw to the attention of the Council/Board/Committee are included in my detailed report to the Council/Board/Committee dated 7th November 2018

Internal audit confirmation

I/we confirm that as the Committee's internal auditor, I/we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2017-18 and 2018-19. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: MARK THOMAS

Signature of person who carried out the internal audit: 

Date:

16/5/19

Guidance notes on completing the Annual Return

1. You must apply proper practices when preparing this annual return. Proper practices are set out in the Practitioners' Guide.
2. Make sure that the Annual Return is fully completed ie, no empty red boxes. Please avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are drawn to the attention of the body, properly initialled and an explanation for them is provided to the external auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited and may incur additional costs. Ask your auditor for an electronic copy of the form if required.
3. Use a second pair of eyes, perhaps the Chair or a member, to review your Annual Return for completeness before sending the original form to the auditor.
4. Make sure that your accounting statements add up, that the balance carried forward from the previous year (line 7 of 2018) equals the balance brought forward in the current year (line 1 of 2019). Explain any differences between the 2018 figures on this annual return and the amounts recorded in last year's annual return.
5. Explain fully any significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a detailed analysis to support your explanation and be specific about the values of individual elements making up the variances.
6. Make sure that the copy of the bank reconciliation you send to your auditor with the Annual Return covers **all** your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. If your Committee holds any short-term investments, please note their value on the bank reconciliation. The auditor should also be able to agree your bank reconciliation to line 9 in the accounting statements. More help on bank reconciliations is available in the Practitioners' Guide.
7. **Every committee must send to the external auditor, information to support the assertions made in the Annual Governance Statement even if you have not done so before.** Your auditor will tell you what information you need to provide. Please read the audit notice carefully to ensure you include all the information the auditor has asked for. You should send **copies** of the original records (certified by the Clerk and Chair as accurate copies) to the external auditor and not the original documents themselves.
8. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful.
9. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances or receives original documents that must be returned, the auditor will incur additional costs for which they are entitled to charge additional fees.
10. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit.
11. **Please note that if completing the electronic form, you must print the form for it to be certified by the RFO and signed by the Chair before it is sent to the auditor.**

Completion checklist – 'No' answers mean that you may not have met requirements		Done?	
Initial submission to the external auditor		Yes	No
Accounts	Do the papers to be sent to the external auditor include an explanation of significant variations from last year to this year?	✓	
	Does the bank reconciliation as at 31 March 2019 agree to Line 9? *	✓	
Approval	Has the RFO certified the accounting statements and Annual Governance Statement (Regulation 15 (1)) no later than 15 June 2019?	✓	
	Has the body approved the accounting statements before 15 June 2019 and has Section 3 been signed and dated by the person presiding at the meeting at which approval was given?	✓	
All sections	Have all pink boxes in the accounting statements and Annual Governance Statement been completed and explanations provided where needed?	✓	
	Has all the information requested by the external auditor been sent with this Annual Return? Please refer to your notice of audit and any additional schedules provided by your external auditor.	✓	
If accounts are amended after receipt of the Auditor General's report on matters arising		Yes	No
Accounts	Have the amended accounting statements been approved and Section 3 re-signed and re-dated as evidence of the Committee's approval of the amendments before re-submission to the auditor?		

LOCAL GOVERNMENT ACT 1972

As amended by

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

LLWYDCOED CREMATORIUM JOINT COMMITTEE

28th May 2019

Report of the Treasurer to Llwydcoed Crematorium

LIST OF BACKGROUND PAPERS

Ref:

Contact Officer

Item 1 Draft Annual Return for the Year Ended 31st March 2019

Steve Preddy
(01443 680644)

Item 2 Internal Audit Final Report

Steve Preddy
(01443 680644)