

Rhondda Cynon Taf
County Borough Council

Internal Audit Final Report

**LLWYDCOED
CREMATORIUM 2019-20**

MANAGEMENT IN CONFIDENCE

Date of Audit:	October 2019
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Date of Issue:	4th December 2019

CONTENTS

SECTION	PAGE
1. Introduction	1
2. Scope & Objectives	1
3. Audit Approach	2
4. Audit Opinion	3
5. Detailed Findings	4
5.1 Collections & Deposits / Receipts	5
5.2 Purchase Card	6

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.

2. SCOPE & OBJECTIVES

2.1 In accordance with the Internal Audit Plan for financial year 2019/20, as agreed by Audit Committee, a review of the key controls within each of the main financial systems was undertaken. The primary purpose of the audit review is to provide management with an opinion on the adequacy and effectiveness of the internal control system.

2.2 Audit testing was carried out on a sample of transactions made during the financial year 2019/20 to ensure that fundamental controls are present and operating satisfactorily.

2.3 The objectives of the audit review were to ensure that:

- Receipts are retained in an orderly manner and are produced for all income received.
- The Purchase Card is being used in accordance with guidance and procedures issued by the Procurement Service.
- All confidential data is retained securely and electronic records/systems are backed up regularly with access restricted to authorised users.
- Accurate and up to date records are maintained of all cremations and purchased plots.

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 prepared and 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
 - Director of Financial & Digital Services
 - Group Director, Community & Children's Services
 - Director, Public Health, Protection & Community Services
 - Bereavement Services Manager
 - Service Director, Finance & Improvement Services
- 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 overall control environment in respect of Statutory Obligations is considered to be effective and there are no findings contained in 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 and Medical Certificate.

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 overall control environment in respect of Statutory Obligations is considered to be effective and there are no findings contained in 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. Since the previous review the site has now upgraded its network connection so there are fewer issues with disconnections which can affect devices such as the chip and pin machines. It was also noted that the chip and pin machine printer has been out of commission for a number of months and arrangements should be made for this to be repaired or a replacement acquired.

4.3 Collections & Deposits / Receipts

The overall control environment in respect of Statutory Obligations 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, and 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 identified where income has been identified as banked on Financials but no receipt was present and no details recorded in the income ledger. A second occasion noted where details of payment were recorded in the

ledger but no receipt was present although a receipt number was recorded in ledger.

A verbal recommendation was also made to record the totals of income collected via the Loomis Collection Service split into the respective income ledgers for the Crematorium and the Cynon Valley cemeteries.

4.4 **Purchase Card**

The overall control environment in respect of Statutory Obligations is considered to be effective with opportunity for improvement.

There is one purchase card in operation and the supporting transaction log was found to be up to date with the latest transactions with the exception of the 4 most recent payments (made during the week of visit). It was noted that Amazon is used frequently for purchases, and whilst 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 identified the following discrepancies;</p> <ul style="list-style-type: none"> • 2.8.19 – entries identified on Financials for £113.00 (8352) and £62.00 (8357) respectively. However, it was identified that no receipt was present and no entries made in the Income Ledger. • 7.8.19 – amount of £58.00 (8351) recorded in the Income Ledger but was not supported by a receipt, even though the receipt number has been recorded in the income ledger. 	Income records are incomplete.	Care should be taken to ensure that all income is receipted and entered into the income ledger. All transactions should be supported by relevant receipts.	Monthly checks will continue to hopefully reduce these instances. However a contributing factor in these instances was definitely attributable to a number of key staff being on sick leave for a prolonged period.	Crematorium Manager Implemented

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 Low	<p>A review of transactions since April 2019 revealed that all transactions were supported with documentary evidence.</p> <p>However, it was noted that a number of purchases are to Amazon and the Amazon Marketplace. Whilst for each of these transactions there were copies of the online orders present and delivery notes (where received) only one instance was noted where an invoice was present showing the VAT breakdown.</p> <p>There are implications for the reclaiming of VAT on Amazon purchases due to the fact that many of the 3rd party suppliers who use the marketplace are not based in the UK. In the absence of this information the VAT registration status of suppliers outside the UK cannot be identified.</p>	VAT may not be correctly accounted for in the absence of appropriate VAT invoices.	<p>The Purchase Cardholder should ensure that requests are made for VAT invoices for all Amazon and Amazon Marketplace purchases and these are printed and retained 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 and supplies outside the UK, and this guidance should be followed going forward.</p>	Requests for VAT invoices will be made by the purchase card holder.	Admin Officer Implemented