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Internal Audit Final Report



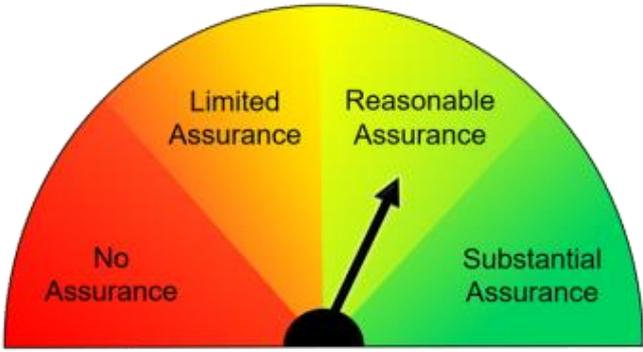
LLWYDCOED CREMATORIUM RCT 2021/22

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



AUDIT OPINION	RECOMMENDATION SUMMARY	
	High Priority	0
	Medium Priority	8
	Low Priority	0
	Total	8

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.

STRENGTHS & AREAS FOR IMPROVEMENT

During the audit a number of key strengths and areas of good practice were identified as follows:

- The Burial and Cremation Administration System (BACAS) is used to administer the day to day functions of the Service.
- Access to the system is password protected and passwords are not shared.
- Income in respect of services provided by the Crematorium is received, formally recorded, and correctly appears in the Council’s accounts.
- A back up of the BACAS system is undertaken daily and remotely.
- Cremations are supported with the correct statutory documentation.
- Exhumations are supported with the correct statutory documentation.
- Plot ownership is recorded on the BACAS system.
- The maximum number of internments for each plot has not been exceeded.

The following key issues were identified during the audit which need to be addressed:

- The Council’s website has not been updated with the new charges for Bereavement Services for 2022/23.
- The website has not been updated to reflect the recent lifting of Covid restrictions.
- The Financial Procedures document is out of date and needs enhancing to reflect current practices at the Crematorium.
- No independent check of income received to deposits made with the bank could be evidenced.
- Invoices raised on the BACAS system do not include the Council’s VAT registration number nor the bank account details for BACS payments.
- The Purchase Card Transaction Log is updated on receipt of the Bank Statements.
- The Purchase Card and associated documentation for Llwydcoed is retained at Glyntaff Crematorium.
- No formal reconciliation of the Purchase Card system is being undertaken.
- The supporting documents for exhumations are not always held at the same location.

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1. INTRODUCTION & BACKGROUND

An audit of Llwydcoed Crematorium was undertaken in accordance with the Internal Audit Plan for 2021/22.

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.

Llwydcoed Crematorium is run by Rhondda Cynon Taf County Borough Council under a joint agreement with Merthyr Tydfil County Borough Council.

There is a joint committee that oversees the operation of the Crematorium, the Llwydcoed Crematorium Joint Committee. The Committee is made up of Local Authority Councillor representative members from Rhondda Cynon Taf and Merthyr Tydfil County Borough Councils, who are responsible for overseeing the financial and operational management of the Crematorium.

Rhondda Cynon Taf is the host Authority for the Joint Committee, and responsibility for this function lies with the Group Director of Community and Children's Services. The Service is delivered operationally by Bereavement Services, managed locally by the Director, Public Health, Protection & Community Services.

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 Llwydcoed Crematorium.

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

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

- To ensure that accurate and up to date records are maintained of all burials, graves and purchased plots in line with statutory obligations.
- To ensure that all confidential data is retained securely, electronic records / systems are backed up regularly with access restricted to authorised users only.
- Charges for Bereavement Services are consistent between Rhondda Cynon Taf and Merthyr Tydfil County Borough Councils, and that all income due to the Crematorium is received, formally recorded, and banked in accordance with Council guidelines.
- The Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.

3. AUDIT APPROACH

Fieldwork took place following agreement of the audit objectives.

A draft report was prepared and provided to Management for review and comment with an opportunity given for discussion or clarification.

This final report incorporates Management comments together with a Management Action Plan for the implementation of recommendations.

Governance and 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. DISTRIBUTION LIST

This Final report has also been provided electronically to the following Officers:

- Chief Executive
- Group Director, Community and Children's Services
- Director, Public Health, Protection & Community Services
- Head of Leisure, Sport and Parks
- Director of Financial and Digital Services
- Service Director – Finance and Improvement Services

5. 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.

6. FINDINGS & RECOMMENDATIONS

INCOME

Control Objective: Charges for Bereavement Services are consistent between Rhondda Cynon Taf and Merthyr Tydfil County Borough Councils, and that all income due to the Crematorium is received, formally recorded, and banked in accordance with Council guidelines.

Strengths:

Since the previous audit report in 2020/21, Covid-19 restrictions have lifted, and the site office has re-opened to the public for general enquiries and the purchase of memorials.

There is a consistent charging schedule across the two Council's that are served by the Crematorium.

The Webpaystaff system is used to record all income received directly on site. The system allows payments to be taken in person, as well as credit / debit card payments over the telephone. The system generates receipts which are issued directly to customers, with copies also retained on site.

As a back up to the system, an income ledger is also in place, which is updated as and when income is received (in black ink) or when a service is provided, to which a Debtors Invoice is issued (in red ink) from the Burial and Cremation Administration System (BACAS) which is used to administer the day to day functions of the Service.

The Crematorium uses Loomis, the secure collection service to assist with banking on a fortnightly basis. Whilst awaiting banking, all income is held in a secure safe, with access strictly limited to key personnel only. A review of the income records for the sample period January 2022 to March 2022 identified all income recorded as received at Llwydcoed, had been banked, and appeared within the Council's accounts.

Ref. & Priority	Finding / Weakness	Risk	Recommendation
<p>1.1 Medium</p>	<p>A review of the Council website during the audit fieldwork identified that the charges detailed for Bereavement Services relate to 2020/21.</p> <p>It was also noted that the Council website has not been updated to reflect the current Funeral arrangements following all Covid restrictions being lifted.</p>	<p>The Council website is not an accurate reflection of the Council's current charges for Bereavement Services and current funeral arrangements.</p>	<p>In order to avoid adverse publicity, the Council website should be updated to include the new charges for Bereavement Services for 2022/23.</p> <p>Arrangements should also be made to update the website to reflect the current Funeral arrangements now that all Covid restrictions have been lifted.</p>
<p>1.2 Medium</p>	<p>The Financial Procedures Document for the Crematorium was formulated in 2015.</p> <p>Although the document includes some areas of administration, it does not define system processes and the individual staff responsibilities across all areas of the Crematorium's administration. Furthermore, it also contains duties which have now been transferred to the larger administrative team based at Glyntaff Crematorium.</p>	<p>Staff may be unclear of their roles and responsibilities, and this could impede day to day administration.</p> <p>Difficulty may also be experienced during periods of staff absences, as no formal record exists of the procedures to be followed. This is particularly relevant in view of the operational difficulties that could be experienced running a demand driven, statutory service with staff who may be unfamiliar with processes.</p>	<p>The current Financial Procedures document should be reviewed and enhanced to define system processes and individual staff responsibilities across all areas of the Crematorium's administration.</p> <p>Once completed, the procedures should be issued to all appropriate members of staff.</p> <p>NB: Any revision to the Policy should also take into account recommendations raised elsewhere in this report.</p>

Ref. & Priority	Finding / Weakness	Risk	Recommendation
<p>1.3 Medium</p>	<p>Sundry Debtor Invoices are issued monthly to Funeral Directors, directly from the BACAS system.</p> <p>Although the invoices are generated in numerical order, and contain full details of the services provided, it was noted (from examination of the copy invoices) that the Council's VAT number and bank account details for payment are not stated.</p>	<p>VAT may not be correctly identified / accounted for.</p> <p>There may be confusion when making payment in the absence of account details.</p>	<p>Management should ensure that the Council's VAT number is added to all invoices issued from the BACAS system to ensure that VAT can be correctly accounted for within the Council's accounts and in the Funeral Director's accounts.</p> <p>Management should also ensure that payment options are also added to the invoices, to ensure that no difficulty / confusion is experienced when payment is being made.</p>
<p>1.4 Medium</p>	<p>Examination of the Income Ledger and Bank Paying in Book identified no evidence of a retrospective, periodic review of the income records.</p> <p>Furthermore, it was also noted that eradicating fluid is occasionally used on the Income Ledger.</p>	<p>Errors / mistakes may not be identified in the absence of regular review.</p> <p>The use of eradicating fluid completely hides the original entry thereby removing any audit trail.</p>	<p>A Senior Member of staff should undertake a periodic, sample-based review of the income records to ensure that there are no anomalies / errors or misappropriation of income.</p> <p>It should also be ensured that eradicating fluid is not used. If a mistake needs to be amended, it should be crossed through in ink and a new entry made.</p>

PURCHASE CARD			
Control Objective: The Purchase Card is being used in accordance with the guidance and procedures issued by the Procurement Service.			
Ref. & Priority	Finding / Weakness	Risk	Recommendation
2.1 Medium	<p>Although there is a safe located at Llwydcoed Crematorium, discussions during the audit fieldwork established that the Purchase Card is held within the safe at Glyntaff Crematorium.</p> <p>There was uncertainty by the Card Holder regarding staff access to the safe at Glyntaff.</p>	<p>The card may be used in error by unauthorised personnel.</p>	<p>Consideration should be given to retaining the Purchase Card, and supporting documentation within the safe at Llwydcoed.</p> <p>This will limit access to the card, and ensure that it is used for Llwydcoed Crematorium purchases only.</p>
2.2 Medium	<p>Section 6 of the Cardholder Manual issued by the Procurement Service states that <i>'Each Purchasing Card transaction should be recorded on the transaction log as soon as the transaction is complete to ensure that no information is omitted'</i>.</p> <p>Discussions during the audit fieldwork established that the Purchase Card Transaction Log is completed once a month, on receipt of the Bank Statement, rather than as and when purchases are made.</p>	<p>Non-compliance with Cardholder Manual.</p> <p>Errors on the bank statements may not be identified.</p>	<p>The Cardholder should ensure that the Transaction Log is updated (as soon as possible) when a Purchase Card Purchase is made.</p> <p>This will ensure that the transaction log is used as part of the reconciliation of the account with the bank statements.</p> <p>Care should also be taken to ensure that the log shows evidence of a reconciliation (i.e. that this is signed and dated as correct).</p>

Ref. & Priority	Finding / Weakness	Risk	Recommendation
<p>2.3 Medium</p>	<p>A review of the Purchase Card expenditure identified 3 payments which had been "forced through" the Barclaycard system by the Council's Purchase Card Administrator.</p> <p>A review of the Transaction Log established no record of the 3 purchases having been made (refer to report reference 2.2) and no supporting documentation could be found to support the expenditure (which amounted to £1185.68).</p> <p>Furthermore, there was also an assumption by the Card Holder that the Purchase Card records were subject to a periodic independent reconciliation by the Bereavement Services Manager, despite this not being evident.</p> <p>NB. It is acknowledged that on bringing this to the attention of the Card Holder, the supporting documents were located the following day, although there was uncertainty as to who had made the 3 purchases (also refer to report ref. 2.1).</p>	<p>Non-compliance with the Card Holder Manual.</p> <p>There was an incomplete / insufficient paper trail for 3 purchases.</p> <p>In the absence of a reconciliation, errors / fraudulent payments may not be identified.</p>	<p>The Purchase Card records should be subject to improved control and regular, independent reconciliation.</p> <p>In the event errors / anomalies are identified, an investigation should be undertaken in order to rectify the error.</p> <p>In respect of the 3 "forced payments", and recovered supporting documentation, although the purchases were made from regular suppliers, the Crematorium Manager should establish who made the purchases, and establish if the purchases were for the intended purpose of Llwydcoed Crematorium and not Glyntaff Crematorium.</p> <p>If it is found that the expenditure has been incorrectly mixed, then arrangements should be made to adjust both budgets accordingly.</p> <p>Management should also be reminded that in the even the Purchase Card is shared with other members of staff, the Purchase Card Sharing Log is completed each time the card is borrowed and returned.</p>

STATUTORY OBLIGATIONS**Control Objective: To ensure that accurate and up to date records are maintained of all burials, graves and purchased graves.****Strengths:**

All cremation applications are supported by a full suite of statutory documentation such as Confirmatory Notice of Cremation, Application for Cremation, Medical Certificate and where necessary Coroners Reports.

For exhumations, Ministry of Justice Application Forms had been completed and Licences for the removal of human remains had been obtained.

The purchase of plots is recorded on the 'Register of Graves & Grants of Exclusive Rights of Burial' ledgers and on the BACAS system. 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.

Ref. & Priority	Finding / Weakness	Risk	Recommendation
<p>3.1 Medium</p>	<p>During 2021, responsibility for the administration of exhumation of cremated remains at Llwydcoed Crematorium, transferred to Glyntaf Crematorium.</p> <p>Since this date, there have been 2 exhumations at Llwydcoed (plot number 1986 & 6777).</p> <p>Although testing identified that on both occasions, the correct Ministry of Justice Application Forms had been completed and a licence for the removal of human remains had been obtained; the documentation for one exhumation was found to be held at Glyntaff, while the other was found to be held at Llwydcoed.</p> <p>Furthermore, although reference had been made on the BACAS system in respect of both exhumations, inconsistencies were noted between the 2 records. It was not wholly clear that the remains have been exhumed in respect of plot number 6777.</p> <p>Additionally, no record of the exhumation taking place had been made in respect of plot number 6777 in the manual Register of Graves and Grants of Exclusive Rights of Burial record.</p>	<p>There are inconsistent working practices regarding exhumations.</p> <p>Documentation held in 2 places may get lost / misplaced.</p>	<p>Management should consider the current practice for exhumations at Llwydcoed and a decision should be made regarding ownership of the associated administrative duties.</p> <p>Either all supporting documentation and registers should be held at Llwydcoed or all should be held at Glyntaff.</p> <p>This will ensure consistent working practices and no confusion existing between the 2 sites.</p>

DATA SECURITY

Control Objective: To ensure that there are robust controls of all confidential data, that is retained securely, and electronic records / systems are backed up regularly with access restricted to authorised users only.

Strengths:

The Burial and Cremation Administration System (BACAS) is used to administer the day to day functions of the Service, such as recording details of all cremations, burials, plot purchases, memorial purchases, and entries made in the book of remembrance.

Access to the system is via password, all staff have their unique userids and passwords, passwords are not shared.

A back up of the system is undertaken daily and remotely.

The site has a fireproof safe in which statutory ledgers for the service may be held securely, however, since the previous review, responsibility and storage requirements for the Crematorium and the Cynon Valley cemeteries death registers and plot records has been transferred to Glyntaf Crematorium.

7. MANAGEMENT ACTION PLAN

Report Ref & Priority	Recommendation	Agreed (Y/N)	Management Comments	Job Title of Officer Responsible	Date to be Implemented
1.1 Medium	<p>In order to avoid adverse publicity, the Council website should be updated to include the new charges for Bereavement Services for 2022/23.</p> <p>Arrangements should also be made to update the website to reflect the current Funeral arrangements now that all Covid restrictions have been lifted.</p>	Yes	<p>Amendments for the Council website were sent to IT on the 22nd April 2022.</p> <p>However, due to their work commitments these updates have been delayed.</p> <p>The website updates are now partly completed and it is anticipated that will be finalised this week, to reflect the Council's current position.</p>	Bereavement Services Manager	31 st May 2022
1.2 Medium	<p>The current Financial Procedures document should be reviewed and enhanced to define system processes and individual staff responsibilities across all areas of the Crematorium's administration.</p> <p>Once completed, the procedures should be issued to all appropriate members of staff.</p> <p>NB: Any revision to the Policy should also take into account recommendations raised elsewhere in this report.</p>	Yes	<p>This document will be reviewed and updated to reflect all current system processes and financial procedures.</p> <p>As soon as the exercise is complete, the revised document will be issued to all staff.</p>	Bereavement Services Manager	31 st July 2022

Report Ref & Priority	Recommendation	Agreed (Y/N)	Management Comments	Job Title of Officer Responsible	Date to be Implemented
<p>1.3 Medium</p>	<p>Management should ensure that the Council's VAT number is added to all invoices issued from the BACAS system to ensure that VAT can be correctly accounted for within the Council's accounts and in the Funeral Director's accounts.</p> <p>Management should also ensure that payment options are also added to the invoices, to ensure that no difficulty / confusion is experienced when payment is being made.</p>	Yes	<p>The Crematorium invoices have now been updated to include the Council's VAT number and payment options.</p> <p>The change will be implemented from the next invoice run on 31st May 2022.</p>	Bereavement Services Manager	Implemented
<p>1.4 Medium</p>	<p>A Senior Member of staff should undertake a periodic, sample-based review of the income records to ensure that there are no anomalies / errors or misappropriation of income.</p> <p>It should also be ensured that eradicating fluid is not used. If a mistake needs to be amended, it should be crossed through in ink and a new entry made.</p>	Yes	<p>This was a process that was suspended, due to the restrictions of staff movement during the pandemic as staff were unable to leave their permanent location "bubbles" as it was deemed too great a risk.</p> <p>Now that restrictions have lifted, this procedure will be reintroduced with immediate effect.</p> <p>Staff have also been reminded that eradicating fluid must not be used, and that all amendments should be crossed through in ink and a new entry made.</p>	Bereavement Services Officer	31 st May 2022

Report Ref & Priority	Recommendation	Agreed (Y/N)	Management Comments	Job Title of Officer Responsible	Date to be Implemented
<p>2.1 Medium</p>	<p>Consideration should be given to retaining the Purchase Card and supporting documentation within the safe at Llwydcoed.</p> <p>This will limit access to the card and ensure that it is used for Llwydcoed Crematorium purchases only.</p>	<p>Yes</p>	<p>A Management of Change document is currently being discussed with a change of roles and responsibilities forming a major role.</p> <p>Once this document has been ratified and changes implemented, storage, and user responsibilities of the purchasing card will be devised and introduced.</p>	<p>Bereavement Services Officer</p>	<p>31st August 2022</p>
<p>2.2 Medium</p>	<p>The Cardholder should ensure that the Transaction Log is updated (as soon as possible) when a Purchase Card Purchase is made.</p> <p>This will ensure that the transaction log is used as part of the reconciliation of the account with the bank statements.</p> <p>Care should also be taken to ensure that the log shows evidence of a reconciliation (i.e. that this is signed and dated as correct).</p>	<p>Yes</p>	<p>Noted with immediate effect.</p>	<p>Bereavement Services Manager</p>	<p>Implemented</p>

Report Ref & Priority	Recommendation	Agreed (Y/N)	Management Comments	Job Title of Officer Responsible	Date to be Implemented
<p>2.3 Medium</p>	<p>The Purchase Card records should be subject to improved control and regular, independent reconciliation.</p> <p>In the event errors / anomalies are identified, an investigation should be undertaken in order to rectify the error.</p> <p>In respect of the 3 "forced payments", and recovered supporting documentation, although the purchases were made from regular suppliers, the Crematorium Manager should establish who made the purchases, and establish if the purchases were for the intended purpose of Llwydcoed Crematorium and not Glyntaff Crematorium.</p> <p>If it is found that the expenditure has been incorrectly mixed, then arrangements should be made to adjust both budgets accordingly.</p> <p>Management should also be reminded that in the even the Purchase Card is shared with other members of staff, the Purchase Card Sharing Log is completed each time the card is borrowed and returned.</p>	<p>Yes</p>	<p>Agreed. The recommendations contained within this report will be introduced as soon as possible.</p>	<p>Bereavement Services Manager</p>	<p>31st May 2022</p>

Report Ref & Priority	Recommendation	Agreed (Y/N)	Management Comments	Job Title of Officer Responsible	Date to be Implemented
3.1 Medium	<p>Management should consider the current practice for exhumations at Llwydcoed and a decision should be made regarding ownership of the associated administrative duties.</p> <p>Either all supporting documentation and registers should be held at Llwydcoed or all should be held at Glyntaff.</p> <p>This will ensure consistent working practices and no confusion existing between the 2 sites.</p>	Yes	<p>All exhumations are dealt with at Glyntaff to enable the process to be dealt with completely from start to finish.</p> <p>The records held at Glyntaff for Llwydcoed will be updated to reflect the exhumations noted in this finding.</p>	Bereavement Services Officer	Implemented

8. 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.