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Internal Audit Final Report



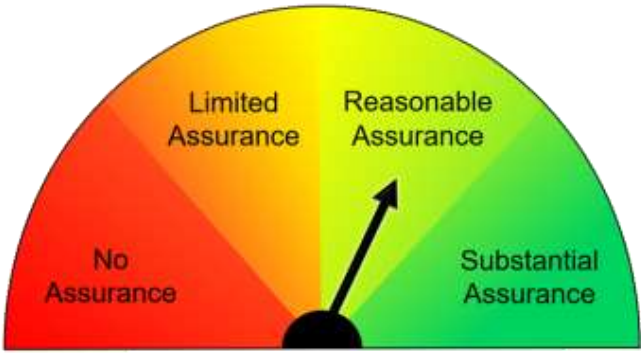
LLWYDCOED CREMATORIUM RCT 2022/23

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



AUDIT OPINION	RECOMMENDATION SUMMARY	
	High Priority	0
	Medium Priority	3
	Low Priority	0
	Total	3

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 strengths and areas of good practice were identified as follows:

- The charges relating to crematorium services at Llwydcoed are displayed on the Rhondda Cynon Taf County Borough Council (RCTCBC) website, with a link on the Merthyr Tydfil County Borough Council (MTCBC) website directing residents to the RCTCBC website.
- 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.
- For the sample of Purchase Card expenditure examined, all purchases were in line with Procurement Card Guidelines and supported with valid tax invoices / receipts.

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

- The Risk Register has not been formulated in line with the Council's Risk Management Toolkit.
- The Financial Procedures document does not include all tasks associated with the administration at the Crematorium and needs to be enhanced.
- There is no independent review of the income records (which was also identified in the previous Internal Audit review).

CONTENTS		
1	Introduction & Background	4
2	Objectives & Scope	4
3	Audit Approach	5
4	Distribution List	5
5	Acknowledgements	5
6	Findings & Recommendations	6 - 10
7	Management Action Plan	11 - 12
8	Definitions	13

1. INTRODUCTION & BACKGROUND

An audit of Llwydcoed Crematorium was undertaken in accordance with the Internal Audit Plan for 2022/23.

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 Councillors 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 Director of Public Health, Protection & Community Services who reports directly to the Chief Executive. The Service is delivered operationally by Bereavement Services and managed locally by Head of Leisure, Sports and Park 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 2022/23, with fieldwork being conducted both at Llwydcoed Crematorium and also at Glyntaff Crematorium where the central administration team are based.

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

- To ensure there is a Risk Register in place at the crematorium to identify and manage risk appropriately.
- To ensure accurate and up to date records are maintained of all burials, graves and purchased plots in line with statutory obligations.
- To ensure all confidential data is retained securely, and 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 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.

This annual review also informs the Annual Governance Statement and certification of the Small Bodies Return.

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 will also be provided electronically to the following officers:

- Paul Mee – Chief Executive
- Barrie Davies – Deputy Chief Executive & Group Director – Finance, Digital & Frontline Services
- Louise Davies – Director of Public Health, Protection and Communities
- Keith Nicholls - Head of Leisure, Sport and Park Services
- Paul Griffiths – Service Director – Finance & 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

RISK REGISTER			
Control Objective: To ensure there is a Risk Register in place at the crematorium to identify and manage risk appropriately.			
Ref. & Priority	Finding / Weakness	Risk	Recommendation
<p>1.1 Medium</p>	<p>Following issue of the 2021 Final Audit Report, Internal Audit recommended a Risk Register be formulated in order to identify and manage risks at the crematorium.</p> <p>Although a Risk Register has been established, with key risks identified, no acknowledgement has been made in respect of the crematorium's on-going arrangements for environmental impact, such as the regular emission testing undertaken to ensure that the cremators are working within the correct environmental parameters, and the Heat Exchanger in place to allow energy from the cremators to heat the Chapels.</p> <p>Furthermore, no acknowledgement has been given to the process of installing a generator following a weekend power cut caused by the road contractors on the heads of the valleys dualling project and that the crematorium has a "Priority Service" in place with the energy supplier to ensure power is restored within 4 hours of being lost.</p> <p>The Risk Register has also not been formulated in line with the Council's Risk Management Toolkit.</p>	<p>The Risk Register has not been formulated in line with the Council's Risk Management Toolkit noting impact / likelihood and the actions that have / are being taken (or are in place on an on-going basis) to address the crematorium's risks.</p>	<p>Management should ensure that the Risk Register already in place, be revised to also include the items listed within the finding and be formulated in line with the Council's Risk Management Toolkit.</p> <p>Once the new Risk Register has been completed, Management should ensure that it is presented to the Joint Committee for information purposes on a periodic basis to demonstrate that the risks associated with the crematorium are being managed.</p>

INCOME DUE TO THE CREMATORIUM

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

Strengths: Audit testing established that all charges relating to crematorium services at Llwydcoed with effect from April 2022 were displayed on the Rhondda Cynon Taf County Borough Council (RCTCBC) website, with assurance provided by the Assistant Cemeteries Manager & Crematorium Supervisor that the website would be updated with the 2023 charges as soon as possible after the commencement of the 2023/24 financial year.

For all residents of Merthyr Tydfil County Borough Council (MTCBC), there is a link on the MTCBC website direct to the RCTCBC cremation information page ensuring that there is consistent charging between both County Borough Councils.

As at 27th March 2023, in excess of £1m had been collected in respect of the Crematorium for 2022/23, with the majority of income collected via a Sundry Debtor invoice, issued directly from the BACAS system. Invoices are generated in numerical order and contain full details of the services provided. It is acknowledged that the recommendations contained within the report for 2021/22 have been fully implemented in that the Council's VAT number and bank account details for BACS payment are now stated with each invoice issued.

For all income received directly at the crematorium, the Webpaystaff system is used. The system allows cash and cheque payments to be taken in person at Llwydcoed, 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. The Crematorium uses Loomis, the secure cash collection service, to assist with banking of cash and cheques on a fortnightly basis and 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 a sample of transactions made between May 2022 and March 2023 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>2.1 Medium</p>	<p>The Financial Procedures Document for the crematorium was reviewed and updated following receipt of the previous Audit report.</p> <p>Although the revised document includes some areas of administration, it does not fully define all system processes and staff responsibilities associated with Llwydcoed.</p> <p>Since the previous internal audit review, one Bereavement Services Officer has transferred to Glyntaff crematorium and although she is able to cover Llwydcoed, there may be times when both Bereavement Services Officers are not available.</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 Procedures Document should be 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 and a hard copy should also be held at Llwydcoed in the event of staff absence.</p>
<p>2.2 Medium</p>	<p>There is no evidence of a retrospective, periodic review of the income records, despite Management stating that this had been agreed and implemented in August 2022.</p>	<p>Errors / mistakes may not be identified in the absence of regular review.</p>	<p>A Senior Member of staff should undertake a periodic review of the income records to ensure that there are no anomalies / errors or misappropriation of income.</p> <p>Following each review, the records should be signed and dated as evidence of the independent check.</p>

STATUTORY OBLIGATIONS**Control Objective: To ensure 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.

There have been 3 exhumations since May 2022. For each exhumation, a Ministry of Justice Application Form had been completed and Licences for the removal of human remains had been obtained. The BACAS system had been updated as had the "Register of Graves & Grants of Exclusive Rights of Burial record". Following a recommendation made in the 2021/22 report, a decision was made to solely administer exhumations from Glyntaff Crematorium, all supporting documentation and registers for the exhumations were found to be held at Glyntaff.

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. Sample Audit testing of 10 plots found there to be no more than 4 sets of remains buried in each plot.

PURCHASE CARD

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

Strengths: There is 1 Purchase Card in use at the crematorium, a Transaction Log is in place to record all expenditure and at the time of the audit review, was up to date with all recent purchases made. All purchases reviewed were made in line with the Procurement Card guidelines and were supported with valid tax invoices / receipts.

All purchases had been authorised on the Barclaycard system by the Bereavement Services Manager.

As per the Financial Procedures document, which was reviewed following the last Audit report, the Purchase Card is not shared between staff, and is held within the safe at Glyntaff Crematorium when not in use.

DATA SECURITY

Control Objective: To ensure 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 unique user ID's and passwords, passwords are not shared.

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

The responsibility for storing the manual cremation registers and plot records lie with the central administrative team in Glyntaff Crematorium. The records room is secure and served with a fireproof door.

7. MANAGEMENT ACTION PLAN

Report Ref & Priority	Recommendation	Agreed (Y/N)	Management Comments	Job Title of Officer Responsible	Date to be Implemented
<p>1.1</p> <p>Medium</p>	<p>Management should ensure that the Risk Register already in place, be revised to also include the items stated above, and be formulated in line with the Council's Risk Management Toolkit.</p> <p>Once the new Risk Register has been completed, Management should ensure that it is presented to the Joint Committee for information purposes on a periodic basis to demonstrate that the risks associated with the crematorium are being managed.</p>	Yes	<p>Recommendation noted.</p> <p>The Risk Register has now been drafted in line with the Risk Management Tool.</p> <p>The Risk Register will be presented to the Joint Committee at the next meeting (date to be set) during June 2023.</p>	Bereavement Services Manager & Registrar	30 th June 2023

Report Ref & Priority	Recommendation	Agreed (Y/N)	Management Comments	Job Title of Officer Responsible	Date to be Implemented
<p>2.1</p> <p>Medium</p>	<p>The Procedures Document should be 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 and a hard copy should also be held at Llwydcoed in the event of staff absence.</p>	Yes	<p>A procedure review has been undertaken and new financial procedures will be circulated to staff.</p> <p>In the event of staff absence the ability to cover staff exists at Glyntaff. All service administration procedures are reflected at Glyntaff so role can be undertaken without additional training/instruction.</p> <p>In extreme circumstances all administration procedures for Llwydcoed can be performed at Glyntaff without relocating staff although this is not anticipated to be required as the majority of financial operations are already carried out at Glyntaff with services provided invoiced and payment by cheque can be receipted at either facility.</p>	Bereavement Services Manager & Registrar	31 st May 2023
<p>2.2</p> <p>Medium</p>	<p>A Senior Member of staff should undertake a periodic review of the income records to ensure that there are no anomalies / errors or misappropriation of income.</p> <p>Following each review, the records should be signed and dated as evidence of the independent check.</p>	Yes	<p>Recommendation noted.</p> <p>From 15th May 2023, the Team Leader will be based at Llwydcoed who will oversee and supervise.</p> <p>Duties will include the review of the income records on a monthly basis.</p>	Team Leader	31 st May 2023

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.