
Wandsworth Council
Internal Audit Final Report
North East Surrey Crematorium
February 2017

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Executive Summary

This report details the internal audit review of procedures and controls in place at the North East Surrey Crematorium (NESC), recognising that Enable Leisure and Culture undertakes the day-to-day management of the Board's crematorium operations. The audit has been undertaken during February 2017 and an explanation of the audit approach and summary of the work undertaken is provided in the audit framework in Appendix 1.

Qualified Assurance

While there is a basically sound system, there are weaknesses which put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

There are no recommendations arising as a result of our work in the following areas:

- Budgetary Control
- Corporate Governance
- Cash
- Procurement
- Cremation Documents
- Inventory
- Performance Review Management
- Accounting and Systems
- Members Allowance
- Investments
- Contract Monitoring

We have identified some specific areas where improvements in control or the operation of existing controls could be made and this is summarised below. We have commented in detail on this within the body of the report and we would ask you to consider the recommendations made.

- **Income Debtors**

Examination of nine Funeral Directors accounts identified two instances where payments were not up to date and one instance where a payment received was not recorded on the Funeral Directors accounts. Furthermore, examination of cremations statistics identified three instances where data did not reconcile to the Burial and Cremation Administration System.

Two recommendations have been raised accordingly.

- **Staffing**

Examination of five overtime claim forms identified two instances where supporting documents did not evidence hours worked.

One recommendation had been raised accordingly.

Acknowledgement

We would like to take this opportunity to thank management and staff for all their assistance during the audit, particularly Jean Stevenson, Barbara Ward and Karen Levi for their assistance during the audit.

Section 1 – Observations and Recommendations

In order to assist management in using our reports:

a) We categorise our **opinions** according to our assessment of the controls in place and the level of compliance with these controls.

<i>Full Assurance</i>	There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.
<i>Qualified Assurance</i>	While there is a basically sound system, there are weaknesses which put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
<i>Limited Assurance</i>	Weaknesses in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.
<i>No Assurance</i>	Control is generally weak, leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse.

b) We categorise our **recommendations** according to their level of priority.

<i>Priority 1</i>	Major issues for the attention of senior management.
<i>Priority 2</i>	Other recommendations for local management action.
<i>Priority 3</i>	Minor matters.

Income Debtors

1. Funeral Directors Reconciliation

(Priority 2)

This table is exempt under Paragraph 3 of Schedule 12A of the Local government Act 1972 and it is set out in a separate appendix

2. Age Cremations Statistics

(Priority 2)

Recommendation	Rationale	Responsibility
<p>Ensure that reconciliations are regularly carried out between Cremation Age Analysis and Statistics 2016/17.</p>	<p>In order to ensure categories of cremations are accurate, regular reconciliations should be carried out of the Burial and Cremation Administration System.</p> <p>Examination of Statistics 2016-17 identified results were not consistent with Cremation Age Analysis from the Burial and Cremation Administration System for periods October, November and December 2016. It is however acknowledged, that medical referees fees were correct for the same period.</p> <p>Where reconciliations are not conducted and/or checked, there is an increase risk of errors not being identified and corrected. This may lead to misstatement of the accounts.</p>	<p>Bereavement Services Manager</p>
Management response		Deadline
<p>The statistics spreadsheet will be amended to bring the categories recorded in line with the Burials and Cremation Administration System, this will eliminate the problem.</p>		<p>30th April 2017</p>

Staffing

2. Overtime Claims

(Priority 2)

Recommendation	Rationale	Responsibility
<p>Ensure overtime is pre-approved and time worked is recorded prior to claim forms being checked and authorised.</p>	<p>In order to ensure there are no unauthorised payments, all overtime claims must agree with supporting documents and be authorised by a certifying officer.</p> <p>Examination of a sample of five overtime claim forms, identified two instances where supporting records were not held for hours worked for initials KL and JB.</p> <p>Where overtime claims are not validated with supporting documents there is an increased risk of inaccurate overtime being paid.</p>	<p>Bereavement Services Manager</p>
<p>Management response</p>		<p>Deadline</p>
<p>Overtime is always pre-agreed with management so other supporting records are not needed.</p> <p>Audit Comment Documented evidence supporting pre-arranged overtime and hours worked is required.</p>		<p>28th February 2017</p>

Appendix 1 - Audit Framework

Audit Objectives

The audit was designed to establish whether management have implemented adequate and effective controls at NESC.

Audit Approach and Methodology

The audit approach was developed with reference to the agreed Method Statement and by an assessment of risks and management controls operating within each area of the scope.

The following procedures were adopted:

- identification of the role and objectives of each area;
- identification of risks within the systems, and controls in existence to allow the control objectives to be achieved; and
- evaluation and testing of controls within the systems.

From these procedures we have identified weaknesses in the systems of control, produced specific proposals to improve the control environment and have drawn an overall conclusion on the design and operation of the system.

Areas Covered

Audit work was undertaken to cover the following areas:

- Budgetary Control
- Corporate Governance
- Income Debtors
- Cash
- Contract Staffing
- Procurement
- Cremation Documents
- Inventory
- Performance Review Management
- Accounting and Systems
- Members Allowances
- Investments
- Contract Monitoring

Appendix 2 - Staff Interviewed

We would like to thank all staff who provided assistance during the course of this audit, particularly:

- Jean Stevenson (Treasurer)
- Barbara Ward (Bereavement Services Manager)
- Karen Levi (Administrative Assistant)

Statement of Responsibility

We take responsibility for this report, which is prepared on the basis of the limitations set out below.

- The matters raised in this report are only those, which came to our attention during the course of our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made.
- Recommendations for improvements should be assessed by you for their full impact before they are implemented.
- The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.
- Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents.
- Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

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