

REVIEW OF REGISTRARS



FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVES DEPARTMENT

REVIEW OF REGISTRARS

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INTRODUCTION

1. This report sets out the results of our audit of Registrars. The audit was carried out as part of the work specified in the 2019-20 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee. The Head of Service had requested this audit to review the processes in place to record, reconcile and account for income collected. The controls we expect to see in place are designed to minimise the Council's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be addressed by management.
2. The audit objective was to review the adequacy and application of the control framework put in place for the cash minimisation programme and the access arrangements to the registrars' offices to ensure that security risks are mitigated
3. The income collected by this service is either statutory with fees set nationally and exempt from VAT or non statutory which would be variable. Income is collected in advance for planned events spanning financial years and is important to accurately show income in the correct year. This service is subject to external inspection by Registrars General office. The budgeted income for Registrars 2019/20 was £602,040 across all their income streams. The actual income to the end of February 2020 was £662,361, accounting for the advance fees of £76,917. Registrars became a cashless service in February 2019
4. Registrars utilise an IT system to diarise bookings and events that could be developed to facilitate additional financial functions currently undertaken manually. This audit has reviewed the current procedures to collect, record, reconcile and account for income collected by the Registrars Service. Although Internal Audit will not comment on the need or the potential to develop new processes we would support any development to streamline processes that maintained an acceptable level of controls.
5. We would like to thank all staff contacted during this review for their help and co-operation.

AUDIT SCOPE

6. The original scope of the audit was outlined in the Terms of Reference issued on 12th August 2019
The key risk areas were identified as being:-
 - Income collected is not accurately recorded, banked or represented in the Authorities accounts.

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- Reconciliation of income is not completed in a timely manner, supported by system reports or authorised by the appropriate officers.
 - Income collected may not agree to the published fees and charges
 - Inadequate security access to the General Office and main safe.
 - Staffing pressures caused by an increase in life events may lead to a drop in standards, potential breach of statutory duty and loss of confidence from residents.
7. The controls in place to mitigate the impact of the key risk areas specified above were examined. Controls relating to corporate and departmental risks will also be examined where applicable. Our audit will include a review of relevant documentation, interviews with key officers and testing of related procedures and processes.

AUDIT OPINION

8. Our overall audit opinion, number and rating of recommendations are as follows.

AUDIT OPINION	
Substantial Assurance	(Definitions of the audit assurance level and recommendation ratings can be found in Appendix B)

Number of recommendations by risk rating		
Priority 1	Priority 2	Priority 3
0	3	2

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SUMMARY OF FINDINGS

9. The audit has been carried out over a period of time, interrupted by other audit priorities and availability of offices in the Registrars team due to work pressures derived from statutory changes.
10. Interviews and testing have been completed in most of the areas identified in the audit work programme however the sample testing for the daily income was not completed due the current Coronavirus crisis. However the walk through tests undertaken for the daily income and monthly reconciliation gave an adequate level of assurance that the controls were working well in both these areas. The procedures for daily income reconciliation are labour intensive and rely on officers to identify errors. The templates and spreadsheets are reliant on the expertise and knowledge of the Team Manager who is due to leave the organisation at the end of May 2020. It is acknowledged that a process to share knowledge, roles and responsibilities has been initiated. Interviews with the system administrator (IS contractor) and the Head of Financial Systems indicate that there is reporting functionality that could be utilised and developed to record, reconcile and report income.
11. Overall the collection of income, recording, reconciliation and accounting for it, is well controlled. Officers demonstrated a good understanding of controls and accountability; a hierarchy of authorisation and separation of duties. The General Office is secured and only accessed by Registrars staff from the main corridor. The latest external review by the Registrars General in July 2018 concluded that “there are good security arrangements in place at the Registers office” it was also noted that “a good emphasis on office security by staff was evident and good administrative procedures”.
12. The mitigating controls identified on the departmental risk register were evidenced . The Registrars Team operate a casual bank of staff to officiate as registrars allowing the team to manage any peaks in demand.
13. The audit has identified the following issues to be considered by management:-
 - The supporting documentation for refunds had not been retained and available for audit examination, this was not in compliance with the retention of records policy declared by Registrars on the Corporate schedule.
 - There were issues arising reconciling the income collected for advertising to the declared rates for inclusion in the brochure.
 - Advance payments for events had not been correctly shown in the monthly report to Finance. The IT booking system did not show income collected for 1 out of 16 events checked.
 - Registrars celebrants attend private and contract funerals; the income derived from this service had not been correctly shown in the Authority’s accounts as vatable income

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- Procedure notes were not available for all areas of the income collection processes including refunds and advance payments. The procedure notes evidenced for the completion of cash sheets were not owned or dated.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

14. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised, together with management's responses and timescales for implementation. Appendix B details the definition of the audit assurance and priority ratings.

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DETAILED FINDINGS AND ACTION PLAN

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No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
1	<p>Refunds and Retention of Records Online payments are used to collect most income via a payment system. Refunds are actioned via the same online system and will relate to cancelled events or certificates incorrectly requested from Bromley Registrars when the customer has applied to the wrong district. Refunds are restricted to either of the two Team Managers. The walk through test identified that the supporting documentation presented was annotated with informal notes with no date or ownership.</p> <p>From the Income report ran on the 4/3/20 a sample of 10 refunds was selected for audit testing. At a meeting with the Team Manager on the 5/3/20, it was confirmed that all supporting documentation prior to December 2019 had</p>	<p>Unauthorised payments are made from the Authority's accounts as refunds.</p> <p>Inadequate audit trail if records have not been retained to</p>	<p>The refund process should be available as a formalised procedure note.</p> <p>As with other refunds issued from the Authority the refund should be supported by a formal template, setting out the reason for the refund, dates, cross referenced information to identify the original payment and the authorisation. Any annotation should be dated and "owned" by the officer creating the record.</p>	<p>Formal refund procedure to be drafted to include instructions on how they are processed through the system and/or refund by cheque if ever required. Template to manage refund requests to be included and these to be retained for the period outlined on the retention schedule</p>	<p>Team Manager, Business Support</p> <p>Oct 2020</p>

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No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
	<p>recently been disposed and we were therefore unable to complete the audit test.</p> <p>Registrars had completed their retention of records policy, in line with the Corporate policy and posted on One Bromley. This document detailed a service retention policy of 3 years for income activity and/or routine correspondence.</p>	<p>support all refunds and therefore possible fraudulent payments.</p>	<p>The Information Asset Owner for Registrars should ensure that the retention schedule is followed for financial records and correspondence to support the refund.</p> <p style="text-align: center;">Priority 2</p>		

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No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
2	<p>Charging for Advertisements The charges for advertising in the Registrar’s Office (corridor and waiting room) are included in the fees and charges schedule. The cost of advertising in the annual brochure “Bromley – A special place to celebrate” is issued to contributors via an invite e-mail. A 10% discount for early return was offered. All adverts placed in the 2019/20 brochure were checked to the income collected and the summary spreadsheet maintained by the Team.</p> <p>The main issues arising are summarised below the details at appendix C:-</p> <ul style="list-style-type: none"> For 1 provider income was collected but not included in the brochure. 	<p>Inconsistency in the charging for adverts that may result in challenge of favouritism.</p> <p>All income due to the Authority may not be collected</p>	<p>Registrars will need to retain an adequate audit trail to evidence that all contributors had met the deadline and /or extensions to benefit from the 10% discount.</p> <p>A check on the brochure should confirm the inclusion of all adverts for which income has been received.</p>	<p>Extend existing spreadsheet record of advertising orders placed in printed publications by external providers, to include deadline for special offer rates and dates orders received, any subsequent changes in sizes etc. and check and sign off when proof-reading final draft before printing/publication.</p>	<p>Team Manager, Business Support</p> <p>Oct 2020</p>

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No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
	<ul style="list-style-type: none"> 1 provider charged for 1/8th size but the actual advert was 1/4 . Need to evidence that 10% had been correctly applied. <p>On two visits to the Registrars offices on the 20/11/19 and 11/3/20 the adverts displayed in the waiting room and corridor were recorded and satisfactorily checked to income collected for 27 suppliers.</p>		<p>Supporting documentation should give an adequate audit trail to evidence when a payment is made to qualify for any discount, size and type of advertisement. The spreadsheet should be extended to cross reference to actual income collected. Any changes to original orders must be retained to allow reconciliation to income received.</p> <p style="text-align: center;">Priority 2</p>		

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No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
3	<p>Advance Payments for Events Registrars receipt income as advanced payments for events booked in future financial years. The income is shown separately on the daily income sheet and reported monthly to Finance to allow provision at year end. Advance payments taken for 2020/21, up to and including Febuary was £76,217.</p> <p>A sample week of the 15/6/20 to the 21/6/20 was selected to check the income to the agreed charge for the event and then to the IT system diary for that week.</p> <p>For the 16 events planned the fees had been correctly applied and the £100 deposit collected. However the comparison of income to the IT system identified the following:-</p>	<p>Income is incorrectly shown in the Authority's accounts for services delivered in each financial year.</p>	<p>The Department should review their procedure to reconcile and report advance income.</p>	<p>Conduct a complete review of systems, coding and processes used to reconcile the income and advanced fees of the service, considering greater use of automation and utilisation of existing systems/reports available corporately. Develop clear and simple to follow procedural guidance, automated alerts where possible to mis-coding.</p>	<p>Assistant Director-Customer Services</p> <p>Live by April 2021, agreed in principle by Dec 2020.</p>

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No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
	<ul style="list-style-type: none"> • 1 advance payment had been reported with a 2020 date in error, should have been 2021. • 1 payment of £600 reported was subsequently cancelled • 1 event with a £100 deposit not reported to Finance • 1 event not showing as income on the Finance report or updated to the IT system but manual documents show £100 deposit taken on the 28/5/19. 	<p>All income may not have been receipted and the online Registrars system may not reflect all income collected.</p>	<p>The errors identified in the audit testing should be remedied to ensure income is accurately recorded in the Authority's accounts.</p> <div style="text-align: center; margin-top: 20px;"> Priority 2 </div>		

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No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
4	<p>Registrars - celebrants</p> <p>Registrars provided the schedule for private and contract funerals for 2019/20 as at 9.3.20. This was matched to the declared fees to verify the charges and to the income report to verify completeness and timeliness.</p> <p>The main issues arising are detailed at appendix C and summarised below:-</p> <ul style="list-style-type: none"> • The current fees and charges schedule did not include all income charged and collected. • Standard VAT had had been applied to the 3 private funerals but not the 10 community funerals. The VAT Accountant sought external advice and confirmed that the celebrant service was vatable. The 	<p>Inadequate transparency regarding the fees and charges applied by the Registrars.</p> <p>HMRC penalties incurred for incorrectly accounting for income that is categorised as vatable.</p> <p>Incomplete income records do not allow adequate reconciliation.</p>	<p>All charges collected by Registrars should be supported by displayed fees and charges or supported by an adequate audit trail.</p> <p>The monthly reconciliation should identify that vatable charges have been correctly shown in the Authority's accounts.</p> <p>Income should be supported by adequate referencing.</p> <p>Any new category of income to be agreed with Finance to ensure that income is correctly treated with regard to VAT</p> <div data-bbox="1021 1190 1312 1254" style="text-align: center; background-color: #92d050; border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;">Priority 3</div>	<p>Conduct a complete review of income systems and processes used to collect and reconcile charges. To consider greater use of automation and utilisation of existing systems/reports available corporately. Develop clear and simple to follow procedural guidance, automated alerts where possible to mis-coding.</p>	<p>Assistant Director- Customer Services</p> <p>Live by April 2021, agreed in principle by Dec 2020</p>

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No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
	<p>Senior Accountant has made the corrections (income value of £773) and advised that although the income was shown against the correct vatable code, cashiers had not processed the income as vatable. This has been followed up with the Exchequer contractor to ensure this income is correctly coded.</p> <ul style="list-style-type: none"> • The Registrars summary sheet was not showing the up to date income information. • The cash receipting system and then upload to the Authority's accounts did not show the name of the deceased for 9/12 cases checked to allow cross reference and reconciliation • Monthly reconciliation and budget monitoring had not identified the VAT error. 				

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No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
5	<p>Procedures for Cash Sheets The team evidenced procedures to support completion of the daily cash sheets. These are detailed notes however during the two walk through tests it was difficult to follow through step by step for the daily checks and reconciliation. One of the controls is that the cash sheet template has an “ok” display if all values agree but this is not included in the procedures. The Registrars print out the online payments report daily and attach but the General Office do not retain this system report.</p> <p>During the walk through test with General Office staff the daily sheet did not tally and reconcile and for the second stage reconciliation the Team Manager had to resolve the issue given her understanding of the spreadsheets and</p>	<p>Procedures may not be consistently adhered to by all staff. Controls may not be followed if not committed to written procedures.</p>	<p>The procedure notes should set out the step by step process, incorporating screen shots and examples of all records as needed.</p> <p>The Team should ensure that all staff have a good understanding of the daily cash routine and reconciliation to allow adequate business continuity if the Team Manager Registrations is not available to resolve any issues.</p>	<p>Conduct a complete review of systems, and processes for income collection and reconciliation. To consider greater use of automation and utilisation of existing systems/reports available corporately. Develop clear and simple to follow procedural guidance, automated alerts where possible to mis-coding.</p>	<p>Assistant Director-Customer Services</p> <p>Live by April 2021, agreed in principle by Dec 2020</p>

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No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
	<p>record keeping.</p> <p>It is acknowledged that the records for daily income and reconciliation are time consuming and labour intensive but do offer robust scrutiny and control in a timely manner to identify errors the next day. However the Team need to consider any functionality offered by the IT system and online payment system that could streamline these processes.</p> <p>The procedure notes were not dated, owned or stated a revision date.</p>		<p>The Team need to consider any functionality offered by the Registrars IT system and online payment system that could streamline these processes.</p> <p>Procedure notes should be owned, dated and a revision date embedded into the footer of the document.</p> <div data-bbox="1028 940 1258 1007" style="background-color: #92d050; border: 1px solid black; padding: 5px; text-align: center; margin: 10px auto; width: fit-content;"> <p>Priority 3</p> </div>		

OPINION DEFINITIONS

Assurance Level

Assurance Level	Definition
Substantial Assurance	There is a sound system of control in place to achieve the service or system objectives. Risks are being managed effectively and any issues identified are minor in nature.
Reasonable Assurance	There is generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk. Management attention is required.
Limited Assurance	There are significant control weaknesses which put the service or system objectives at risk. If unresolved these may result in error, abuse, loss or reputational damage and therefore require urgent management attention.
No Assurance	There are major weaknesses in the control environment. The service or system is exposed to the risk of significant error, abuse, loss or reputational damage. Immediate action must be taken by management to resolve the issues identified.

Recommendation ratings

Risk rating	Definition
Priority 1	A high priority finding which indicates a fundamental weakness or failure in control which could lead to service or system objectives not being achieved. The Council is exposed to significant risk and management should address the recommendation urgently.
Priority 2	A medium priority finding which indicates a weakness in control that could lead to service or system objectives not being achieved. Timely management action is required to address the recommendation and mitigate the risk.
Priority 3	A low priority finding which has identified that the efficiency or effectiveness of the control environment could be improved. Management action is suggested to enhance existing controls.

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Finding 2 – Charges for advertising

The charges for advertising in the Registrar's Office (corridor and waiting room) are included in the fees and charges schedule. The cost of advertising in the annual brochure "Bromley – A special place to celebrate" is issued to contributors via an invite e-mail. A 10% discount for early return was offered initially before 31st December and then extended.

All adverts placed in the 2019/20 brochure were checked to the income collected. The main issues arising are summarised in finding 4 above, the details are as follows:-

- 1 provider was charged for 1/8 but actual advert was 1/4 – (£150 should be £280)
- 1 provider shown on the income summary but was not in the brochure – (£112.50),
- The charges shown on the summary report shows that income had been collected in April and May 2019, the team will need to evidence that 10% had been correctly applied. It was established that the deadline date was extended past 31/12/2018 and commissions were accepted at Wedding Fairs. The values credited to the account are not consistent with the agreed charges detailed in the invitation letter less VAT or less 10%. The actual values credited to the advertising income will need to be evidenced by Registrars as it is not clear on what basis the charges have been imposed and any supporting documentation should be retained as an adequate audit trail.

On two visits to the Registrars offices on the 20/11/19 and 11/3/20 the adverts displayed in the waiting room and corridor were recorded and compare to income collected; 27 suppliers were satisfactorily checked.

Finding 4 - Registrars celebrants – attendance at private and contract funerals

- the charge for funeral celebrants was included on the 2018/19 and 2019/20 schedule of fees but not the current (2019/20 and 2020/21)
- The Registrars record of celebrants attendance at funerals shows a charge of £100 for the scattering of ashes, but this is not included on the fees and charges schedule. The Head of Service confirmed that this was a one off charge that he had agreed and would have been supported by an e-mail trail. .
- The schedule showed 3 private funerals which agreed to the report generated by Finance and that the income included standard VAT. However for one transaction the income had been journalled but the VAT was not correctly accounted for; Finance to correct and Registrars to be advised.
- For one private funeral, based on the £200 charged and collected, the funeral director was the Council' contracted provider –Registrars to confirm that this was a private funeral
- For the 10 contract funerals shown on the Registrars schedule, £160 charge has been collected but no VAT deducted, indicating that this is non vatable income. Exchequer Manager confirmed that LBB pay the Council's funeral contractor for the celebrant. The VAT

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accountant sought external advice to confirm that this service should be vatable. The Head of Service Registrars confirmed that this income would be vatable as did the Team Manager. The gross amount of £160 was shown on the 8207 code but VAT was not deducted. Finance checked with the Exchequer contractor (cashiers) to verify why income from the Councils funeral contractor is not coded to account for VAT and have now informed Cashiers to ensure that this is remedied moving forward.

- For 3 funerals that took place on 6/2/20, 25/2/20 and 4/3/20 no income was shown as being collected on the Registrars summary sheet. It is assumed that all three were contract funerals given the funeral director. The cash receipting system shows £160 for the first two dates, the 4/3/20 was only 1 week prior to testing so accepted time lag.
- The cash receipting system and then upload to the Authority's accounts did not show the name of the deceased for 9/12 cases checked.