

Final Internal Audit Report

Registrars

July 2017

Distribution:

- Executive Director of People (Final Only)
- Director of Gateway and Welfare Services
- Head of Bereavement Services and Registrars
- Superintendent Registrar

Assurance Level	Recommendations Made	
Limited Assurance	Priority 1	1
	Priority 2	2
	Priority 3	3

Status of Our Reports

This report ("Report") was prepared by Mazars Public Sector Internal Audit Ltd at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality

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1. Introduction

1.1 The Croydon Registrars Office, based at the Croydon Town Hall, provides the following services to local residents:

- Registration of a birth or death, re-registration of a birth or giving notice of marriage or civil partnership;
- Civil marriages and civil partnerships (either at the Register Office itself or at other approved premises);
- Copies of birth, death, civil partnership and marriage certificates relating to Croydon only;
- General searches of the indices for births, deaths and marriages (at the discretion of the Chief Superintendent Registrar and by appointment);
- Citizenship ceremonies for successful British citizenship applicants; and
- Nationality Checking Service for citizenship applications.

1.2 The audit is being undertaken as part of the agreed Internal Audit plan for 2017/2018.

2. Key Issues

2.1 **While limited assurance has been given, it is important to note that there have been significant improvements since the last audit, in particular the minimising of cash takings and stronger management of controlled stationery.**

Priority 1 Issues

Appropriate records of stock issued, income collected and refunds issued were not being maintained by all of the Registrars and independent reconciliations of these records to the daily cash summary sheets was not being conducted, **(Issue 1)**.

Priority 2 Issues

Post received by the Registrars was not always opened by two officers, **(Issue 2)**.

Reconciliations between registrar income records, banking receipts and the general ledger were not being conducted, **(Issue 3)**.

Priority 3 issues are included under item 4 below.

3. Actions and Key Findings/Rationale

Control Area 2: Receipt and Recording of Income	
Priority	Management's Action Plan
1	<p>The current cash book needs to be revised to ensure accurate monitoring of controlled stock and revenue receipt. This work is now being undertaken as a priority by a colleague in Service Development. It is anticipated that this work will be completed in July 2017.</p> <p>In the interim the existing Registrars cashbooks are stored on SharePoint updated daily and checked and reconciled weekly by the Superintendent Registrar. Registrars record transactions on a daily basis keeping receipts allowing transactions to be monitored by customer name and transaction reference number.</p> <p>This process has been agreed with Governance as a short term fix until the cash book has been revised and updated. This is checked by the Superintendent Registrar daily to check accuracy, Governance have confirmed that this process also meets the required criteria.</p> <p>A restructure of the service is now underway which will reduce the stock holders from 4 to 2 and add another layer of checking and</p>
Detailed Finding/Rational – Issue 1	
	<p>In order to ensure that income is correct, an independent reconciliation process of stock issued, income collected and refunds issued should be in place.</p> <p>The detailed records of transactions for a sample of 10 days was requested from the three Senior Registrars and the Superintendent Registrar. It was identified that, while detailed records of all income received on each of the 10 days on the sample were maintained by the Superintendent, the same records were not maintained by the three Senior Registrars. Examination of the daily cash summary sheets also identified that, while all of these were signed by the respective registrars, none of these were evidenced as checked.</p> <p>Discussions with the three Senior Registrars and the Superintendent Registrar established that they did not consider the current cash book fit for purpose as it did not provide correct reconciliation figures.</p> <p>A similar issue was identified and reported in the 2014/15 audit report. Where appropriate records are not maintained, reconciliations of stock issued, income collected and refunds cannot be conducted and there is a risk that income may not be properly accounted for.</p>

	<p>management of both stock and financial transactions. We are looking at industry bespoke alternative cashbooks to streamline and simplify the reconciliation process.</p> <p>The controlled stock of certificates is now stored in a locked cupboard within the Registrars vault to further increase security.</p> <p>Once the restructure is in place and all posts filled it is proposed to undertake monthly stocktakes.</p>	
<p>Responsible officer</p>	<p>Deadline</p>	<p>31 July 2017</p>
<p>Head of Bereavement Services and Registrars/ Superintendent Registrar</p>		

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Priority	Management's Action Plan	Detailed Finding/Rational – Issue 2
2	<p>All registration staff have been spoken to individually regarding the requirement to adhere to the documented procedure in relation to the opening of post. The team have also been e-mail and collectively spoken to at the June team meeting.</p> <p>A reoccurring reminder has also been put onto Outlook.</p> <p>Frequent random compliance checks of the post book are being undertaken by the Superintendent Registrar.</p>	<p>The Council's income procedures state that, 'At least two employees must be present when post is opened where money is received by post and that the cash is properly identified and recorded. Where this happens unexpectedly, staff should be aware of the need to get a witness immediately.' This is supported by the Postal Applications guidance note which states that, 'All post received by Croydon Register Officer will be opened by two members of staff'.</p> <p>The examination of the Post Incoming Record Book identified that for 6 items during March and April 2017, there was only one set of initials present, i.e. there is only evidence that these items of post had been opened by one person.</p> <p>A similar issue was identified and reported in the 2014/15 audit report.</p>
Responsible officer	Deadline	Where Income received by post is not received and dealt with by two officers, there is an increased risk that complete income may not be recorded and accounted for which could result in financial loss.
Head of Bereavement Services and Registrars/ Superintendent Registrar	31 July 2017	

Control Area 3: Banking and Reconciliation											
Priority	Management's Action Plan										
2	<p>We have been actively promoting cashless transactions throughout the service. Which has resulted in the amount of cash being handled and banked reducing significantly, see below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Month</th> <th>Cash banked</th> </tr> </thead> <tbody> <tr> <td>Jan</td> <td>£1033 (1.29% Of monthly income)</td> </tr> <tr> <td>Feb</td> <td>£648 (1.25% Of monthly income)</td> </tr> <tr> <td>Mar</td> <td>£468 (0.72% Of monthly income)</td> </tr> <tr> <td>Apr</td> <td>£308 (0.69% Of monthly income)</td> </tr> </tbody> </table> <p>Cash and Control email the Superintendent Registrar a copy of the bank paying in slips weekly for all Registrars which are added to the manual paying in sheet and reconciled.</p> <p>These numbers represent the exception process for appointments when a customer presents without a debit card or on occasions over the months when ICT issues have forced us to resort to cash payments.</p> <p>Quarterly meetings with finance will be used to check and reconcile office records with the general ledger.</p>	Month	Cash banked	Jan	£1033 (1.29% Of monthly income)	Feb	£648 (1.25% Of monthly income)	Mar	£468 (0.72% Of monthly income)	Apr	£308 (0.69% Of monthly income)
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	<p>Detailed Finding/Rational – Issue 3</p> <p>The Council's income procedures state that, 'Income is paid fully and promptly into the appropriate Council bank account in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a regular basis.'</p> <p>Discussions established that banking receipts are not currently obtained and reconciled to registrar records. Discussion with Cash and Control established that receipts were being sent back to Registrars, but that following a recent conversation with the Superintendent Registrar, these are now being scanned and e-mailed.</p> <p>Furthermore, while it was confirmed that the Management Accountant regularly sent records of general ledger income records to the Superintendent Registrar, discussions established that reconciliations were not being carried out between registrar records and general ledger.</p> <p>A similar issue was identified and reported in the 2014/15 audit report.</p> <p>Where regular reconciliation is not conducted between banking receipts and Registrar records and also to the general ledger, there is an increased risk that banking errors and omissions may not be identified and rectified in a timely manner and that miscoding of income to the general ledger may not be detected.</p> <p>While this is a serious matter, as nearly 99% of transactions are via credit or debit card, this has been assessed as a priority 2 recommendation.</p>										

Responsible officer	Deadline	
Head of Bereavement Services and Registrars/ Superintendent Registrar	31 July 2017	

4. Priority 3 Recommendations

Management's Action Plan	Findings
<p>a) We will review and update the policies and procedures as part of a rolling plan. The proposed restructure will allow us to add this as a duty for Team leaders going forward.</p>	<p>Five of the policies and procedures were found to be due for review and, where appropriate, update. These were:</p> <ul style="list-style-type: none"> • Postal applications last reviewed in 2015 • Senior Generic Registrar last reviewed in Sep 2015 • Keys to rooms and Cupboards Aug 2015 • Staff Uniform July 2015 and Certificate record sheet Sept 2014 <p>Where guidance notes are not regularly reviewed and updated, there is a risk that outdated practices may be applied by staff which could result in inefficiencies.</p>
<p>b) A substantial amount of training is underway. Over the last 5 months we have received group training at team meetings in Office 365, Windows 10, Agile Working, SharePoint, Governance, The role of the Coroners and we have training scheduled in Child deaths and safeguarding, each individual team member has a training plan built into their new Appraisal and at our regular 121's we discuss training needs and opportunities. These include training via the learning portal, the general register office website, on the job by shadowing, formal training from professional trainers and ongoing group sessions at team meetings.</p>	<p>While it was confirmed that staff guidance notes were in place and that staff were required to read and sign to confirm that they have understood guidance notes, discussions with registrar staff identified the need for formal training. Further discussions with the Superintendent Registrar established that the team is currently working on producing a training plan for all staff members and a copy of an initial draft training plan was provided.</p> <p>Where appropriate training is not provided to staff, there is a risk that incorrect and inconsistent working practices may be adopted by Registrars staff which could result in inefficiencies and resource wastage.</p>
<p>c) We have looked at the procedure of issuing certificates and receiving payments and the daily cashing up sheets process. These provide assurance that certificates are being paid for at time of issue.</p>	<p>The examination of a sample of 20 issued certificates (eight Marriage, six Birth and six Death certificates) identified one instance where evidence of payment receipt could not be found and income records were not maintained.</p> <p>Where payment is not received and receipts issued prior to certificates being issued to clients there is an increased risk that payment may not be received which will result in financial loss to the Council.</p>

TERMS OF REFERENCE

Registrars

1. INTRODUCTION

1.1 The Croydon Registrars Offices, based at the Croydon Town Hall, provides the following services to local residents:

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- Citizenship ceremonies for successful British citizenship applicants; and
- Nationality Checking Service for citizenship applications

1.2 The audit is being undertaken as part of the Internal Audit plan for 2017/2018 as agreed by the Councils General Purposes and Audit Committee.

2. OBJECTIVES AND METHOD

2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes

2.2 The audit will for each area included in the scope:

- Document and evaluate the risks and controls for each process;
- Walkthrough the processes to consider the key controls;
- Undertake sufficient testing of controls operating, on a representative sample basis; and
- Reach a conclusion on the effectiveness of the controls operating and report.

3. SCOPE

3.1 The audit included the following areas:

Control Areas/Risks	Issues Identified		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Regulatory, Organisational and Management Requirements	0	0	2





Registrars 2017/18

Receipt and Recording of Income	1	1	1
Banking and Reconciliation	0	1	0
Stock Control	0	0	0
Security	0	0	0
Total	1	2	3

DEFINITIONS FOR AUDIT OPINIONS AND RECOMMENDATIONS

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are consistently applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and/or non-compliance that puts achieving the system objectives at risk.
	No Assurance	Controls are non-existent or weak and/or there are high levels of non-compliance, leaving the system open to the high risk of error or abuse which could result in financial loss and/or reputational damage.

Priorities assigned to recommendations are based on the following criteria:

Priority 1 (High)	Fundamental control weaknesses that require the immediate attention of management to mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that represent an exposure to risk and require timely action.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, action to address still provides an opportunity for improvement. May also apply to areas considered to be of best practice.

STATEMENT OF RESPONSIBILITY

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. The matters raised in this report are only those which came to our attention during the course of our 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 our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars Public Sector Internal Audit Limited accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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