

DURHAM COUNTY COUNCIL

CENTRAL DURHAM CREMATORIUM JOINT COMMITTEE

At a Meeting of **Central Durham Crematorium Joint Committee** held in **Committee Room 1A - County Hall, Durham** on **Monday 14 December 2009** at **4.15 pm**

PRESENT

COUNCILLOR J Marr in the Chair

Members of the Committee:

Councillors N Foster, M Plews, R Rodgers, A Thomson, F Walker, J Wood and C Woods

Officers Present:

Paul Darby	Head of Finance, HR and Business Support, Neighbourhood Services, Durham County Council
Graham Harrison	Bereavement Services Manager, Neighbourhood Services, Durham County Council
Paul Heppell	Audit Manager (District Audit), Audit Commission
Peter Jackson	Auditor, Internal Audit, Durham County Council
Alan José	Superintendent and Registrar, Durham Crematorium
Mark Outterside	Auditor (District Audit), Audit Commission
Derek Shingleton	Accountant, Spennymoor Town Council
Sharon Spence	Clerk to the Central Durham Crematorium Joint Committee

A1 Report of the Treasurer to the Joint Committee – Revised Statement of Accounts 2008/09.

The Head of Finance, HR and Business Support, Paul Darby asked members to receive the Report setting out the amended Statement of Accounts for 2008/09 which included a limited number of adjustments as to correct mis-statements and to improve presentation and ease of understanding. Members were also asked to note additional amendments to the Annual Governance Statement as set out within further papers circulated subsequent to the main Agenda papers.

Resolved:

That the revised Statement of Accounts 2008/09, including the abovementioned amendment to the Annual Governance Statement be approved.

A2 External Audit Report – Statement of Accounts 2008/09.

The Head of Finance, HR and Business Support, Paul Darby introduced the Audit Manager (District Audit) - Audit Commission, Paul Heppell and the Auditor (District Audit) - Audit Commission, Mark Outterside.

The Audit Manager thanked the Chair for the opportunity to present the Report on behalf of the District Auditor, Cameron Waddell who was unable to be in attendance at this specially convened meeting.

The Audit Manager began by explaining that the process of External Audit was a national requirement and the Report would hopefully inform the Joint Committee as to the key issues identified within the annual audit work carried out. Members were reminded of the context of the Report, namely that of Local Government Reorganisation and the need for more rigorous Statement of Recommended Practise (SORP) accounting procedures as a consequence of an increase in income at the Crematorium.

The Audit Manager noted that the Report had two key functions, one to explain the District Auditor's opinion on the accuracy of financial statements within the Statement of Accounts, and secondly to give a conclusion on the value for money in relation to use of resources.

The Accountant from Spennymoor Town Council, Derek Shingleton noted that his copy of the Audit Report appeared to have been printed erroneously, omitting the even numbered pages. Several of the Members' copies also were missing the even pages. Accordingly, replacement copies were produced and circulated to Members.

The Committee were taken through the correct copy of the Report by the Audit Manager, who highlighted that in relation to the first key function of the District Auditor's Report, there were several issues highlighted and set out within the Report, including a lack of evidence relating to:

- adequate arrangements being in place for ensuring its draft financial statements complied with statutory requirements, statutory and regulatory timetables, and relevant accounting and reporting standards;
- effective internal audit arrangements being in place throughout the year in accordance with CIFPA standards; and
- sound internal financial controls for all key systems, particularly for income and the general ledger.

Within the District Auditor's Report, errors with the opening balances and errors in connection with fixed assets were noted, as was an amendment required to take into account the financial impact of the current economic climate on the figures, in particular those relating to land values. Also, the Audit Manager informed Members that the report highlighted issues relating to the need for robust year end cut off arrangements and to several specific SORP requirements that had not been met.

The Joint Committee were asked to note that adjusted amendments to the accounts and unadjusted mis-statements in the accounts were set out at Appendices 2 and 3 respectively. Members were apprised of the Draft Letter of Representation set out at Appendix 4 for Officers' use in responding to issues raised within the District Auditor's Report.

The Audit Manager asked Members to note that there was scope for the Annual Governance Statement to be enhanced, with more accurate identification of areas for improvement and actions that would enable such improvements to be put into practice.

Accordingly, the District Auditor's Report indicated that he would give an unqualified opinion on the Joint Committee's financial statements.

The Audit Manager explained the second key function of the Report, a conclusion upon the value for money offered in relation to the use of resources, was set out at Appendix 5. The Report noted that in this respect the Statement of Accounts was acceptable, albeit with two issues highlighted:

- a need to ensure financial reporting is timely, reliable and meets the needs of internal users, stakeholders and local people; and
- a need for adequate arrangements for managing risks and maintaining a sound system of internal control.

Accordingly, the District Auditor's Report indicated that he would give a qualified value for money conclusion, noting the abovementioned points.

The Audit Manager concluded by mentioning that the recommendations as contained within the main body of the Report were set out in an Action Plan at Appendix 6.

The Chair thanked the Audit Manager and asked if there were any questions.

The Accountant from Spennymoor Town Council asked the Head of Finance, HR and Business Support, via the Chair, whether the Joint Committee could be assured that the issues highlighted by the District Auditor's Report would indeed be addressed.

The Head of Finance HR and Business Support responded by noting several of the issues highlighted had already been addressed, and whilst some were related to the practical set up of accounts, notwithstanding monthly reconciliations between accounts being undertaken, it may be that in consultation with the Treasurer, Stuart Crowe and the Superintendent and Registrar, Alan José, that procedures and practices may need to be updated.

The Superintendent and Registrar noted that the Report could be read as giving a negative reflection of the work undertaken by Officers in preparing the Statement of Accounts. The Auditor (Internal Audit), Durham County Council commented that most of the material adjustments as set out in the Report referred to issues carried over from previous years accounts, not necessary from the 2008/09 period.

The Auditor (Internal Audit) also asked Members to note that the Consultant Accountant brought in to help with the Statement of Accounts had provided invaluable assistance and had brought himself up-to-speed very quickly despite no prior experience of Local Government. Both the Head of Finance HR and Business Support and the Superintendent and Registrar thanked the Auditor from Internal Audit and his colleagues for their help in bringing together the Statement of Accounts at such short notice especially as they were not asked to do so until after the statutory deadline for SORP reporting had passed.

The Auditor (District Audit), Audit Commission noted that the Report was not intended to appear critical of Officers, but was rather the issues highlighted were aimed at a higher level and that the Report simply applied the appropriate SORP criteria to the Joint Committee's Statement of Accounts and procedures. The Audit Manager agreed and noted that the operational aspects of the Crematorium were not in question, rather there was an opportunity for improvement in relation to the financial, auditing and governance arrangements in order to comply with SORP requirements.

The Head of Finance HR and Business Support assured the Joint Committee that the issues raised within the Report, and recommendations as set out within it, would be addressed in order to ensure future financial arrangements put in place would lead to Statements of Accounts that were SORP compliant.

The Chair thanked the Officers for their comments and asked the Members of the Joint Committee for agreement as regards agreeing with the External Audit – Annual Governance Report.

Resolved:

- (a) That the External Audit Report (Annual Governance Report) of the District Auditor be noted.
- (b) That the recommendations contained within the Annual Governance Report to be addressed by the appropriate Officers on behalf of the Central Durham Joint Crematorium Committee.