

# Central Durham Crematorium Joint Committee

25 April 2012

## Response to the 2011 / 2012 Internal Audit Report



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## Joint Report of Terry Collins – Corporate Director: Neighbourhood Services; Don McLure – Corporate Director: Resources & Treasurer to the Joint Committee

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### Purpose of the Report

1. The purpose of this report is to present for Member's consideration, the response to the Central Durham Crematorium Joint Committee Internal Audit Report for 2011/2012.

### Background Information

2. In accordance with Durham County Council's Annual Internal Audit plan, a review of the Central Durham Crematorium was undertaken in February / March 2012.
3. The overall objective of the review was to provide a risk based assessment of the systems in place in order to form an opinion as to whether such systems are robust and provide an adequate basis for effective internal control.
4. The review undertaken by Internal Audit forms part of the overall assurance process required by the Joint Committee for inclusion within the Annual Governance Statement and Statement of Accounts.

### Audit Opinion and Action Plan

5. Following the presentation of the 2011/2012 Internal Audit report, members will note that Internal Audit has provided **Substantial Assurance** on the Joint Committee's system of internal control highlighting that there are only some minor weaknesses which may result in some system objectives being put at risk. As such, the minor governance and internal control weaknesses identified have been classified as follows:
  - 3 Issues at low classification
  - 1 Issue at advisory classification
6. Whilst the classifications above indicate that the actions required to address the minor weakness identified during the review are considered desirable, to strengthen the system of internal control these have been incorporated into an action plan with a number of such actions already implemented.

7. The action plan fully addresses the issues identified in the Internal Audit Report and the current position is set out below for Members information.

- **Recommendation 01**

***The SAGE Accounting System should be used directly by crematorium staff for recording the sales and receipts, purchasing, invoicing and reporting functions. Manual records should be phased out to streamline processes and release resources.***

The tasks identified in the audit recommendation have been undertaken via the SAGE system since its implementation, they were however undertaken by Finance staff in the interim period as a result of staff resources and ICT network issues within the Crematorium. Further training was provided to Crematorium staff immediately following the audit review and ICT network problems have now been resolved. All purchase orders are now being input onto the Sage system directly by Crematorium staff rather than Finance staff and authorised by the Superintendent & Registrar. The daily sales ledger is also being undertaken by Crematorium staff. This action was implemented immediately following the Internal Audit findings.

- **Recommendation 02**

- ***When ashes are collected, a printed, signed and dated record should always be retained and the individual should be confirmed/authorised prior to ashes release***

The Superintendent and Registrar has reminded staff of the high importance in having these forms fully completed. A documented checklist for staff has been prepared identifying the full requirements of the ashes collection process. This action has been implemented immediately following the Internal Audit findings.

- **Recommendation 03**

- ***The level of Sundry Debtors were not available immediately, the use of SAGE would mitigate risk.***

As highlighted in the response to Recommendation 01, the SAGE system has been used since its implementation however sales ledger tasks were undertaken on a retrospective basis by Finance staff thus resulting in a timing delay in data of approximately 1- 2 weeks. The manual sales ledger process continued to be undertaken by Crematorium staff, and it was this process that was reviewed by the Internal Audit Service. Immediately following the audit review, Crematorium staff proceeded to input the debtor's invoices directly onto the SAGE system, However it should be noted that due to the small number of transactions, the Bank Reconciliation task is undertaken on a monthly basis and only at this point will the true debtors balance be identified.

#### **Recommendation 04**

- ***Consideration should be given to reducing the petty cash requirement by purchasing stamps through the Council's ordering process***

The Superintendent and Registrar has ensured that postage stamps are now being purchased via formal ordering procedures with a purchase order being raised. This action has been implemented immediately following the Internal Audit findings. The level of petty cash will be monitored over the next 12 months with the view to a reduction in petty cash held.

8. The action plan identified above further indicates the high level of commitment of Joint Committee in ensuring that all systems of internal control are as robust as possible.

#### **Recommendations**

9. It is recommended that:

- Members of the Joint Committee note the Internal Control requirements and the action plan contents (both implemented and required) with regards to addressing the Internal Audit recommendations

#### **Background Papers**

2011/2012 Annual Audit Report and Audit Opinion

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## **Appendix 1: Implications**

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### **Finance**

There are no finance implications associated with this report.

### **Staffing**

There are no staffing implications associated with this report.

### **Risk**

Addressing the recommendations arising from the Annual Internal Audit Report 2011/12 will ensure that the Joint Committee will improve its governance arrangements and address the minor inefficiencies identified with regards to the maintenance of the Joint Committees books and records. Failure to address these concerns could potentially adversely affect future audit conclusions and could also affect the working relationship that exists with our internal and external auditors.

### **Equality and Diversity/ Public Sector Equality Duty**

There are no Equality and Diversity implications associated with this report.

### **Accommodation**

There are no Accommodation implications associated with this report.

### **Crime and Disorder**

There are no Crime and Disorder implications associated with this report.

### **Human Rights**

There are no Human Rights implications associated with this report.

### **Consultation**

None. However, officers of Spennymoor Town Council were provided with a copy of the report and given opportunity to comment / raise any detailed questions on the content of the report in advance of circulation to members of the Central Durham Joint Committee

### **Procurement**

There are no Procurement implications associated with this report.

### **Disability Discrimination Act**

There are no Disability issues associated with this report.

### **Legal Implications**

The Accounts and Audit Regulations and Code of Practice set out the legal and regulatory framework in which the accounts of the Joint Committee are prepared. The proposals within this report seek to strengthen the Joint Committees compliance with these regulations.