

## Mountsett Crematorium Joint Committee

27 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 Mountsett 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 Mountsett Crematorium was undertaken in 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:
  - 1 issue at low classification
  - 2 Issues 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**

***Requests should be sent to 'Neighbourhood Services Debtors' email address to improve the timeliness of raising invoices***

This action has been implemented. Invoices were sent immediately following receipt of the Internal Audit report recommendation via the 'Neighbourhood Services Debtors' email address, allowing Business Support to raise invoices within 5 working days thus realising the PI target

- **Recommendation 02**

***Payment Vouchers for medical referees should be sent to creditors for processing to improve the efficiency of the system.***

As recommended in the Internal Audit Report, the Medical Referees are now sent direct to Creditors via payment vouchers. With the introduction, however of a 'No Purchase Order No Pay' policy and in order to harmonise the Medical referees payment process in line with the Central Durham Crematorium, it is proposed that all medical referees will be paid via the DCC payroll system from 1<sup>st</sup> June 2012.

The Assistant Superintendent & Registrar has contacted the medical referees via letter to advise of the payment changes during April 2012.

- **Recommendation 03**

***Staff should be notified of the need to code Book of Remembrance Income for VAT. In addition, adjustments should be made to ensure all Book of Remembrance income already receipted correctly accounts for VAT***

The error identified was as a result of the parameters within the cash receipting system for this payment type being set to a default 'Exempt VAT' status.

DCC Business Support Service staff receipt income via the Paying Book and Summary of Income sheets which breakdown the various types of income. These sheets have now been amended to clearly state the Income code and VAT status attached to each element of income. A further summary has been included at the bottom of the Summary of Income sheets to split out the GROSS, VAT and NET Income.

In addition an extract from the Bereavement Services fees and charges schedule (attached at Appendix 2) which clearly identifies the VAT status of each income element along with a brief guidance statement (attached at Appendix 3) has been distributed to all relevant Business Support staff by the Principal Accountant.

A monthly reconciliation will also be undertaken by Neighbourhoods Finance to ensure that the VAT element has been coded correctly.

8. The action plan identified above further indicates the 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 2011/2012 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 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 Gateshead 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 Mountsett Crematorium.

### **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.