

## Mountsett Crematorium Joint Committee

25 April 2013



## Response to the 2012-2013 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 2012/2013

#### Background Information

2. In accordance with Durham County Council's Annual Internal Audit plan, a review of the Mountsett Crematorium was undertaken in February 2013.
3. The overall objective of the review has been to provide a risk based assessment of the systems in place in order to form an independent and objective 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 2012/2013 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 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 dates and signatures of staff handling and receiving cash should be recorded in the blue banking book in order to maintain a management audit trail which can be traced through to the bankings***

This action has been implemented immediately following the audit recommendation. Dates and signatures have been fully recorded in the banking book from 1 March 2013.

- **Recommendation 02**

***Cash handling procedures, specifically with regards to secure collections should be implemented following the roll out of ICON and Webcard systems***

The ICON Cash Receipting system rollout is scheduled for completion by the end of May 2013. Once introduced, the Crematorium will comply fully with the cash handling procedures including the secure collections via DCC LOOMIS contract.

A further update will be provided to the Committee following the ICON introduction.

- **Recommendation 03**

***Evidence is to be maintained on file which confirms when Accounts Receivable requisitions are passed to Business Support – Financial Support for invoices to be raised***

This action has been implemented immediately following the audit recommendation. The file process along with requested date recordings has been undertaken w.e.f. 1 March 2013.

- **Recommendation 04**

***Consideration should be given to the stock of wooden urns being disposed of either by Transfer, sales to funeral directors or writing off as obsolete***

To ensure all avenues have been exhausted prior to a write off decision, discussions have are being undertaken in consideration to obtaining a supplier who may be able to purchase and use/resell the urns.

In addition, discussions have been held with the Superintendent and Registrar of the Central Durham Crematorium Joint Committee regarding a possible transfer of the stock items.

A further update will be reported to the Joint Committee at the Annual General Meeting in June 2013.

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 note the Internal Control requirements and the action plan contents, both implemented and required with regards to addressing the Internal Audit recommendations
- Members note the items to be further reported at future meetings of the Joint Committee.

## **Background Papers**

2012/2013 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.