

# Mountsett Crematorium Joint Committee

17 June 2011



## Response to the 2010 / 2011 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 2010 / 2011.

#### Background Information

2. In accordance with Durham County Council's Annual Internal Audit plan, a review of the Mountsett Crematorium was undertaken in March 2011.
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 2010/2011 Internal Audit report, members will note that Internal Audit has provided **Substantial** Assurance on the Joint Committees system of internal control, highlighting only very minor governance and internal control issues which have all been categorised as low risk.
6. Whilst the 'low' classification indicates that the actions required to address the minor weakness identified during the review are considered desirable, to strengthen the system of internal control an action plan has been produced with a number of such actions already implemented:
7. The action plan takes the following format in addressing the issues identified in the Internal Audit Report.
  - ***Adjustments should be made to ensure all Book of Remembrance Income correctly accounts for VAT.***

The error identified was as a result of the parameters within the cash receipting system being temporarily set incorrectly for this payment type. The impact of this error however was relatively minor with the VAT amounting to £386.43.

The system has been corrected immediately to ensure no further impact on the Crematoriums funds, and adjustments to correct the previous error have been undertaken and reported to the VAT officer within Durham County Council though the sums involved falls well below the threshold for voluntary disclosure.

- ***Application forms should be signed by the Funeral Director.***

The application forms are effectively an agreement by the Funeral Directors that all services requirements have been carried out in a suitable manner. The Superintendent and Registrar has now ensured that the administrative processes and procedures include the mandatory signing of such forms.

- ***Dates of when ashes are collected must be recorded on the collection form as well as the signature of the person collecting the ashes.***

Whilst Funeral Directors sign when ashes are collected, the date of collection is not always recorded. The Superintendent and Registrar has now ensured that the administrative processes and procedures include the dating of such records.

- ***Consideration should be given to the development of a Service Asset Plan.***

Substantial Improvements have been made through the opportunities afforded by the harmonisation of fees and charges in 2010/2011. The Joint Committee has significantly more financial capacity to address investment requirements going forward. Feasibility studies are already underway, specifically for the development of the crematorium grounds for the display of memorial plaques etc. These feasibility studies will further inform an Asset Management Plan, which will be produced in the coming year by the Superintendent and Registrar.

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**

2010/2011 Annual Audit Report and Audit Opinion

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## **Appendix 1: Implications**

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### **Finance**

None

### **Staffing**

There are no staffing implications associated with this report.

### **Risk**

Addressing the recommendations arising from the Annual Internal Audit Report 2010/11 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**

None

### **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**

None

### **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**

None

### **Disability Discrimination Act**

None

### **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.