

29 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 Central Durham 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 Central Durham 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 2010/11 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 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:
  - 2 Issues at medium classification
  - 4 Issues at low classification
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 these have also been incorporated into an action plan 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.

- ***All orders should be independently authorised (this issue should be addressed during the development of SAGE). (Internal Audit rate this as Medium Priority for Action)***

As an interim measure, manual purchase orders will be raised by the Admin Officer and will then be authorised by the Superintendent and Registrar thus strengthening the segregation of duties requirement. This has been implemented immediately following the Internal Audit findings.

The SAGE system allows users to be set up within a hierarchical structure with a requisitioning function allocated to designated officers and escalating to designated authorisers. The introduction of this system will completely remove the highlighted risk.

- ***Arrangements should be made for the IT system to be `backed up` on a weekly basis. (Internal Audit rate this as Medium Priority for Action)***

The implementation of the SAGE system onto the DCC Server will ensure that the system will fall under the ICT Backup arrangements. All data will be backed up on a daily basis.

As an interim measure, the Superintendent and Registrar will be ensuring that the It system will be backed up on a weekly basis. This has been implemented immediately following the Internal Audit findings.

- ***Ashes collection forms should be signed and dated by the Funeral Director (Internal Audit rate this as Low Priority)***

The Superintendent and Registrar has ensured that the administrative processes and procedures consistently include the signing and dating of such records. This action has been implemented immediately following the Internal Audit findings.

- ***Consideration should be given to the development of a Service Asset Plan (Internal Audit rate this as Low Priority)***

The redevelopment plan and current works being undertaken at the Crematorium address the areas identified within the Master Plan previously approved in 2000. Going forward, the Superintendent and Registrar will ensure the production and completion of the Asset Management Plan by the end of the next financial year.

- ***Consideration should be given for a smoke alarm to be installed within the Superintendent and Registrars office (Internal Audit rate this as Low Priority)***

The Crematorium redevelopment works have included a fire rated storage room which will include heat/ smoke detectors.

To manage the risk however as an interim measure, a smoke alarm has been fitted within the Superintendent and Registrars office until the re-development works have been completed.

- ***Consideration should be given for the BACUS system to be used in future to determine Medical fees which are due for payment (Internal Audit rate this as Low Priority)***

The BACUS system report on Medical fees due for payment is now being used to ensure that fees are paid correctly and reconciled at an individual level.

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**

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.