

Mountsett Crematorium Joint Committee



24 April 2014

Response to the 2013-14 Internal Audit Report



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

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 2013-14

Background Information

2. In accordance with Durham County Council's Annual Internal Audit plan, a review of the Mountsett Crematorium was undertaken in February 2014
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 2013-2014 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 weakness which may result in system objectives being put at risk. As such, the minor governance and internal control weaknesses identified have been classified as follows:
 - 2 Issues at low classification
6. Whilst the classification above indicates that the actions required to address the minor weaknesses are considered desirable, to strengthen the system of internal control it has been incorporated into a specific action plan.
7. The action plan fully addresses the issues identified in the Internal Audit Report and further indicates the level of commitment of Joint Committee in ensuring that all systems of internal control are as robust as possible. The current position is set out below for Members information.

- **Recommendation 01 CRA 10**

Procedures to be improved to ensure that purchase orders are not created retrospectively.

Durham County Council's Corporate Guidance and Contract Procedure rules have been reviewed by the Bereavement Services Manager. Training is being arranged for Crematorium staff to ensure and reinforce compliance with these procedures. Initial training and condensed crematorium specific procedure notes will be completed by April 2014 with processes put in place for monthly reviews by the Bereavement Services Manager to identify and address any non - conformance.

- **Recommendation 02**

A business case for the implementation of the SAGE Accounting System to be presented to and considered by the Joint Committee

The SAGE System was implemented at the Central Durham Crematorium during 2010/11 due to the FMS (Oracle) being inaccessible to Crematorium staff. It has proven to be an effective financial management system (FMS) and has over time reduced duplication and improved efficiency. The initial set-up, transfer and archiving of historic data was managed by the Principal Accountant- Direct Services without any adverse implications on service delivery or the provision of financial information.

Access to Oracle is not deemed to be an issue at Mountsett Crematorium

Initial discussions between the Principal Accountant and the Bereavement Services Manager have taken place and a gap analysis exercise commenced. It is envisaged that the processes at Mountsett Crematorium would mirror those currently undertaken at Durham Crematorium.

The SAGE 50 Financials software provides multi user access enabling robust Financial, Budget, Customer, Supplier and Purchase Order Management.

Initial enquiries have indicated that the Sage 50 Financial Package which includes Sage Cover, an element of Training and an invoice starter pack would provide best value for money in line with the Joint Committees requirements. This package is currently used by the Central Durham Crematorium. The cost of this package is £2,328. In addition, in order to access the system at both the Crematorium and at County Hall, an additional licence costing £250 would be required.

The need for the Crematorium to ensure internal control and sound financial management would continue to be satisfied by the introduction of the Sage Software package and having undertaken the transfer on behalf of the Central Durham Crematorium the setup time would be minimal. The costs of the new system are relatively modest and could be accommodated within the revenue budget for 2014/15.

A full report identifying the set up requirements will be brought to the September meeting of the Joint Committee should members wish to consider a new FMS in greater detail.

8. It is recommended that:

- Members note the Internal Control requirements and the action plan contents, required with regards to addressing the Internal Audit recommendations

Background Papers

2013/14 - Annual Audit Report and Audit Opinion.

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Appendix 1: Implications

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 2013-14 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

In options appraisal and business case with regards to the potential implementation of the SAGE Accounting System at Mountsett will be considered at the September meeting in line with the Internal Audit recommendation

In order to remove the current practice highlighted by internal audit regarding retrospective orders being undertaken, training is being arranged for Crematorium staff to ensure and reinforce compliance with Durham county Councils and The Joint Committee's procurement procedures.

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.