

## Mountsett Crematorium Joint Committee

30 September 2011



**External Audit – Issues Arising Report for the year ended 31<sup>st</sup> March 2011 and Response**



---

**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 to the Mountsett Crematorium Joint Committee, the External Auditors (BDO LLP) Issues Arising Report for the year ended 31<sup>st</sup> March 2011.
2. The report also details responses to the findings and recommendations identified within the Issues Arising Report for consideration by members.

### **Background Information**

3. In June 2011, in line with the statutory requirements of a Smaller Relevant Body, Mountsett Crematorium Joint Committee submitted the Small Bodies in England Annual Return for the year ended 31<sup>st</sup> March 2011 to BDO LLP for audit under the limited assurance audit regime.
4. This audit has now been finalised and the Issues arising Report dated 17 September 2011 has been received (see Appendix 2).

### **External Audit Recommendations and Action Plan**

5. The Audit has not highlighted any material weaknesses around the Joint Committees system of internal control. It has, however, reiterated the recommendations proposed within the 2010/11 Annual Internal Audit Report considered by members on 17 June 2011.
6. The following recommendations have been made in order to strengthen the internal control arrangements of the Joint Committee:

- **R1: Internal Auditors Recommendations:**

*'The body must implement the recommendations made by the internal auditor to improve the systems of the Joint Committee as soon as possible or in any event before the end of the current year.'*

7. Members will recall that a response to the 2010/11 Annual Internal Audit Report and subsequent action plan was also considered at the 17 June 2011 meeting.
8. The action plan previously presented highlighted the issues raised and action taken / current position with regards to these, as set out below:

- ***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 2010/11. 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.

9. The actions identified above demonstrate the commitment of the Joint Committee in ensuring that all systems of internal control are as robust as possible.

## **Recommendations**

10. It is recommended that:

- Members of the Joint Committee note the issues and recommendations identified within the External Auditor's Issues Arising Report dated 17 September 2011 (Attached at Appendix 2)
- Members of the Joint Committee note the actions, both implemented and required with regards to addressing the External Auditor's recommendations

## **Background Papers**

Issues Arising Report for the year ended 31 March 2011

2010/2011 Annual Internal Audit Report and Audit Opinion

Response to the 2010/2011 Annual Internal Audit Report and Audit Opinion presented to the Joint Committee 17 June 2011

---

**Contact(s): Paul Darby 0191 383 6594**

---

---

## **Appendix 1: Implications**

---

### **Finance**

None

### **Staffing**

There are no staffing implications associated with this report.

### **Risk**

Addressing the recommendations identified in the External Auditor's Issues Arising Report for the year ended 31<sup>st</sup> march 2011 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 Equality Duty**

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.